

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
STARRED QUESTION NO. 389  
ANSWERED ON TUESDAY, THE 3<sup>rd</sup> APRIL, 2018**

**DELAY IN CONSTITUTION OF NFRA**

**QUESTION**

\*389. SHRI A.K. SELVARAJ:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that Government is going slow on notifying new agency to monitor Chartered Accountants;
- (b) whether it is also a fact that the new Companies Act, which was enacted five years back, provides for setting up of a National Financial Reporting Authority (NFRA); and
- (c) if so, the reasons for not constituting the proposed NFRA?

**ANSWER**

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a) to (c):- A statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE STARRED QUESTION NO. 389 FOR ANSWER IN RAJYA SABHA ON 03.04.2018 REGARDING DELAY IN CONSTITUTION OF NFRA**

(a) to (c):- Section 132 of the Companies Act, 2013 (Act) provides for setting up of National Financial Reporting Authority (NFRA). The draft rules w.r.t. such section were prepared and public consultation was done during 2013-14 alongwith various other rules being considered under Companies Act, 2013 at that stage. In view of reservations and apprehensions expressed by the Institute of Chartered Accountants of India (ICAI), it was decided to establish such body after examining/addressing relevant issues including through consultation with ICAI. The matter was also considered by Companies Law Committee set up during June 2015 which submitted its report in February 2016 and The Hon'ble Standing Committee on finance (which examined the Companies (Amendment) Bill, 2016). After due examination and necessary approvals, the Government has approved the proposal for establishment of National Financial Reporting Authority (NFRA) and creation of one post of Chairperson, three posts of full-time Members and one post of Secretary for NFRA on 28<sup>th</sup> February, 2018. The Provisions of sub-section (3) and (11) of section 132 of the Act have been brought into force w.e.f. 21.03.2018 alongwith NFRA (Manner of appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018.

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