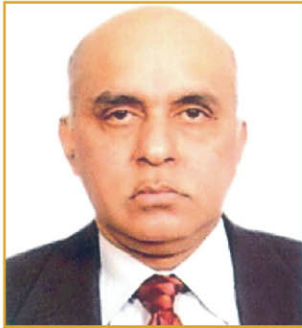




# Monthly Newsletter

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**Shri Naved Masood,**  
Secretary, MCA

## From The Secretary's Desk

The Indian economy is passing through a real difficult time caused by industrial slow-down, persistent food inflation at near two digit level, unsustainable Current Account Deficit (CAD), and rupee depreciation, among other factors. This economic slow-down is not unique to India,

but a global phenomenon. The International Monetary Fund has recently revised estimated global growth forecast for 2013 to 3.1% from 3.3%, mainly due to weak performance by emerging markets, and has cautioned a further slow-down if the US eases its monetary stimulus.

India's industrial output contracted by 1.6% in May, 2013 with both Basic, and Capital goods industries showing a negative growth. The prospects of monetary easing by RBI in the near future remain uncertain, due to WPI inflation edging up to a three-month high at 4.86% in June, 2013, sudden depreciation of the rupee, and the rise in the CAD at over 6% of GDP.

The OECD's Composite Leading Indicators (CLIs) which predicts the direction of the economy's movements in the months to come, estimates India's growth prospects to remain below trend. India's CLI measured at 97.7 in January 2013 came down to 97.3 in February, March and April and increased marginally to 97.6 in May 2013. OECD observes that India's growth momentum can be regained by following measures that can lead to speedy approval of projects, reduced regulatory burden on companies, and further deregulation of the economy that promote competition.

The Competition Commission of India has been taking initiatives to provide a level playing field to all producers, promote a culture of fair competition that enhances consumer welfare, so as to support economic growth. As a part of these initiatives, CCI has signed a MoU with its Australian counterpart to share experiences and best practices available outside India on competition policy and enforcement developments.

Keeping in mind the current economic scenario, the Government has started taking steps to deal with supply-side constraints. In order to boost infrastructure investment, a Steering Committee of Secretaries under the chairmanship of Prime Minister's Principal Secretary has set an investment target of Rs 1 lakh crore to be incurred in the next six months. The Committee is mandated to closely monitor the award of contracts and

implementation of PPP projects. Government has also taken initiatives to simplify infrastructure regulation in the road sector, by making the exit route of the concessionaire more flexible for Highway Projects.

A fresh round of reforms has been announced by the government to encourage capital inflow and boost business sentiments. FDI caps have been raised for various sectors, with the FDI ceiling raised from 26% to 49% for most sectors, and allowing foreign investment through the automatic route. I expect Indian corporates to respond to these policy initiatives in right earnest and contribute towards a faster economic recovery.

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**MCA 21 e-Governance Project:** MCA21 has enabled the Ministry to achieve very high standards of service delivery. The project is at its second cycle of implementation. In recent months the MCA21 system's performance and services have shown significant improvement with filings of 12,897 Annual Returns and 13,539 Balance-sheets/ Profit and Loss Accounts on the portal during June, 2013.

In order to bring down the pendency of stakeholders' complaints filed (through ticket raising) with Regional Directors (RD) and Registrar of Companies (ROCs), the Ministry of Corporate Affairs organized a review meeting of RDs and ROCs in June 2013. The review has resulted in a sharp reduction in pendency of tickets to an all-time low of less than 600. The Ministry is taking necessary steps to streamline the pendency of work items through constant monitoring.

**Signing of MoU between CCI and ACCC:** The Competition Commission of India (CCI) and the Australian Competition and Consumer Commission (ACCC) signed a Memorandum of Understanding (MoU) on cooperation, at Canberra, Australia. The MOU was signed by Shri Ashok Chawla, Chairperson, CCI and Mr. Rod Sims, Chairman, ACCC on 3.06.2013 in the presence of Shri Sachin Pilot, Hon'ble Union Minister of State (Independent Charge) for Corporate Affairs. The MOU provides for sharing of information on significant developments in competition policy and enforcement developments in the respective jurisdictions. Both parties would work together in technical cooperation activities as well as cooperate in appropriate cases, consistent with the respective enforcement interests, legal constraints, and available resources. It is also envisaged to evaluate the effectiveness of the cooperation under the Memorandum on a regular basis to ensure that the expectations and needs are being met.

**Fraud Prediction Model:** The Serious Fraud Investigation Office (SFIO) had set up a Steering Committee for preparing a comprehensive framework for developing a Fraud Prediction Model to determine attributes of corporate frauds through predictive modeling. The Steering Committee has submitted its report to the Ministry of Corporate Affairs. Its recommendations are under examination.

**ICAI Celebrates 65th Chartered Accountants Day:** The Institute of Chartered Accountants of India (ICAI) celebrated its 65th Foundation Day on 01.06.2013 at New Delhi. Shri Sachin Pilot, Hon'ble Union Minister and Dr. C. Rangarajan,

Chairman, Economic Advisory Council to the Prime Minister were present at the function. The Hon'ble Minister recalled the distinguished history of ICAI in guarding the integrity of company's financial statements and expected the accounting professional to remain inquisitive, incisive and rigorous in their application of accounting standards. At present, ICAI has over 2 lakh members and over 11 lakh students. Dr. C. Rangarajan delivered a Special Lecture at the function, and stressed on the role played by the accounting profession in formulation of economic policies and guiding implementation.



#### **Investor Protection:**

- In collaboration with the three Professional Institutes [i.e., Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI), and Institute of Cost Accountants of India (ICoA)], 38 Investor Awareness Programmes were conducted in different towns/cities of the country during the month of June, 2013. A Workshop on "Promotion of LLP's" was organized at Cochin on 21.06.2013 with the support of these three professional institutions.
- In order to cover rural areas under Investor Awareness Program, the Ministry has engaged the services of CSC e-Governance Services India Limited, New Delhi. The Ministry, in collaboration with the agency, conducted 20 Investor Awareness Programmes in rural areas of Uttar Pradesh (Ghaziabad), Rajasthan (Alwar) and Punjab (Hoshiarpur) during June, 2013.
- For creating awareness among investors, a tinker message is being displayed on DD News Channel and 25 Regional Kendras of Doordarshan.
- Bulk SMS have been sent to subscribers of BSNL mobile network cautioning them to be careful while making investments.

#### **International Cooperation:**

1. **Bilateral Discussions with the Australian Government:** Shri Sachin Pilot, Hon'ble Union Minister of

State (Independent Charge) for Corporate Affairs, with a delegation consisting of Shri Ashok Chawla, Chairman, CCI, Dr. Bhaskar Chatterjee, DG, IICA and Shri Nilimesh Barua, Director, SFIO visited Australia during 3rd - 8th June, 2013. The delegation held bilateral meetings with the Australian Government, in Canberra with Hon'ble David Bradbury, Assistant Treasurer, and Hon'ble Bill Shorten, Minister for Financial Services & Superannuation, Employment & Workplace Relations. In Melbourne, the Hon'ble Minister met Mr. John Price, Head, Australian Securities and Investments Commission (ASIC), the agency responsible for regulating financial markets, securities and corporations, as well as consumer protection in Australia. The Minister also held a meeting with Hon'ble Minister Mr. Gordon Rich Philips of the Victorian Government. Bilateral meetings were also held in Sydney with the Government of New South Wales represented by Hon'ble Ministers Ms. Gladys Berejikian and Mr. Victor Dominello.

**2. Minister's Visit to USA:** The Hon'ble Minister visited USA during 12-18th June, 2013 and held bilateral meetings with US officials on issues related to competition policy and corporate governance. The Minister was accompanied by Shri M.J. Joseph, Additional Secretary, MCA and Dr. Bhaskar Chatterjee, DG, IICA. Important events during the visit are:

- Hon'ble Minister met Mr. Edith Ramirez, Chairperson of the US Federal Trade Commission (FTC), and Mr. Robert Blake, Assistant Secretary of State for South and Central Asia and reviewed the MoU signed jointly by MCA and CCI in September 2012 with the U.S Department of Justice and FTC. It was agreed that the concerned legal agencies associated with the enforcement of competition law would interact closely and identify specific areas of co-operation in the next 3 months.
- The Hon'ble Minister presided over a function organized at the George Washington University Law School to renew the MoU signed between IICA and the institution.
- A team from the International Finance Corporation (IFC) led by its Vice President (Risk Management and Reporting), Ms. Saadia Khairi called on the Hon'ble Minister and discussed a broad range of issues relating to the business environment in India, and provisions relating to corporate governance and CSR in the Companies Bill. An MoU between IICA and IFC is expected to be signed shortly.
- The Hon'ble Minister addressed members of the US-India Business Council (USIBC) at the Harvard Club in New York. Issues raised during discussion included the Immigration

Bill currently being discussed in the US Senate, preferential marketing access, transfer pricing and tax issues in India.

- The Minister inaugurated the Washington chapter of the Institute of Cost Accountants of India.



*Shri Sachin Pilot, Hon'ble Minister meeting Mr. Steven Knapp, President, George Washington University Law School, during his visit to United States.*

**CCI:** Shri Harish Chandra Gupta resigned as Member, Competition Commission of India w. e. f. 13.06.2013. The Ministry has initiated action to fill up the post.

**Circulars:** The Ministry of Corporate Affairs has issued a Circular concerning administration of the Companies Act, 1956 in June, 2013 (for further details, visit our website: [www.mca.gov.in](http://www.mca.gov.in)). These Circulars broadly relate to:

1. Ministry has issued General Circular No. 12/2013 dated 28.06.2013 in continuation of earlier Circulars No. 45 dated 08.07.2011, 48/2011 dated 22.07.2011 and 7/2012 dated 25.04.2012, the para no.9 (iii) of General Circular No.45 dated 08.07.2011 is modified as: "(iii) If it includes the words indicative of a separate type of business constitution or legal person or any connotation thereof, the same shall not be allowed. For e.g. Cooperative, sehkari, trust, LLP, Partnership, Society, Proprietor, HUF, Firm, Inc.,PLC, Gmbh, SA, PTE, Sdn, AG etc. Explanation: i) Name including phrase 'Electoral Trust' may be allowed for Registration of companies to be formed under section 25 of the Companies Act, 1956 under the Electoral Trusts Scheme, 2013 as notified by the Central Board of Direct Taxes (CBDT)." However, the company to be formed under section 25 of the Act, shall be the new company and such company will be required to comply with Section 293A of the Act. (See General Circular No 12/2013 dated 28.06.2013).

**Companies in the Registry :** A total of 8,064 companies were registered under the Companies Act, 1956 during June, 2013 with total authorized capital of Rs. 958.98 crore. Of these 8,064 companies registered, 8,031 companies are limited by

shares with authorized capital of Rs. 958.85 crores. This comprises 246 public limited companies with authorized capital amounting to Rs. 41.62 crores and 7785 private limited companies with authorized capital amounting to Rs. 917.23 crores.

As on 30.06.2013, there are 13.29 lakh companies in the Registry. Of these, as many as 2.6 lakh companies have been closed for various reasons, such as Court Order, Voluntary Winding Up, etc. There are 30,386 companies that are in the process of being liquidated. As many as 1.44 lakh companies have not filed their Annual Returns/ Balance Sheets (i.e., Annual Statutory Filings) for more than three consecutive years, and are classified as 'dormant'. In other words, there are about 8.84 lakh active companies, of which 1.5 lakh companies incorporated within the preceding eighteen months (not due for filing).

During June, 2013, six government-owned companies were incorporated under the Companies Act, 1956, of which 4 are public limited companies with authorized capital of Rs. 1.15 crores and 2 are private limited companies with authorized capital of Rs. 0.5 crores. The companies incorporated are as follows: 1. Jammu Power Distribution Company Limited, 2. Kashmir Power Distribution Company Limited, 3. Pratheeksha Bus Shelters Kerala Limited, 4. Ashwas Public Amenities Kerala Limited, 5. Paradeep Plastic Park Limited, 6. Rajasthan Police Housing & Construction Corporation Limited. All these companies are State Level Public Enterprises (SLPEs).

#### **Major Events at IICA:**

- **Conference on Environmentally Responsible Industry:** On the occasion of the World Environment Day, the Indian Institute of Corporate Affairs (IICA) organized a one-day conference on "Environmentally Responsible Industry and Beyond: Clean Ganga and Green Uttarakhand" on 05.06.2013 in partnership with PHD Chamber of Commerce and Industries (PHDCCI) at Dehradun. The conference expressed concern over increasing industrial pollution in the state of Uttarakhand. The Conference also discussed future plan of action to control polluting the River Ganga from industrial waste and sewage from municipal waste. Around 100 delegates from various industries, civil society organizations, and academia attended the workshop.

- **Lecture on Cyber Safety at Manesar Campus:** IICA organized a lecture on "Cyber Safety" on 24.06.2013 at Manesar by Shri Alok Mittal, Commissioner of Police, Gurgaon. Dr. Bhaskar Chatterjee, Director General, IICA and other officials from IICA participated in the event.

- **Fifth National Conference on Companies Bill 2012:** IICA in association with Karve Institute of Social Service, Pune and Maratha Chamber of Commerce and Agriculture organized 5th National Conference on Companies Bill, 2012 in Pune on 08.06.2013. The objective of this conference was to acquaint corporate personnel and NGOs with the provisions of the new Companies Bill 2012 and its impact on the corporate world, with special reference to CSR.

- **Residential Programme on Risk Management and Internal Audit:** IICA in collaboration with ICWAI Management Accounting Research Foundation (ICWAI MARF) and Institute of Cost Accountants of India, organized a two-day residential programme on "Risk Management and Internal Audit" at Manesar during 13-15th June, 2013. Main objective of the programme was to provide an understanding of the enterprise risk management system and the concept of risk-based internal audit, COSO Framework, Internal Control System, and Risk-Based Internal Audit.

#### **Major Events at CCI:**

- (1) Shri M.L. Tayal, Member, CCI, participated in OECD Competition Committee and Meeting of Working Party No.2/3 organized by OECD during 17-20, June 2013 at Paris, France.

- (2) Shri P.K. Singh, Adviser (Law) delivered a lecture on "Competition Law and Trade Association" at Executive Committee Meeting of Glass Manufacture's Federation on 7.06. 2013 at New Delhi.

- (3) As part of Government Advocacy, preliminary interactive meetings on "Competition Assessment of Government Policy" by a team of officers with Officers of DRDO, Directorate of Materials Management, Ministry of Defence and Ministry of Health & Welfare were held on 4th and 27th June 2013 respectively at New Delhi.

- (4) Shri Shiv Ram Bairwa, Joint Director and Shri Ajay Goel, Joint Director participated in a training programme on Competition Law and Policy for Asian Countries organised by Japan Fair Trade Commission & Asian Development Bank Institute during 3-7th June 2013 at Tokyo, Japan.

- (5) Shri Sunil Kumar, Joint Director General and Shri Saroj Kumar Gupta, Deputy Director General participated in workshop on "Fighting Bid Rigging" organized by OECD-Korea Policy Centre during 25-27th June 2013 at Kuala Lumpur, Malaysia.

- (6) Shri Vipul Puri, Deputy Director participated in Training Course for Competition Authorities' economist organised by Fordham Competition Law Institute (FCLI) during 24-28th June 2013 at New York, USA.