

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Year End Review - 2016

Ministry of Corporate Affairs

Major policy initiatives and achievements of the Ministry of Corporate Affairs (MCA); MCA entrusted with the responsibility to administer the Insolvency and Bankruptcy Code, 2016 (Code); The Insolvency and Bankruptcy Board of India (IBBI) established; Stabilization of the Cost Records and Audit Rules

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Following are the major Policy Initiatives and Achievements of the Ministry of Corporate Affairs, Government of India during the Year-2016:

- 1. To review the Companies Act, 2013 based on implementation experience in line with changing economic environment and initiatives for addressing all concerns with reference to Companies Act, 2013 and Companies (Amendment) Bill, 2016;**

The Companies (Amendment) Bill, 2016 was introduced in the Lok Sabha on 16th March, 2016 proposing to amend Companies Act, 2013[CA-13]. The Bill was subsequently referred to the Parliamentary Committee on Finance and the Committee, after examination, presented its report to both Houses of the Parliament on 7th December, 2016. The Bill is likely to be considered and passed by both the Houses of Parliament with or without modifications including through official amendments, if any.

- 2. Notifications of remaining Sections of the Companies Act, 2013**

As on 15th December, 2016 out of 470 sections, 422 sections of the Companies Act, 2013 have been notified. 39 sections are omitted by Insolvency Banking Code (IBC). Remaining 9 sections would be notified shortly.

- 3. On the request of Gujarat International Finance Tec-City (GIFT CITY), Gandhinagar, where the country's First International Finance Service Centre (IFSC) has been set-up, draft notifications have been laid in the Parliament during Monsoon Session 2016, proposing exceptions from, and modifications and adaptations of various provisions of the Companies Act, 2013 for companies licensed to operate by the Reserve Bank of India (RBI) or Securities and Exchange Board of India (SEBI) or Insurance Regulatory and Development Authority of India**

(IRDA). This will apply to all other IFSC located in an approved multi services special economic zone set-up under Special Economic Zones Act, 2005, which may be set up subsequently.

4. Stabilization of the Cost Records and Audit Rules:

The Companies (Cost Records and Audit) Rules, 2014 reviewed so as to make necessary amendments for further improvement and to obviate ambiguities or technical errors, keeping in view the practical difficulties experienced over a period of time and after considering various queries/ representation from the stakeholders. Necessary amendments were notified vide notification dated 14-07-2016.

5. Improvement in compliance level:

- Filing of Cost Audit Report: For the Financial Year 2014-15, the compliance level till the prescribed time i.e. October 2015 was 48 per cent. By sustained efforts, the compliance level stood improved to 88 per cent by July 2016.
- Appointment of Cost Auditor: For the period 2015-16, the compliance level with respect to the companies required to approve Cost Auditor also improved by 10 per cent.

6. The Insolvency and Bankruptcy Code, 2016 (Code):

The Insolvency and Bankruptcy Code, 2016 (Code) was published in the Official Gazette on 28th May, 2016 and Government of India (Allocation of Business) Rules, 1961 were amended and notified on 1st Aug, 2016 wherein the Ministry of Corporate Affairs was entrusted with the responsibility to administer the Code.

7. The Insolvency and Bankruptcy Board of India (IBBI) was established vide gazette notification dated 01.10.2016.

The Insolvency and Bankruptcy Board of India (IBBI) was established under the Code and Chairperson of the Board was appointed vide gazette notification dated 01.10.2016. Four ex-officio members of the Board were also appointed vide Order dated 1.10.2016 and selection of whole-time members of the Board is under process.

8. Framing of Rules and Regulations and notification of sections under the Code

MCA was assigned with timeline of 1st December, 2016 to put in place Corporate Insolvency Resolution process as stated under the Code. To achieve the target, following three pillars as envisaged under the Code have been put in place by framing various rules and regulations and notifying relevant sections of the Code:-

- (i) Insolvency and Bankruptcy Board of India [IBBI]
- (ii) Insolvency Professional Agencies & Insolvency Professionals
- (iii) Adjudicating Authority

Ministry has also successfully operationalized the Code within given timeframe which is likely to improve India's rank in terms of Ease of Doing Business. It will also have desired effect on Start-Up India plan as envisaged by the Government.

9. National Company Law Tribunal and National Company Law Appellate Tribunal

Chapter – XXVII of Companies Act, 2013 deals with formation of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCALT). The constitution of NCLT and NCALT have been notified on 01st June, 2016. Vide Notification dated 30th November, 2016, the Central Government has designated the Benches of NCLT to exercise the jurisdiction, power and authority of Adjudicating Authority conferred by or under part II of the Insolvency and Bankruptcy Code, 2016.

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