

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 1150  
ANSWERED ON TUESDAY, THE 6<sup>th</sup> MARCH, 2018**

**ACTION AGAINST AUDIT FIRMS**

**QUESTION**

1150. SHRIMATI VIJILA SATHYANANTH:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that the Institute of Chartered Accountants of India (ICAI) has demanded for more power to slap penalties on audit firms;
- (b) if so, the details thereof;
- (c) whether it is also a fact that a large section of ICAI members demands further steps against some audit firms; and
- (d) if so, the details thereof and the steps proposed to be taken up by Government in this regard?

**ANSWER**

THE MINISTER OF STATE FOR  
LAW AND JUSTICE AND CORPORATE AFFAIRS

(SHRI P. P. CHAUDHARY)

(a) to (d): The Chartered Accountants Act, 1949 (Act) provides for imposition of penalties on members of the Institute of Chartered Accountants of India (ICAI). The ICAI had submitted a proposal to the Government for amendment to the Act to, inter alia, provide for registration of audit firms, procedure for taking necessary disciplinary action against audit firms (on the lines of such procedure for individual members) and imposition of penalties on audit firms. Section 132 of the Companies Act, 2013 provides for constitution of the National Financial Reporting Authority (NFRA) and sub-section (4) thereof confers powers on NFRA, for imposition of penalties on audit firms.

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