

GUIDELINES FOR FUNDING FOR RESEARCH STUDIES ON CORPORATE GOVERNANCE

INTRODUCTION:

1.1. The primary objective of the scheme viz., “*Funding for Research Studies on Corporate Governance*” of the Ministry of Corporate Affairs is to better utilise the repository of corporate sector data available with the Ministry under the MCA21 e-governance system, explore and expand the scope of utilization of MCA-21 Database, formulate research studies. This is to be done with a view to extract knowledge from data that will eventually generate actionable inputs for policy making and facilitate decision making for improvement of corporate governance in a market driven economy.

1.2. The Ministry of Corporate Affairs constituted an Expert Committee (EC) under the chairmanship of Chief Economic Adviser (CEA) to GoI with the mandate to identify areas/issues/ topics/subjects for research studies/research papers, newsletters by extensively utilizing MCA-21 Database; that outcome of the research to serve as actionable policy input for the Ministry/Government. This will also include conduct of Research studies by using the MCA’s database as well as other sources of research materials having implications for better corporate governance to faster, sustainable and inclusive growth.

1.3. The procedure for approving grant-in-aid, monetary ceilings, advances, instalments etc. would be as prescribed in the following paragraphs. Aspects not directly covered in these guidelines will be regulated by the provisions of the *General Financial Rules* of the Government of India.

2. Scope and areas for Research Studies:

2.1. The indicative list of subjects and areas for research are 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.

Note: The list is **merely indicative**, not exhaustive and subjects for research (as given in Annexure-II) may change as per the recommendation of the of EC in this regard.

2.2. It will also be considered for grant-in-aid under the guidelines to conduct further research studies based on outcome/results of a Research Study conducted, or otherwise, on the subjects, fulfilling the objectives.

2.3. The proposals for conducting Research Studies are referred to as 'proposals' hereinafter in these guidelines.

3. Eligibility

3.1. Institutions/Organisations/Agencies which are registered under the statute of the Central or State Governments such as Societies Act, Trust Act, Co-operatives Act, Companies Act, etc. with normally three years research experience after registration or UGC approved academic/research institution engaged in research activities and fulfilling the following Expertise and Standing specifications will be eligible to apply for funding/ grant-in-aid under these guidelines:

- (a) **Specifications of Standing:**
 - (i) Applicant (Institution/Organisation/Agency) must have distinctive merit and academic repute in the research domain;
 - (ii) Applicant (Institution/Organisation/Agency) must have been working in research/ survey projects in the past for at least five years preceding the date of application, along with strong publication record; and
 - (iii) Educational qualifications and research capabilities of the full-time professionals and technical human resources should commensurately reflect domain knowledge.

- (b) Expertise, wherewithal and level of commitment: The Institution/Organisation/Agency must:
- (i) possess expertise in designing research and statistical analysis for economic interpretation;
 - (ii) be equipped with hardware and tools for handling large-scale data; and
 - (iii) be able to dedicate experts/ professionals during the period of the research/survey project so as to ensure adequate levels of commitment and timeliness in delivery of the results.

3.2. Individual applicant not attached to/with any such Institution/Agency/Organisation and also applicants retired from the aforesaid Institution/Agency/Organisation and with proven levels of commitment and research expertise on the relevant subject will also be considered under the guidelines for funding/ grant-in-aid for research studies. However, the individual applicant shall engage himself/herself on a whole-time basis and shall not accept any other assignment during the period of study without the prior permission of the MCA. An undertaking to this effect and fulfilment of other terms of reference (agreement, bond, etc) as may be prescribed by the Government shall have to be executed in favour of the President of India.

3.2(i) Provided that the condition of whole-time engagement with a research project shall be of relevance only to applicants not attached to/ with any Institutions/Agency/organizations and also to applicants retired from such institution/Agency/Organisation.”

3.3. No organisation which has *commercial interest* in the proposal shall be considered for grant under these guidelines.

3.4. Breach of any condition contained in the sanction letter, or suppression of any material fact concerning the eligibility/ ineligibility of an applicant would render the defaulting party liable for being black-listed or debarred from receiving any grant under these guidelines for a period specified by the Expert Committee.

3.5. The Institution/Organization/Agency/Individual may publish and/or present at public forums (post due approval), the research work undertaken under the programme of “Funding for Research Studies on Corporate Governance” of the MCA provided *specific mention should be in the publication/presentation about funding by the MCA, data access, guidance and advice rendered by the EC* in shaping/finalizing the research report, etc.

4. Other Conditions:

- (i) Researches may be completed within a period of 6 months. However, upon request from the grantee institution/individual, extension of time for completing the research report may be granted in a special circumstance, post approval by EC.
- (ii) The research studies should involve substantial use of MCA21 data. Also, all cleaned data files along with methodology adopted in cleaning the data would have to be shared with MCA in detail.
- (iii) MCA21 data would need to be purchased from CDM Division of MCA.

5. Approval Process

- (i) Eligible proposals (whether proposed by the Ministry itself or received from the Applicants) will be placed before the Expert Committee(EC) comprising of:

SI NO.	Expert Committee (EC)	
1	Chief Economic Adviser, Ministry of Finance	Chairperson
2	Bureau Head, R&A Division, MCA	Convenor
3	Bureau Head, e-governance, MCA	Member
4	Bureau Head, Policy Division, MCA	Member
5	Bureau Head, Statistics Division, MCA	Member
6	Bureau Head, Insolvency Section, MCA	Member
7	Dr Niraj Gupta, Associate Professor, IICA	Expert Member
8	Dr Pitabas Mohanty, XLRI	Expert Member

- (ii) Additionally, **experts having domain knowledge and expertise in the related areas may be included in the Committee as desired by the EC.**

(iii) The Expert Committee(EC) may accept/reject any proposal fully or partly and require modification of any component including the scope, coverage, methodology, timelines, deliverables, or time or venue, as the case may be, while finally recommending the proposal for funding under the scheme;

(iv) The EC may call for progress report on the study/ research undertaken, at periodic intervals, starting from the date of approval/ sanction of the project;

(v) The EC may take expert opinion as to assess or review an on-going research/study; and

(vi) The EC may, in its discretion, call off the processing of a project, whether before

or after the approval of a grant, if it appears to the Committee that the project is not worth pursuing at Government cost.

(vii) Upon recommendation of the EC, Research and Analysis Division in the MCA will process the proposal for final approval of the Ministry and issue sanction order for grants-in-aid to the research proposal.

(viii) The grantee Institution/individual will confirm in writing that the conditions contained in the grant-in-aid rules/sanction order are acceptable to it. It or he/she will also execute a bond in favour of the President of India to the effect that it or he/she will abide by the terms and conditions attached to the grant and that in case it or he/she fails to abide by the same, it or he/she will refund to the Government the total grant-in-aid sanctioned to it or he/she for the purpose with interest thereon.

(ix) The grantee Institution/individual will maintain separate accounts in respect of this grant. The accounts will remain open to inspection to the representatives of the Government of India including the Comptroller and Auditor General of India. At the end of the period, the grantee Institution/individual will have the accounts of this grant audited by a Government Auditor or a Chartered Accountant, and supply a copy of the audited accounts, together with a utilisation certificate to the MCA. Any unspent balance out of this grant will be refunded by the grantee Institution/individual immediately.

(x) MCA(R& A Division) will issue a sanction letter in respect of every approved research proposal.

6. Quantum Of Assistance And Disbursal

6.1. The grant-in-aid in respect of a research proposal to an Institution/Organization/Agency/Individual will not exceed ₹ 50,00,000/- (inclusive of all taxes) per project and the grant-in-aid will not exceed ₹ 20,00,000/- (inclusive of all taxes) per project to an Individual applicant. If a research proposal is proposed to be part-funded by other organisation(s) also, the details thereof shall be submitted as early as possible, and in no case later than two weeks after the funding from the other organisation(s) is/are confirmed.

6.2. In case of cost of a research proposal exceeding ₹ 50,00,000/- (inclusive of all taxes) for an Institution/Organization/Agency and the cost of a research project exceeding ₹ 20,00,000/- for an Individual applicant and it is considered that the outcome of the research work will contribute to Ministry's policy making framework and the same is recommended by the EC with specific remarks/justification thereof; such proposal will also be considered by the Ministry as an exceptional and deserving case for grants-in-aid under the guidelines.

6.3. It is mandatory to use the MCA-21 data base available with the MCA. The cost of MCA-21 data base will be included in the cost of the research proposal. The details

and procedures for purchase of MCA-21 data is attached with the guidelines.

6.4. In addition, the expenditure will also include travel, accommodation cost and other logistics of external Experts (as per extant Government of India rules for outside experts), acquiring software, access to databases, advertisement cost etc.

6.5. The Schedule of disbursal of grant:

- (i) First instalment will be 30% of the project cost after issue of sanction letter and receipt of acceptance letter from the grantee Institution/individual;
- (ii) Second instalment will be 50% of the project cost on receipt of the preliminary /first draft report, audited statement of accounts, utilisation certificate of the grant released and recommendation of the Expert Committee shall be sufficient for the release of the second instalment; and
- (iii) Third and final instalment will be 20% of the project cost which will be released only after
 - (a) the final report of the research project is received and accepted by the EC and the MCA;
 - (b) the receipt of Audited Statement of Accounts (1st and 2nd instalment), Utilization Certificate (2nd instalment) and Invoice (3rd instalment) are received and are found to be in order; and
 - (c) receipt of requisite number of hard and soft copies of complete set of all the document/data s used and report.

7. The final report of the project will be submitted by the grantee Institution/individual to the MCA on the completion of the project period.

7.1. **The final report is expected to cover the following points:-**

I. The problem studies including the following:-

- (i) Theoretical context;
- (ii) Review of existing literature; and
- (iii) Statement of the problem, including explanation of key concepts and mention of the hypotheses tested.

II. The Methodology of the study:

- (i) The research design;
- (ii) The selection of the universe and the units for study; size of the sample and the procedure for sample draw;
- (iii) Tools used; detailed account of the exercise of toll construction, special contribution made by the project in devising new tools or sharpening existing ones;
- (iv) Field work; if any, with details including problems encountered, etc.;
- (v) Schedule of the project;
- (vi) Organisation structure and problems;
- (vii) Methodology gains;

(viii) Limitations of the study; and Other observations.

III. An account of the population/ data studied;

IV. Description and analysis of data, vis-à-vis objectives of the study;

V. Findings and conclusions:

(i) Summary of findings;

(ii) Conclusions;

(iii) Implications for further research; and

(iv) Suggestions for action and for policy making.

8. Guidelines for the Formulation of 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 summarising 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:

- i. 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; (d) The cost of obtaining data from MCA21 may be increased slightly upward. Table 1.1.2 shall be revised thereafter. That may be intimated to researchers in due course of time.

9. After approval of the research proposal by the EC and MCA, the grantee institution/ individual may make minor changes in the research design, etc. in the research proposal, but, no major changes will be made therein unless prior approval of the EC/MCA has been obtained.

10. The Research Proposal can be submitted online at Rsrch.EC@mca.gov.in or in hard copy to Deputy Director (R & A Division), 8th Floor, Lok Nayak Bhawan, Khan Market, Delhi-110003.

Annexure-I

Guidelines For Obtaining Data From MCA-21 By Researchers For Research Proposals Shortlisted Under the Funding For Research Studies On Corporate Governance of the Ministry Of Corporate Affairs

1.1 To facilitate the data requirements arising for the research proposals shortlisted for funding, the following may be noted:

1.1.1 Post the selection of the research proposal, the researchers may submit a detailed data requirement from MCA-21 database to R&A Division along with a duly filed undertaking as given in Annexure-III*. The requirement can be submitted online at Rsrch.EC@mca.gov.in or in hard copy to Deputy Director (R&A Division), 8th Floor, Lok Nayak Bhawan, Khan Market, New Delhi-110003.

1.1.2 The Cost of obtaining data from MCA-21 for individuals and institutional researchers will be as in the table below. The cost and procedure of obtaining data may change, subject to any amendment brought about in the future.

S.No.	Number of Companies (year-wise for which data is required)	Cost (in ₹) for Individual Researchers	Cost (in ₹) for Institutional Researchers
1	0-5000	5,000	10,000
2	5001-10000	10,000	20,000
3	10001-15000	15,000	30,000
4	15001-20000	20,000	40,000
5	20001-25000	25,000	50,000
6	25001 or more	50,000	1,00,000

*(*In case of Institutions having been awarded the research project, the lead researcher will sign the Undertaking and countersigned by Head of the Institution and duly stamped)*

1.1.3 An overhead charge of ₹ 500 for individual researchers and ₹ 1000 for institutional researchers will be charged in addition to the data cost as given in 1.1.2. to cover the cost of consumables etc. This may change, subject to any amendment brought about in the future.

1.1.4 The cost of procuring data from MCA-21 as in 1.1.2 can be built in the overall budget of the research proposal.

1.1.5 Bank Draft/ Cashiers Cheque for the price amount drawn in favor of PAO, Ministry of Corporate Affairs, preferably payable at New Delhi may be sent along with the request for data.

2.1 Data Categorisation

As per NDSAP implementation guidelines, data sharing framework shall be of two broad categories, sharable and non-sharable. Sensitive data shall only be provided against an authorized request on a case to case basis and post entering into a Non-Disclosure Agreement between MCA and the requestor. For structured, regular data exchange the requestor shall enter into a specific MoU with MCA for that purpose. Data sharing will be done as per the following arrangements:

- **Negative list** pertaining to non-sharable data
- **Sensitive data** (Sensitive data as defined in various Acts and rules of the Government of India)
- **Restricted Data** (data accessible only through a prescribed process of registration and authorization)
- **Sharable data** (those data not covered under the scope of negative list and non-sensitive in nature)

2.2. Negative List

- The Cost Audit Reports filed by a company has been categorized as highly-sensitive information as it contains several production related details of a company, disclosure of which to public, competitors, etc. would be disadvantages to the company.
- As per the Information Technology Act 2000 (as amended in 2008), Sensitive Personal Information (SPI) and Personally Identifiable Information (PII) data is Highly Sensitive. All data pertaining to an individual entity shall therefore be classified as Negative List.

2.3. Sensitive Data

The following categories of data shall be treated as Sensitive:

2.3.1 Data that comes into existence through enforcement functions of MCA:

Data generated as part of internal analysis using MCAs internal tools and techniques for profiling as part of Enforcement functions, Risk analysis, Investigations and Intelligence gathering etc., shall be considered as Sensitive.

2.3.2 Data pertaining to the configuration/technology of MCA's IT Systems/CDM: Data pertaining to the configuration of IT systems shall be considered as Sensitive.

2.3.3 Forensic Data which is available in MCA's IT system: Various forensic data such as signatures etc. shall be considered as Sensitive.

2.3.4 Data provided to MCA by another government organizations with whom MCA has executed any MoU or NDA: Any data shared with MCA by any other government organization/department by virtue of a MoU or NDA shall be considered as sensitive data.

2.3.5 Third party granular transactional data: Third party data supplied by various other regulators shall be treated as sensitive.

2.3.6 Information/data received under International Treaty/Agreements shall also be classified as Sensitive data.

2.4. Restricted Data

Company reports, Alerts/Validation Rules/Provision reports available on CDM system shall be kept under restricted data category. Access to CDM system would require a prescribed process of registration/authorization by MCA.

2.5. Sharable Data

Information contained in all other returns, applications, documents, etc. filed by the company shall constitute as sharable data, and thus may be shared with general public with payment of an appropriate price. Data which is mandated by Statute, other Acts in force and/ or policy decisions by the Board to be publically displayed or openly hosted on MCA website/s shall be treated as falling into this category. Data which is placed on MCA's website in compliance with the RTI Act, Parliament questions, MCA Master Data, Annual Reports, Monthly Information Bulletin Reports etc., shall also fall into this category.

MCA may, at its discretion, decide to openly publish any data which it feels is required in the interest of transparency or public good.

2.6. An illustrative list of sharable data

2.6.1. The following MCA corporate sector datasets may be classified as Sharable Data for dissemination to stakeholders:

i. Financial Aggregates, primarily for policy making, Research & Analysis, by suppressing individual company specific information

- a. At unit level,
- b. Categorization as per Economic activity, private/public, government/non-government,
- c. Listed/unlisted, states of registration, etc.
- d. All financial parameters recorded in the Balance Sheet, Profit and Loss accounts, etc.
- e. Already disseminated data like published reports, PUC based reports shared with RBI, etc.

ii. Non-Financial Aggregates,

- a. Number of new companies registered, working companies, foreign companies, companies under liquidation/closure/merger, etc.
 - b. Conversion of Private limited companies into Public limited companies, Public limited companies into Private limited companies, and companies into LLP.
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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.

UNDERTAKING

I, Dr./ Mr./ Ms.....son/daughter/spouse of
..... resident
of.....
..... (full address) and presently
working as (designation).....in the (name
of institution).....having obtained the data
as detailed below:

Details of data required:-

Time Period	Description of data	Variables required

for the purpose of carrying research for the research proposal titled (give title of
the research proposal selected under Funding For Research Studies On Corporate
Governance).....

...

hereby undertake to comply with the following terms and conditions:

- (i) Data obtained herewith, will be solely used for the research as described in the research proposal submitted to MCA, mentioned above and the confidentiality of the data will be maintained.
- (ii) The data would be used after understanding the concepts, definitions and design of the data along with a proper appreciation of the limitations and nature of the data and for obtaining meaningful estimates and results.
- (iii) The data obtained as above will not be passed on either wholly or partially with or without profit to any other data user or disseminator of data with or without commercial purpose.
- (iv) The data user shall acknowledge the data source in the final research report/output.

Name and Address:

Ministry of Corporate Affairs
(Research & Analysis Division)

Signature:

Date:

Email Id:

Contact number:

Office:

Mobile:

(In addition to the above, to be filled in case of Institutional

Researcher)Name of Head of Institution:

Name of Institution:

Office Address:

Contact number:

E-mail Id:

Signature and stamp of Head of

Institution:Date: