

File No. 34/1/2019-R&A
Ministry of Corporate Affairs
Government of India

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Khan Market, New Delhi -03
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Call for Research Studies under Expert Committee (EC)

Ministry of Corporate Affairs (MCA) is pleased to invite research proposals under the scheme “Funding for Research Studies on Corporate Governance” under EC with the primary objective of utilization of the repository of corporate sector data available with the Ministry under the MCA-21 e-governance system, explore and expand the scope of utilization of MCA-21 database, formalize a research agenda and fund such research.

The detailed guidelines for the same can be accessed at mca.gov.in (Revised CGEC Guidelines).

The Research Proposals should be submitted in the prescribed format as in **Annexure-A**. Research Proposals received on or before **15th June, 2022** will be considered for approval. The indicative list of Themes for Research Studies is provided in **Annexure-B**. Proposals, queries, clarifications etc. may be mailed at Rsrch.EC@mca.gov.in or deepak.3192@gov.in.

Format for Research Proposal

An indicative framework for a research proposal is-

I. The title of the Project (in capital letters)

II. Statement of the Problem:

In the opening paragraphs of the research proposal, the problem to be investigated should be presented clearly and briefly. The key originating question(s) and the location of the problem in the theoretical context of the concerned discipline should be specified. Specific mention should be made of the rationale of the approach intended to be adopted to study the problem and the specific aims of the project.

While indicating the significance of the problem, there shall be mention about how the outcome of the proposed study will contribute to the theory and methodology as well as its practical importance, usefulness and promotion of the Corporate governance in India.

III. A brief overview of work already done in the area of the Proposal:

A note summarizing the current status of research in the area including major findings and highlighting research gaps should be included in the project proposal.

IV. Objectives of the project:

This should list in clear and precise terms to the main objectives/titles of the project.

V. Research questions or hypothesis:

Enumerate the specific research questions and/ or hypothesis that intends to investigate in the research study.

VI. Methodology:

In the light of the questions raised or the hypotheses proposed to be tested, full information of the following points should be given:

- (i) Universe of study;
- (ii) Sampling frame;
- (iii) Sampling procedure;
- (iv) Units of observation and sample size.

Note: An explanation of the determination of size and type of sample will also be necessary. Proposals not requiring a sample selection should clearly specify their strategy appropriately and described the rationale.

In case any other source of data, other than MCA21 data, is proposed to be collected for the study and the same shall be mentioned.

VII. Data Processing:

The manner in which the different types of data will be processed, the tabulation plan, and the type of data that will be processed through the software technique will be explained in details.

VIII. Budgeting and Timeline

IX. Organisational Framework:

An organisation chart indicating the positions, tasks and number of persons required to fill the different positions should be given.

X. Cost Estimate:

The cost of the project is to be estimated in terms of total man-months and the facilities needed including cost of purchasing of MCA-21 data shall be given in a tabular form such as (a) cost for engagement of professional/experts; (b) cost on travel & accommodation; (c) Access to software being funded by MCA

Themes for Research Studies

The indicative broad list of subjects and areas for research is given below:-

- I. Integration of MCA 21 Database with other databases:** Integration of MCA 21 database and databases of other departments and regulators will not only aid in avoidance of multiple filing requirements but also strengthen enforcement.
- II. Data Characterization:** An exhaustive coverage of name and definition of the data fields of various MCA forms may enable developing algorithms for periodic analysis.
- III. Corporate Governance Index:** Along with measuring companies' performance on the Corporate Governance benchmark, such an index may offer solutions to identified shortcomings.
- IV. Network Analytics:** An analysis of systemic differences in reporting in different branches of a network could be matched through analytics to identify the gaps.
- V. Related Party Transactions:** Related Party Transactions lie at the heart of the triangle of money laundering, willful default and tax evasion. These need to be studied to identify the gap.
- VI. Bankruptcy Prediction:** Use of MCA 21 database to study financial statements of bankrupt firms to develop a model for prediction of probability bankruptcy in firms.
- VII. Use of AI tools and Machine learning:** for analysis of topics like insolvency forecast, financial stress analysis in different sectors, etc.
- VIII. Utilization of XBRL format:** Use of XBRL data to study the data on the threshold with respect to coverage of information filed and quality of filings, etc.
- IX. Auditor's role**
- X. Accounting Standards and their monitoring:** with respect to compliance by firms and their congruence with the global financial landscape.

Subjects of Research in addition to the existing themes listed above

- (i) Insolvency and Bankruptcy Board of India (IBBI)/ Insolvency and Bankruptcy Code (IBC)**
 - Developing an evaluation framework for outcomes of the IBC.
 - Early warning indicators for corporate insolvencies in the Indian context
 - Explore the possibility of tracking the cases under other statutes (FEMA, COFEPOSA) against companies filed under NCLT using AI/ML techniques. Capturing information from various regulatory bodies such as CBDT, RBI/Banks, CERSAI etc may be valuable.
- (ii) Related Party Transactions (RPTs)**
 - Studying the inconsistency in the definition of Related parties and Related Party Transactions (RPTs) between Companies Act, 2013, SEBI regulations, Accounting Standards etc.
 - Examining situations where there have been corporate failures and RPTs are part of the problem. Information/Data from CBDT, RBI may be taken for exploring such situation.
- (iii) Role of Independent Directors (IDs)**
 - Concept of Independence; Extent of activities and role play; Benchmarking of remuneration and Effectiveness of the prevailing guardrails on limits of number directorships, committees etc.
 - Identify “Circular Transactions within single Business Group and Round-tripping transactions
 - Research on past / present association of IDs; and its impact on their independence
 - Attaining practical insights into the behaviour of the IDs in the board rooms to gauge the effectiveness of the institution of IDs. Stakeholder surveys may be conducted as part of this research.
- (iv) Over-Regulation (Ease of Doing Business)**
 - Examining the need for separate reporting for Internal Financial Controls (IFC).
 - To determine relaxations in accounting and auditing standards some areas including abridged BS/PL/Cashflow, exemption from many notes and disclosures, additional reporting on some ratios etc can be evaluated. A comparative analysis with international benchmarking may be done.
 - Examining the feasibility of forming advance ruling authorities for Companies Act (like existing for Income Tax and GST).

(v) Environmental Social Governance (ESG)

- Business Responsibility and Sustainability Reporting (BRSR) regulations from SEBI: Benchmarking of the reporting framework from an India perspective, extending the coverage to beyond listed companies, voluntary reporting etc; Assurance on the ESG reporting; Framework for rating authorities.
- A study in Indian context similar to the OECD study on the metrics used to compute Environmental pillar scores by 3 ESG ratings providers (Refinitiv, MSCI and Bloomberg).
- Preparedness of SMEs/MSMEs on ESG Reporting
- Assessing ESG compliance of firms as well as their components.

(vi) Companies Auditor's Report Order (CARO)

- Study the usefulness of CARO and similar reporting requirements
- Leveraging of data/information in XBRL for analysis and generation of alerts. An analysis of the disclosures under Companies (Auditor's Report) Order may also be useful.

(vii) XBRL

- Assessing the effectiveness of XBRL format and the steps that can be taken to enhance its utility.

(viii) Role of Nominee Directors

- Examining the role and effectiveness of nominee directors and any obligation / code of conduct that may be placed on nominee directors, may be suggested.

(ix) Early Warning System

- Designing an early warning system considering factors such as increase in loans given to promoter / promoter group companies' vis-à-vis indebtedness of company, regular write-off of loans, ever-greening of these loans, mismatches in asset-liability for financial companies, increased pledging of promoter shares.

(x) Effectiveness of Board Committees

- Research may be undertaken on how effective the Board Committees have been in discharging their responsibilities, the independence of their functioning and suggest whether their role is adequate or needs to be further strengthened.

The above list of themes for Research Studies is of indicative in nature. Therefore, research proposals in related subjects may also be preferred.
