



Monthly Newsletter

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Secretary's Desk

Insolvency and Bankruptcy Code, 2016 (Code) is a very deep economic reform that has brought about a total change in borrowing and lending culture in the country for the good. Earlier many promoters were not concerned when their loan account turned in to NPA, as they saw it as no threat to them. Rather, they expected the bank to act suo motu to prevent

their balance sheet from going into red on account of provisioning. The AQR introduced by RBI and the IBC has changed this once for all and as a result for the first time the borrowers are running after banks to pay up and convert their accounts into standard accounts. The Code has introduced competition for entrepreneurship and capital. It encourages entrepreneurs to compete with one another to utilize the resources locked up in inefficient or defunct firms. About 4500 applications for initiation of corporate insolvency resolution process were withdrawn before their admission indicating early settlement of default by corporate debtors. The addition to NPAs and overall level of NPAs in the banking system has also started declining. The performance of NCLT in disposal of matters, both in terms of quality and quantity, has been commendable. While the performance of insolvency professionals is appreciable, it is expected that the Graduate Insolvency Programme (GIP) conceived by the IBBI and to be delivered by the Indian Institute of Corporate Affairs would bring greater professional capacity and efficiency in to the system.

The Government has approved establishment of two new benches of National Company Law Tribunal (NCLT), one at Amaravati in Andhra Pradesh and the other at Indore in Madhya Pradesh. This step has been taken keeping in view the increasing case load, especially under the Insolvency & Bankruptcy Code 2016. At present Andhra Pradesh comes under the Jurisdiction of NCLT Bench at Hyderabad and Madhya Pradesh comes under the jurisdiction of NCLT Bench, Ahmedabad. It is expected that creation of new benches will enable faster disposal of cases. Further, Union Cabinet has approved creation of additional posts of three Judicial Members and three Technical Members in the National Company Law Appellate Tribunal (NCLAT).

MCA has re-constituted the Insolvency Law Committee as

Standing Committee for review of implementation of Insolvency & Bankruptcy Code, 2016 on March 6, 2019 keeping in view the dynamic nature of the issues involved in the implementation of the Code. In addition to analyzing the functioning and implementation of the Code, the committee will also study group insolvency and insolvency resolution and bankruptcy framework for individuals and partnership firms and make recommendation for its successful implementation. The Committee may also make any other relevant recommendation as it may deem necessary.

Ministry of Corporate Affairs (MCA) has been taking various initiatives for ensuring responsible business conduct by companies. In this context, it has revised the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs) and formulated the National Guidelines on Responsible Business Conduct (NGRBC) on March 13, 2019. The NVGs were developed based on India's socio-cultural context and priorities as well as global best practices. In furtherance to updation of NVGs and formulation of the NGRBCs, MCA in partnership with SEBI has constituted a Committee on Business Responsibility Reporting (BRR) to develop BRR formats for listed and unlisted companies. Non-financial reporting is increasingly forming the basis for enhancing investor confidence in businesses and increasing their creditworthiness. MCA is also in the process of developing India's National Action Plan on Business & Human Rights (NAP) in consultation with various Ministries and State Governments by 2020.

MCA has notified a new Indian Accounting Standard (Ind AS) 116 on March 30, 2019 which stipulates new rules for lease accounting. It will bring in more transparency in recognition and disclosures about leases in companies' balance sheets and prevent 'window dressing' of accounts. Ind AS 116, which is fully converged with International Financial Reporting Standard (IFRS) 16, is applicable from the accounting period commencing on or after April 1, 2019. The new standard requires lessees to recognize nearly all leases on their balance sheets, reflecting their right-to-use an asset for a period of time and the associated liability for payments. The Ind AS 116 is expected to have a significant impact on various industries, including aviation where airlines mostly operate planes on lease.

“MCA has re-constituted the Insolvency Law Committee as Standing Committee for review of implementation of Insolvency & Bankruptcy Code, 2016”

Policy Developments

MoU between IBBI and SEBI

The Insolvency and Bankruptcy Board of India (IBBI) signed a Memorandum of Understanding (MoU) with the Securities and Exchange Board of India (SEBI) on March 19, 2019 for better implementation of IBC and its allied rules and regulations, which have redefined the debt-equity relationship and aims to promote entrepreneurship and debt market.

Cooperation Agreement between IBBI and IFC

IBBI has signed a Cooperation Agreement on March 6, 2019 with International Finance Cooperation (IFC), a member of the World Bank Group. It will enable IFC to assist IBBI to further build capacity of insolvency professionals and insolvency professional agencies for the purpose of the Code. The Cooperation Agreement envisages technical assistance upto June 30, 2021.

Review of Corporate Sector:

As on 28th February, 2019, the number of companies registered under the Companies Act was 18,62,642. Of these, 670,100 companies were closed, 6,327 companies were under liquidation, 38,614 companies are in the process of being struck-off from the register, 100 companies were in the process of being re-activated and 1,616 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. There are 1,145,885 active companies, including 174,874 companies, which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 11,776 companies, including 657 One Person Companies (OPCs), were registered under the Companies Act, 2013 during February, 2019 with authorized capital of

Rs. 4,388.71 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in February, 2019	Total Authorized Capital (In Rs. in Crores)
-1	-2	-3
Company limited by shares	11,727	4,388.71
Of which,		
(a)Private	11,402	1,846.34
Of which,		
One Person Companies	657	22.28
(b)Public	325	2,542.37
Company limited by Guarantee	49	0
Of which,		
(a)Private	43	0
(b)Public	6	-
Unlimited Company	-	0.00
Grand Total	11,776	4,388.81

During the Month of February 2019, Maharashtra had maximum number of company registrations (2,254) followed by Delhi (1,425) and Uttar Pradesh (1,154). "Business Services" topped the economic activity-wise classification (4,773) of newly registered companies.

During February 2019, 11,727 (out of 11,776) companies were registered as companies limited by shares with authorized capital of Rs. 4,388.70 crores. For more statistical details about the growth of the corporate sector, the reader is invited to the 'Monthly Information Bulletin on Corporate Sector', at URL: mca.gov.in/MinistryV2/InformationBulletin.html.

MONTHLY MIS REPORT FROM COMPETITION COMMISSION OF INDIA

(As on March-2019)

S. No.	Sections	Cases pending as on last day of previous month (A)	Cases received during the month (B)	Total Cases (A+B)	Net Cases pending with CCI for final disposal	Remarks
1.	19(1)	88	-	88	88	#
2.	19(1)(a)	84-1*=83	05	88	87	
3.	19(1)(b)	13	-	13	13	
4.	5 & 6	14	10	24	12	*
Total		198	15	213	200	

Cases remanded by COMPAT

5.	Remanded	10	-	10	10	
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Cases regarding contravention of orders of Commission

6.	Causing fresh inquiry	01	-	01	01	
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1. [#] Split cases:

(a) Suo-Moto Case No. 07/2014 is segregated in to 02 sub cases w.e.f. August 2016 to facilitate exploration of investigation by DG.

(b) Suo-Moto Case No. 02/2015 is segregated in to 66 sub cases w.e.f. July 2016 to facilitate exploration of investigation by DG.

2. [*] Case No. 29/2018 was closed u/s 26(2) vide order dated 28.02.2019 which was not mentioned in MIS February, 2019.

3. [*] Combination Cases filed u/s 5 & 6.

Events:-

Graduate Insolvency Programme (GIP)

IICA conducted the Open House and Panel Discussion on the Graduate Insolvency Programme at India International Centre on March 27, 2019. The occasion was graced by Dr. M.S.Sahoo, Chairperson IBBI who spoke about the rising need for Insolvency Professionals around the globe. The event was covered by Doordarshan for their programme 'Naujawan Hindustan' targeting the youth from Tier 2 and Tier 3 cities.

IICA CSR CONCLAVE

IICA hosted the CSR Conclave in Cochin on March 6, 2019. The Conclave was based on the theme 'Improving CSR Ecosystems & Corporate Partnerships' and served as a

International Women's Day



International Women's Day was celebrated in the Ministry on 08.03.19 in the gracious presence of Ms. Anjali Bhawra, Additional Secretary, MCA; Ms. Sushma Kataria, Director, MCA and about 70 women employees who participated in the function. There were plays, dance performances and songs being sung to celebrate the spirit of womanhood and importance of woman in today's society.

Notifications:-

- (i) Vide notification no. G.S.R. 180(E) dated 6th March 2019 Companies (Incorporation) Rules, 2014 were amended on 6th March, 2019 vide notification G.S.R. 180(E). Through the said notification (i) in clause (a), sub-rule (5) of rule 30, for the words "with the widest circulation", the words "with wide circulation" has been substituted, (ii) in the second proviso to sub-rule (2) of rule (38), for the words "equal to rupees ten lakhs" the words "equal to rupees fifteen lakhs" has been substituted, with effect from 18th March, 2019.
- (ii) Vide notification no. G.S.R. 273(E) dated 30th March, 2019 Companies (Indian Accounting Standards) Rules, 2015 have been amended on 30th March, 2019, by inserting Ind AS 116, Leases which is corresponding to IFRS 16, Leases. This Ind AS 116 has replaced existing Ind AS 17 Leases an accordingly single Lease accounting model for lessee by eliminating the classification of Leases as either operating leases by finance leases.
- (iii) Vide notification no. G.S.R. 274(E) dated 30th March, 2019 Companies (Indian Accounting Standards) Rules, 2015 have been amended on 30th March, 2019 in order to bring

platform for deliberation on challenges and opportunities associated with the Corporate Social Responsibility (CSR) and Corporate Partnerships. The event also highlighted the importance of non-financial reporting and its impact on enhancing corporate accountability and transparency.

National Conference on Economics of Competition Law

CCI organized 4th National Conference on Economics of Competition Law on March 1, 2019. Dr. Krishnamurthy Subramanian, Chief Economic Advisor, Government of India delivered the Keynote Address at the Conference. The national conference had two technical sessions where researchers presented 6 papers on economics of competition law, a special session on contemporary antitrust issues and a plenary on "Digital Markets: Antitrust and Beyond"

uniformity with the changes made in IFRS from time to time and as a part of convergence with IFRS, the notification is being made to amend Companies (Indian Accounting Standards) Rules, 2015 to make some existing Ind ASs (Ind AS-12, 19, 23, 28, 103, 109, 111 and consequent amendments in other Ind ASs) similar to IFRSs.

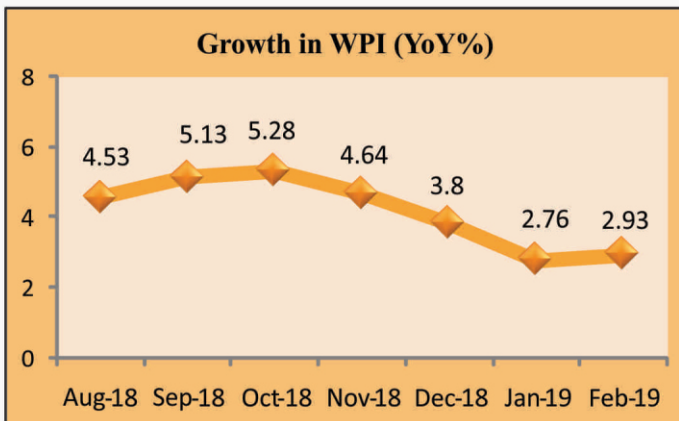
Circulars:-

- (I) This Ministry has issued General Circular no. 03/2019 dated 21st February, 2019 regarding clarification on filing of e-form RD-1-Conversion of public company into private company and change in a Financial Year. The Regional Directors are advised to process e-form RD-1 for the applications u/s 2(41) (change in a financial year) and u/s 14 of the Companies Act, 2013 (conversion of public limited company into private company), along with e-form RD-1, if 'others' is selected on account of aforesaid two counts, till the revised form is deployed by this Ministry. The Ministry has also clarified that such applications filed in e-form no.RD-1 should not be rejected merely on the ground that "others" is selected and "e-form is not available", till the said form is deployed by this Ministry.

Some Macro Indicators

Wholesale Price Index (WPI)

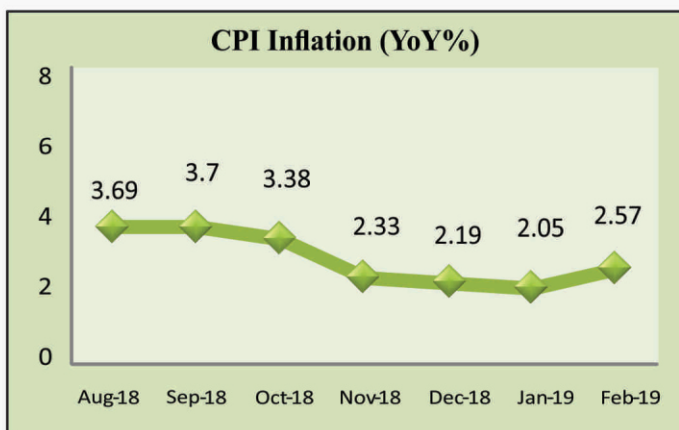
The annual rate of inflation, based on monthly WPI, stood at 2.93% (provisional) for the month of February, 2019 (over February, 2018) as compared to 2.76% (provisional) for the previous month and 2.74% during the corresponding month of the previous year.



Source: DIPP

Consumer Price Index (CPI)

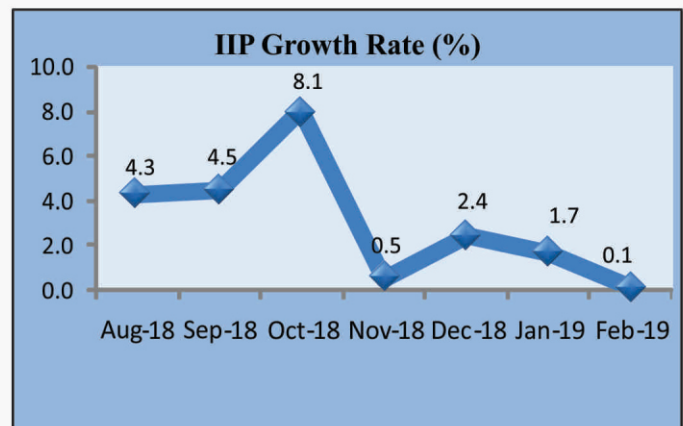
The CPI (Combined) on Base 2012=100 is being released for the month of February 2019. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., February 2019 over February 2018) given below:



Source: MOSPI

Index of Industrial Production

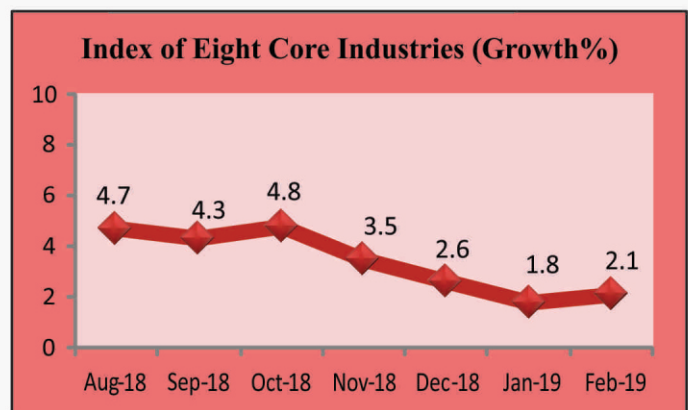
The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of February 2019 stands at 127.5, which is 0.1 percent higher as compared to the level in the month of February 2018.



Source: MOSPI

Index of Eight Core Industries

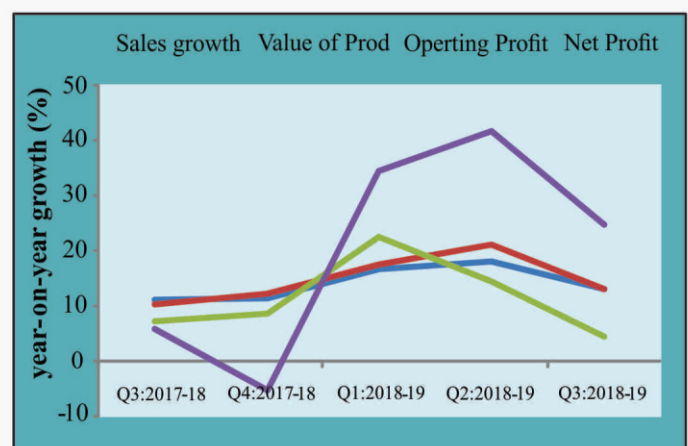
The combined Index of Eight Core Industries stood at 125.8 in February, 2019, which was 2.1 per cent higher as compared to the index of February, 2018.



Source: DIPP

Growth in Sales, Value of Production, Operating profits and Net profits (in Percent)

Trends in the selected corporate performance indicators published by RBI of a sample of non-government non-financial listed companies as below:



Source: RBI