

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 970
ANSWERED ON MONDAY, THE 3RD DECEMBER, 2012

REGULATOR FOR AUDITORS

QUESTION

970. SHRI A.ELAVARASAN:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether there is any proposal to set up an independent regulator for auditors, as the current system of self-regulation appears to leave room for laxity and there is a need for an independent regulator for auditors;

(b) if so, the details thereof ; and

(c) whether the report on corporate governance prepared by Indian Institute of Corporate Affairs in collaboration with IIM, Kolkata strongly recommends the above issue?

ANSWER

THE MINISTER OF STATE
(INDEPENDENT CHARGE)

(SHRI SACHIN PILOT)

IN THE MINISTRY OF CORPORATE AFFAIRS

(a) and (b): Yes, Sir. The Honourable Parliamentary Standing Committee on Finance which examined the Companies Bill, 2009 and the Companies Bill, 2011 had recommended that the National Advisory Committee on Accounting and Auditing Standards (NACAAS), proposed in the Companies Bill, 2009, be institutionalized not only as a body for setting up auditing standards but also as a quasi-regulatory body for generally supervising the quality of audit undertaken. Keeping in view the recommendation, the provisions of clause 132 of the Companies Bill, 2011 provides for constitution of National Financial Reporting Authority (NFRA) to (i) make recommendations on the formulation and laying down of accounting and auditing policies and standards; (ii) monitor and enforce the compliance with such standards; (iii) oversee the quality of service of the relevant professions and suggest measures required thereto and (iv) take necessary action in certain cases against professional misconduct against chartered accountants.

(c) Yes Sir, a report titled “Corporate Governance in India from Policies to Reality” brought out by IICA recommends an independent regulator for auditors.
