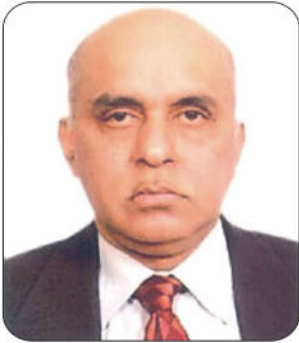




# Monthly Newsletter

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## From The Secretary's Desk

The prospect for sustained global recovery in the near future remains uncertain. Persistent Euro-zone crisis, prolonged after-effects of global financial crisis of 2008-09 and increased crude oil prices remain the reasons for investors' worries and weakens world's growth prospects.

Indian economy, which exhibited a phenomenal resilience to the external shock with a quick recovery during 2009-10 and 2010-11, has suffered a setback during the current fiscal. The Advance Estimates released by the CSO for the year 2011-12 indicate a decline in GDP growth rate to less than 7% compared to the growth rate of 8.4% both in 2009-10 and 2010-11. The Industrial growth estimated at 3.9% in the current year is the lowest in last 8 years. The investment scenario in the current year, indicated by the GFCF at 29.3% of GDP is lower by about one percentage point compared to the previous year. The slowdown this time is largely attributable to the reduction in domestic demand caused by tight monetary policy.

On the positive side, the headline inflation has started moderating since December 2011 with WPI inflation recording a 25 months' low of 6.55% in January 2012. This creates an environment for policy rate cut by RBI. This along with regained strength of rupee is expected to improve investors' sentiments.

In order to mitigate the consequences of adverse global developments and ensure sustained growth in the coming years, Government has taken some important policy measures. A Direct Investment Scheme was announced on 01.01.2012 allowing Qualified Financial Investors (QFIs) to invest directly in Indian equity market. The New Manufacturing Policy has been designed to encourage setting-up of New Investments and Manufacturing Zones across the country.

The Ministry of Corporate Affairs has brought out a Draft National Competition Policy to provide a level-playing field and foster the spirit of competition. The Ministry has undertaken various new measures to reduce obstacles in sustained corporate growth, the most significant being the introduction of the Companies Bill, 2011, which will usher in a new policy regime in the areas of corporate governance, corporate social responsibility and the development of globally compatible accounting practices, etc. The new Bill reflects India's response to the global developments in the corporate world.

As we intend to bolster our efforts to make our economy more inclusive and more sustainable, Indian Corporate Sector must appreciate the major shift in the Government's mindset and rise to take up the challenges thrown up by the current global environment for a new world order, which is more integrated and has a higher degree of interdependence amongst nations. I urge upon the corporates to seize the opportunity in the emerging policy space and come forward to play a greater role to contribute their bit for the cause of collective prosperity.



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**Senior level Appointment in MCA:** Smt. Sibani Swain (IES: 1986) has assumed the charge of Economic Adviser in the Ministry of Corporate Affairs with effect from 23.01.2012.

**Progress on Companies Bill, 2011:** The Hon'ble Speaker of Lok Sabha has referred the Companies Bill, 2011 to the Standing Committee on Finance. The Secretary and senior officials of the Ministry were consulted by the Committee on 24.01.2012.

**Implementation of Secure Hash Algorithm-2 (SHA-2), in MCA-21:** As per the mandate of the Controller of Certifying Authorities, Department of Information Technology, the Ministry of Corporate Affairs has implemented a more enhanced and secured algorithm to protect information in e-forms in the MCA-21 & Limited Liability Partnership (LLP) e-Governance system.

**Implementation of Extensible Business Reporting Language (XBRL):** Since introduction of the XBRL reporting format for filing of financial statements [Balance Sheet and Profit & Loss Account] of select class of companies from 2010-11, the Ministry undertook several pro-active measures (including monitoring the filing position on day-to-day basis and large scale campaign through messages on the websites of Ministry, Professional Institutes, and Trade and Industry chambers) for promotion of its uses. Till 31.01.2012, over 23000 companies have filed their Balance Sheet and Profit & Loss Account in XBRL mode, which offers a significant enhancement over previously used PDF-based reporting of financial statements. The electronic dictionary of accounting terms used for XBRL filings, technically known as "Taxonomy", effective from 01.04.2011, continued to be updated during the month of January, 2012 also and are expected to be published by 31.03.2012. Major efforts have also been made to adequately equip the regulators to meaningfully appraise these returns.

The Institute of Cost and Works Accountants of India (ICWAI) approved the release of initial XBRL Taxonomy for Cost Audit Report and Compliance Report for public comments by 31.01.2012. The proposed taxonomy may be modified in the light of comments / suggestions received.

**Roadmap for future Implementation of XBRL:** A committee to develop the roadmap for future

implementation of XBRL has been constituted in the Ministry of Corporate Affairs with following Terms of Reference:

- Identification of class of companies and various reports to be filed in XBRL in Phase-wise manner.
- Development of Taxonomies to be used by Corporate for their regulatory filings to government agencies.
- Extensions in Taxonomies and XBRL Assurance framework.
- Training, awareness and capacity building of stakeholders.
- Framework for consumption & dissemination of XBRL data.

Suggestions/comments from the stakeholders have been invited for consideration of the Committee.



**Regulatory usage of XBRL data:** A Technical Scrutiny Module and an Early Warning System (along with a user manual) based on XBRL data is being developed by the Ministry for improved regulatory functions by its officials. An orientation training program for the MCA officials regarding regulatory usage of XBRL data was conducted on January 30-31, 2012, and their suggestions/feedback are being incorporated to further improve the Technical Scrutiny module under development.

**Cost Audit Order:** A new Order dated 24.01.2012 has been issued directing all companies engaged in the *production, processing, manufacturing or mining of the Nine products/activities including intermediate products and articles or allied products* thereof to get their cost accounting records, audited by a cost auditor (either a cost accountant or a firm of cost accountants) in respect of each of its financial year commencing on or after 01.04.2012. In view of issue this new order, all company specific



cost audit orders issued to the individual companies prior to 31.03.2011 stand withdrawn with effect from the financial year commencing on or after the 01.04.2012.

The products/ activities are: *Jute, Cotton, Silk, Woollen or blended fibres /textiles, Edible Oil Seeds and Oils (incl. Vanaspati), Packaged Food Products, Organic & Inorganic Chemicals, Coal & Lignite, Mining & Metallurgy of Ferrous & non-Ferrous Metals, Tractors & other Motor Vehicles (incl. automotive components), Plantation Products, and Engineering Machinery (incl. Electrical & Electronic Products).*

**Limited Liability Partnerships for Professional for ICAI, ICSI and ICWAI :** The Chartered Accountants (Amendment) Act, 2011 (ii) The Company Secretaries (Amendment) Act, 2011 , and (iii) Cost and Works Accountants (Amendment) Act, 2011, will come into force on 01.02.2012. The professionals of the concerned three Institutes would be able to form multi disciplinary LLPs thereafter.

**New Name of ICWAI and new Designation for its Members:** The name of the Institute of Cost and Works Accountants of India (ICWAI) has been changed to The Institute of Cost Accountants of India (ICAI) as a sequel to the passing of ICWAI Amendment Act 2011. Their members will now be designated as Associate Cost & Management Accountant (ACMA) and Fellow Cost & Management Accountant (FCMA) denoting Associate and Fellow membership of the Institute respectively; a common designation by which similar members are known throughout the globe.

**New President and Vice President of ICSI for 2012:** Shri Nesar Ahmad and Shri S. N. Ananthasubramanian have been elected as the President and Vice-President respectively, of the Institute of Company Secretaries of

India (ICSI) for the year 2012. Shri Ahmad was the Vice-President of the ICSI during 2011, while Shri Ananthasubramanian is a practising Company Secretary.

**National Conclave on Corporate Social Responsibility:** The First National CSR Conclave titled as “Corporate Social Responsibility: Private Sector Perspective” was organized by the Indian Institute of Corporate Affairs (IICA) on 18.01.2012. Various speakers from the Private Sector shared their perspective on CSR and the best practices. Hon'ble Union Corporate Affairs Minister Dr. M. Veerappa Moily declared that while the Government did not want to impose any monetary norms/ liability on the private corporate sector, but in the Companies Bill 2011 the private corporate sector is encouraged to earmark 2% of average profits of the preceding three years for CSR activities. The conclave was attended by luminaries including Shri Naved Masood, Secretary, Ministry of Corporate Affairs; Dr. Bhaskar Chatterjee, DG & CEO, IICA; Ms. Indrani Kar, Deputy Director General, CII; Ms. Susmita Shekhar, Secretary General, PHDCCI; Ms. Preeti Malhotra, Chairperson, National Council for Corporate Affairs and CSR, ASSOCHAM; Dr. Rana Kapoor, Founder, Managing Director and CEO, YES Bank, Shri Bharat Wakhlu, Resident Director, TATA.

**MCA 21 system integrated with Trade Mark Authority:** The Ministry of Corporate Affairs has integrated the MCA 21 with Trade Mark Authority so as to facilitate cross-verification of names of companies by professionals/public at the time of applying for registration of new companies.

**Investor Awareness Programmes:** Investor Awareness Programmes are being conducted in partnership with the three Professional Institutes, namely, ICSI, ICAI and ICWAI. Till the month of January, 2012, 1157 programmes were conducted through these institutes.





## Workshops and Seminars at the Competition Commission of India :

- Dr. Shyam Khemani, Principal MiCRA delivered third lecture on “Some Issues in analyzing Competition” under “Distinguished visitor Knowledge Sharing series” on 05.01.2012 at CCI, New Delhi.
- A workshop on “Advocating for Competition in Policies & in Practice” was organised by CCI in collaboration with Organisation for Economic Cooperation and Development (OECD) at New Delhi during January 19-20, 2012, wherein multilateral issues relating to regulatory reforms

and competition, governmental advocacy etc were deliberated. Representatives of the OECD, Australian Consumer and Competition Commission, Commission for the Supervision of Business Competition, Indonesia, Japan Fair Trade Commission, Korea Fair Trade Commission, Competition Commission of Mauritius and Office of Fair Trade United Kingdom, and forty-five senior officers of the Government of India attended the workshop.

**Study Report:** Competition Commission of India has received the CRISIL's final Report on Market study on “Steel Industry”.

## Draft National Competition Policy

The drafting Committee for the National Competition Policy set up by the Ministry has submitted its Report. The salient features of the proposed Policy are:

1. *To aim at creation of a framework of policies and regulations that will inform other policies to facilitate competitive outcomes in the market, with a view to promoting efficiency in economy, protecting consumers' interests and maximising social welfare, help in reducing inflationary pressures, accelerate inclusive growth, development of entrepreneurs and new employment opportunities and strengthen infrastructure;*
2. *To review all existing and new Acts/ regulations/ policies to correct where anti-competitive outcomes are noticed, and to proactively promote competition principles;*
3. *To provide for Institutional separation between policy making, operations and regulatory wings of the Government;*
4. *To provide for fair Market regulation procedures, whether by public authorities, regulatory bodies or through self-regulatory mechanisms;*
5. *To provide for 'Competitive neutrality', in order to establish a 'level playing field';*
6. *To provide for Fair pricing and inclusionary behaviour, particularly of public utilities;*
7. *To provide for Third party access to 'essential facilities', which require dominant infrastructure and intellectual property right owners to grant access to third parties to their essential infrastructure and platforms on agreed, reasonable and non-discriminatory terms and conditions aligned with competition principles;*
8. *To provide for Public policies and programmes to work towards promotion of competition in the market place;*
9. *To promote for National, regional and international co-operation in the field of competition policy enforcement and advocacy;*
10. *To provide for Public policies and programmes to work towards promotion of competition in the market place;*

Suggestions have been invited from the stakeholders, including the State Government, on the recommendations of the Committee.