

Damodaran Panel's report on business climate

1722. SHRI PIYUSH GOYAL:

DR. CHANDAN MITRA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government has appointed Damodaran Panel to suggest steps to improve the overall business climate in the country and if so, the details thereof;

(b) whether the Panel has submitted its report to Government and if so, the details thereof and the measures taken by Government on the recommendations of the Panel;

(c) if not, by when the report is likely to be submitted to Government; and

(d) the details of other steps taken/being taken by Government to improve the business climate in the country?

THE MINISTER OF STATE OF THE MINISTRY OF CORPORATE AFFAIRS (SHRI SACHIN PILOT): (a) to (c) The Chairman of the Committee has circulated the draft report for comments, if any, by 26th August, 2013. The report will be submitted to the Government soon thereafter.

(d) The Companies Bill, 2013 which has been passed by the Parliament incorporates certain important provisions with regard to following matters to facilitate ease of doing business in India:-

- (i) Faster incorporation/registration of companies through fully electronic MCA-21 Registry provided;
- (ii) Companies allowed to maintain records and hold meetings through e-governance mode;
- (iii) Companies empowered to function in a manner which is 'self-regulated with disclosures/transparency' rather than 'Government/regulatory approval based regime';
- (iv) Concepts of 'One Person Company' and 'Small Company' recognized to allow new entrepreneurs to take advantage of corporate form of business;
- (v) Faster mergers and acquisitions including short form of merger and cross border mergers allowed;

(vi) Time bound approvals through National Company Law Tribunal (NCLT);

(vii) Summary liquidation process for a class of companies provided.

Corporate frauds

1723. SHRI D. RAJA:

SHRI M.P. ACHUTHAN:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to a study report by Thought Arbitrage Research Institute (TARI) revealing that the scale and size of corporate frauds in the country has zoomed in the last 15 years with half the cases of fraud dealing with siphoning of funds by promoters/top management and defrauding the lenders; and

(b) if so, the details of the findings of the report and Government's reaction with regard to the observations made regarding the failure of the market regulators like SEBI and the auditors of these companies?

THE MINISTER OF STATE OF THE MINISTRY OF CORPORATE AFFAIRS (SHRI SACHIN PILOT): (a) and (b) Reports appearing in a section of media indicate that a Section 25 Company, "Thought Arbitrage Research Institute" has published a study indicating *inter-alia* occurrence of frauds in companies due to factors like inadequate internal control procedures, diversion of funds by promoters/top management, failure of auditors in detection of frauds, etc. These factors are in any case widely recognised causes of frauds in companies.

Government has initiated a number of measures to prevent and deal with occurrence of frauds in the companies. Attention may, in particular, be invited to the following:

- Creation of "Fraud" as a substantive offence in the recently passed Companies Bill, 2013;
- Stricter norms of Corporate Governance and their implementation in the Companies Bill;