

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
UNSTARRED QUESTION NO. 4799  
ANSWERED ON FRIDAY, THE 23<sup>rd</sup> MARCH, 2018/  
CHAITRA 2, 1940 (SAKA)**

**NFRA  
QUESTION**

**4799. SHRI S.R. VIJAYAKUMAR:  
PROF. SADHU SINGH:  
SHRI Y.V. SUBBA REDDY:  
SHRI T. RADHAKRISHNAN:  
DR. SUNIL BALIRAM GAIKWAD:  
SHRI SUMAN BALKA:  
SHRIMATI KAVITHA KALVAKUNTLA:  
KUNWAR HARIBANSH SINGH:  
SHRI VENKATESH BABU T.G.:  
SHRIMATI ANJU BALA:  
SHRI BIDYUT BARAN MAHATO:  
SHRI TEJ PRATAP SINGH YADAV:  
SHRI GAJANAN KIRTIKAR:  
SHRI NARANBHAI KACHHADIYA:**

**Will the Minister of CORPORATE AFFAIRS  
be pleased to state:**

**कारपोरेट कार्य मंत्री**

- (a) whether the Government proposes to set up National Financial Reporting Authority (NFRA) to target the fugitive economic offenders fleeing the country and for creating a regulation of Chartered Accountants (CAs) and audit firms and if so, the details thereof along with the aims and objectives of NFRA;**
- (b) the number of cases pending with Institute of Chartered Accountants of India;**
- (c) whether NFRA is provided for in the Companies Act and if so, the reasons for not notifying the same so far;**
- (d) whether India remains the only major economy where the audit profession is still considered self regulated, if so, the details thereof and the reasons therefor;**
- and**

**Contd...P.2/**

**(e) the aims and objectives of NFRA and the other steps taken/being taken by the Government to tighten and plug loopholes of the CAs?**

**ANSWER**

**MINISTER OF STATE FOR LAW AND JUSTICE  
AND CORPORATE AFFAIRS**

विधि और न्याय एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

**(SHRI P. P. CHAUDHARY)**

(श्री पी. पी. चौधरी)

**(a) to (e):- As per sub-section (2) of Section 132 of the Companies Act, 2013 (the Act), the National Financial Reporting Authority (NFRA) shall-**

- (i) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be;**
- (ii) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed;**
- (iii) oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service and such other related matters as may be prescribed; and**
- (iv) perform such other functions relating to clauses (i), (ii) and (iii) as may be prescribed.**

**As per sub-Section (4) of the said Section, NFRA shall have the power to investigate the professional or other misconduct committed by any member or a firm of Chartered Accountants and to impose monetary penalty and debaring the member or the firm as the case may be from engaging in practice where professional or other misconduct is proved.**

**As per the information provided by Institute of Chartered Accountants of India, as on 12.03.2018, 283 cases are pending at intermittent procedural stages, 654 cases are at Prima Facie Opinion stage, 313 cases are ready for being placed before the Board of Discipline and/or Disciplinary Committee and 397 cases are there in which Respondents have been prima facie found guilty by the Board of Discipline and/or Disciplinary Committee.**

**As per Section 141 of the Companies Act, 2013 as amended under the Companies (Amendment) Act, 2017, a person who, directly or indirectly, render any service referred to in Section 144 to the company or its holding company or its subsidiary company shall not be eligible for appointment as an auditor of a company.**

**The Department of Economic Affairs under the Ministry of Finance has informed that there have been instances of big time offenders, including economic offenders, fleeing the country to escape the reach of law and accordingly the Government has introduced The Fugitive Economic Offenders Bill, 2018 ("the Bill")**

**in Lok Sabha on 12<sup>th</sup> March, 2018. The Bill would help in laying down measures to deter fugitive economic offenders from evading the process of Indian law by remaining outside the jurisdiction of courts in India. The Bill, will also inter alia, provide for expeditious confiscation of proceeds of crime and properties of the fugitive economic offender with a view to make him submit to the jurisdiction of courts in India.**

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