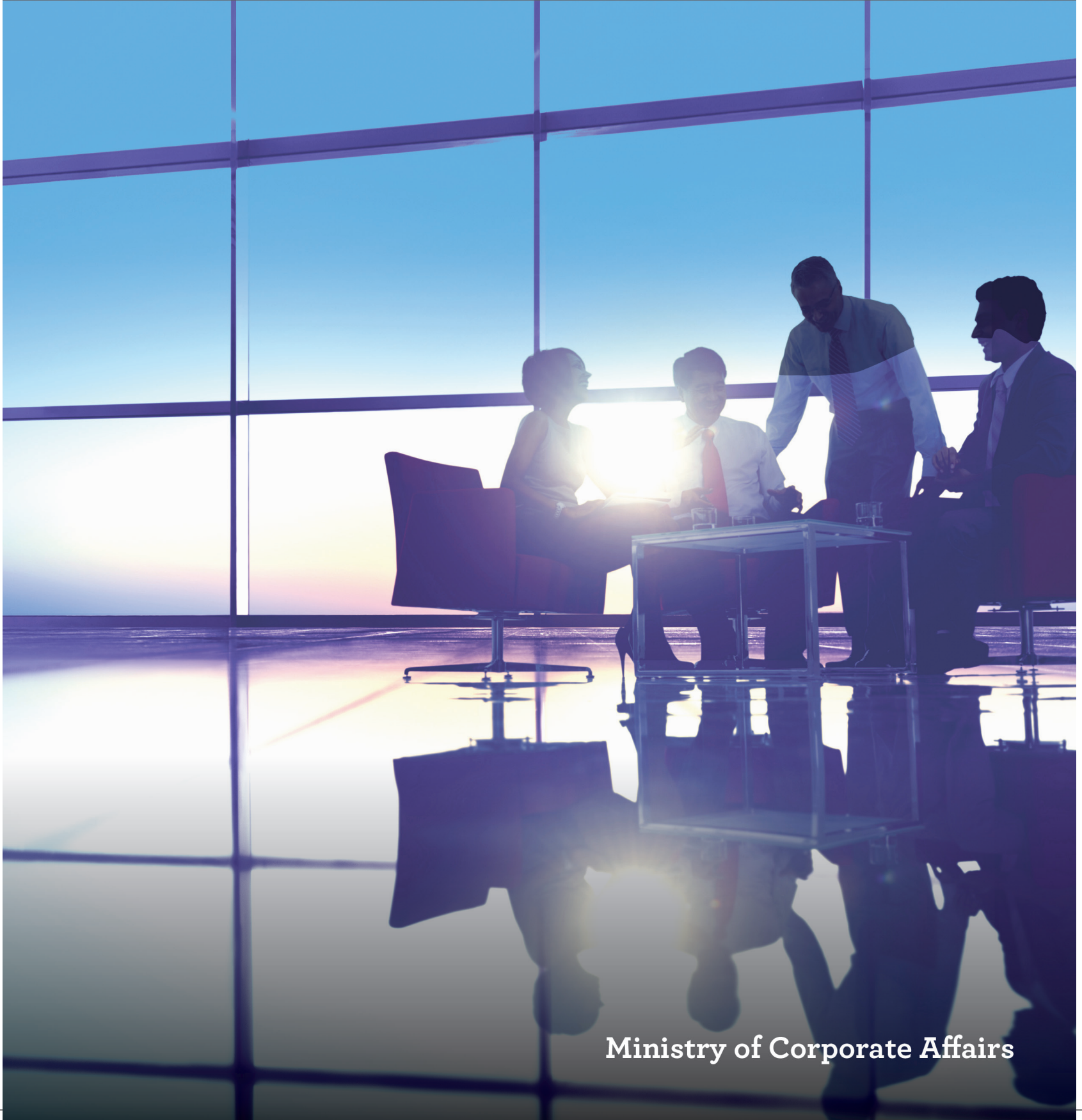




Department of Administrative Reforms and Public Grievances



Ministry of Corporate Affairs



Contents

01

Introduction

04

Deep Dive Grievance Analysis

05 Data Analysis

07 Root Cause Analysis

09 Systemic Reforms Recommendations

10

Systemic Reforms

11

Case Studies On Reforms

12

Conclusion

Introduction



1.1 CONTEXT

The Department of Administrative Reforms and Public Grievances (DARPG) received 11,94,931 (related to central government) grievances in 2016 across 88 Ministries/Departments through Centralized Public Grievance Redress and Monitoring System (CPGRAMS). This department's role is to facilitate the pursuit of excellence in governance through improvements in government structures and processes, initiatives and dissemination of best practices. Moving towards this goal, the department commissioned a grievance analysis study of top 20 Ministries/Departments receiving high number of citizen grievances. The study involved identification of top grievance categories and recommending systemic reforms. The Parliamentary Standing Committee for Personnel, Public Grievances and Law & Justice recommended conducting similar study for next 20 Ministries/Departments.

1.2 OBJECTIVE

The study carried by Quality Council of India, as per the mandate given by DAR&PG, was conducted from August 2016 to March 2017, covering more than 100 grievance categories across 20 Ministries/Departments. A team of consultants was deployed to understand issues in depth from the officials and collect information from more than 70 domain experts. Moreover, this team of consultants conceived the methodology, process and outcome of the study. It is hoped that this study will bring the necessary third party evaluation into picture for guiding the schemes and providing useful lessons for similar evaluations on a larger scale in future.

1.3 IDENTIFICATION OF 20 MINISTRIES/DEPARTMENTS

The grievances received on the portal provided the source for data analysis. The top 20 Ministries/Departments were covered in the earlier grievance study. This study identifies next 20 Ministries/Departments, based on the number of grievances received by the particular Ministries/Departments (from 01.04.2012 to 31.03.2016): For the scope of this particular report we will be focusing on the Corporate Affairs (S.NO 24).

Table 1: List of 20 Grievance Study Ministries

S.No	Ministry/Department	Number of grievances
21	Information and Broadcasting	18,567
22	Financial Services (Insurance Division)	17,840
23	Environment, Forest and Climate Change	17,323
24	Corporate Affairs	17,084
25	Consumer Affairs	16,047
26	Agriculture Cooperation and Farmers Welfare	14,342
27	Electronics & Information Technology	12,729
28	Social Justice and Empowerment	12,637
29	Civil Aviation	12,448
30	Rural Development	11,646
31	Drinking Water and Sanitation	10,723
32	Power	10,392
33	Women and Child Development	9,773
34	Economic Affairs	9,553
35	Commerce	9,509
36	Water Resources, River Development & Ganga Rejuvenation	9,265
37	Food and Public Distribution	8,292
38	Housing and Urban Affairs	7,287
39	Defence Finance	6,604
40	Coal	6,346

1.4 INTRODUCTION TO MINISTRY OF CORPORATE AFFAIRS

The Ministry is primarily concerned with administration of the Companies Act 2013, the Companies Act 1956, the Limited Liability Partnership Act, 2008 & other allied Acts and rules & regulations framed there-under mainly for regulating the functioning of the corporate sector in accordance with law. The Ministry is also responsible for administering the Competition Act, 2002 to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers through the commission set up under the Act.

Besides, it exercises supervision over the three professional bodies, namely, Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and the Institute of Cost Accountants of India (ICAI) which are constituted under three separate Acts of the Parliament for proper and orderly growth of the professions concerned. The Ministry also has the responsibility of carrying out the functions of the Central Government relating to administration of Partnership Act, 1932, the Companies (Donations to National Funds) Act, 1951 and Societies Registration Act, 1980.

11,94,931 grievances were received on PG portal in 2016 across 88 Ministries/Departments

83% of the grievances were disposed by Ministries/ Departments in 2016

Rank 24 of 88 Ministries/ Departments (based on the number of grievances received from 2012-16)

4,498 complaints were received by Ministry of Corporate Affairs in 2015-16

14% of grievances were received by Division of ROC- Uttarakhand

11% of the grievances were received by Division of ROC- West Bengal

48% of grievances were for category- fixed deposit and interest amount from investors

12% of the grievances were for category- CA exams related queries

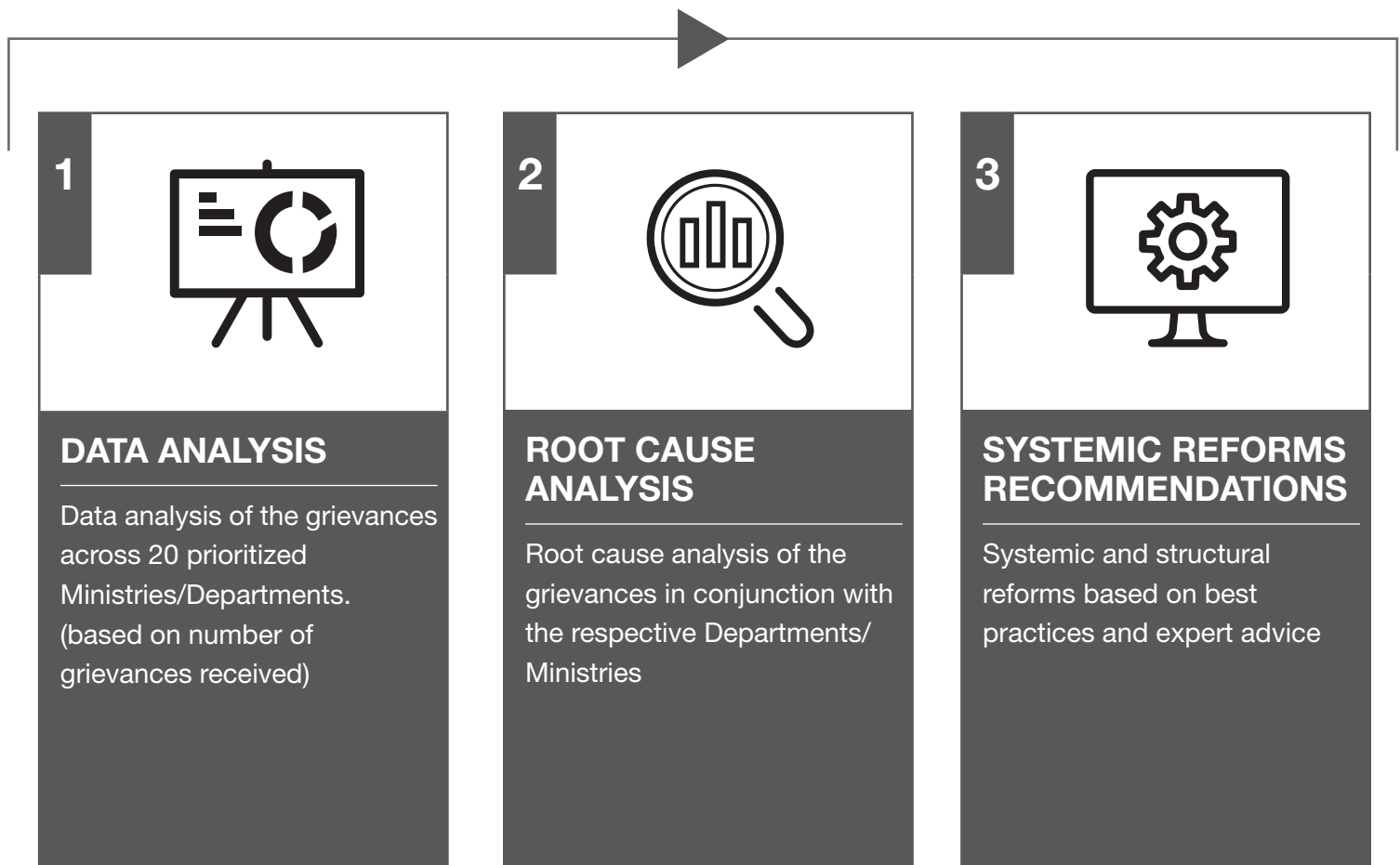
43%* of the grievances will be impacted, as and when suggested reforms are incorporated

*The percentage has been computed after multiplying a) Percentage of grievances under shortlisted divisions with, b) Percentage of addressable grievance categories

Deep Dive Grievance Analysis



The three point approach for grievance analysis study includes data analysis, root cause analysis, and systemic reforms recommendations for the service issues.



2.1 DATA ANALYSIS

2.1.1 IDENTIFICATION OF TOP DIVISIONS

The shortlisted divisions were the ones receiving maximum grievances (from 1.4.2015 to 31.3.2016). The highest grievances were received by Registrar of Companies (ROC) Uttarakhand, which accounted for 14% of grievances received. Another 11% of the grievances were received each by ROC of West Bengal and Delhi, another 10% by Registrar of Companies (ROC) of Maharashtra and another 5% by Policy Section, ROC Chennai and ROC Madhya Pradesh.

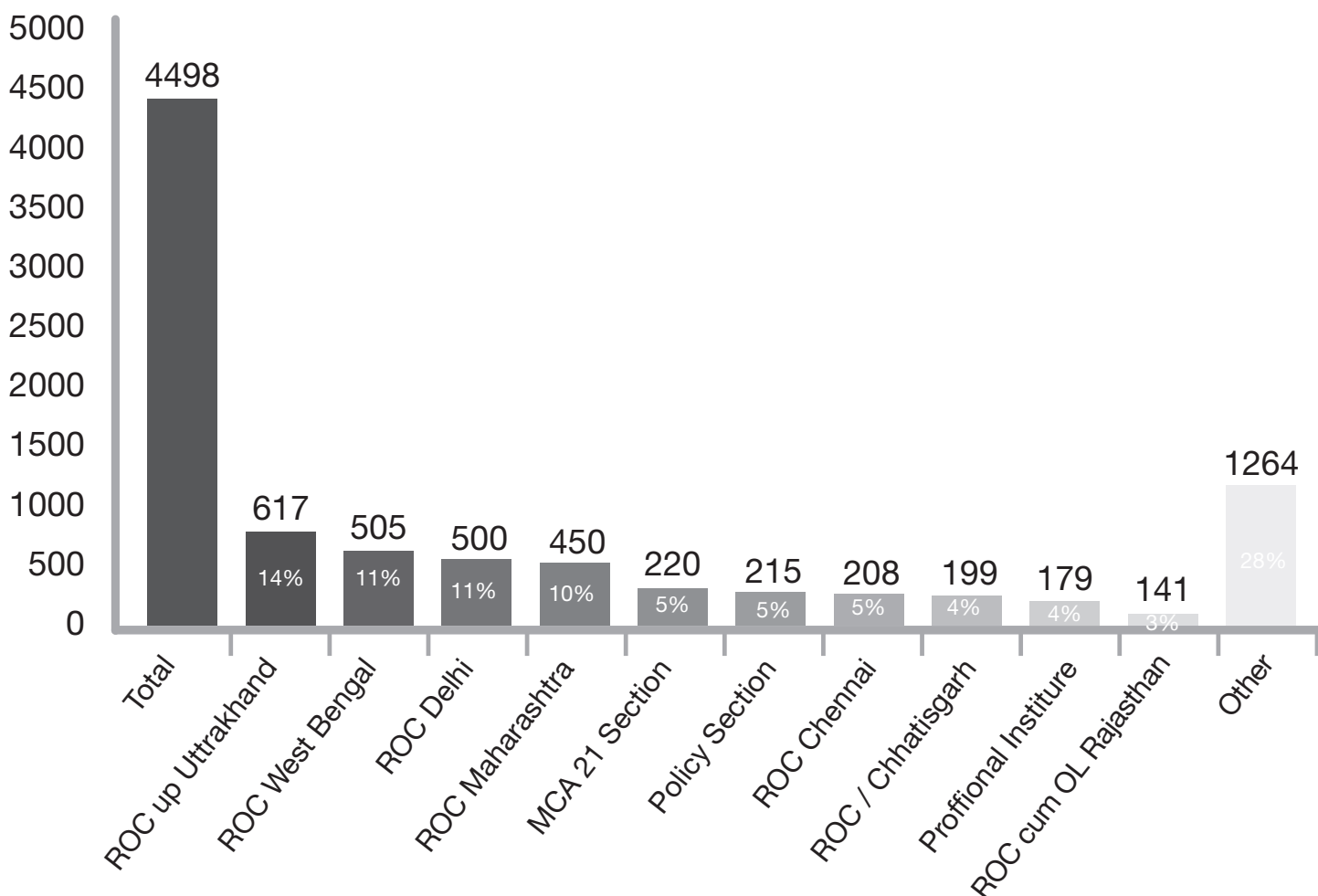
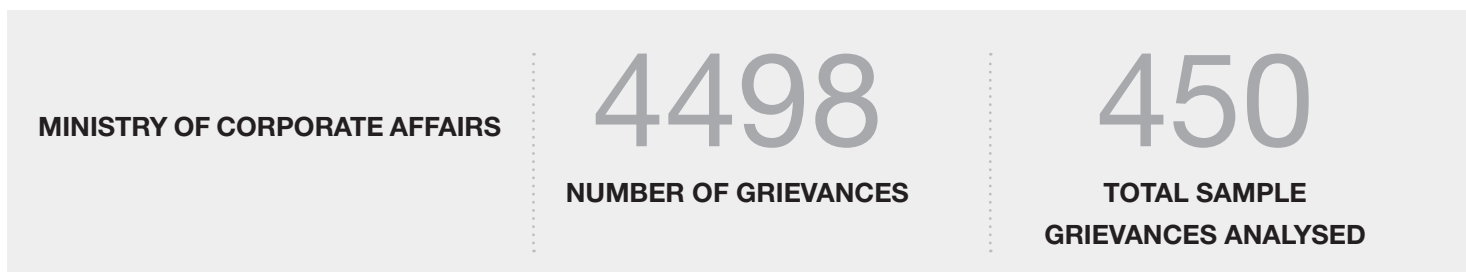


Chart 1: Categorized grievances received by divisions from 1.4.2015 to 31.3.2016

2.1.2 IDENTIFICATION OF FOCUS SERVICE

Grievance data in top 10 divisions was deep dived and 10% of sample was analyzed.

Table 2: Sample size selected for the study



The next step was grievance-by- grievance analysis for a sample of the grievances received by the top 10 divisions, namely, ROC of Uttarakhand, West Bengal, Delhi, Maharashtra, Chennai, Madhya Pradesh & Rajasthan and MCA 21 Section, Policy section, Professional Institute.

AN EXAMPLE OF A GRIEVANCE ANALYZED IS AS FOLLOWS





“Dear Sir, This is complaint regarding non receipt of payment of interest amount and principal amount for FD no.31376 (12 th Jun 2015 maturity date) with Birla Power Solutions whose CIN is L31101MH1984PLC032773. Till today I haven't received any payment from Birla Power solutions. I am a senior citizen and would need the positive response/intervention from MCA to get money released from company. Pls. do needful, Regards, Devyaniben Bax.”

ACTION TAKEN BY MINISTRY OF CORPORATE AFFAIRS

The Complainant was asked to file claim in prescribed Form No 66 along with notarized documentary proof with this office and the same shall be considered in accordance with Law

For the Ministry of Corporate Affairs, the top most issue, accounting for 48% of grievances was no return of deposited money, followed by queries regarding CA exams and results, which accounted for another 12% of the grievances, followed by issues in registration of new company and glitches in MCA form website, accounting for 3% each.

Table 3: Focus service for root cause analysis

S.No	Grievance Causing Issues	Impact*	Details
1	 Not received fixed deposit maturity and interest amount	48%	<ul style="list-style-type: none"> Fraud by Jaypee Associates, Plethico Pharma, Birla Power, Elder Pharmaceuticals, ROSE VALLEY HOTELS ENTERTAINMENTS LTD, Helios and Matheson Technology Limited etc.
2	 Queries around exams and results	12%	<ul style="list-style-type: none"> Lack of transparency in CA exam results Enquiry about difference between Chartered Accountant (CA) and Company Secretary (CS) Lack of professional opportunities for CS and (CMA) Certified Management Accountant.
3	 Issues in registration of new company	3%	<ul style="list-style-type: none"> Exorbitant amount charged by CAs for attestation leading to corruption and delays Cost of compliance is high and delayed response on form issues
4	 Glitches in MCA form website	3%	<ul style="list-style-type: none"> Refund amount needed for dual deduction of registration charges

* Grievance Sample analysed: 450

2.2 ROOT CAUSE ANALYSIS (RCA)

With regards to Glitches in MCA form website, the issue has been de-prioritized for reform recommendation exercise as the issue has been resolved by the Ministry by taking up with IT vendor- Infosys.

The root cause of the other addressable focus issues was dug deeper for root cause analysis. For this, the study team spent time with each implementation body within that division to understand core processes, accountability and performance tracking. Domain experts were also consulted to understand root cause for each grievance category.

The questions revolved around policy, process and people problems that were leading to lack of quality implementation

Table 4: Root Cause Analysis of grievances related to Ministry of Corporate Affairs

Issue	Sub-Issue	Root Cause
Not received invested money back	Not received fixed deposit maturity amount & interest on investment	• No minimum threshold defined in law for disbursement of investor’s finances by the investee. No accreditation of the investee firms on raising money.
		• No monitoring of the disbursement of money by the firms
		• Process of borrowing money is unsecured
Exams and Results	Lack of transparency in CA exam results	• Lack of transparency in the exam process and results.
Process issue in registration of new company	Cost of compliance is high	• Harder compliance requirements need for a Startup



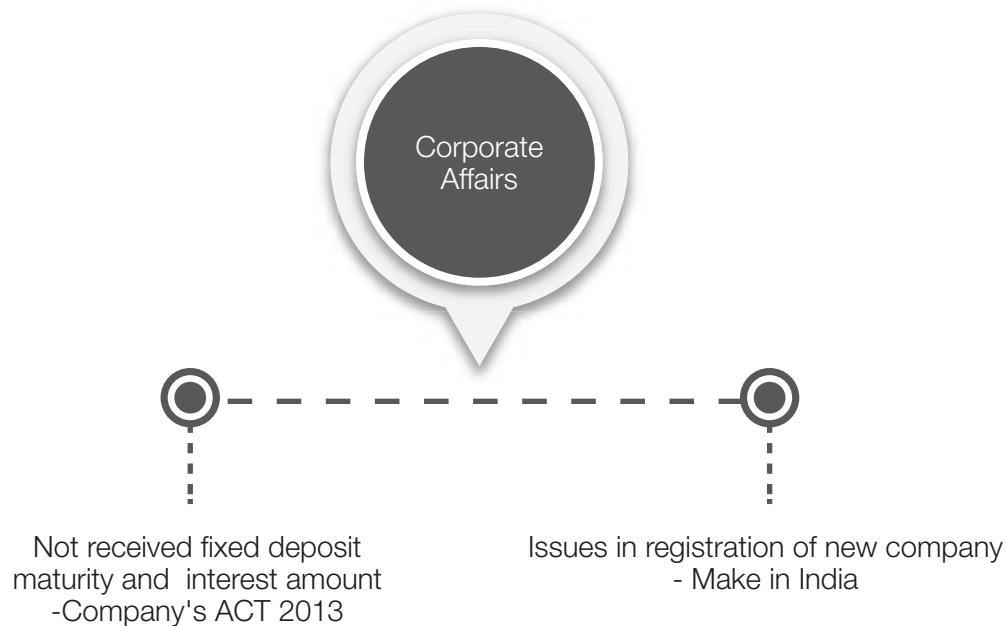
Grievance issues of not received invested amount and registration of new company are mapped to Company's ACT 2013 and Make in India.

The Companies Act, 2013 consolidates and amends the law relating to companies. Some of the provisions of the Act have been implemented by a notification published on 12th September, 2013.

India was ranked 134 in 2015 on the World Bank's Doing Business index. Since 2014, the Government of India launched an ambitious program of regulatory reform aimed at making it easier to do business in India. The program represents a great deal of effort to create a more business-friendly environment. The efforts have yielded results with India jumping 4 places on the World Banks' Doing Business rankings. The below changes have been the incorporated contributing to this growth.

- Starting a Business: India's ranking on this parameter has improved from 164 in 2015 to 155 in 2016. This improvement has been mainly on account of decrease in number of procedures and time taken to start a business in India.
- Getting Electricity: India's ranking on this parameter has improved from 99 in 2015 to 70 in 2016. The number of days taken to get a permanent electricity connection for a business is just 53 days, which is less than the average time taken in South East Asian and OECD member countries.

Chart 2: National schemes for catering grievance

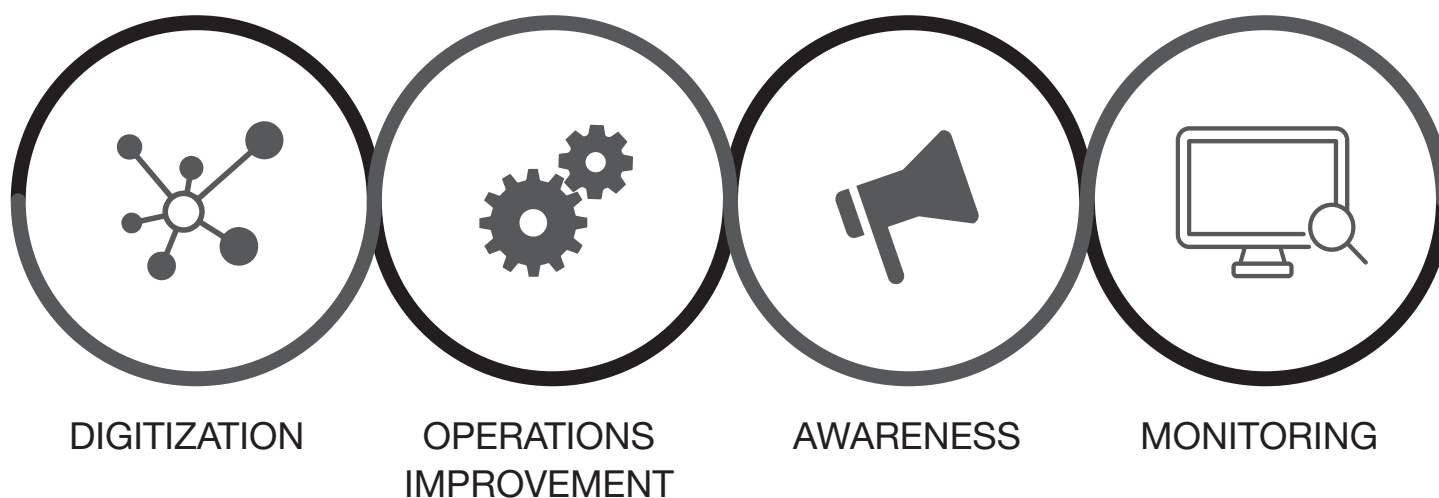


2.3 SYSTEMIC REFORMS RECOMMENDATIONS

Based on the key root cause for improper delivery of service, corresponding recommendations were identified and designed. These recommendations were arrived after discussing with the Ministry/Department representative.

For each issue, the problem was broken into multiple parts to ensure that each aspect of the problem is addressed independently, while ensuring maximum impact. Systemic and structural reform recommendations were made for investment related grievances, CA exam results and poor compliance of doing business across the following areas.

AREAS ACROSS WHICH SYSTEMIC REFORMS ARE SUGGESTED



Systemic Reforms



Ease of doing business and Companies Act 2013 are the flagship and key components of government schemes. There are areas in terms of policy formulation, implementation where few reforms can bring a major impact. Five recommendations have been made based on best practices adopted by state governments and other stakeholders.

Table 5: Systemic Reforms for investee complaints and compliance regulations of a new company

S. No	Reform Category	Systemic Reforms	Ease of implementation
1	Monitoring & Digitization	Drive monitoring of financial disbursements. This can be achieved via collaborating with initiative of 'corporate data management' and deploying a dashboard that will ensure preemptive action before any investor fraud.	Medium
2	Operations Improvement	Need of less government and more governance through self-compliance/self certifications of low risk product companies.	Medium
3	Operations Improvement	Consider accreditation medium and high risk product companies through NABCB (National Accreditation Board for Certification Bodies) for better standardization and easier compliance.	Low
4	Awareness	Better awareness through private radio and TV channels advertisements on investing money policies. This will ensure better reach to mass.	High
5	Awareness	Better communication by ICAI authority regarding whom should citizens reach out to regarding CA exams process.	High



Case Study On Reforms



THIRD PARTY CERTIFICATION CAPABILITY BY QUALITY COUNCIL OF INDIA*



Traditionally, Government sets regulations and acts as regulators. Government also does inspections and awards punitive actions.

The current accreditation scenario involves various third accreditation bodies including NABCB for certification/inspection bodies, NABL for labs International Accreditation Forum (IAF) for CBs, International Laboratory Accreditation Cooperation (ILAC) for Labs and Pacific Accreditation Cooperation (PAC) for CBs and Asia Pacific Laboratory Accreditation (APLAC) for IBs and Labs.

To estimate the capability in India, the number of certification bodies is around 150 plus. In various sectors such as QMS, EMS, FSMS, OHSAS, regulatory compliance is a part of these standards which insure reasonable assurance of compliance. QMS covers product related regulations; EMS covers environmental laws; OHSAS covers occupational health and safety; FSMS covers food regulations. Inspection bodies available with above audit capabilities – most regulations inspection based. The issue of ethics with third party system is also resolved . Thus, there is a necessary need to rely on national accreditation for effective oversight.

With third party certification, there are multi fold benefits. Less Government, more Governance. International acceptance of products – Make in India. Job creation – private sector much faster in responding to demand – army of quality professionals resulting from ISO 9001 standards

*Source: Ease of doing Business Committee Document, Chaired by Ajay Shankar, Previous Secretary of IDIPP

Conclusion



This Grievance Analysis Study analysed 450 grievances of Ministry of Corporate Affairs, spanning across no money return from investors, CA exams query and compliance issue on registering new company. Following key systemic reforms have been recommended, implementation of these will make an impact in reducing grievances.

KEY RECOMMENDATIONS

This report evaluates the grievances of Ministry of Corporate Affairs and recommends the following priority systemic reforms:

- 01 Drive monitoring (through Regional Office Centers) of financial disbursements. This can be achieved via collaborating with initiative of 'corporate data management' and deploying a dashboard that will ensure preemptive action before any investor fraud.
- 02 Accreditate medium and high risk product companies through NABCB (National Accreditation Board for Certification Bodies) for better standardization and easier compliance.
- 03 Better communication by Institute of Chartered Accountants of India (ICAI) authority regarding whom should citizens reach out to regarding CA exams process.

LIST OF EXPERTS CONSULTED

Table 6: List of experts

Ministry of Corporate Affairs	Outside Ministry	Quality Council of India
<ul style="list-style-type: none"> • K.V.R Murthi- Joint Secretary 	<ul style="list-style-type: none"> • Ajay Shankar - Previous Secretary of DIPP 	<ul style="list-style-type: none"> • Adil Zainulbhai- Chairman
<ul style="list-style-type: none"> • Bimal Pant- Deputy Secretary 	<ul style="list-style-type: none"> • Dinesh Kanabar- CEO, Dhruv Advisors 	<ul style="list-style-type: none"> • Dr. Ravi P. Singh- Secretary General



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