

**Bill No. 161 of 2021**

THE CHARTERED ACCOUNTANTS, THE COST AND WORKS  
ACCOUNTANTS AND THE COMPANY SECRETARIES  
(AMENDMENT) BILL, 2021

A

BILL

*further to amend the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980.*

BE it enacted by Parliament in the Seventy-second Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

5           **1.** (1) This Act may be called the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021.

Short title  
and  
commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act and any reference in any provision to the commencement of this Act shall be  
10 construed as a reference to the coming into force of that provision.

## CHAPTER II

## AMENDMENTS TO THE CHARTERED ACCOUNTANTS ACT, 1949

Amendment of long title and preamble.	<b>2.</b> In the Chartered Accountants Act, 1949 (hereafter in this Chapter referred to as the principal Act), in the long title and preamble, for the word “regulation”, the words “regulation and development” shall be substituted.	38 of 1949. 5
Amendment of section 2.	<b>3.</b> In section 2 of the principal Act, in sub-section (1),— (i) after clause (aaa), the following clause shall be inserted, namely:— ‘(ab) “Board of Discipline” means the Board of Discipline constituted under sub-section (1) of section 21A;’; (ii) after clause (b), the following clauses shall be inserted, namely:— ‘(ba) “Coordination Committee” means the Coordination Committee constituted under section 9A; (bb) “Companies Act” means the Companies Act, 2013 or any other previous company law as defined in sub-section (67) of section 2 of the said Act;’; (iii) in clause (c), after the words “Council of the Institute”, the words “constituted under section 9” shall be inserted; (iv) after clause (ca), the following clauses shall be inserted, namely:— ‘(cb) “Director (Discipline)” means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline); (cc) “Disciplinary Committee” means the Disciplinary Committee constituted under sub-section (1) of section 21B; (cd) “Disciplinary Directorate” means the Disciplinary Directorate established under sub-section (1) of section 21; (ce) “fellow” means a fellow member of the Institute;’; (v) in clause (ea), after the words “Official Gazette”, the words ‘and the term “notify” shall be construed accordingly’ shall be inserted; (vi) for clause (g), the following clause shall be substituted, namely:— ‘(g) “Register” means the Register of members of the Institute maintained under section 19 or the Register of firms of the Institute maintained under section 20B, as the case may be;’; (vii) after clause (haa), the following clause shall be inserted, namely:— ‘(haaa) “Standing Committee” means a Standing Committee constituted under sub-section (1) of section 17;’.	10 18 of 2013. 15 20 25 30
Amendment of section 4.	<b>4.</b> In section 4 of the principal Act,— (i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted; (ii) in sub-section (1), in clauses (v) and (vi), for the words “without India”, wherever they occur, the words “outside India” shall be substituted; (iii) in sub-section (3),— (a) the words “, which shall not exceed rupees three thousand” shall be omitted; (b) the proviso shall be omitted.	35 40

5. In section 5 of the principal Act,—

Amendment  
of section 5.

(i) for the word “Register”, occurring at both the places, the words “Register of members” shall be substituted;

(ii) in sub-section (3),—

5 (a) the words “which shall not exceed rupees five thousand” shall be omitted;

(b) the proviso shall be omitted.

6. In section 6 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

Amendment  
of section 6.

10 “(2) Every such member shall pay annual fee for the certificate as may be determined, by notification, by the Council, and such fee shall be payable on or before the 1st day of April each year.”.

7. In section 8 of the principal Act,—

Amendment  
of section 8.

15 (i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in clause (iii), after the words “undischarged insolvent”, the words “or an undischarged bankrupt” shall be inserted;

(iii) after clause (iii), the following clause shall be inserted, namely:—

“*(iiia)* is declared bankrupt under the Insolvency and Bankruptcy Code, 2016; or”;

31 of 2016. 20

(iv) in clause (v),—

(a) for the words “without India”, the words “outside India” shall be substituted;

(b) the words “transportation or” shall be omitted.

25 8. In section 9 of the principal Act,—

Amendment  
of section 9.

(i) in sub-section (2),—

(a) for the word “Register”, occurring at both the places, the words “Register of members” shall be substituted;

(b) for the words “three years”, the words “four years” shall be substituted;

30 (c) for the words “six years”, the words “eight years” shall be substituted;

(ii) in sub-section (4),—

(a) for the word “person”, the words “member of the Institute or any partner of a firm” shall be substituted;

(b) for the words “three years”, the words “four years” shall be substituted.

35 9. After section 9 of the principal Act, the following section shall be inserted, namely:—

Insertion of  
new section  
9A.

40 “9A. (1) There shall be a Coordination Committee consisting of the President, Vice-President and the Secretary of the Council of each of the Institutes of Chartered Accountants of India, the Cost Accountants of India and the Company Secretaries of India for the development and harmonisation of the professions of Chartered Accountants, Cost Accountants and Company Secretaries.

Coordination  
Committee.

(2) The meeting of the Coordination Committee shall be chaired by the Secretary, Ministry of Corporate Affairs.

(3) The meeting of the Coordination Committee shall be held once in every quarter of a year.

(4) The Committee shall be responsible for the effective coordination of the functions assigned to each Institute and shall—

(i) ensure quality improvement of the academics, infrastructure, research and all related works of the Institute;

(ii) focus on the coordination and collaboration among the professions, to make the profession more effective and robust;

(iii) align the cross-disciplinary regulatory mechanisms for inter professional development;

(iv) make recommendations in matters relating to regulatory policies for the professions;

(v) perform such other functions incidental to clauses (i) to (iv) above.”.

Amendment  
of section 10.

**10.** Section 10 of the principal Act shall be renumbered as sub-section (1) thereof and,—

(i) in the first proviso to sub-section (1) as so renumbered, for the words “three consecutive terms”, the words “two consecutive terms” shall be substituted;

(ii) after sub-section (1) as so renumbered and amended, the following sub-section shall be inserted, namely:—

“(2) Notwithstanding anything contained in sub-section (1), a member of the Council who immediately at the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021, has held office as such member for two terms or is holding office for the second term of three years, shall be eligible to contest for one more term of four years and a member who has held office for one term or is holding office for the first term of three years, shall be eligible to contest for two more consecutive terms.”.

Amendment  
of section 12.

**11.** In section 12 of the principal Act,—

(i) in sub-section (1), the proviso shall be omitted;

(ii) in sub-section (2), for the words “Chief Executive Authority”, the word “Head” shall be substituted;

(iii) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(2A) The President shall preside at the meetings of the Council.

(2B) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed.

(2C) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.

(2D) If, for any reason a vacancy occurs in the office of the President, or if the President is absent or for any other reason, is unable to exercise the powers or perform the duties assigned to him, the Vice-President shall act in his place and shall exercise the powers and perform the duties of the President.”.

Amendment  
of section 13.

**12.** In section 13 of the principal Act, in sub-section (2), for the word “Register”, the words “Register of members” shall be substituted.

Amendment  
of section 14.

**13.** In section 14 of the principal Act, in sub-section (1), for the words “three years”, the words “four years” shall be substituted.

**14.** In section 15 of the principal Act, in sub-section (2),—

Amendment  
of section 15.

(i) for clauses (b) and (c) the following clauses shall be substituted, namely:—

“(b) the prescribing of fees for the examination of candidates for enrolment;

(c) the granting or refusal, of registration of a firm;”;

5 (ii) in clause (d), for the word “Register”, the words “Register of members” shall be substituted;

(iii) for clause (f), the following clauses shall be substituted, namely:—

“(f) the prescribing of guidelines for grant or refusal of certificates of practice under this Act;

10 (fa) to issue guidelines for the purpose of carrying out the objects of this Act;”;

(iv) clause (g) shall be omitted;

(v) in clause (h), the words “and collection” shall be omitted;

(vi) clause (i) shall be omitted;

15 (vii) for clause (l), the following clauses shall be substituted, namely:—

“(l) to conduct investor education and awareness programmes;

(la) to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of a foreign country, for the purpose of performing its functions under this Act;”.

20 **15.** After section 15A of the principal Act, the following section shall be inserted, namely:—

Insertion of  
new section  
15B.

“15B. The functions of the Institute shall include—

Functions of  
Institute.

(a) the examination of candidates for enrolment;

25 (b) the regulation of the engagement and training of articled and audit assistants;

(c) the maintenance and publication of a Register of persons qualified to practice as chartered accountants;

(d) the maintenance and publication of Register of firms;

(e) collection of fees from members, examinees and other persons;

30 (f) subject to the orders of the appropriate authorities under this Act, the removal of names from the Registers of members and firms and the restoration of names to the Registers of members and firms which have been removed;

(g) the maintenance of a library and publication of books and periodicals relating to accountancy and allied subjects;

35 (h) the conduct of elections to the Council of the Institute; and

(i) the granting or refusal of certificates of practice as per guidelines issued by the Council.”.

**16.** In section 16 of the principal Act,—

Amendment  
of section 16.

40 (i) for sub-section (I), the following sub-section shall be substituted, namely:—

“(1) For the efficient performance of its duties, the Council shall appoint—

(a) a Secretary who will carry out administrative functions of the Institute, as its Chief Executive Officer;

(b) a Director (Discipline) and Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute, to perform such functions as are assigned to them under this Act and the rules and regulations framed thereunder: 5

Provided that no appointment or re-appointment or termination of appointment of Director (Discipline) or Joint Director (Discipline) shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Central Government.”; 10

(ii) in sub-section (2), for clause (c), the following clause shall be substituted, namely:—

“(c) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;” 15

Amendment of section 18. **17.** In section 18 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) The annual accounts of the Council shall be prepared in such manner as may be prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India: 20

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years: 25

Provided further that in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.”. 30

Amendment of section 19. **18.** In section 19 of the principal Act,— 35

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.”; 40

(iii) in sub-section (2), after clause (c), the following clause shall be inserted, namely:—

“(ca) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;” 45

(iv) in sub-section (4),—

(a) the words “, which shall not exceed rupees five thousand” shall be omitted;

(b) the proviso shall be omitted.

5 **19.** In section 20 of the principal Act,—

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in sub-section (3),—

10 (a) the words “, which shall not exceed rupees two thousand” shall be omitted;

(b) the proviso shall be omitted.

**20.** After chapter IV of the principal Act, the following Chapter shall be inserted, namely:—

Amendment of section 20.

Insertion of new Chapter IVA.

“CHAPTER IVA

15 REGISTRATION AND REGISTER OF FIRMS

20A. Every firm shall be registered with the Institute on an application made to the Council, by any partner or owner of a firm, in such manner and subject to such terms and conditions as may be prescribed:

Registration of firms.

20 Provided that the Council may refuse to register a firm, if the name of such firm is identical or similar to the name of any other firm already registered or the name is in use by any firm within or outside India or in the opinion of the Council, registration of the firm is undesirable.

20B. (1) The Council shall maintain, in such manner as may be prescribed, a Register of firms.

Register of firms.

25 (2) The Register of firms shall include such particulars about the firm, including details of pendency of any actionable information or complaint or imposition of penalty against it under Chapter V, in such form and at such intervals, as may be prescribed.

30 (3) The Council shall cause to be published in such manner as may be prescribed, a list of firms registered with the Institute as on the 1st day of April of each year or at any such interval as may be decided by the Council, and shall make available the list to such persons, in such form and on payment of such amount as may be prescribed.

20C. The Council shall remove from the Register of firms the name of any firm—

Removal from Register of firms.

35 (a) which is dissolved or liquidated; or

(b) from which a request has been received to that effect; or

(c) is declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and remains undischarged; or

31 of 2016.

40 (d) which has been debarred from undertaking any activity or activities relating to the profession of a chartered accountant in practice under any law for the time being in force or by any competent court; or

(e) in respect of which an order for removal has been passed under this Act.

Review  
before  
Council.

20D. (1) Any firm aggrieved by the decision for refusal of registration may apply for review before the Council within one month from the date of such refusal.

(2) The Council may, after considering the review application, confirm or set aside the decision so taken or pass such orders as it may consider appropriate.”.

Substitution  
of section 21.

21. For section 21 of the principal Act, the following section shall be substituted, 5  
namely:—

Disciplinary  
Directorate.

“21. (1) The Council shall, by notification, establish a Disciplinary Directorate consisting of a Director (Discipline), at least two Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute and such other employees appointed under section 16, for making investigations either *suo motu*, or on receipt of an information or a complaint, in such form, along with such fees as may be specified. 10

(2) Within thirty days of receipt of an information or a complaint, the Director (Discipline) shall decide in such manner as may be specified, whether a complaint or information is actionable or is liable to be closed as non-actionable:

Provided that the Director (Discipline) may call for additional information from the complainant or the informant, as the case may be, by giving fifteen days time before deciding whether the case is actionable or non-actionable: 15

Provided further that the recommendations of the Director (Discipline) on non-actionable complaints or information shall be submitted to the Board of Discipline within sixty days of its receipt and the Board of Discipline may, after looking into its merits refer such complaint or information to the Director (Discipline) for conducting further investigation. 20

(3) While making investigation into a case which is found to be actionable, the Director (Discipline) shall give an opportunity to the member or the firm, as the case may be, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, for reasons to be recorded in writing. 25

(4) Upon receipt of the written statement under sub-section (3), if any, the Director (Discipline) shall send a copy thereof to the complainant or the informant, as the case may be, and the complainant or the informant shall, within twenty-one days of the receipt of such written statement, submit his rejoinder. 30

(5) Upon receipt of written statement under sub-section (3) and rejoinder under sub-section (4), the Director (Discipline) shall submit a preliminary examination report within thirty days, if a *prima facie* case is made out against a member or a firm, as the case may be.

(6) In case a *prima facie* case is made out for any professional or other misconduct mentioned in the First Schedule, the Director (Discipline) shall submit the preliminary examination report to the Board of Discipline and where *prima facie* case is made out for any professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, he shall submit a preliminary examination report to the Disciplinary Committee: 35  
40

Provided that a complaint or information filed by any authorised officer of the Central Government or a State Government or any statutory authority duly supported by an investigation report or relevant extract of the investigation report along with supporting evidence, shall be treated as preliminary examination report:

Provided further that where no *prima facie* case is made out against the member or the firm, the Director (Discipline) shall submit such information or complaint with relevant documents to the Board of Discipline and the Board of Discipline may, if it agrees with the findings of the Director (Discipline), close the matter or in case of disagreement, itself proceed further or refer the matter to the Disciplinary Committee or advise the Director (Discipline) to further investigate the matter. 45  
50



(7) For the purpose of investigation under this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(8) A complaint filed with the Disciplinary Directorate shall not be withdrawn under any circumstances.

5 (9) The status of actionable information and complaints pending before the Disciplinary Directorate, Boards of Discipline and Disciplinary Committees and the orders passed by the Boards of Discipline under section 21A and by the Disciplinary Committees under section 21B shall be made available in the public domain by the Disciplinary Directorate in such manner as may be prescribed.”

10 **22.** For section 21A of the principal Act, the following section shall be substituted, namely:—

Substitution  
of section  
21A.

“21A. (1) The Council shall, by notification, constitute one or more Boards of Discipline, each consisting of—

Board of  
Discipline.

15 (a) a person, not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

20 (b) one member, who is a person of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

25 (c) one member to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council, in such manner as may be prescribed;

(d) an officer of the Institute not below the rank of a Deputy Secretary shall function as the Secretary of the Board of Discipline:

30 Provided that the Presiding Officer nominated under clause (a) and the member nominated under clause (b) may be the same for different Boards of Discipline constituted under this sub-section.

(2) The Board of Discipline shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

35 (3) The Board of Discipline shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing.

40 (4) The Board of Discipline shall conclude its inquiry within ninety days of the receipt of preliminary examination report from the Director (Discipline).

(5) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within thirty days of such finding, after providing an opportunity of being heard to the member taking any one or more of the following actions, namely:—

45 (a) reprimand the member and record it in the Register of members;

(b) remove the name of the member or members from the Register of members, up to a period of six months;

(c) impose such fine as it may think fit which may extend to two lakh rupees.

(6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the First Schedule during the last five years, the following action may also be taken against such firm, namely:— 5

(a) prohibit the firm from undertaking any activity or activities relating to the profession of a chartered accountant in practice for such period not exceeding one year; or

(b) impose such fine as it may think fit, which may extend to twenty-five lakh rupees. 10

(7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit.

(8) The Presiding Officer and members of the Board of Discipline shall be paid such allowances as may be prescribed.”. 15

Substitution  
of section  
21B.

**23.** For section 21B of the principal Act, the following section shall be substituted, namely:—

Disciplinary  
Committee.

“21B. (1) The Council shall, by notification, constitute one or more Disciplinary Committees, each consisting of— 20

(a) a person, not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

(b) two members, who are persons of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed; 25

(c) two members to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council in such manner as may be prescribed: 30

Provided that the Presiding Officer nominated under clause (a) and the members nominated under clause (b) may be the same for different Disciplinary Committees constituted under this sub-section. 35

(2) The Disciplinary Committee shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(3) The Disciplinary Committee shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days, which may further be extended by another twenty-one days in exceptional circumstances, for reasons to be recorded in writing. 40

(4) The Disciplinary Committee shall conclude its inquiry within one hundred and eighty days of receipt of the preliminary examination report from the Director (Discipline). 45

(5) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(a) reprimand the member and record it in the Register of members; or

(b) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(c) impose such fine as it may think fit, which may extend to ten lakh rupees.

(6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee is of the opinion that any such member, who is a partner or owner of a firm has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, during the last five years, the following actions may also be taken against such firm, namely:—

(a) prohibit the firm from undertaking any activity or activities relating to the profession of a chartered accountant in practice for such period not exceeding two years; or

(b) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(c) impose such fine as it may think fit, which may extend to fifty lakh rupees.

(7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within the specified time, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit.

(8) The Presiding Officer and members of the Disciplinary Committee shall be paid such allowances as may be prescribed.”.

**24.** In section 21C of the principal Act, the *Explanation* shall be omitted.

Amendment of section 21C.

**25.** For section 21D of the principal Act, the following section shall be substituted, namely:—

Substitution of section 21D.

“21D. All complaints or any inquiry pending before the Board of Discipline or the Disciplinary Committee or any reference or appeal filed before the Appellate Authority or before a High Court prior to the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021.”.

Transitional provisions.

**26.** For section 22 of the principal Act, the following section shall be substituted, namely:—

Substitution of section 22. Professional or other misconduct defined.

‘22. For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission, on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm, as mentioned in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of such member or firm, under any other circumstances.”.

Amendment  
of section  
22G.

**27.** In section 22G of the principal Act,—

(i) in sub-section (1),—

(a) after the words “Any member of the Institute”, the words “or a firm” shall be inserted;

(b) for the words “imposing on him”, the words “imposing on such member or firm” shall be substituted;

(c) for the words, brackets, figures and letters “sub-section (3) of section 21A and sub-section (3) of section 21B, may”, the words, brackets, figures and letters “sub-section (5) or sub-section (6) of section 21A or sub-section (5) or sub-section (6) of section 21B, as the case may be, may” shall be substituted;

(d) for the words “communicated to him”, the words “communicated to such member or firm” shall be substituted;

(ii) in sub-section (2), for the words, brackets, figures and letters “sub-section (3) of section 21A and sub-section (3) of section 21B”, the words, brackets, figures and letters “sub-section (5) or sub-section (6) of section 21A or sub-section (5) or sub-section (6) of section 21B,” shall be substituted;

(iii) after sub-section (2), the following sub-section and *Explanations* shall be inserted, namely:—

‘(3) No order or act or proceeding of the Authority shall be called in question in any manner, on the ground merely of any defect in the constitution of, or a casual vacancy or absence of one or two members, of the Authority.

*Explanation 1.*—For the purposes of this Chapter,—

(A) “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry;

(B) a “firm” registered with the Institute shall also be held liable for misconduct of a member who was its partner or owner on the date of the alleged misconduct, although he has ceased to be such partner or owner, at the time of the inquiry.

*Explanation 2.*— No action taken under the provisions of this Chapter shall bar a Central Government Department or a State Government or any statutory authority or regulatory body to take action against a member or a firm registered with the Institute under any other law for the time being in force.’.

Amendment  
of section 24.

**28.** In section 24 of the principal Act,—

(a) for the words “one thousand rupees”, the words “one lakh rupees” shall be substituted;

(b) for the words “five thousand rupees”, the words “five lakh rupees” shall be substituted.

Amendment  
of section  
24A.

**29.** In section 24A of the principal Act, in sub-section (2),—

(i) for the words “be punishable with fine which may extend on first conviction to one thousand rupees”, the words “be punishable with imprisonment which may extend to six months, or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both on first conviction” shall be substituted;

(ii) for the words “six months, or with fine which may extend to five thousand rupees”, the words “one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees” shall be substituted.

30. In section 25 of the principal Act, in sub-section (2),— Amendment  
of section 25.
- (a) after the words “punishable with fine”, the words “which shall not be less than two lakh rupees but” shall be inserted;
- (b) for the words “one thousand rupees”, the words “ten lakh rupees” shall be substituted;
- (c) for the words “to five thousand rupees”, the words “with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees” shall be substituted.
31. In section 26 of the principal Act, in sub-section (2),— Amendment  
of section 26.
- (a) for the words “five thousand rupees”, the words “one lakh rupees” shall be substituted;
- (b) for the words “one lakh rupees”, the words “five lakh rupees” shall be substituted;
- (c) for the words “ten thousand rupees”, the words “two lakh rupees” shall be substituted;
- (d) for the words “two lakh rupees”, the words “ten lakh rupees” shall be substituted.
32. In section 28B of the principal Act, after clause (c), the following clause shall be inserted, namely:— Amendment  
of section  
28B.
- “(d) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms, noticed by it during the course of its reviews, to the Disciplinary Directorate for its examination.”.
33. In section 29 of the principal Act, in sub-section (2), for the word “Register”, the words “Register of members” shall be substituted. Amendment  
of section 29.
34. In section 29A of the principal Act, in sub-section (2),— Amendment  
of section  
29A.
- (i) for clauses (c) and (d), the following clauses shall be substituted, namely:—
- “(c) the form and fee for filing an information or a complaint under sub-section (1), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (2) and the procedure of investigation under sub-section (7), of section 21;
- (d) the procedure while considering the cases by the Board of Discipline under sub-section (2) and time limit for payment of fine under sub-section (7) of section 21A;
- (da) the procedure while considering the cases by the Disciplinary Committee under sub-section (2) and time limit for payment of fine under sub-section (7) of section 21B;”.
35. In section 30 of the principal Act, in sub-section (2),— Amendment  
of section 30.
- (i) in clauses (b), (e) and (h), for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;
- (ii) clause (g) and clause (i) shall be omitted;
- (iii) for clause (r), the following clauses shall be substituted, namely:—
- “(r) the qualification required for the purposes of sub-section (3) of section 5;
- (ra) the circumstances under which certificates of practice may be cancelled under sub-section (3) of section 6;

(*rb*) the guidelines for granting or refusal of certificates of practice under clause (*f*) of sub-section (2) of section 15;

(*rc*) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council under clause (*c*) of sub-section (2) of section 16; 5

(*rd*) the manner of preparing annual financial statement under sub-section (4) and the annual accounts under sub-section (5), of section 18;

(*re*) the manner of maintaining a Register of members of the Institute under sub-section (1) and the manner in which the annual list of members registered with the Institute shall be published under sub-section (3) of section 19; 10

(*rf*) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;

(*rg*) the manner of maintenance of Register of firms, and other particulars including details of pendency of any actionable information or complaint or imposition of penalty against the firm under sub-section (1) and sub-section (2), and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (3), of section 20B; 15

(*rh*) the manner of making available status of actionable information and complaints and orders passed under sub-section (9) of section 21;

(*ri*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (1) and the allowances payable to the Presiding Officers and members of the Boards of Discipline under sub-section (8), of sections 21A; 20

(*rj*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (1) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (8), of section 21B; 25

(*rk*) the salaries and allowances and conditions of service of officers and other staff of Authority under sub-section (2) of section 22E;

(*rl*) the manner in which Regional Council may be constituted under sub-section (2) of section 23 and the functions thereof; and”.

Amendment  
of First  
Schedule.

**36.** In the First Schedule to the principal Act,— 30

(*i*) in the heading, for the figures, brackets and letter “21(3), 21A(3)”, the figures, brackets and letters “21(6), 21A(5) and (6), 21B(5) and (6)” shall be substituted;

(*ii*) in Part I, in item (9), after the words and figures “Companies Act, 1956”, the words and figures “or sections 139 to 141 of the Companies Act, 2013 or any other law pertaining to appointment of auditors for the time being in force” shall be inserted. 35  
1 of 1956.  
18 of 2013.

Amendment  
of Second  
Schedule.

**37.** In the Second Schedule to the principal Act,—

(*i*) in the heading, for the figures, brackets and letter “21(3), 21B(3)”, the figures, brackets and letter “21(6), 21B(5) and (6)” shall be substituted;

(*ii*) in Part I, in item (3), for the words “belief that he”, the words “belief that he or his firm” shall be substituted; 40

(*iii*) in Part II, after item (4), the following item shall be inserted, namely:—

“(5) acts as an auditor of the company in contravention of the provisions of the Companies Act, 2013.”. 18 of 2013.

### CHAPTER III

#### AMENDMENTS TO THE COST AND WORKS ACCOUNTANTS ACT, 1959

Amendment  
of long title.

**38.** In the Cost and Works Accountants Act, 1959 (hereafter in this Chapter referred to as the principal Act), in the long title, for the words “regulation of the profession of cost and Works Accountants”, the words “regulation and development of the profession of cost Accountants” shall be substituted. 45  
23 of 1959.

**39.** In section 1 of the principal Act, in sub-section (I), for the words “Cost and Works Accountants”, the words “Cost Accountants” shall be substituted. Amendment of section 1.

**40.** In section 2 of the principal Act, in sub-section (I),— Amendment of section 2.

(i) after clause (aaa), the following clauses shall be inserted, namely:—

5                   ‘(ab) “Board of Discipline” means the Board of Discipline constituted under sub-section (I) of section 21A;

18 of 2013.                   ‘(ac) “Companies Act” means the Companies Act, 2013 or any other previous company law as defined in sub-section (67) of section 2 of the said Act;’;

(ii) after clause (b), the following clauses shall be inserted, namely:—

10                   ‘(ba) “Director (Discipline)” means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline);

                          ‘(bb) “Disciplinary Committee” means the Disciplinary Committee constituted under sub-section (I) of section 21B;

15                   ‘(bc) “Disciplinary Directorate” means the Disciplinary Directorate established under sub-section (I) of section 21;’;

(iii) in clause (c), after the words “Council of the Institute”, the words “constituted under section 9” shall be inserted;

(iv) in clause (d), the figures “1956” shall be omitted;

(v) for clause (e), the following clause shall be substituted, namely:—

20                   ‘(e) “fellow” means a fellow member of the Institute;’;

(vi) for clause (fa), the following clause shall be substituted, namely:—

                          ‘(fa) “notification” means a notification published in the Official Gazette and the term “notify” shall be construed accordingly;’;

(vii) for clause (i), the following clause shall be substituted, namely:—

25                   ‘(i) “Register” means the Register of members of the Institute maintained under section 19 or Register of firms of the Institute maintained under section 20B, as the case may be;’;

(viii) after clause (iaa), the following clause shall be inserted, namely:—

30                   ‘(iaaa) “Standing Committee” means a Standing Committee constituted under sub-section (I) of section 17;’.

**41.** In Chapter II of the principal Act, in the heading, the words “AND WORKS” shall be omitted. Amendment of heading of Chapter II.

**42.** In section 4 of the principal Act,— Amendment of section 4.

35                   (i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in sub-section (I), in clauses (iv) and (v), for the words “without India”, wherever they occur, the words “outside India” shall be substituted;

(iii) in sub-section (3),—

40                   (a) the words “, which shall not exceed rupees three thousand” shall be omitted;

(b) the proviso shall be omitted.

Amendment  
of section 5.

**43.** In section 5 of the principal Act,—

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in sub-section (4), the words “which shall not exceed rupees five thousand,” shall be omitted;

(iii) the proviso shall be omitted.

5

Amendment  
of section 6.

**44.** In section 6 of the principal Act, in sub-section (2),—

(i) words “which shall not exceed rupees three thousand” shall be omitted;

(ii) the first proviso shall be omitted;

(iii) in the second proviso, for the words “Provided further that”, the words “Provided that” shall be substituted.

10

Amendment  
of section 8.

**45.** In section 8 of the principal Act,—

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in clause (iii), after the words “undischarged insolvent”, the words “or undischarged bankrupt” shall be inserted;

(iii) after clause (iii), the following clause shall be inserted, namely:—

“(iii a) is declared bankrupt under the Insolvency and Bankruptcy Code, 2016;”;

31 of 2016.

(iv) in clause (v), for the words “without India”, the words “outside India” shall be substituted.

20

Amendment  
of section 9.

**46.** In section 9 of the principal Act,—

(i) in sub-section (2),—

(a) for the word “Register”, occurring at both the places, the words “Register of members” shall be substituted;

25

(b) for the words “three years”, the words “four years” shall be substituted;

(c) for the words “six years”, the words “eight years” shall be substituted;

(ii) in sub-section (4),—

(a) for the word “person”, the words “member of the Institute or any partner of a firm” shall be substituted;

30

(b) for the words “three years”, the words “four years” shall be substituted.

Amendment  
of section 12.

**47.** In section 12 of the principal Act,—

(i) in sub-section (1), the proviso shall be omitted;

(ii) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(2A) The President shall preside at the meetings of the Council.

35

(2B) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed.

(2C) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.



(2D) If, for any reason a vacancy occurs in the office of the President, or if the President is absent or for any other reason, is unable to exercise the powers or perform the duties assigned to him, the Vice-President shall act in his place and shall exercise the powers and perform the duties of the President.”

5       **48.** In section 13 of the principal Act, in sub-section (2), for the word “Register”, the words “Register of members” shall be substituted. Amendment of section 13.

**49.** In section 15 of the principal Act, in sub-section (2),— Amendment of section 15.

(i) in clause (c), for the word “Register”, the words “Register of members” shall be substituted;

10       (ii) after clause (e), the following clause shall be inserted, namely:—

“*(ea)* the granting or refusal, of registration of a firm;”;

(iii) after clause (j), the following clauses shall be inserted, namely:—

“*(ja)* to issue guidelines for the purpose of carrying out the objects of this Act;

15       *(jb)* to conduct investor education and awareness programmes;

*(jc)* to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of any foreign country, for the purpose of performing its functions under this Act;”;

20       (iv) in clause (k), for the words “, action taken thereon with a report to the Central Government within a period of three months, and their inclusion in the annual report”, the words “and the details of action taken thereon in its annual report” shall be substituted.

**50.** In section 15A of the principal Act,— Amendment of section 15A.

(i) after clause (c), the following clause shall be inserted, namely:—

25       “*(ca)* the maintenance and publication of a Register of firms;”;

(ii) in clause (e), for the words “Register and the restoration to the Register of names”, the words “Register of members and firms and the restoration of names to the Register of members and firms” shall be substituted.

**51.** In section 16 of the principal Act,— Amendment of section 16.

30       (i) for sub-section (I), the following sub-section shall be substituted, namely:—

“(I) For the efficient performance of its duties, the Council shall, appoint—

(a) a Secretary, who will carry out the administrative functions of the Institute as its Chief Executive Officer;

35       (b) a Director (Discipline) and Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute, to perform such functions as are assigned to them under this Act and the rules and regulations framed thereunder:

40       Provided that no appointment or re-appointment or termination of appointment of Director (Discipline) or Joint Director (Discipline), shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Central Government.”;

(ii) in sub-section (2), for clause (c), the following clause shall be substituted, namely:—

45       “(c) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;”.

Amendment  
of section 18.

**52.** In section 18 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) The annual accounts of the Council shall be prepared in such manner as may prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India: 5

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years:

Provided further that in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted: 10

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.”. 15

Amendment  
of section 19.

**53.** In section 19 of the principal Act,—

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted; 20

(ii) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.”;

(iii) in sub-section (2), after clause (c), the following clause shall be inserted, namely:— 25

“(ca) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;”;

(iv) in sub-section (4),—

(a) the words “which shall not exceed rupees five thousand” shall be omitted; 30

(b) the proviso shall be omitted.

Amendment  
of section 20.

**54.** In section 20 of the principal Act,—

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted; 35

(ii) in sub-section (3),—

(a) the words “, which shall not exceed rupees two thousand” shall be omitted;

(b) the proviso shall be omitted.

Insertion of  
new Chapter  
IVA.

**55.** After Chapter IV of the principal Act, the following Chapter shall be inserted, namely:— 40

#### “CHAPTER IVA

##### REGISTRATION AND REGISTER OF FIRMS

Registration of  
firms.

20A. (1) Every firm shall be registered with the Institute on an application made to the Council, by any partner or owner of a firm, in such manner and subject to such terms and conditions as may be prescribed: 45

Provided that the Council may refuse to register a firm if the name of such firm is identical or similar to the name of any other firm already registered or the name is in use

by any firm within or outside India or in the opinion of the Council, registration of the firm is undesirable.

20B. (1) The Council shall maintain, in such manner as may be prescribed, a Register of firms. Register of firms.

5 (2) The Register of firms shall include such particulars about the firm, including details of pendency of any actionable information or complaint or imposition of any penalty against it under Chapter V, in such form and at such intervals, as may be prescribed.

10 (3) The Council shall cause to be published in such manner as may be prescribed, a list of firms registered with the Institute as on the 1st day of April of each year or at any such interval as may be decided by the Council, and shall make available the list to such persons, in such form and on payment of such amount as may be prescribed.

20C. (1) The Council shall remove from the Register of firms the name of any firm— Removal from Register of firms.

15 (a) which is dissolved or liquidated; or

(b) from which a request has been received to that effect; or

31 of 2016. (c) is declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and remains undischarged; or

20 (d) which has been debarred from undertaking any activity or activities relating to the profession of a cost accountant in practice under any law for the time being in force or by any competent court; or

(e) in respect of which an order for removal has been passed under this Act.

25 20D. (1) Any firm aggrieved by the decision for refusal of registration may apply for review before the Council within one month from the date of such refusal. Review before Council.

(2) The Council may, after considering the review application, confirm or set aside the decision so taken or pass such order as it may consider appropriate.”.

56. For section 21 of the principal Act, the following section shall be substituted, namely:— Substitution of section 21.

30 “21. (1) The Council shall, by notification, establish a Disciplinary Directorate consisting of a Director (Discipline), at least two Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute and such other employees appointed under section 16, for making investigations either *suo motu*, or on receipt of an information or a complaint, in such manner, along with such fees as may be specified. Disciplinary Directorate.

35 (2) Within thirty days of receipt of an information or a complaint, the Director (Discipline) shall decide in such manner as may be specified, whether a complaint or information is actionable or is liable to be closed as non-actionable:

40 Provided that the Director (Discipline) may call for additional information from the complainant or the informant, as the case may be, by giving fifteen days time before deciding whether the case is actionable or non-actionable:

45 Provided further that the recommendations of the Director (Discipline) on non-actionable complaint or information shall be submitted to the Board of Discipline within sixty days of its receipt, and the Board of Discipline may, after looking into its merits refer such complaint or information to the Director (Discipline) for conducting further investigation.

(3) While making investigation into a case which is found to be actionable, the Director (Discipline) shall give an opportunity to the member or the firm, as the case may be, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, for reasons to be recorded in writing.

(4) Upon receipt of the written statement under sub-section (3), if any, the Director (Discipline) shall send a copy thereof to the complainant or the informant, as the case may be, and the complainant or the informant shall, within twenty-one days of the receipt of such written statement, submit his rejoinder.

(5) Upon receipt of written statement under sub-section (3) and rejoinder under sub-section (4), the Director (Discipline) shall submit a preliminary examination report within thirty days, if a *prima facie* case is made out against a member or a firm, as the case may be. 5

(6) In case a *prima facie* case is made out for any professional or other misconduct mentioned in the First Schedule, the Director (Discipline) shall submit the preliminary examination report to the Board of Discipline and where *prima facie* case is made out for any professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, he shall submit a preliminary examination report to the Disciplinary Committee: 10

Provided that a complaint or information filed by any authorised officer of the Central Government or a State Government or any statutory authority duly supported by an investigation report or relevant extract of the investigation report along with supporting evidence, shall be treated as preliminary examination report: 15

Provided further that where no *prima facie* case is made out against the member or the firm, the Director (Discipline) shall submit such information or complaint with relevant documents to the Board of Discipline and the Board of Discipline may, if it agrees with the findings of the Director (Discipline), close the matter or in case of disagreement, itself proceed further or refer the matter to the Disciplinary Committee or advise the Director (Discipline) to further investigate the matter. 20

(7) For the purpose of investigation under this Act, the Disciplinary Directorate shall follow such procedure as may be specified. 25

(8) A complaint filed with the Disciplinary Directorate shall not be withdrawn under any circumstances.

(9) The status of actionable information and complaints pending before the Disciplinary Directorate, Boards of Discipline and Disciplinary Committees and the orders passed by the Boards of Discipline under section 21A and by the Disciplinary Committees under section 21B shall be made available in the public domain by the Disciplinary Directorate in such manner as may be prescribed.”. 30

Substitution of section 21A.

**57.** For section 21A of the principal Act, the following section shall be substituted, namely:— 35

Board of Discipline.

“21A. (1) The Council shall, by notification, constitute one or more Boards of Discipline, each consisting of—

(a) a person, not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed; 40

(b) one member, who is a person of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed; 45

(c) one member to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council, in such manner as may be prescribed;

5 (d) an officer of the Institute not below the rank of a Deputy Secretary shall function as the Secretary of the Board of Discipline:

Provided that the Presiding Officer nominated under clause (a) and the member nominated under clause (b) may be the same for different Boards of Discipline constituted under this sub-section.

10 (2) The Board of Discipline shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

15 (3) The Board of Discipline shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing.

(4) The Board of Discipline shall conclude its inquiry within ninety days of the receipt of preliminary examination report from the Director (Discipline).

20 (5) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within thirty days of such finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:—

(a) reprimand the member and record it in the Register of members;

25 (b) remove the name of the member or members from the Register of members, up to a period of six months;

(c) impose such fine as it may think fit which may extend to two lakh rupees.

30 (6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the First Schedule during the last five years, the following action may also be taken against such firm, namely:—

35 (a) prohibit the firm from undertaking any activity or activities relating to the profession of a cost accountant in practice for such period not exceeding one year; or

(b) impose such fine as it may think fit, which may extend to twenty-five lakh rupees.

40 (7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit.

(8) The Presiding Officer and members of the Board of Discipline shall be paid such allowances, as may be prescribed.”

Substitution  
of section  
21B.  
Disciplinary  
Committee.

**58.** For section 21B of the principal Act, the following section shall be substituted, namely:—

“21B. (1) The Council shall, by notification, constitute one or more Disciplinary Committees, each consisting of—

(a) a person, not being a member of the Institute, with experience in the field of law, and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed; 5

(b) two members, who are persons of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed; 10

(c) two members to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council in such manner as may be prescribed: 15

Provided that the Presiding Officer nominated under clause (a) and the members nominated under clause (b) may be the same for different Disciplinary Committees constituted under this sub-section. 20

(2) The Disciplinary Committee shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(3) The Disciplinary Committee shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days, which may further be extended by another twenty-one days in exceptional circumstances, for reasons to be recorded in writing. 25

(4) The Disciplinary Committee shall conclude its inquiry within one hundred and eighty days of the receipt of the preliminary examination report from the Director (Discipline). 30

(5) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:— 35

(a) reprimand the member and record it in the Register of members; or

(b) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(c) impose such fine as it may think fit, which may extend to ten lakh rupees. 40

(6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee forms an opinion that any such member, who is a partner or owner of a firm has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, during the last five years, the following actions may also be taken against such firm, namely:— 45

(a) prohibit the firm from undertaking any activity or activities relating to the profession of a cost accountant in practice for such period not exceeding two years; or

5 (b) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(c) impose such fine as it may think fit, which may extend to fifty lakh rupees.

10 (7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within the specified time, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit.

(8) The Presiding Officer and members of the Disciplinary Committee shall be paid such allowances as may be prescribed.”.

15 **59.** In section 21C of the principal Act, the *Explanation* shall be omitted.

Amendment of section 21C.

**60.** For section 21D of the principal Act, the following section shall be substituted, namely:—

Substitution of section 21D.

20 “21D. All complaints or any inquiry pending before the Board of Discipline or the Disciplinary Committee or any reference or appeal filed before the Appellate Authority or a High Court prior to the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021.”.

Transitional provisions.

25 **61.** For section 22 of the principal Act, the following section shall be substituted, namely:—

Substitution of section 22.

30 “22. For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission, on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm as mentioned in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of such member or firm, under any other circumstances.”.

Professional or other misconduct defined.

35 **62.** In section 22E of the principal Act,—

Amendment of section 22E.

(i) in sub-section (1),—

(a) after the words “Any member of the Institute”, the words “or a firm” shall be inserted;

(b) for the words “imposing on him”, the words “imposing on such member or firm” shall be substituted;

40 (c) for the words, brackets, figures and letters “sub-section (3) of section 21A and sub-section (3) of section 21B, may”, the words, brackets, figures and letters “sub-section (5) or sub-section (6) of section 21A or sub-section (5) or sub-section (6) of section 21B, as the case may be, may” shall be substituted;

40 (d) for the words “communicated to him”, the words “communicated to such member or firm” shall be substituted;

(ii) in sub-section (2), for the words, brackets, figures and letters “sub-section (3) of section 21A and sub-section (3) of section 21B”, the words, brackets, figures and

letters “sub-section (5) or sub-section (6) of section 21A or sub-section (5) or sub-section (6) of section 21B, as the case may be,” shall be substituted;

(iii) after sub-section (2), the following sub-section and *Explanations* shall be inserted, namely:—

‘(3) No order or act or proceeding of the Authority shall be called in question in any manner, on the ground merely of any defect in the constitution of, or a casual vacancy or absence of one or two members, of the Authority. 5

*Explanation 1.*—For the purposes of this Chapter,—

(A) “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry; 10

(B) a “firm” registered with the Institute shall also be held liable for misconduct of a member who was its partner or owner on the date of the alleged misconduct, although he has ceased to be such partner or owner, at the time of the inquiry. 15

*Explanation 2.*—No action taken under the provisions of this Chapter shall bar a Central Government Department or a State Government or any statutory authority or regulatory body to take action against a member or a firm registered with the Institute under any other law for the time being in force.’.

Amendment of section 24.

**63.** In section 24 of the principal Act,— 20

(a) for the words “one thousand rupees”, the words “one lakh rupees” shall be substituted;

(b) for the words “five thousand rupees”, the words “five lakh rupees” shall be substituted.

Amendment of section 25.

**64.** In section 25 of the principal Act, in sub-section (2),— 25

(i) for the words “be punishable on first conviction with fine which may extend to one thousand rupees”, the words “be punishable with imprisonment which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or with both on first conviction” shall be substituted; 30

(ii) for the words “six months, or with fine which may extend to five thousand rupees”, the words “one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees” shall be substituted.

Amendment of section 26.

**65.** In section 26 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:— 35

“(2) If any company contravenes the provisions of sub-section (1), then every director, manager, Secretary and any other officer who is knowingly a party to such contravention shall be punished on first conviction with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees, and on any subsequent conviction, with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees.”. 40

Amendment of section 27.

**66.** In section 27 of the principal Act, in sub-section (2),—

(a) for the words “five thousand rupees”, the words “one lakh rupees” shall be substituted;

(b) for the words “one lakh rupees”, the words “five lakh rupees” shall be substituted; 45

(c) for the words “ten thousand rupees”, the words “two lakh rupees” shall be substituted;

(d) for the words “two lakh rupees”, the words “ten lakh rupees” shall be substituted. 50



<p><b>67.</b> In section 29B of the principal Act, after clause (c), the following clause shall be inserted, namely:—</p>	<p>Amendment of section 29B.</p>
<p>5                   “(d) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms noticed by it during the course of its review, to the Disciplinary Directorate for its examination.”</p>	
<p><b>68.</b> For section 34 of the principal Act, the following section shall be substituted, namely:—</p>	<p>Substitution of section 34.</p>
<p>38 of 1949.           “34. The Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949, shall be deemed to be the Coordination Committee for the purposes of this Act.”</p>	<p>Coordination Committee.</p>
<p>10                   <b>69.</b> In section 38 of the principal Act, in sub-section (2), for the word “Register”, the words “Register of members” shall be substituted.</p>	<p>Amendment of section 38.</p>
<p><b>70.</b> In section 38A of the principal Act, in sub-section (2), for clauses (c) and (d), the following clauses shall be substituted, namely:—</p>	<p>Amendment of section 38A.</p>
<p>15                   “(c) the form and fee for filing an information or a complaint under sub-section (1), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (2) and the procedure of investigation under sub-section (7), of section 21;</p>	
<p>20                   (d) the procedure while considering the cases by the Board of Discipline under sub-section (2) and time limit for payment of fine under sub-section (7), of section 21A;</p>	
<p>                      (da) the procedure while considering the cases by the Disciplinary Committee under sub-section (2) and time limit for payment of fine under sub-section (7), of section 21B;”</p>	
<p>25                   <b>71.</b> In section 39 of the principal Act, in sub-section (2),—</p>	<p>Amendment of section 39.</p>
<p>                      (i) in clauses (b), (f) and (i), for the word “Register”, the words “Register of members” shall be substituted;</p>	
<p>                      (ii) clause (h) and clause (j) shall be omitted;</p>	
<p>30                   (iii) in clause (p), for the words “members of”, the words “members and firms registered with” shall be substituted;</p>	
<p>                      (iv) for clause (s), the following clauses shall be substituted, namely:—</p>	
<p>                          “(s) the circumstances under which certificates of practice may be cancelled under sub-section (3), of section 6;</p>	
<p>35                   (sa) the guidelines for granting or refusal of certificates of practice under clause (e) of sub-section (2), of section 15;</p>	
<p>                      (sb) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of, the Secretary and other officers and employees of, the Council under clause (c) of sub-section (2) of section 16;</p>	
<p>40                   (sc) the manner of preparing annual financial statement under sub-section (4) and the annual accounts under sub-section (5), of section 18;</p>	
<p>                      (sd) the manner of maintaining a Register of the members of the Institute under sub-section (1), of section 19;</p>	
<p>45                   (se) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;</p>	
<p>50                   (sf) the manner of maintenance of Register of firms, and other particulars including details of pendency of any actionable information or complaint or imposition of any penalty against the firm under sub-section (1) and sub-section (2), and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (3), of section 20B;</p>	
<p>                      (sg) the manner of making available status of actionable information and complaints and orders passed under sub-section (9), of section 21;</p>	

(sh) the manner of preparing panel of persons under clauses (a), (b) and (c) of sub-section (1) and the allowances payable to the Presiding Officers and members of Boards of Discipline under sub-section (8), of section 21A;

(si) the manner of preparing panel of persons under clauses (a), (b) and (c) of sub-section (1) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (8), of section 21B;

(sj) the the salaries and allowances and conditions of service of officers and other staff of the Authority under sub-section (2) of section 22D;

(sk) the manner in which Regional Council may be constituted under sub-section (2) of section 23 and the functions thereof;”.

Amendment  
of First  
Schedule.

**72.** In the First Schedule to the principal Act, in the heading, for the figures, brackets and letter “21(3), 21A(3)”, the figures, brackets and letters “21(6), 21A (5) and (6), 21B (5) and (6)” shall be substituted.

Amendment  
of Second  
Schedule.

**73.** In the Second Schedule to the principal Act,—

(i) in the heading, for the figures, brackets and letter “21(3), 21B (3)”, the figures, brackets and letter “21(6), 21B(5) and (6)” shall be substituted;

(ii) in Part 1, in item (3), for the words “belief that he”, the words “belief that he or his firm” shall be substituted.

#### CHAPTER IV

##### AMENDMENTS TO THE COMPANY SECRETARIES ACT, 1980

Amendment  
of section 2.

**74.** In the Company Secretaries Act, 1980 (hereafter in this Chapter referred to as the principal Act), in section 2,—

(a) in sub-section (1),—

(i) after clause (aaa), the following clause shall be inserted, namely:—

‘(ab) “Board of Discipline” means the Board of Discipline constituted under sub-section (1) of section 21A;’;

(ii) in clause (b), for the words and figures “Companies Act, 1956”, the words, figures and brackets “the Companies Act, 2013 or any other previous company law as defined in sub-section (67) of section 2 of the said Act” shall be substituted;

(iii) after clause (d), the following clauses shall be inserted, namely:—

‘(da) “Director (Discipline)” means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline);

‘(db) “Disciplinary Committee” means the Disciplinary Committee constituted under sub-section (1) of section 21B;’;

‘(dc) “Disciplinary Directorate” means the Disciplinary Directorate established under sub-section (1) of section 21;’;

(iv) for clause (ga), the following clause shall be substituted, namely:—

‘(ga) “notification” means a notification published in the Official Gazette and the term “notify” shall be construed accordingly;’;

(v) for clause (j), the following clause shall be substituted, namely:—

‘(j) “Register” means the Register of members of the Institute maintained under section 19 or the Register of firms of the Institute maintained under section 20B, as the case may be;’;

(vi) after clause (ja), the following clause shall be inserted, namely:—

‘(jaa) “Standing Committee” means the Standing Committee constituted under sub-section (1) of section 17;’;

(b) in sub-section (2), in clause (c), in sub-clause (vi),—

(A) the words, brackets and figures “the Capital Issues (Control) Act, 1947” shall be omitted;

50 29 of 1947.

54 of 1969.  
46 of 1973.  
15 of 1992.  
42 of 1999.  
12 of 2003. 5

(B) for the words and figures “the Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Regulation Act, 1973”, the words and figures “the Securities and Exchange Board of India Act, 1992, the Foreign Exchange Management Act, 1999, the Competition Act, 2002” shall be substituted.

**75.** In section 4 of the principal Act,—

Amendment  
of section 4.

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

10 (ii) in sub-section (1), in clause (e), for the words “without India”, the words “outside India” shall be substituted;

(iii) in sub-section (3),—

(a) the words “, which shall not exceed rupees three thousand” shall be omitted;

(b) the proviso shall be omitted.

15 **76.** In section 5 of the principal Act,—

Amendment  
of section 5.

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in sub-section (3), the words “which shall not exceed rupees five thousand,” shall be omitted;

20 (iii) the proviso shall be omitted.

**77.** In section 6 of the principal Act, in sub-section (2),—

Amendment  
of section 6.

(i) the words “which shall not exceed rupees three thousand,” shall be omitted;

(ii) the proviso shall be omitted.

**78.** In section 8 of the principal Act,—

Amendment  
of section 8.

25 (i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

(ii) in clause (c), after the words “undischarged insolvent”, the words “or undischarged bankrupt” shall be inserted;

(iii) after clause (c), the following clause shall be inserted, namely:—

30 31 of 2016. “(ca) is declared bankrupt under the Insolvency and Bankruptcy Code, 2016;”;

(iv) in clause (e), for the words “without India”, the words “outside India” shall be substituted.

**79.** In section 9 of the principal Act,—

Amendment  
of section 9.

35 (i) in sub-section (2),—

(a) for the word “Register”, occurring at both the places, the words “Register of members” shall be substituted;

(b) for the words “three years”, the words “four years” shall be substituted;

(c) for the words “six years”, the words “eight years” shall be substituted;

(ii) in sub-section (4),—

(a) for the word “person”, the words “member of the Institute or any partner of a firm” shall be substituted;

(b) for the words “three years”, the words “four years” shall be substituted.

Amendment  
of section 12.

**80.** In section 12 of the principal Act,— 5

(i) in sub-section (1), the proviso shall be omitted;

(ii) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(2A) The President shall preside at the meetings of the Council.

(2B) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed. 10

(2C) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.”.

Amendment  
of section 13.

**81.** In section 13 of the principal Act, in sub-section (2), for the word “Register”, the words “Register of members” shall be substituted.

Amendment  
of section 15.

**82.** In section 15 of the principal Act, in sub-section (2),— 15

(i) in clause (c), for the word “Register”, the words “Register of members” shall be substituted;

(ii) after clause (e), the following clause shall be inserted, namely:—

“(ea) the granting or refusal, of registration of a firm;”;

(iii) after clause (j), the following clauses shall be inserted, namely:— 20

“(ja) to issue guidelines for the purpose of carrying out the objects of this Act;

(jb) to conduct investor education and awareness programmes;

(jc) to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of any foreign country, for the purpose of performing its functions under this Act;”.

Amendment  
of section  
15A.

**83.** In section 15A of the principal Act,—

(i) after clause (c), the following clause shall be inserted, namely:—

“(ca) the maintenance and publication of a Register of firms;”;

(ii) in clause (e), for the words “Register and the restoration to the Register of names”, the words “Register of members and firms and the restoration of names to the Register of members and firms” shall be substituted. 30

Amendment  
of section 16.

**84.** In section 16 of the principal Act,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) For the efficient performance of its duties, the Council shall appoint— 35

(a) a Secretary who will carry out administrative functions of the Institute, as its Chief Executive Officer;

(b) a Director (Discipline) and Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute, to perform such functions as are assigned to them under this Act and the rules and regulations framed thereunder: 40

Provided that no appointment or re-appointment or termination of appointment of Director (Discipline) or Joint Director (Discipline) shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Central Government.”;

5

(ii) in sub-section (2), for clause (c), the following clause shall be substituted, namely:—

“(c) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;”.

10

**85.** In section 18 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:—

Amendment  
of section 18.

“(5) The annual accounts of the Council shall be prepared in such manner as may be prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India:

15

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years:

20

Provided further that, in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.”.

25

**86.** In section 19 of the principal Act,—

Amendment  
of section 19.

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

30

(ii) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.”;

(iii) in sub-section (2), after clause (c), the following clause shall be inserted, namely:—

35

“(ca) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;”;

(iv) in sub-section (4),—

40

(a) the words “, which shall not exceed rupees five thousand”, shall be omitted;

(b) the proviso shall be omitted.

**87.** In section 20 of the principal Act,—

Amendment  
of section 20.

(i) for the word “Register”, wherever it occurs, the words “Register of members” shall be substituted;

45

(ii) in sub-section (3),—

(a) the words “, which shall not exceed rupees two thousand,” shall be omitted;

(b) the proviso shall be omitted.

Insertion of new Chapter IVA. **88.** After Chapter IV of the principal Act, the following Chapter shall be inserted, 5  
namely:—

“CHAPTER IVA

REGISTRATION AND REGISTER OF FIRMS

Registration of firms. 20A. Every firm shall be registered with the Institute on an application made to the Council, by any partner or owner of a firm, in such manner and subject to such terms and conditions as may be prescribed: 10

Provided that the Council may refuse to register a firm if the name of such firm is identical or similar to the name of any other firm already registered or the name is in use by any firm within or outside India or in the opinion of the Council, registration of the firm is undesirable. 15

Register of firms. 20B. (1) The Council shall maintain, in such manner as may be prescribed, a Register of firms.

(2) The Register of firms shall include such particulars about the firm, including details of pendency of any actionable information or complaint or imposition of any penalty against it under Chapter V, in such form and at such intervals, as may be prescribed. 20

(3) The Council shall cause to be published in such manner as may be prescribed, a list of firms registered with the Institute as on the 1st day of April of each year or at any such interval as may be decided by the Council, and shall make available the list to such persons, in such form and on payment of such amount as may be prescribed. 25

Removal from Register of firms. 20C. The Council shall remove from the Register of firms the name of any firm—

(a) which is dissolved or liquidated; or

(b) from which a request has been received to that effect; or

(c) is declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and remains undischarged; or 30  
31 of 2016.

(d) which has been debarred from undertaking any activity or activities relating to the profession of a company secretary in practice under any law for the time being in force or by any competent court; or

(e) in respect of which an order for removal has been passed under this Act. 35

Review before Council. 20D. (1) Any firm aggrieved by the decision for refusal of registration may apply for review before the Council within one month from the date of such refusal.

(2) The Council may, after considering the review application, confirm or set aside the decision so taken or pass such order as it may consider appropriate.”. 40

Substitution of section 21. **89.** For section 21 of the principal Act, the following section shall be substituted, namely:—

Disciplinary Directorate. “21. (1) The Council shall, by notification, establish a Disciplinary Directorate

consisting of a Director (Discipline), at least two Joint Directors (Discipline) not below the rank of Deputy Secretary of the Institute and such other employees appointed under section 16, for making investigations either *suo motu*, or on receipt of an information or a complaint in such form, along with such fees as may be specified.

5 (2) Within thirty days of receipt of an information or a complaint, the Director (Discipline) shall decide in such manner as may be specified, whether a complaint or information is actionable or is liable to be closed as non-actionable:

10 Provided that the Director (Discipline) may call for additional information from the complainant or the informant, as the case may be, by giving fifteen days time before deciding whether the case is actionable or non-actionable:

15 Provided further that the recommendations of the Director (Discipline) on non-actionable complaint or information shall be submitted to the Board of Discipline within sixty days of its receipt and the Board of Discipline may, after looking into its merits, refer such complaint or information to the Director (Discipline) for conducting further investigation.

(3) While making investigation into a case which is found to be actionable, the Director (Discipline) shall give an opportunity to the member or the firm, as the case may be, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, for reasons to be recorded in writing.

20 (4) Upon receipt of the written statement under sub-section (3), if any, the Director (Discipline) shall send a copy thereof to the complainant or the informant, as the case may be, and the complainant or the informant, shall within twenty-one days of the receipt of such written statement, submit his rejoinder.

25 (5) Upon receipt of written statement under sub-section (3) and rejoinder under sub-section (4), the Director (Discipline) shall submit a preliminary examination report within thirty days, if a *prima facie* case is made out against a member or a firm, as the case may be.

30 (6) In case a *prima facie* case is made out for any professional or other misconduct mentioned in the First Schedule, the Director (Discipline) shall submit the preliminary examination report to the Board of Discipline and where *prima facie* case is made out for any professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, he shall submit a preliminary examination report to the Disciplinary Committee:

35 Provided that a complaint or information filed by any authorised officer of the Central Government or a State Government or any statutory authority duly supported by an investigation report or relevant extract of the investigation report along with supporting evidence, shall be treated as preliminary examination report:

40 Provided further that where no *prima facie* case is made out against the member or the firm, the Director (Discipline) shall submit such information or complaint with relevant documents to the Board of Discipline and the Board of Discipline may, if it agrees with the findings of the Director (Discipline), close the matter or in case of disagreement, may itself proceed further or refer the matter to the Disciplinary Committee or advise the Director (Discipline) to further investigate the matter.

45 (7) For the purpose of investigation under this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(8) A complaint filed with the Disciplinary Directorate shall not be withdrawn under any circumstances.

(9) The status of actionable information and complaints pending before the Disciplinary Directorate, Boards of Discipline and Disciplinary Committees and the orders passed by the Boards of Discipline under section 21A and by the Disciplinary Committees under section 21B shall be made available in the public domain by the Disciplinary Directorate in such manner as may be prescribed.”. 5

Substitution of section 21A.

**90.** For section 21A of the principal Act, the following section shall be substituted, namely:—

Board of Discipline.

“21A. (1) The Council shall, by notification, constitute one or more Boards of Discipline, each consisting of—

(a) a person not being a member of the Institute, with experience in law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council, in such manner as may be prescribed; 10

(b) one member, who is a person of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council, in such manner as may be prescribed; 15

(c) one member to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council, in such manner as may be prescribed; 20

(d) an officer of the Institute not below the rank of a Deputy Secretary shall function as the Secretary of the Board of Discipline:

Provided that the Presiding Officer nominated under clause (a) and the member nominated under clause (b) may be the same for different Boards of Discipline constituted under this sub-section. 25

(2) The Board of Discipline shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

(3) The Board of Discipline shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing. 30

(4) The Board of Discipline shall conclude its inquiry within ninety days of the receipt of preliminary examination report from the Director (Discipline). 35

(5) Upon inquiry, if the Board of Discipline finds that such member is guilty of a professional or other misconduct mentioned in the First Schedule, it may pass an order within thirty days of such finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:— 40

(a) reprimand the member and record it in the Register of members;

(b) remove the name of the member or members from the Register of members, up to a period of six months;

(c) impose such fine as it may think fit which may extend to two lakh rupees. 45

(6) where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Board of Discipline is of the opinion that any such



member who is a partner or owner of a firm, has been repeatedly found guilty of misconduct under the First Schedule during the last five years, the following action may also be taken against such firm, namely:—

5           (a) prohibit the firm from undertaking any activity or activities relating to the profession of a company secretary in practice for such period not exceeding one year; or

          (b) impose such fine as it may think fit, which may extend to twenty-five lakh rupees.

10          (7) Where a member fails to pay the fine imposed under sub-section (5) or sub-section (6) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period as it may think fit.

          (8) The Presiding Officer and members of the Board of Discipline shall be paid such allowances as may be prescribed.”.

15          **91.** For section 21B of the principal Act, the following section shall be substituted, namely:—

Substitution  
of section  
21B.

          “21B. (1) The Council shall, by notification, constitute one or more Disciplinary Committees, each consisting of—

Disciplinary  
Committee.

20           (a) a person, not being a member of the Institute, with experience in the field of law and having knowledge of disciplinary matters and the profession, to be nominated by the Central Government as its Presiding Officer, from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

25           (b) two members, who are persons of eminence having experience in the field of law, economics, business, finance or accountancy and not being a member of the Institute, to be nominated by the Central Government from out of a panel of persons prepared and provided by the Council in such manner as may be prescribed;

30           (c) two members to be nominated by the Council from out of a panel of members of the Institute to be prepared by the Council in such manner as may be prescribed:

          Provided that the Presiding Officer nominated under clause (a) and the members nominated under clause (b) may be the same for different Disciplinary Committees constituted under this sub-section.

35          (2) The Disciplinary Committees shall, while considering the cases placed before it, follow such procedure including faceless proceedings and virtual hearings as may be specified.

40          (3) The Disciplinary Committee shall, on receipt of preliminary examination report from Director (Discipline), require the member or the firm, as the case may be, against whom such preliminary examination report has been filed, to submit a written statement within twenty-one days which may further be extended by another twenty-one days, in exceptional circumstances, for reasons to be recorded in writing.

45          (4) The Disciplinary Committee shall conclude its inquiry within one hundred and eighty days of receipt of the preliminary examination report from the Director (Discipline).

(5) Upon inquiry, if the Disciplinary Committee finds that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule, it may pass an order within thirty days of such a finding, after providing an opportunity of being heard to the member, taking any one or more of the following actions, namely:— 5

(a) reprimand the member and record it in the Register of members; or

(b) remove the name of the member from the Register of members permanently or for such period, as it may think fit; or

(c) impose such fine as it may think fit, which may extend to ten lakh rupees. 10

(6) Where on the basis of evidence brought on record or during the course of an inquiry pertaining to a member, the Disciplinary Committee forms an opinion that any member, who is a partner or owner of a firm, has been repeatedly found guilty of misconduct mentioned in the Second Schedule or in both the First Schedule and the Second Schedule during the last five years, the following actions may also be taken against such firm, namely:— 15

(a) prohibit the firm from undertaking any activity or activities relating to the profession of a Company Secretary in practice for such period not exceeding two years; or 20

(b) suspend or cancel the registration of the firm and remove its name from the Register of firms permanently or for such period as it may think fit; or

(c) impose such fine as it may think fit, which may extend to fifty lakh rupees. 25

(7) Where a member or a firm fails to pay the fine imposed under sub-section (5) or sub-section (6) within such time as may be specified, the Council shall remove the name of such member or firm from the Register of members or Register of firms, as the case may be, for such period, as it may think fit. 30

(8) The Presiding Officer and members of the Disciplinary Committee shall be paid such allowances as may be prescribed.”

Amendment of section 21C.

**92.** In section 21C of the principal Act, the *Explanation* shall be omitted.

Substitution of section 21D.

**93.** For section 21D of the principal Act, the following section shall be substituted, namely:— 35

Transitional provisions.

“21D. All complaints or any inquiry pending before the Board of Discipline or the Disciplinary Committee or any reference or appeal filed before the Appellate Authority or a High Court prior to the commencement of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2021.” 40

94. For section 22 of the principal Act, the following section shall be substituted, namely:— Substitution of section 22.
- ‘22. For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission, on the part of any member of the Institute either in his individual capacity or as partner or owner of a firm as mentioned in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of such member or firm, under any other circumstances.’. Professional or other misconduct defined.
95. In section 22E of the principal Act,— Amendment of section 22E.
- (i) in sub-section (1),—
- (a) after the words “Any member of the Institute”, the words “or a firm” shall be inserted;
- (b) for the words “imposing on him”, the words “imposing on such member or firm” shall be substituted;
- (c) for the words, brackets, figures and letters “sub-section (3) of section 21A and sub-section (3) of section 21B, may”, the words, brackets, figures and letters “sub-section (5) or sub-section (6) of section 21A or sub-section (5) or sub-section (6) of section 21B, as the case may be, may” shall be substituted;
- (d) for the words “communicated to him”, the words “communicated to such member or firm” shall be substituted;
- (ii) in sub-section (2), for the words, brackets, figures and letters “sub-section (3) of section 21A and sub-section (3) of section 21B”, the words, brackets, figures and letters “sub-section (5) or sub-section (6) of section 21A or sub-section (5) or sub-section (6) of section 21B,” shall be substituted;
- (iii) after sub-section (2), the following sub-section and *Explanations* shall be inserted, namely:—
- ‘(3) No order or act or proceeding of the Authority shall be called in question in any manner, on the ground merely of any defect in the constitution of, or a casual vacancy or absence of one or two members, of the Authority.
- Explanation 1.*—For the purposes of this Chapter,—
- (A) “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry;
- (B) a “firm” registered with the Institute shall also be held liable for misconduct of a member who was its partner or owner on the date of the alleged misconduct, although he has ceased to be such partner or owner, at the time of the inquiry.
- Explanation 2.*— No action taken under the provisions of this Chapter shall bar a Central Government Department or a State Government or any statutory authority or regulatory body to take action against a member or a firm registered with the Institute under any other law for the time being in force.’.
96. In section 24 of the principal Act,— Amendment of section 24.
- (a) for the words “one thousand rupees”, the words “one lakh rupees” shall be substituted;
- (b) for the words “five thousand rupees”, the words “five lakh rupees” shall be substituted.
97. In section 25 of the principal Act, in sub-section (2),— Amendment of section 25.
- (i) for the words “be punishable on first conviction with fine which may extend

to one thousand rupees”, the words “be punishable with imprisonment which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or with both on first conviction” shall be substituted;

(ii) for the words “six months, or with fine which may extend to five thousand rupees”, the words “one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees” shall be substituted.

Amendment  
of section 26.

**98.** In section 26 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) If any company contravenes the provisions of sub-section (1), then every director, manager, secretary and any other officer who is knowingly a party to such contravention shall be punished on first conviction with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees, and on any subsequent conviction with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees.”.

Amendment  
of section 27.

**99.** In section 27 of the principal Act, in sub-section (2),—

(a) for the words “five thousand rupees”, the words “one lakh rupees” shall be substituted;

(b) for the words “one lakh rupees”, the words “five lakh rupees” shall be substituted;

(c) for the words “ten thousand rupees”, the words “two lakh rupees” shall be substituted;

(d) for the words “two lakh rupees”, the words “ten lakh rupees” shall be substituted.

Amendment  
of section  
29B.

**100.** In section 29B of the principal Act, after clause (c), the following clause shall be inserted, namely:—

“(d) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms, noticed by it during the course of its review, to the Disciplinary Directorate for its examination.”.

Amendment  
of section 34.

**101.** For section 34 of the principal Act, the following section shall be substituted, namely:—

Coordination  
Committee.

“34. The Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949, shall be deemed to be the Coordination Committee for the purposes of this Act.”.

Amendment  
of section 38.

**102.** In section 38 of the principal Act, in sub-section (2), for the word “Register”, the words “Register of members” shall be substituted.

Amendment  
of section  
38A.

**103.** In section 38A of the principal Act, in sub-section (2), for clauses (c) and (d), the following clauses shall be substituted, namely:—

“(c) the form, manner and fee for filing an information or a complaint under sub-section (1), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (2) and the procedure of investigation under sub-section (7), of section 21;

(d) the procedure while considering the cases by the Boards of Discipline under sub-section (2) and time limit for payment of fine under sub-section (7), of section 21A;

(da) the procedure while considering the cases by the Disciplinary Committees under sub-section (2) and time-limit for payment of fine under sub-section (7), of section 21B;”.

**104.** In section 39 of the principal Act, in sub-section (2),—

Amendment  
of section 39.

(i) for the word “Register”, at both places where it occurs, the words “Register of members” shall be substituted;

(ii) after clause (f), the following clauses shall be inserted, namely:—

5 “(fa) the circumstances under which certificates of practice may be cancelled under sub-section (3) of section 6;

(fb) the powers, duties and functions of the President and the Vice-President of the Council under sub-section (2B) of section 12;”;

(iii) after clause (h), the following clause shall be inserted, namely:—

10 “(ha) guidelines for granting or refusal of certificates of practice under clause (e) of sub-section (2) of section 15;”;

(iv) after clause (k), the following clause shall be inserted, namely:—

15 “(ka) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council under clause (c) of sub-section (2) of section 16;”;

(v) after clause (m), the following clause shall be inserted, namely:—

20 “(ma) the maintenance of accounts under sub-section (3), the manner of preparing annual financial statement under sub-section (4) and the manner of preparing the annual accounts of the Council under sub-section (5), of section 18;”;

(vi) for clause (p), the following clauses shall be substituted, namely:—

“(p) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;

25 (pa) the manner of maintenance of Register of firms, and other particulars including details of pendency of any actionable information or complaint or imposition of any penalty against the firm under sub-section (1) and sub-section (2), and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (3), of section 20B;

30 (pb) the manner of making available status of actionable information and complaints and orders passed under sub-section (9) of section 21;

(pc) the manner of preparing panel of persons under clauses (a), (b) and (c) of sub-section (1) and the allowances payable to the Presiding Officers and members of the Boards of Discipline under sub-section (8), of sections 21A;

35 (pd) the manner of preparing panel of persons under clauses (a), (b) and (c) of sub-section (1) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (8) of section 21B;

40 (pe) the salaries and allowances and conditions of service of officers and staff of the Authority under sub-section (2) of section 22D;”.

**105.** In the First Schedule to the principal Act, in the heading, for the figures, brackets and letter “21(3), 21A(3)”, the figures, brackets and letters “21(6), 21A(5) and (6), 21B (5) and (6)” shall be substituted.

Amendment  
of First  
Schedule.

**106.** In the Second Schedule to the principal Act,—

45 (i) in the heading, for the figures, brackets and letter “21(3), 21B(3)”, the figures, brackets and letter “21(6), 21B (5) and (6)” shall be substituted;

Amendment  
of Second  
Schedule.

(ii) in Part I, in item (3), for the words “belief that he”, the words “belief that he or his firm” shall be substituted.

## STATEMENT OF OBJECTS AND REASONS

The Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980 (hereinafter referred to as the Acts), were enacted to make provision for the regulation of the profession of the chartered accountants, cost accountants and company secretaries, respectively. On account of changes in the economic and corporate environment in the country, it has become necessary to amend the Acts. Further, recent corporate events have put the profession of chartered accountancy under a considerable scrutiny.

2. The amendments to the Acts are based on the recommendations of a High Level Committee constituted by the Ministry of Corporate Affairs, *inter alia*, to examine the existing provisions in the Acts and the rules and regulations made thereunder, for dealing with the cases of misconduct in the three Professional Institutes, namely, the Institute of Chartered Accountants of India, the Institute of Cost Accountants of India and the Institute of Company Secretaries of India and with a view to strengthening the existing mechanism and ensure speedy disposal of the disciplinary cases.

3. The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill, 2021 proposes to further amend The Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980, *inter alia*, to—

(i) strengthen the disciplinary mechanism by augmenting the capacity of the Disciplinary Directorate to deal with the complaints and information and providing time bound disposal of the cases by specifying the time limits for speedy disposal of the cases against members of the Institutes;

(ii) address conflict of interest between the administrative and disciplinary arms of the Institute;

(iii) provide for a separate chapter on registration of firms with the respective Institutes and include firms under the purview of the disciplinary mechanism;

(iv) enhance accountability and transparency by providing for audit of accounts of the Institutes by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India;

(v) provide for autonomy to the Council of the respective Institutes to fix various fees.

4. The Bill seeks to achieve the above objectives.

NIRMALA SITHARAMAN.

NEW DELHI;

*The 11th December, 2021.*

*Notes on Clauses*

*Chartered Accountants*

*Clause 2* of the Bill seeks to amend the long title and preamble of the Chartered Accountants Act, 1949 (the Act) by including the word "development" therein.

*Clause 3* of the Bill seeks to amend section 2 of the Act to insert certain definitions therein such as Board of Discipline, Coordination Committee, Companies Act, Director (Discipline), Disciplinary Committee, Disciplinary Directorate, fellow and Standing Committee and to modify the definitions of Council, notification and Register.

*Clause 4* of the Bill seeks to amend section 4 of the Act to substitute the word "Register" with the words "Register of members" and to empower the Council of the Institute of Chartered Accountants of India (the Institute) to decide fee required for entry of names in the Register of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 5* of the Bill seeks to amend section 5 of the Act to substitute the word "Register" with words "Register of members", to empower the Council to decide fees required for entry of names in the Register of members as a fellow and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 6* of the Bill seeks to amend section 6 of the Act to empower the Council to decide fee for grant of certificate of practice and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 7* of the Bill seeks to amend section 8 of the Act to substitute the word "Register" with words "Register of members" and to include bankruptcy as a disqualification for member.

*Clause 8* of the Bill seeks to amend section 9 of the Act to substitute the word "Register" with words "Register of members" and to increase the period of disqualification of a member from contesting the election to the Council.

*Clause 9* of the Bill seeks to insert new section 9A to provide for a Coordination Committee consisting of the President, Vice-President and the Secretary of the Council of each of the Institutes of Chartered Accountants of India, the Cost Accountants of India and the Company Secretaries of India for the development and harmonisation of the professions of Chartered Accountants, Cost Accountants and Company Secretaries.

*Clause 10* of the Bill seeks to amend section 10 of the Act to limit the consecutive terms for Council members from three to two.

*Clause 11* of the Bill seeks to amend section 12 of the Act to designate the President of the Institute as the Head of the Institute and to provide for the functions of the President and the Vice-President of the Institute.

*Clause 12* of the Bill seeks to amend section 13 of the Act to substitute the word "Register" with the words "Register of members".

*Clause 13* of the Bill seeks to amend section 14 of the Act to increase the term of the Council from three years to four years.

*Clause 14* of the Bill seeks to amend section 15 of the Act to provide for certain additional functions of the Council.

*Clause 15* of the Bill seeks to introduce new section 15B to provide for the functions of the Institute.

*Clause 16* of the Bill seeks to amend section 16 of the Act to provide that the Secretary shall be the Chief Executive Officer and to appoint Director (Discipline) and Joint Directors (Discipline), of the Institute. It further empowers the Council to make regulations for the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service.

*Clause 17* of the Bill seeks to amend section 18 of the Act to provide for audit of the annual accounts of the Council by a firm of chartered accountants, to be appointed by Council from the panel of auditors maintained by the Comptroller and Auditor-General of India.

*Clause 18* of the Bill seeks to amend section 19 of the Act to substitute the word "Register" with words "Register of members", to maintain a Register of members of the Institute in accordance with the regulations, to empower the Council to determine the fees for registration of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 19* of the Bill seeks to amend section 20 of the Act to substitute the word "Register" with the words "Register of members", to empower the Council to determine the fees for renewal of registration of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 20* of the Bill seeks to insert a new Chapter IVA to provide for the registration and register of firms and for the removal of names from the Register of firms and review before the Council.

*Clause 21* of the Bill seeks to substitute section 21 of the Act to modify the composition of the Disciplinary Directorate by including at least two Joint Directors (Discipline) along with a Director (Discipline), simplify the investigation by classifying complaints or information into actionable and non-actionable within stipulated timeframe and to substitute the *prima facie* opinion report with preliminary examination report, to prohibit the withdrawal of complaints and to empower the Central Government to make rules for procedures to be followed by Disciplinary Directorate.

*Clause 22* of the Bill seeks to substitute section 21A of the Act to empower the Central Government to establish one or more Boards of Discipline, each comprising of a Presiding Officer to be nominated by the Central Government and two members of whom one shall be nominated by the Central Government and one member to be nominated by the Council. It further seeks to fix a timeframe for completion of inquiry by Boards of Discipline, empower the Central Government to make rules for procedures to be followed by the Boards of Discipline, modify penalty provisions for misconduct by members of the Institute, provide for inclusion of firms of chartered accountants under the purview of disciplinary mechanism and to empower the Council to remove names from the Register on non-payment of penalties imposed under the Bill.

*Clause 23* of the Bill seeks to substitute section 21B of the Act to empower the Central Government to establish one or more Disciplinary Committees, each comprising of a Presiding Officer to be nominated by the Central Government and four members of which two shall be nominated by the Central Government and two members to be nominated by the Council. It further seeks to fix a timeframe for completion of inquiry by Disciplinary Committees and to empower the Central Government to make rules for procedures to be followed by it, modify penalty provisions for misconduct by members of the Institute and to provide for inclusion of firms of chartered accountants under the purview of disciplinary mechanism. It also seeks to empower the Council to remove names from the Register on non-payment of penalties imposed under the Bill.

*Clause 24* of the Bill seeks to amend section 21C of the Act to omit the Explanation of member of the Institute.



*Clause 25* of the Bill seeks to substitute section 21D of the Act to make transitional provisions with respect to proposed amendment.

*Clause 26* of the Bill seeks to substitute section 22 of the Act to modify the definition of professional or other misconduct.

*Clause 27* of the Bill seeks to amend section 22G of the Act to make consequential amendments for inclusion of firms of the chartered accountants under the purview of disciplinary mechanism, define member and firm for the purpose of disciplinary actions and to provide for scope of actions against the members or firms registered with the Institute under any other law.

*Clause 28* of the Bill seeks to amend section 24 of the Act to enhance penalties for falsely claiming to be a member of the Institute, etc.

*Clause 29* of the Bill seeks to amend section 24A of the Act to enhance penalties for using name of the Council, awarding degree of chartered accountancy, etc.

*Clause 30* of the Bill seeks to amend section 25 of the Act to enhance penalties for prohibiting companies not to engage in accountancy.

*Clause 31* of the Bill seeks to amend section 26 of the Act to enhance penalties for signing of documents by unqualified persons.

*Clause 32* of the Bill seeks to amend section 28B to provide for additional functions for Quality Review Board.

*Clause 33* of the Bill seeks to amend section 29 of the Act to substitute the word "Register" with words "Register of members".

*Clause 34* of the Bill seeks to amend section 29A of the Act to empower Central Government to make rules.

*Clause 35* of the Bill seeks to amend section 30 of the Act to empower the Council of the Institute to make regulations.

*Clause 36* of the Bill seeks to amend the First Schedule of the Act.

*Clause 37* of the Bill seeks to amend the Second Schedule of the Act.

#### *Cost and Works Accountants*

*Clause 38* of the Bill seeks to amend the long title and preamble of the Cost and Works Accountants Act, 1959 (the Act) by including the word "development" therein and omitting the word "works" there from.

*Clause 39* of the Bill seeks to amend section 1 of the Act to align the name of the Act with the long title.

*Clause 40* of the Bill seeks to amend section 2 of the Act to insert certain definitions therein such as Board of Discipline, Companies Act, Director (Discipline), Disciplinary Committee, Disciplinary Directorate, Standing Committee and to modify the definitions of fellow, notification and Register.

*Clause 41* of the Bill seeks to amend heading of Chapter II of the Act to amend the name of the Institute from the Institute of Cost and Works Accountants to Institute of Cost Accountants.

*Clause 42* of the Bill seeks to amend section 4 of the Act to substitute the word "Register" with the words "Register of members", empower the Council of the Institute of Cost Accountants of India (the Institute) to decide fee required for entry of names in the Register of members and to dispense with the condition of prior approval of Central Government.

*Clause 43* of the Bill seeks to amend section 5 of the Act to substitute the word "Register" with words "Register of members", to empower the Council to decide fees required for entry of names in the Register of members as a fellow and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 44* of the Bill seeks to amend section 6 of the Act to empower the Council to decide fee for grant of certificate of practice and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 45* of the Bill seeks to amend section 8 of the Act to substitute the word "Register" with words "Register of members" and to include bankruptcy as a disqualification for member.

*Clause 46* of the Bill seeks to amend section 9 of the Act to substitute the word "Register" with words "Register of members" and to increase the period of disqualification of a member from contesting the election to the Council.

*Clause 47* of the Bill seeks to amend section 12 of the Act to provide for the functions of the President and the Vice-President of the Institute.

*Clause 48* of the Bill seeks to amend section 13 of the Act to substitute the word "Register" with the words "Register of members".

*Clause 49* of the Bill seeks to amend section 15 of the Act to provide for certain additional functions of the Council.

*Clause 50* of the Bill seeks to amend section 15A of the Act to provide for certain additional functions of the Institute.

*Clause 51* of the Bill seeks to amend section 16 of the Act to provide that the Secretary shall be the Chief Executive Officer and to appoint Director (Discipline) and Joint Directors (Discipline), of the Institute. It further empowers the Council to make regulations for the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service.

*Clause 52* of the Bill seeks to amend section 18 of the Act to provide for audit of the annual accounts of the Council by a firm of chartered accountants, to be appointed by Council from the panel of auditors maintained by the Comptroller and Auditor-General of India.

*Clause 53* of the Bill seeks to amend section 19 of the Act to substitute the word "Register" with words "Register of members", to maintain a Register of members of the Institute in accordance with the regulations, to empower the Council to determine the fees for registration of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 54* of the Bill seeks to amend section 20 of the Act to substitute the word "Register" with words "Register of members", to empower the Council to determine the fees for renewal of registration of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 55* of the Bill seeks to introduce new chapter IVA to provide for the registration and register of firms and for the removal of names from the Register of firms and review before the Council.

*Clause 56* of the Bill seeks to substitute section 21 of the Act to modify the composition of the Disciplinary Directorate by including at least two Joint Directors (Discipline) along with a Director (Discipline), simplify the investigation by classifying complaints or information into actionable and non-actionable within stipulated timeframe and to substitute the *prima facie* opinion report with preliminary examination report, to prohibit the withdrawal of complaints and to empower the Central Government to make rules for procedures to be followed by Disciplinary Directorate.

*Clause 57* of the Bill seeks to substitute section 21A of the Act to empower the Central Government to establish one or more Boards of Discipline, each comprising of a Presiding Officer to be nominated by the Central Government and two members of whom one shall be nominated by the Central Government one member to be nominated by the Council. It further seeks to fix a timeframe for completion of inquiry by Boards of Discipline, empower the Central Government to make rules for procedures to be followed by the Boards of Discipline, modify penalty provisions for misconduct by members of the Institute, provide for inclusion of firms of cost accountants under the purview of disciplinary mechanism and to empower the Council to remove names from the Register on non-payment of penalties imposed under the Bill.

*Clause 58* of the Bill seeks to substitute section 21B of the Act to empower the Central Government to establish one or more Disciplinary Committees, each comprising of a Presiding Officer to be nominated by the Central Government and four members of which two shall be nominated by the Central Government and two members to be nominated by the Council. It further seeks to fix a timeframe for completion of inquiry by Disciplinary Committees and to empower the Central Government to make rules for procedures to be followed by it, modify penalty provisions for misconduct by members of the Institute and to provide for inclusion of firms of cost accountants under the purview of disciplinary mechanism. It also seeks to empower the Council to remove names from the Register on non-payment of penalties imposed under the Bill.

*Clause 59* of the Bill seeks to amend section 21C of the Act to omit the Explanation of member of the Institute.

*Clause 60* of the Bill seeks to substitute section 21D of the Act to make transitional provisions with respect to proposed amendment.

*Clause 61* of the Bill seeks to substitute section 22 of the Act to modify the definition of professional or other misconduct.

*Clause 62* of the Bill seeks to amend section 22E of the Act to make consequential amendments for inclusion of firms of the cost accountants under the purview of disciplinary mechanism, define member and firm for the purpose of disciplinary actions and to provide for scope of actions against the members or firms registered with the Institute under any other law.

*Clause 63* of the Bill seeks to amend section 24 of the Act to enhance penalties for falsely claiming to be a member of the Institute, etc.

*Clause 64* of the Bill seeks to amend section 25 of the Act to enhance penalties for using name of the Council, awarding degree of cost accountancy, etc.

*Clause 65* of the Bill seeks to amend section 26 of the Act to enhance penalties for prohibiting companies not to engage in cost accountancy.

*Clause 66* of the Bill seeks to amend section 27 of the Act to enhance penalties for signing of documents by unqualified persons.

*Clause 67* of the Bill seeks to insert a new provision in the section 29B to provide for additional functions for Quality Review Board.

*Clause 68* of the Bill seeks to substitute section 34 of the Act to provide that the Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949 shall be deemed to be the Coordination Committee for the purposes of the Act.

*Clause 69* of the Bill seeks to amend section 38 of the Act to substitute the word "Register" with words "Register of members".

*Clause 70* of the Bill seeks to amend section 38A of the Act to empower Central Government to make rules.

*Clause 71* of the Bill seeks to amend section 39 of the Act to empower the Council of the Institute to make regulations.

*Clause 72* of the Bill seeks to amend the First Schedule of the Act.

*Clause 73* of the Bill seeks to amend the Second Schedule of the Act.

#### *Company Secretaries*

*Clause 74* of the Bill seeks to amend section 2 of the Company Secretaries Act, 1980 (the Act) to insert certain definitions therein such as Board of Discipline, Director (Discipline), Disciplinary Committee, Disciplinary Directorate, and Standing Committee and to modify the definitions of Companies Act, notification and Register.

*Clause 75* of the Bill seeks to amend section 4 of the Act to substitute the word "Register" with the words "Register of members" and to empower the Council of the Institute of Company Secretaries of India (the Institute) to decide fee required for entry of names in the Register of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 76* of the Bill seeks to amend section 5 of the Act to substitute the word "Register" with words "Register of members", to empower the Council to decide fees required for entry of names in the Register of members as a fellow and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 77* of the Bill seeks to amend section 6 of the Act to empower the Council to decide fee for grant of certificate of practice and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 78* of the Bill seeks to amend section 8 of the Act to substitute the word "Register" with words "Register of members" and to include bankruptcy as a disqualification for member.

*Clause 79* of the Bill seeks to amend section 9 of the Act to substitute the word "Register" with words "Register of members" and to increase the period of disqualification of a member from contesting the election to the Council.

*Clause 80* of the Bill seeks to amend section 12 of the Act to provide for the functions of the President and the Vice-President of the Institute.

*Clause 81* of the Bill seeks to amend section 13 of the Act to substitute the word "Register" with the words "Register of members".

*Clause 82* of the Bill seeks to amend section 15 of the Act to provide for certain additional functions of the Council.

*Clause 83* of the Bill seeks to amend section 15A of the Act to provide for certain additional functions of the Institute.

*Clause 84* of the Bill seeks to amend section 16 of the Act to provide that the Secretary shall be the Chief Executive Officer and to appoint Director (Discipline) and Joint Directors (Discipline), of the Institute. It further empowers the Council to make regulations for the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service.

*Clause 85* of the Bill seeks to amend section 18 of the Act to provide for audit of the annual accounts of the Council by a firm of chartered accountants, to be appointed by Council from the panel of auditors maintained by the Comptroller and Auditor-General of India.

*Clause 86* of the Bill seeks to amend section 19 of the Act to substitute the word "Register" with words "Register of members", to maintain a Register of members of the Institute in accordance with the regulations, to empower the Council to determine the fees

for registration of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 87* of the Bill seeks to amend section 20 of the Act to substitute the word "Register" with words "Register of members", to empower the Council to determine the fees for renewal of registration of members and to dispense with the condition of prior approval of Central Government to determine such fees.

*Clause 88* of the Bill seeks to insert a new Chapter IVA to provide for the registration and register of firms and for the removal of names from the Register of firms and review before the Council.

*Clause 89* of the Bill seeks to substitute section 21 of the Act to modify the composition of the Disciplinary Directorate by including at least two Joint Directors (Discipline) along with a Director (Discipline), simplify the investigation by classifying complaints or information into actionable and non-actionable within stipulated timeframe and to substitute the *prima facie* opinion report with preliminary examination report, to prohibit the withdrawal of complaints and to empower the Central Government to make rules for procedures to be followed by Disciplinary Directorate.

*Clause 90* of the Bill seeks to substitute section 21A of the Act to empower the Central Government to establish one or more Boards of Discipline, each comprising of a Presiding Officer and two members, of whom one shall be nominated by the Council and one member to be nominated by the Central Government. It further seeks to fix a timeframe for completion of inquiry by Boards of Discipline, empower the Central Government to make rules for procedures to be followed by the Boards of Discipline, modify penalty provisions for misconduct by members of the Institute, provide for inclusion of firms of company secretaries under the purview of disciplinary mechanism and to empower the Council to remove names from the Register on non-payment of penalties imposed under the Bill.

*Clause 91* of the Bill seeks to amend section 21B of the Act to empower the Central Government to establish one or more Disciplinary Committees, each comprising of a Presiding Officer to be nominated by the Central Government and four members of which two shall be nominated by the Central Government and two members to be nominated by the Council. It further seeks to fix a timeframe for completion of inquiry by Disciplinary Committees and to empower the Central Government to make rules for procedures to be followed by it, modify penalty provisions for misconduct by members of the Institute and to provide for inclusion of firms of company secretaries under the purview of disciplinary mechanism. It also seeks to empower the Council to remove names from the Register on non-payment of penalties imposed under the Bill.

*Clause 92* of the Bill seeks to amend section 21C of the Act to omit the Explanation of member of the Institute.

*Clause 93* of the Bill seeks to substitute section 21D of the Act to make transitional provisions with respect to proposed amendment.

*Clause 94* of the Bill seeks to substitute section 22 of the Act to modify the definition of professional or other misconduct.

*Clause 95* of the Bill seeks to amend section 22E of the Act to make consequential amendments for inclusion of firms of the company secretaries under the purview of disciplinary mechanism, define member and firm for the purpose of disciplinary actions and to provide for scope of actions against the members or firms registered with the Institute under any other law.

*Clause 96* of the Bill seeks to amend section 24 of the Act to enhance penalties for falsely claiming to be a member of the Institute, etc.

*Clause 97* of the Bill seeks to amend section 25 of the Act to enhance penalties for using name of the Council, awarding degree of company secretary, etc.

*Clause 98* of the Bill seeks to amend section 26 of the Act to enhance penalties for prohibiting companies not to engage in company secretaryship.

*Clause 99* of the Bill seeks to amend section 27 of the Act to enhance penalties for signing of documents by unqualified persons.

*Clause 100* of the Bill seeks to amend section 29B to provide for additional functions for Quality Review Board.

*Clause 101* of the Bill seeks to amend section 34 of the Act to provide that the Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949 shall be deemed to be the Coordination Committee for the purposes of the Act.

*Clause 102* of the Bill seeks to amend section 38 of the Act to substitute the word "Register" with words "Register of members".

*Clause 103* of the Bill seeks to amend section 38A of the Act to empower Central Government to make rules.

*Clause 104* of the Bill seeks to amend section 39 of the Act to empower the Council of the Institute to make regulations.

*Clause 105* of the Bill seeks to amend the First Schedule of the Act.

*Clause 106* of the Bill seeks to amend the Second Schedule of the Act.

## FINANCIAL MEMORANDUM

The Bill does not involve any expenditure, recurring or non-recurring, from the Consolidated Fund of India.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 34 of the Bill empowers the Central Government to make rules to provide for the form and fee for filing an information or a complaint before the Disciplinary Directorate, the manner of decision of the complaint or information as actionable or non-actionable by the Director (Discipline), procedure of investigation by the Disciplinary Directorate and procedure while considering the cases by the Board of Discipline and the Disciplinary Committee and time limit for payment of fine imposed by such Boards or Committees.

2. Clause 35 of the Bill empowers the Council of the Institute of Chartered Accountants of India to make regulations for the qualifications of a member of the Institute, circumstances under which certificates of practice may be cancelled, guidelines for granting or refusal of certificates of practice, manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council, manner of preparing annual accounts of the Council, manner of maintaining a Register of members of the Institute, manner in which annual list of members registered with the Institute shall be published, manner of making an application for grant of registration of a firm and the terms and conditions of such registration, manner of maintenance of Register of firms, manner in which the annual list of firms registered with the Institute shall be published, allowances payable to the Presiding Officers and members of the Boards of Discipline and Disciplinary Committees, manner of making available status of actionable information and complaints and penalties imposed by the Boards of Discipline, the Disciplinary Committees and the Appellate Authority, manner of preparing panel of persons for nomination to such Boards and Committees.

3. Clause 70 of the Bill empowers the Central Government to make rules to provide for the form and fee for filing an information or a complaint before the Desciplinary Directorate, manner of deciding a complaint or information as actionable or non-actionable by Director (Discipline), procedure of investigation by the Disciplinary Directorate, procedure while considering the cases by the Boards of Discipline and the Disciplinary Committees and the time limit for payment of fine imposed by such Boards or Committees.

4. Clause 71 of the Bill empowers the Council of the Institute of the Cost Accountants of India to make regulations for prescribing the circumstances under which certificates of practice may be cancelled, guidelines for granting or refusal of certificates of practice, manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council, manner of preparing the annual accounts of the Council, manner of maintaining a Register of members of the Institute, manner of making an application for grant of registration of a firm and the terms and conditions of such registration, manner of maintenance of Register of firms, manner in which the annual list of firms registered with the Institute shall be published, manner of making available status of actionable information and complaints and penalties imposed by the Boards of Discipline, the Disciplinary Committees and the Appellate Authority, manner of preparing panel of persons for nomination to the Boards of Discipline and Disciplinary Committees and allowances payable to the Presiding Officers and members of such Boards and Committees.

5. Clause 103 of the Bill empowers the Central Government to make rules to provide for the form and fee for filing an information or a complaint before the Discliplinary Directorate, manner of decision of the complaint or information as actionable or non-actionable by the Director (Discipline), procedure of investigation by the Disciplinary Directorate and procedure while considering the cases and by the Boards of Discipline and the Disciplinary Committee and time limit for payment of fine imposed by such Boards or Committees.



6. Clause 104 of the Bill empowers the Council of the Institute of the Company Secretaries of India to make regulations for prescribing the circumstances under which certificates of practice may be cancelled, powers, duties and functions of the President and the Vice-President of the Council, guidelines for granting or refusal of certificates of practice, manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council, manner of preparing the annual accounts of the Council, manner of making an application for grant of registration of a firm and the terms and conditions of such registration, manner of maintenance of Register of firms, manner in which the annual list of firms registered with the Institute shall be published, manner of making available status of actionable information and complaints and penalties imposed by the Boards of Discipline, the Disciplinary Committees and the Appellate Authority, the manner of preparing panel of persons for nomination to the Boards of Discipline and Disciplinary Committees and the allowances payable to the Presiding Officers and members of such Boards and Committees.

7. The matters in respect of which rules and regulations may be made are matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative powers is, therefore, of a normal character.

ANNEXURE

EXTRACTS FROM THE CHARTERED ACCOUNTANTS ACT, 1949

(38 OF 1949)

An Act to make provision for the regulation of the profession of chartered accountants.

WHEREAS it is expedient to make provision for the regulation of the profession of chartered accountants and for that purpose to establish an Institute of Chartered Accountants;

\* \* \* \* \*

Interpretation. 2. (1) In this Act, unless there is anything repugnant in the subject or context,—

\* \* \* \* \*

(c) “Council” means the Council of the Institute;

\* \* \* \* \*

(ea) “notification” means a notification published in the Official Gazette;

\* \* \* \* \*

(g) “Register” means the Register of members maintained under this Act;

\* \* \* \* \*

Entry of names in the Register. 4. (1) Any of the following persons shall be entitled to have his name entered in the Register, namely,—

\* \* \* \* \*

(v) any person who has passed such other examination and completed such other training without India as is recognised by the Central Government or the Council as being equivalent to the examination and training prescribed for members of the Institute:

Provided that in the case of any person who is not permanently residing in India, the Central Government or the Council, as the case may be, may impose such further conditions as it may deem fit.

(vi) any person domiciled in India, who at the commencement of this Act is studying for any foreign examination and is at the same time undergoing training, whether within or without India, or, who, having passed such foreign examination, is at the commencement of this Act undergoing training, whether within or without India:

Provided that any such examination or training was recognised before the commencement of this Act for the purpose of conferring the right to be registered as an accountant under the Auditors’ Certificates Rules, 1932, and provided further that such person passes the examination or completes the training within five years after the commencement of this Act.

\* \* \* \* \*

(3) Every person belonging to any of the classes mentioned in clauses (ii), (iii), (iv), (v) and (vi) of sub-section (1) shall have his name entered in the Register on application being made and granted in the prescribed manner and on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees three thousand:

Provided that the Council may, with the prior approval of the Central Government,

determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.

\* \* \* \* \*

**5. (1)** \* \* \* \* \*

Fellows and associates.

(3) A member, being an associate who has been in continuous practice in India for at least five years, whether before or after the commencement of this Act, or whether partly before and partly after the commencement of this Act, and a member who has been an associate for a continuous period of not less than five years and who possesses such qualifications as the Council may prescribe with a view to ensuring that he has experience equivalent to the experience normally acquired as a result of continuous practice for a period of five years as a chartered accountant shall, on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees five thousand and on application made and granted in the prescribed manner, be entered in the Register as a fellow of the Institute and shall be entitled to use the letters F. C. A. after his name to indicate that he is a fellow of the Institute of Chartered Accountants:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees five thousand, which shall not in any case exceed rupees ten thousand.

\* \* \* \* \*

**6. (1)** \* \* \* \* \*

Certificate of practice.

(2) Every such member shall pay such annual fee for his certificate as may be determined, by notification, by the Council, which shall not exceed rupees three thousand, and such fee shall be payable on or before the 1st day of April in each year:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.

\* \* \* \* \*

**8.** Notwithstanding anything contained in section 4, a person shall not be entitled to have his name entered in or borne on the Register if he—

Disabilities.

\* \* \* \* \*

(iii) is an undischarged insolvent; or

\* \* \* \* \*

(v) has been convicted by a competent Court, whether within or without India, of an offence involving moral turpitude and punishable with transportation or imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf, the Central Government has, by an order in writing, removed the disability; or

\* \* \* \* \*

CHAPTER III

COUNCIL OF THE INSTITUTE

\* \* \* \* \*

**9. (1)** \* \* \* \* \*

Constitution of the Council of the Institute.

(2) The Council shall be composed of the following persons, namely:—

(a) not more than thirty-two persons elected by the members of the Institute from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as may be specified:

Provided that a fellow of the Institute, who has been found guilty of any professional or other misconduct and whose name is removed from the Register or has been awarded penalty of fine, shall not be eligible to contest the election,—

(i) in case of misconduct falling under the First Schedule of this Act, for a period of three years;

(ii) in case of misconduct falling under the Second Schedule of this Act, for a period of six years,

from the completion of the period of removal of name from the Register or payment of fine, as the case may be;

(b) not more than eight persons to be nominated in the specified manner, by the Central Government.

\* \* \* \* \*

(4) No person who has been auditor of the Institute shall be eligible for election to the Council under clause (a) of sub-section (2), for a period of three years after he ceases to be an auditor.

\* \* \* \* \*

President and Vice-President.

**12.** (1) The Council at its first meeting shall elect two of its members to be respectively the President and Vice-President thereof, and so often as the office of the President or the Vice-President becomes vacant the Council shall choose another person to be the President or the Vice-President as the case may be:

Provided that on the first constitution of the Council a member of the Council nominated in this behalf by the Central Government shall discharge the functions of the President, until such time as a President is elected under the provisions of this sub-section.

(2) The President shall be the Chief Executive Authority of the Council.

\* \* \* \* \*

Resignation of membership and casual vacancies.

**13.** (1) \* \* \* \* \*

(2) A member of the Council shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient excuse from three consecutive meetings of the Council, or he has been found guilty of any professional or other misconduct and awarded penalty of fine, or if his name is, for any cause, removed from the Register under the provisions of section 20.

\* \* \* \* \*

Duration and dissolution of Council.

**14.** (1) The duration of any Council constituted under this Act shall be three years from the date of its first meeting, on the expiry of which it shall stand dissolved and a new Council constituted in accordance with the provisions of this Act.

\* \* \* \* \*

Functions of Council.

**15.** (1) \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing powers, the duties of the Council shall include—

\* \* \* \* \*

(b) the examination of candidates for enrolment and the prescribing of fees therefore;

(c) the regulation of the engagement and training of articled and audit assistants;

(d) the prescribing of qualifications for entry in the Register;

\* \* \* \* \*

(f) the granting or refusal of certificates of practice under this Act;

(g) the maintenance and publication of a Register of persons qualified to practice as chartered accountants;

(h) the levy and collection of fees from members, examinees and other persons;

(i) subject to the orders of the appropriate authorities under the Act, the removal of names from the Register and the restoration to the Register of names which have been removed;

\* \* \* \* \*

(l) the maintenance of a library and publication of books and periodicals relating to accountancy;

\* \* \* \* \*

16. (1) For the efficient performance of its duties, the Council shall—

Officers and employees, salary, allowances, etc.

(a) appoint a Secretary to perform such duties as may be prescribed;

(b) appoint a Director (Discipline) to perform such functions as are assigned to him under this Act and the rules and regulations framed thereunder.

(2) The Council may also—

\* \* \* \* \*

(c) prescribe the salaries, fees, allowances of the officers and employees and their terms and conditions of service;

\* \* \* \* \*

18. (1) \* \* \* \* \*

Finances of the Council.

(5) The annual accounts of the Council shall be prepared in such manner as may be prescribed and be subject to audit by a chartered accountant in practice to be appointed annually by the Council:

Provided that no member of the Council or a person who has been a member of the Council during the last four years or a person who is in partnership with such member shall be eligible for appointment as an auditor under this sub-section:

Provided further that, in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report on it to the Central Government.

\* \* \* \* \*

CHAPTER IV

REGISTER OF MEMBERS

19. (1) The council shall maintain in the prescribed manner a Register of the Members of the Institute.

Register.

\* \* \* \* \*

(4) Every member of the Institute shall, on his name being entered in the Register, pay such annual membership fee as may be determined, by notification, by the Council, which shall not exceed rupees five thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees five thousand, which shall not in any case exceed rupees ten thousand.

Removal from  
the Register.

**20.** (1) \* \* \* \* \*

(3) If the name of any member has been removed from the Register under clause (c) of sub-section (1), on receipt of an application, his name may be entered again in the Register on payment of the arrears of annual fee and entrance fee along with such additional fee, as may be determined, by notification, by the Council which shall not exceed rupees two thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees two thousand, which shall not in any case exceed rupees four thousand.

## CHAPTER V

### MISCONDUCT

Disciplinary  
Directorate.

**21.** (1) The Council shall, by notification, establish a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it.

(2) On receipt of any information or complaint along with the prescribed fee, the Director (Discipline) shall arrive at a *prima facie* opinion on the occurrence of the alleged misconduct.

(3) Where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the First Schedule, he shall place the matter before the Board of Discipline and where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the Second Schedule or in both the Schedules, he shall place the matter before the Disciplinary Committee.

(4) In order to make investigations under the provisions of this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(5) Where a complainant withdraws the complaint, the Director (Discipline) shall place such withdrawal before the Board of Discipline or, as the case may be, the Disciplinary Committee, and the said Board or Committee may, if it is of the view that the circumstances so warrant, permit the withdrawal at any stage.

Board of  
Discipline.

**21A.** (1) The Council shall constitute a Board of Discipline consisting of—

(a) a person with experience in law and having knowledge of disciplinary matters and the profession, to be its presiding officer;

(b) two members one of whom shall be a member of the Council elected by the Council and the other member shall be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy;

(c) the Director (Discipline) shall function as the Secretary of the Board.

(2) The Board of Discipline shall follow summary disposal procedure in dealing with all cases before it.

(3) Where the Board of Discipline is of the opinion that a member is guilty of a professional or other misconduct mentioned in the First Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(a) reprimand the member;

(b) remove the name of the member from the Register up to a period of three months;

(c) impose such fine as it may think fit, which may extend to rupees one lakh.

(4) The Director (Discipline) shall submit before the Board of Discipline all information and complaints where he is of the opinion that there is no *prima facie* case and the Board of Discipline may, if it agrees with the opinion of the Director (Discipline), close the matter or in case of disagreement, may advise the Director (Discipline) to further investigate the matter.

**21B.** (1) The Council shall constitute a Disciplinary Committee consisting of the President or the Vice-President of the Council as the Presiding Officer and two members to be elected from amongst the members of the Council and two members to be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy:

Disciplinary  
Committee.

Provided that the Council may constitute more Disciplinary Committees as and when it considers necessary.

(2) The Disciplinary Committee, while considering the cases placed before it shall follow such procedure as may be specified.

(3) Where the Disciplinary Committee is of the opinion that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or both the First Schedule and the Second Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(a) reprimand the member;

(b) remove the name of the member from the Register permanently or for such period, as it thinks fit;

(c) impose such fine as it may think fit, which may extend to rupees five lakhs.

(4) The allowances payable to the members nominated by the Central Government shall be such as may be specified.

**21C.** For the purposes of an inquiry under the provisions of this Act, the Authority, the Disciplinary Committee, Board of Discipline and the Director (Discipline) shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

5 of 1908.

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) the discovery and production of any document; and

(c) receiving evidence on affidavit.

Authority,  
Disciplinary  
Committee,  
Board of  
Discipline and  
Director  
(Discipline) to  
have powers  
of civil court.

*Explanation.*—For the purposes of sections 21, 21A, 21B, 21C and 22, “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry.

**21D.** All complaints pending before the Council or any inquiry initiated by the Disciplinary Committee or any reference or appeal made to a High Court prior to the commencement of the Chartered Accountants (Amendment) Act, 2006, shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Chartered Accountants (Amendment) Act, 2006.

9 of 2006.

Transitional  
provisions.

**22.** For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission provided in any of the Schedules, but nothing

Professional  
or other  
misconduct  
defined.

in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

\* \* \* \* \*

Appeal to Authority.

**22G.** (1) Any member of the Institute aggrieved by any order of the Board of Discipline or the Disciplinary Committee imposing on him any of the penalties referred to in sub-section (3) of section 21A and sub-section (3) of section 21B, may within ninety days from the date on which the order is communicated to him, prefer an appeal to the Authority:

Provided that the Director (Discipline) may also appeal against the decision of the Board of Discipline or the Disciplinary Committee to the Authority, if so authorised by the Council, within ninety days:

Provided further that the Authority may entertain any such appeal after the expiry of the said period of ninety days, if it is satisfied that there was sufficient cause for not filing the appeal in time.

(2) The Authority may, after calling for the records of any case, revise any order made by the Board of Discipline or the Disciplinary Committee under sub-section (3) of section 21A and sub-section (3) of section 21B and may—

- (a) confirm, modify or set aside the order;
- (b) impose any penalty or set aside, reduce, or enhance the penalty imposed by the order;
- (c) remit the case to the Board of Discipline or Disciplinary Committee for such further enquiry as the Authority considers proper in the circumstances of the case; or
- (d) pass such other order as the Authority thinks fit:

Provided that the Authority shall give an opportunity of being heard to the parties concerned before passing any order.

\* \* \* \* \*

## CHAPTER VII

### PENALTIES

Penalty for falsely claiming to be a member, etc.

**24.** Any person who,—

- (i) not being a member of the Institute,—
  - (a) represents that he is a member of the Institute; or
  - (b) uses the designation Chartered Accountant, or
- (ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practices as a chartered accountants,

shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months or with fine which may extend to five thousand rupees, or with both.

Penalty for using name of the Council, awarding degrees of chartered accountancy, etc.

**24A.** (1) \* \* \* \* \*

(2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.



**25. (1)** \* \* \* \* \*

(2) If any company contravenes the provisions of sub-section (1), then, without prejudice to any other proceedings which may be taken against the company, every director, manager, secretary and any other officer thereof who is knowingly a party to such contravention shall be punishable with fine which may extend on first conviction to one thousand rupees, and on any subsequent conviction to five thousand rupees.

Companies  
not to engage  
in  
accountancy.

**26. (1)** \* \* \* \* \*

(2) Any person who contravenes the provisions of sub-section (1) shall, without prejudice to any other proceedings, which may be taken against him, be punishable on first conviction with a fine not less than five thousand rupees but which may extend to one lakh rupees, and in the event of a second or subsequent conviction with imprisonment for a term which may extend to one year or with fine not less than ten thousand rupees but which may extend to two lakh rupees or with both.

Unqualified  
persons not to  
sign  
documents.

\* \* \* \* \*

## CHAPTER VIII

### MISCELLANEOUS

**29. (1)** \* \* \* \* \*

(2) Subject to the provisions of sub-section (1), the Council may prescribe the conditions, if any, subject to which foreign qualifications relating to accountancy shall be recognised for the purposes of entry in the Register.

Reciprocity.

**29A. (1)** \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

Power of  
Central  
Government  
to make rules.

\* \* \* \* \*

(c) the procedure of investigation under sub-section (4) of section 21;

(d) the procedure while considering the cases by the Disciplinary Committee under sub-section (2).

\* \* \* \* \*

**30. (1)** \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters:—

Power to  
make  
regulations.

\* \* \* \* \*

(b) the qualifications for the entry of the name of any person in the Register as a member of the Institute;

\* \* \* \* \*

(e) the manner in which and the conditions subject to which applications for entry in the Register may be made;

\* \* \* \* \*

(h) the particulars to be entered in the Register;

\* \* \* \* \*

(r) the terms of office, and the powers, duties and functions of the Secretary and other officers and servants of the Council; and

\* \* \* \* \*

THE FIRST SCHEDULE

[See sections 21(3), 21A(3) and 22]

PART I

*Professional misconduct in relation to chartered accountants in practice*

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

\* \* \* \* \*

(9) accepts an appointment as auditor of a company without first ascertaining from it whether the requirements of section 225 of the Companies Act, 1956 in respect of such appointment have been duly complied with; 1 of 1956.

\* \* \* \* \*

THE SECOND SCHEDULE

[See sections 21(3), 21B(3) and 22]

PART I

*Professional misconduct in relation to chartered accountants in practice*

A chartered accountant in practice shall be deemed to be guilty of professional misconduct, if he—

\* \* \* \* \*

(3) permits his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;

\* \* \* \* \*

EXTRACTS FROM THE COST AND WORKS ACCOUNTANTS ACT, 1959

(23 OF 1959)

An Act to make provision for the regulation of the profession of cost and works accountants.

\* \* \* \* \*

CHAPTER I

PRELIMINARY

Short title, extent and commencement.

\* 1. (1) This Act may be called the Cost and Works Accountants Act, 1959. \*

Definitions and interpretation.

\* 2. (1) In this Act, unless the context otherwise requires,— \*

(c) "Council" means the Council of the Institute;

(d) "dissolved company" means the Institute of Cost and Works Accountants registered under the Companies Act, 1956; 1 of 1956.

(e) "fellow" means a fellow of the Institute;

\* \* \* \* \*

(fa) "notification" means a notification published in the Official Gazette;

\* \* \* \* \*

(i) "Register" means the Register of members maintained under this Act;

\* \* \* \* \*

CHAPTER II

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS

\* \* \* \* \*

4. (1) Any of the following persons shall be entitled to have his name entered in the Register, namely:—

Entry of names in the Register.

\* \* \* \* \*

(iv) any person who has passed such other examination and completed such other training without India as is recognised by the Central Government or the Council as being equivalent to the examination and training prescribed for members of the Institute:

Provided that in the case of any person who is not permanently residing in India, the Central Government or the Council may impose such further conditions as it may deem fit;

(v) any person domiciled in India, who at the commencement of this Act is studying for any foreign examination and is at the same time undergoing training, whether within or without India, or, who, having passed such examination, is at such commencement undergoing training whether within or without India:

Provided that such foreign examination and training are recognised by the Central Government or the Council in this behalf:

Provided further that the person passes the examination and completes his training within five years from the commencement of this Act.

\* \* \* \* \*

(3) Every person belonging to any of the classes mentioned in clauses (ii), (iii), (iv) and (v) of sub-section (1) shall have his name entered in the Register on an application being made and granted in the prescribed manner and on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees three thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.

\* \* \* \* \*

5. (1) \* \* \* \* \*

Fellows and Associates.

(4) A member, being an associate who has been in continuous practice in India for at least five years, whether before or after the commencement of this Act, or whether partly before and partly after the commencement of this Act, and a member who has been an associate for a continuous period of not less than five years and who possesses such qualifications as the Council may prescribe with a view to ensuring that he has experience equivalent to the experience normally acquired as a result of continuous practice for a period of five years as a cost accountant shall, on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees five thousand, and on application made and granted in the prescribed manner, be entered in the Register as a fellow of the Institute:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees five thousand, which shall not in any case exceed rupees ten thousand.

*Explanation I.*—For the purposes of this sub-section, a person shall be deemed to have practiced in India for any period for which he has held a certificate of practice under section 6, notwithstanding that he did not actually practice during that period.

*Explanation II.*—In computing the continuous period during which a person has been an associate of the Institute, there shall be included any continuous period during which the person has been an associate of the dissolved company immediately before he became an associate of the Institute.

\* \* \* \* \*

Certificate of practice. **6. (1)** \* \* \* \* \*

(2) Every such member shall make an application in such form, and pay such annual fee, for his certificate as may be determined, by notification, by the Council, which shall not exceed rupees three thousand and such fee shall be payable on or before the 1st day of April in each year:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand:

Provided further that if a member of the Institute, who was in practice immediately before the commencement of this Act, has made within one month of such commencement an application for the grant of certificate of practice, he shall not be deemed to have contravened the provisions of sub-section (1) by reason of his having practiced during the period between such commencement and the disposal of the application;

\* \* \* \* \*

Disabilities. **8.** Notwithstanding anything contained in section 4, a person shall not be entitled to have his name entered in, or borne on, the Register if he—

\* \* \* \* \*

(iii) is an undischarged insolvent; or

\* \* \* \* \*

(v) has been convicted by a competent court whether within or without India, of an offence involving moral turpitude and punishable with imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf, the Central Government has, by an order in writing removed the disability; or

\* \* \* \* \*

CHAPTER III

COUNCIL OF THE INSTITUTE

Constitution of the Council of the Institute. **9. (1)** \* \* \* \* \*

(2) The Council shall be composed of the following persons, namely:—

(a) not more than fifteen persons elected by the members of the Institute, from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as may be specified:

Provided that a fellow of the Institute, who has been found guilty of any professional or other misconduct, and whose name is removed from the Register or has been awarded penalty of fine, shall not be eligible to contest the election,—

(i) in case of misconduct falling under the First Schedule of this Act, for a period of three years;

(ii) in case of misconduct falling under the Second Schedule of this Act, for a period of six years,

from the completion of the period of removal of name from the Register or payment of fine, as the case may be;

(b) not more than five persons nominated in the specified manner by the Central Government.

\* \* \* \* \*

(4) No person who has been auditor of the Institute shall be eligible for election to the Council under clause (a) of sub-section (2) for a period of three years after he ceases to be an auditor.

\* \* \* \* \*

**12. (1)** The Council at its first meeting shall elect two of its members to be respectively the President and the Vice-President thereof, and so often as the office of the President or the Vice-President becomes vacant, the Council shall choose a person to be the President or the Vice-President, as the case may be:

President and Vice-President.

Provided that on the first constitution of the Council a member of the Council nominated in this behalf by the Central Government shall discharge the functions of the President, until such time as a President is elected under the provisions of this sub-section.

\* \* \* \* \*

**13. (1)** \* \* \* \* \*

Resignation of membership and casual vacancies.

(2) A member of the Council shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient excuse from three consecutive meetings of the Council or he has been found guilty of any professional or other misconduct and awarded penalty of fine, or if his name is, for any cause, removed from the Register under the provisions of section 20.

\* \* \* \* \*

**15. (1)** \* \* \* \* \*

Functions of Council.

(2) In particular, and without prejudice to the generality of the foregoing powers, the duties of the Council shall include—

\* \* \* \* \*

(c) the prescribing of qualifications for entry in the Register;

\* \* \* \* \*

(k) consideration of the recommendations of the Quality Review Board made under clause (a) of section 29B, action taken thereon with a report to the Central Government within a period of three months, and their inclusion in the annual report; and

\* \* \* \* \*

**15A.** The functions of the Institute shall include—

Functions of Institute.

\* \* \* \* \*

(e) subject to the orders of the appropriate authorities under this Act, the removal of names from the Register and the restoration to the Register of names which have been removed;

\* \* \* \* \*

Officers and employees, salary, allowances, etc.

**16. (I)** For the efficient performance of its duties, the Council shall—

(a) appoint a Secretary of the Council to perform such duties as may be prescribed;

(b) appoint a Director (Discipline) to perform such functions as assigned to him under this Act and the rules and regulations framed thereunder;

(c) designate an officer of the Council or the Institute to carry out the administrative functions of the Institute as its chief executive.

(2) The Council may also—

\* \* \* \* \*

(c) prescribe the salaries, fees, allowances of the officers and employees of the Council and the Institute and their terms and conditions of service;

\* \* \* \* \*

Finances of the Council.

**18. (I)** \* \* \* \* \*

(5) The annual accounts of the Council shall be prepared in such manner as may be prescribed and be subject to audit by a chartered accountant in practice to be appointed annually by the Council:

Provided that no member of the Council or a person who has been a member of the Council during the last four years or a person who is in partnership with such member shall be eligible for appointment as an auditor under this sub-section:

Provided further that, in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

Provided also that if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report on it to the Central Government;

\* \* \* \* \*

CHAPTER IV

REGISTER OF MEMBERS

Register.

**19. (I)** The Council shall maintain in the prescribed manner a Register of the members of the Institute.

\* \* \* \* \*

(4) Every member of the Institute shall, on his name being entered in the Register, pay such annual membership fee as may be determined, by notification, by the Council, which shall not exceed rupees five thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees five thousand which shall not in any case exceed rupees ten thousand.

Removal from the Register.

**20. (I)** \* \* \* \* \*

(3) If the name of any member has been removed from the Register under clause (c) of sub-section (I), on receipt of an application, his name may be entered again in the Register on payment of the arrears of annual fee and entrance fee along with such additional fee, as may be determined, by notification, by the Council which shall not exceed rupees two thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees two thousand which shall not in any case exceed rupees four thousand.

## CHAPTER V

### MISCONDUCT

**21.** (1) The Council shall, by notification, establish a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it. Disciplinary Directorate.

(2) On receipt of any information or complaint along with the prescribed fee, the Director (Discipline) shall arrive at a *prima facie* opinion on the occurrence of the alleged misconduct.

(3) Where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the First Schedule, he shall place the matter before the Board of Discipline and where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the Second Schedule or in both the Schedules, he shall place the matter before the Disciplinary Committee.

(4) In order to make investigations under the provisions of this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(5) Where a complainant withdraws the complaint, the Director (Discipline) shall place such withdrawal before the Board of Discipline or as the case may be, the Disciplinary Committee, and the said Board of Committee may, if it is of the view that the circumstances so warrant, permit the withdrawal at any stage.

**21A.** (1) The Council shall constitute a Board of Discipline consisting of— Board of Discipline.

(a) a person with experience in law and having knowledge of disciplinary matters and the profession, to be its presiding officer;

(b) two members one of whom shall be a member of the Council elected by the Council and the other member shall be the person designated under clause (c) of sub-section (1) of section 16;

(c) the Director (Discipline) shall function as the Secretary of the Board.

(2) The Board of Discipline shall follow summary disposal procedure in dealing with all the cases before it.

(3) Where the Board of Discipline is of the opinion that a member is guilty of a professional or other misconduct mentioned in the First Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(a) reprimand the member;

(b) remove the name of the member from the Register up to a period of three months;

(c) impose such fine as it may think fit which may extend to rupees one lakh.

(4) The Director (Discipline) shall submit before the Board of Discipline all information and complaints where he is of the opinion that there is no *prima facie* case and the Board of Discipline may, if it agrees with the opinion of the Director (Discipline), close the matter or in case of disagreement, may advise the Director (Discipline) to further investigate the matter.

**21B.** (1) The Council shall constitute a Disciplinary Committee consisting of the President or the Vice-President of the Council as the Presiding Officer and two members to be elected from amongst the members of the Council and two members to be nominated by the Disciplinary Committee.

Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy:

Provided that the Council may constitute more Disciplinary Committees as and when it considers necessary.

(2) The Disciplinary Committee while considering the cases placed before it, shall follow such procedure as may be specified.

(3) Where the Disciplinary Committee is of the opinion that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or both the First Schedule and the Second Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(a) reprimand the member;

(b) remove the name of the member from the Register permanently or for such period, as it thinks fit;

(c) impose such fine as it may think fit, which may extend to rupees five lakhs.

(4) The allowances payable to the members nominated by the Central Government shall be such as may be specified.

Authority,  
Disciplinary  
Committee,  
Board of  
Discipline and  
Director  
(Discipline) to  
have powers  
of civil court.

**21C.** For the purposes of an inquiry under the provisions of this Act, the Authority, the Disciplinary Committee, Board of Discipline and the Director (Discipline) shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) the discovery and production of any document; and

(c) receiving evidence on affidavit.

*Explanation.*—For the purposes of sections 21, 21A, 21B, 21C and 22, “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry.

Transitional  
provisions.

**21D.** All complaints pending before the Council or any inquiry initiated by the Disciplinary Committee or any reference or appeal made to a High Court prior to the commencement of the Cost and Works Accountants (Amendment) Act, 2006 shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Cost and Works Accountants (Amendment) Act, 2006.

Professional  
or other  
misconduct  
defined.

**22.** For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission provided in any of the Schedules but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

\* \* \* \* \*

Appeal to  
Authority.

**22E.** (1) Any member of the Institute aggrieved by any order of the Board of Discipline or the Disciplinary Committee imposing on him any of the penalties referred to in sub-section (3) of section 21A and sub-section (3) of section 21B, may within ninety days from the date on which the order is communicated to him, prefer an appeal to the Authority:

Provided that the Director (Discipline) may also appeal against the decision of the Board of Discipline or the Disciplinary Committee to the Authority if so authorised by the Council, within ninety days:



Provided further that the Authority may entertain any such appeal after the expiry of the said period of ninety days, if it is satisfied that there was sufficient cause for not filing the appeal in time.

\* \* \* \* \*

## CHAPTER VII

### PENALTIES

**24.** Any person who,—

(i) not being a member of the Institute—

(a) represents that he is a member of the Institute; or

(b) uses the designation cost accountant; or

(ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practices as a cost accountant;

shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

Penalty for falsely claiming to be a member, etc.

**25.** (1) \* \* \* \* \*

(2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

Penalty for using name of the Council, awarding degrees of cost accountancy, etc.

\* \* \* \* \*

**26.** (1) \* \* \* \* \*

(2) Any contravention of the provisions of sub-section (1) shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction to five thousand rupees.

Companies not to engage in cost accountancy.

**27.** (1) \* \* \* \* \*

(2) Any person who contravenes the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable on first conviction with a fine not less than five thousand rupees but which may extend to one lakh rupees, and in the event of a second or subsequent conviction with imprisonment for a term which may extend to one year or with a fine not less than ten thousand rupees but which may extend to two lakh rupees or with both.

Unqualified persons not to sign documents.

\* \* \* \* \*

**34.** (1) Where an order is made under this Act reprimanding a member a record of the punishment shall be entered against his name in the Register.

(2) Where the name of any member is removed, the certificate of practice granted to him under this Act shall be recalled and cancelled.

Alteration in the Register and cancellation of certificate.

\* \* \* \* \*

**38.** (1) \* \* \* \* \*

(2) Subject to the provisions of sub-section (1), the Council may prescribe the conditions, if any, subject to which foreign qualifications relating to cost accountancy shall be recognised for the purposes of entry in the Register.

Reciprocity.

Power of  
Central  
Government  
to make rules.

**38A. (1)** \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

\* \* \* \* \*

(c) the procedure of investigation under sub-section (4) of section 21;

(d) the procedure while considering the cases by the Disciplinary Committee under sub-section (2) and fixation of allowances of the nominated members under sub-section (4) of section 21B;

\* \* \* \* \*

Power to  
make  
regulations.

**39. (1)** \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

\* \* \* \* \*

(b) the qualifications for the entry of the name of any person in the Register as a member of the Institute;

\* \* \* \* \*

(f) the manner in which and the conditions subject to which applications for entry in the Register may be made;

\* \* \* \* \*

(i) the particulars to be entered in the Register;

\* \* \* \* \*

(p) the manner in which the annual list of members of the Institute shall be published;

\* \* \* \* \*

(s) the terms of office, and the powers, duties and functions of the Secretary and other employees of the Council;

\* \* \* \* \*

THE FIRST SCHEDULE

[See sections 21(3), 21A(3) and 22]

\* \* \* \* \*

THE SECOND SCHEDULE

[See sections 21(3), 21B(3) and 22]

PART I

*Professional misconduct in relation to cost accountants in practice*

A cost accountant in practice shall be deemed to be guilty of professional misconduct, if he—

\* \* \* \* \*

(3) permits his name or the name of his firm to be used in connection with an estimate of cost or earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;

\* \* \* \* \*

## EXTRACTS FROM THE COMPANY SECRETARIES ACT, 1980

(56 OF 1980)

\* \* \* \* \*

2. (1) In this Act, unless the context otherwise requires,—

Definitions  
and  
interpretation.

\* \* \* \* \*

1 of 1956.

(b) “Companies Act” means the Companies Act, 1956;

\* \* \* \* \*

(ga) “notification” means a notification published in the Official Gazette;

\* \* \* \* \*

(j) “Register” means the Register of members of the Institute maintained under this Act;

\* \* \* \* \*

(2) Save as otherwise provided in this Act, a member of the Institute shall be deemed “to be in practice” when, individually or in partnership with one or more members of the Institute in practice or in partnership with members of such other recognised professions as may be prescribed, he, in consideration of remuneration received or to be received,—

\* \* \* \* \*

(c) offers to perform or performs such services as may be performed by—

\* \* \* \* \*

29 of 1947.

65 of 1951.

1 of 1956.

42 of 1956.

54 of 1969.

46 of 1973.

(vi) an adviser to a company on management, including any legal or procedural matter falling under the Capital Issues (Control) Act, 1947, the Industries (Development and Regulation) Act, 1951, the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, any of the rules or bye-laws made by a recognised stock exchange, the Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Regulation Act, 1973, or under any other law for the time being in force,

\* \* \* \* \*

4. (1) Any of the following persons shall be entitled to have his name entered in the Register, namely:—

Entry of  
names in the  
Register.

\* \* \* \* \*

(e) any person who has passed such other examination and completed such other training without India as is recognised by the Central Government or the Council as being equivalent to the examination and training prescribed under this Act for membership of the Institute:

Provided that in the case of any person belonging to any of the classes mentioned in this sub-section who is not permanently residing in India, the Central Government or the Council may impose such further conditions as it may deem to be necessary or expedient in the public interest.

\* \* \* \* \*

(3) Every person belonging to any of the classes mentioned in clauses (c), (d) and (e) of sub-section (1) shall have his name entered in the Register on application being made and granted in the prescribed manner and on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees three thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.

	*	*	*	*	*
Associates and Fellows.	<b>5. (1)</b>	*	*	*	*

(3) A person, being an Associate who has been in continuous practice in India as a Company Secretary for at least five years and a person who has been an Associate for a continuous period of not less than five years and who possesses such qualifications or practical experience as the Council may prescribe with a view to ensuring that he has experience equivalent to the experience normally acquired as a result of continuous practice for a period of five years as a Company Secretary shall, on payment of such fees, as may be determined, by notification, by the Council, which shall not exceed rupees five thousand, and on application made and granted in the prescribed manner, be entered in the Register as a Fellow:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees five thousand, which shall not in any case exceed rupees ten thousand.

*Explanation I.*—For the purposes of this sub-section, a person shall be deemed to have practised in India for any period for which he has held a certificate of practice under section 6, notwithstanding that he did not actually practise during that period.

*Explanation II.*—In computing the continuous period during which a person has been an Associate of the Institute, there shall be included any continuous period during which the person has been an Associate of the dissolved company immediately before he became an Associate of the Institute.

	*	*	*	*	*
Certificate of practice.	<b>6. (1)</b>	*	*	*	*

(2) A member who desires to be entitled to practise shall make an application in such form and pay such annual fee, for his certificate as may be determined, by notification, by the Council, which shall not exceed rupees three thousand, and such fee shall be payable on or before the 1st day of April in each year:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees three thousand, which shall not in any case exceed rupees six thousand.

	*	*	*	*	*
Disabilities.	<b>8.</b>	Notwithstanding anything contained in section 4, a person shall not be entitled to have his name entered in, or borne on, the Register if he—			

*	*	*	*	*
	(c)	is an undercharged insolvent; or		
*	*	*	*	*

(e) has been convicted by a competent court, whether within or without India, of an offence involving moral turpitude and punishable with imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf, the Central Government has, by an order in writing, removed the disability; or

*	*	*	*	*
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## CHAPTER III

## COUNCIL OF THE INSTITUTE

9. (1) \* \* \* \* \* Constitution of the Council of the Institute.

(2) The Council shall be composed of the following persons, namely:—

(a) not more than fifteen persons elected by the members of the Institute, from amongst the Fellows of the Institute chosen in such manner and from such regional constituencies as may be specified:

Provided that a Fellow of the Institute, who has been found guilty of any professional or other misconduct and whose name is removed from the Register or has been awarded penalty of fine, shall not be eligible to contest the election,—

(i) in case of misconduct falling under the First Schedule of this Act, for a period of three years;

(ii) in case of misconduct falling under the Second Schedule of this Act, for a period of six years,

from the completion of the period of removal of name from the Register or payment of fine, as the case may be;

(b) not more than five persons nominated in the specified manner by the Central Government.

\* \* \* \* \*

(4) No person who has been auditor of the Institute shall be eligible for election to the Council under clause (a) of sub-section (2) for a period of three years after he ceases to be an auditor.

\* \* \* \* \*

12. (1) The Council at its first meeting shall elect two of its members to be respectively the President and the Vice-President thereof, and so often as the office of the President or the Vice-President falls vacant, the Council shall choose a person to be the President or the Vice-President, as the case may be: President and Vice-President.

Provided that the President of the Council of the dissolved company shall continue to hold such office after the commencement of this Act, until such time as a President is elected under the provisions of this sub-section.

\* \* \* \* \*

13. (1) \* \* \* \* \* Resignation of membership and casual vacancies.

(2) A member of the Council shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient excuse from three consecutive meetings of the Council or he has been found guilty of any professional or other misconduct and awarded penalty of fine, or of any of the Committees which has been constituted by the Council and of which he is a member or if his name is, for any cause, removed from the Register under the provisions of section 20.

\* \* \* \* \*

15. (1) \* \* \* \* \* Functions of Council.

(2) In particular, and without prejudice to the generality of the foregoing powers, the duties of the Council shall include—

\* \* \* \* \*

(c) the prescribing of qualifications for entry in the Register;

	*	*	*	*	*
Functions of Institute.	<b>15A.</b> The functions of the Institute shall include—				
	*	*	*	*	*
	(e) subject to the orders of the appropriate authorities under this Act, the removal of names from the Register and the restoration to the Register of names which have been removed;				
	*	*	*	*	*
Officers and employees, salary, allowances, etc.	<b>16.</b> (1) For the efficient performance of its duties, the Council shall—				
	(a) appoint a Secretary of the Council to perform such duties as may be prescribed;				
	(b) appoint a Director (Discipline) to perform such functions as assigned to him under this Act and the rules and regulations framed thereunder;				
	(c) designate an officer of the Council or the Institute to carry out the administrative functions of the Institute as its chief executive.				
	(2) The Council may also—				
	*	*	*	*	*
	(c) prescribe the salaries, fees, allowances of the officers and employees of the Council and the Institute and their terms and conditions of service;				
	*	*	*	*	*
Finances of the Council.	<b>18.</b> (1) * * * * *				
	(5) The annual accounts of the Council shall be prepared in such manner as may be prescribed and be subject to audit by a Chartered Accountant in practice to be appointed annually by the Council:				
	Provided that no member of the Council or a person who has been a member of the Council during the last four years or a person who is in partnership with such member shall be eligible for appointment as an auditor under this sub-section:				
	Provided further that, in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:				
	Provided also that if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report on it to the Central Government.				
	*	*	*	*	*

CHAPTER IV

REGISTER OF MEMBERS

Register.	<b>19.</b> (1) The Council shall maintain in the prescribed manner a Register of the members of the Institute.				
	*	*	*	*	*
	(4) Every member of the Institute shall, on his name being entered in the Register, pay such annual membership fee as may be determined, by notification, by the Council, which shall not exceed rupees five thousand:				
	Provided that the Council may with the prior approval of the Central Government,				

determine the fee exceeding rupees five thousand which shall not in any case exceed rupees ten thousand.

**20.** (1) \* \* \* \* \* Removal from the Register.

(3) If the name of any member has been removed from the Register under clause (c) of sub-section (1), on receipt of an application, his name may be entered again in the Register on payment of the arrears of annual fee and entrance fee along with such additional fee, as may be determined, by notification, by the Council, which shall not exceed rupees two thousand:

Provided that the Council may with the prior approval of the Central Government, determine the fee exceeding rupees two thousand, which shall not in any case exceed rupees four thousand.

## CHAPTER V

### MISCONDUCT

**21.** (1) The Council shall, by notification, establish a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it. Disciplinary Directorate.

(2) On receipt of any information or complaint along with the prescribed fee, the Director (Discipline) shall arrive at a *prima facie* opinion on the occurrence of the alleged misconduct.

(3) Where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the First Schedule, he shall place the matter before the Board of Discipline and where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the Second Schedule or in both the Schedules, he shall place the matter before the Disciplinary Committee.

(4) In order to make investigations under the provisions of this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(5) Where a complainant withdraws the complaint, the Director (Discipline) shall place such withdrawal before the Board of Discipline or as the case may be, the Disciplinary Committee, and the said Board or Committee may, if it is of the view that the circumstances so warrant, permit the withdrawal at any stage.

**21A.** (1) The Council shall constitute a Board of Discipline consisting of— Board of Discipline.

(a) a person with experience in law and having knowledge of the disciplinary matters and the profession, to be its presiding officer;

(b) two members one of whom shall be a member of the Council elected by the Council and the other member shall be the person designated under clause (c) of sub-section (1) of section 16;

(c) the Director (Discipline) shall function as the Secretary of the Board.

(2) The Board of Discipline shall follow summary disposal procedure in dealing with all the cases before it.

(3) Where the Board of Discipline is of the opinion that a member is guilty of a professional or other misconduct mentioned in the First Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(a) reprimand the member;

(b) remove the name of the member from the Register up to a period of three months;

(c) impose such fine as it may think fit which may extend to rupees one lakh.

(4) The Director (Discipline) shall submit before the Board of Discipline all information and complaints where he is of the opinion that there is no *prima facie* case and the Board of Discipline may, if it agrees with the opinion of the Director (Discipline), close the matter or in case of disagreement, may advise the Director (Discipline) to further investigate the matter.

Disciplinary Committee.

**21B.** (1) The Council shall constitute a Disciplinary Committee consisting of the President or the Vice-President of the Council as the Presiding Officer and two members to be elected from amongst the members of the Council and two members to be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy:

Provided that the Council may constitute more Disciplinary Committees as and when it considers necessary.

(2) The Disciplinary Committee, while considering the cases placed before it, shall follow such procedure as may be specified.

(3) Where the Disciplinary Committee is of the opinion that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or both the First Schedule and the Second Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(a) reprimand the member;

(b) remove the name of the member from the Register permanently or for such period, as it thinks fit;

(c) impose such fine as it may think fit, which may extend to rupees five lakhs.

\* \* \* \* \*

Authority, Disciplinary Committee, Board of Discipline and Director (Discipline) to have powers of civil court.

**21C.** For the purposes of an inquiry under the provisions of this Act, the Authority, the Disciplinary Committee, Board of Discipline and the Director (Discipline) shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, in respect of the following matters, namely:—

5 of 1908.

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) the discovery and production of any document; and

(c) receiving evidence on affidavit.

*Explanation.*—For the purposes of sections 21, 21A, 21B, 21C and 22, “member of the Institute” includes a person who was a member of the Institute on the date of the alleged misconduct although he has ceased to be a member of the Institute at the time of the inquiry.

Transitional provisions.

**21D.** All complaints pending before the Council or any inquiry initiated by the Disciplinary Committee or any reference or appeal made to a High Court prior to the commencement of the Company Secretaries (Amendment) Act, 2006 shall continue to be governed by the provisions of this Act, as if this Act had not been amended by the Company Secretaries (Amendment) Act, 2006.

8 of 2006.

\* \* \* \* \*

Professional or other misconduct defined.

**22.** For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission provided in any of the Schedules, but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances.

\* \* \* \* \*



**22E.** (1) Any member of the Institute aggrieved by any order of the Board of Discipline or the Disciplinary Committee imposing on him any of the penalties referred to in sub-section (3) of section 21A and sub-section (3) of section 21B, may within ninety days from the date on which the order is communicated to him, prefer an appeal to the Authority:

Appeal to Authority.

Provided that the Director (Discipline) may also appeal against the decision of the Board of Discipline or the Disciplinary Committee to the Authority if so authorised by the Council, within ninety days:

Provided further that the Authority may entertain any such appeal after the expiry of the said period of ninety days, if it is satisfied that there was sufficient cause for not filing the appeal in time.

(2) The Authority may, after calling for the records of any case, revise any order made by the Board of Discipline or the Disciplinary Committee under sub-section (3) of section 21A and sub-section (3) of section 21B and may—

(a) confirm, modify or set aside the order;

(b) impose any penalty or set aside, reduce, or enhance the penalty imposed by the order;

(c) remit the case to the Board of Discipline or Disciplinary Committee for such further enquiry as the Authority considers proper in the circumstances of the case; or

(d) pass such other order as the Authority thinks fit:

Provided that the Authority shall give an opportunity of being heard to the parties concerned before passing any order.

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CHAPTER VII

PENALTIES

**24.** Subject to the provisions of section 7, any person who,—

Penalty for falsely claiming to be a member, etc.

(a) not being a member of the Institute,—

(i) represents that he is a member of the Institute; or

(ii) uses the designation “Company Secretary”; or

(iii) uses the letters “A.C.S.” or “F.C.S.” after his name; or

(b) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practises as a Company Secretary,

shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

**25.** (1) \* \* \* \* \*

Penalty for using name of the Council, or awarding degree of Company Secretary.

(2) Any person contravening the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

Companies not to engage in Company Secretaryship. **26. (1)** \* \* \* \* \*

(2) Any company contravening the provisions of sub-section (1) shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with fine which may extend to five thousand rupees.

Unqualified persons not to sign documents. **27. (1)** \* \* \* \* \*

(2) Any person who contravenes the provisions of sub-section (1) shall, without prejudice to any other proceedings which may be taken against him, be punishable on first conviction with a fine not less than five thousand rupees but which may extend to one lakh rupees, and in the event of a second or subsequent conviction with imprisonment for a term which may extend to one year or with a fine not less than ten thousand rupees but which may extend to two lakh rupees or with both.

\* \* \* \* \*

## CHAPTER X

### MISCELLANEOUS

Alteration in the Register and cancellation of certificate. **34. (1)** Where an order is made under this Act reprimanding a member, a record of the punishment shall be entered against his name in the Register.

(2) Where the name of any member is removed, the certificate of practice granted to him under this Act shall be recalled and cancelled.

\* \* \* \* \*

Reciprocity. **38. (1)** \* \* \* \* \*

(2) Subject to the provisions of sub-section (1), the Council may prescribe the conditions, if any, subject to which foreign qualifications relating to Company Secretaryship shall be recognised for the purposes of entry in the Register.

Power of Central Government to make rules. **38A. (1)** \* \* \* \* \*

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

\* \* \* \* \*

(c) the procedure of investigation under sub-section (4) of section 21;

(d) the procedure while considering the cases by the Disciplinary Committee under sub-section (2) and fixation of allowances of the nominated members under sub-section (4) of section 21B;

\* \* \* \* \*

Power to make regulations. **39. (1)** \* \* \* \* \*

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

\* \* \* \* \*

(p) the manner in which the annual list of members of the Institute may be published under sub-section (3) of section 19;

\* \* \* \* \*

THE FIRST SCHEDULE

[See sections 21(3), 21A(3) and 22]

\* \* \* \* \*

THE SECOND SCHEDULE

[See sections 21(3), 21B(3) and 22]

PART I

*Professional misconduct in relation to company secretaries in practice*

A Company Secretary in practice shall be deemed to be guilty of professional misconduct, if he—

\* \* \* \* \*

(3) permits his name or the name of his firm to be used in connection with any report or statement contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;

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further to amend the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980.

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*(Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs)*