

# MCA to hire private players to dig deep into its data for policy making

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The ministry is preparing to roll out a new module of its e-governance platform called MCA-21, for better compliance management. Parallely, it is weeding out defunct companies from its database, making it more manageable. At present, there are about 1.4 million active companies in the country.

NEW DELHI: The ministry of corporate affairs (MCA) has sought bids from private players to analyse its database to throw light into corporate behaviour in key areas like the extent of leverage and whether funds raised from the public have been used for stated purpose.

The idea is to find insights that will be used for policy making, MCA said in its request for proposals. The move signals the government's efforts to be a step ahead and to be proactive in detecting and tackling worrying corporate practices before they hurt stakeholders and the larger economy.

The ministry said the project's objective is to extract knowledge from the extensive data available with it. "This will eventually enable to form policy and facilitate decision making in a market-driven economy in areas related, inter alia, to corporate growth and corporate functioning in the overall macro-economic perspective."

The ministry also wants researchers to disclose how they will use data to answer the research questions, to make generalisations and to defend assertions.

The key research areas suggested by the ministry include corporate debt structure and leveraging, corporate frauds and early warning system, analysis of utilisation of funds mobilised by businesses through initial public offer and issues relating to emergence of producer companies in the country. Also, performance of businesses, their contribution to the economy, investment, revenue and profitability are among the subjects the ministry is keen to study.

The ministry also wants researchers to dive deep into the shadow banking industry, which has gone through severe financial stress in recent past. Interim finance needed by entities going through bankruptcy resolution, concerns regarding approval of corporate bankruptcy resolution plans by tribunals, insolvency resolution in real estate sector, and competition related issues in the concession agreements signed with various entities for projects as well as group and cross border insolvency are the focus areas of the research.

The ministry is going for detailed analysis of its database in the context of worrying trends in the industry including payment defaults by large non-bank lenders leading to their insolvency, auditors quitting their assignments, independent directors leaving companies citing governance lapses and the shock suffered by the industry during the pandemic, especially the micro, small and medium enterprises. Getting early warnings from extensive data analysis will help the ministry in effective policing and in prescribing policies to deal with governance issues. It will not only cut the lag in regulatory response, but also help in pre-empting irregularities in corporate behaviour.

## **Making Corporate India Comply**

At present, the ministry is preparing to roll out a new module of its e-governance platform called MCA-21, maintained by L&T Infotech Ltd., for better compliance management. Parallely, it is weeding out defunct companies from its database, making it more manageable. At present, there are about 1.4 million active companies in the country.