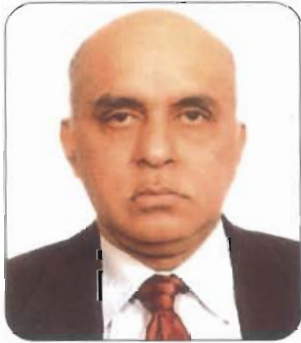




Monthly Newsletter

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From The Secretary's Desk

As per the recent statistics released by the IMF the Indian economy has now attained the distinction of being the third largest economy in the world in terms of Purchasing Power Parity (PPP) next only to United States and China. Our share in world GDP in terms of PPP moved to 5.65% in 2011 and is expected

to grow to above 8% over the next five years. This report assures us of the revival of India's growth story in a not so distant future.

The World Economic Outlook released by IMF in April 2012 observes gradual strengthening of the prospect for global recovery after the major setback during 2011. In brief, with signs of improvement in the United States and with emerging economies remaining supportive, the world output is projected to grow at 3.5 percent in 2012 and further improve to 4.1 percent next year. Economic outlook is slowly improving but remains fragile with still pervasive Euro zone crisis and increased crude prices.

Despite some formidable challenges like large fiscal deficit, widening trade deficit, continuing inflationary pressure and global economic turbulence, India continues to be among the frontrunners in the global map. The GDP growth at 6.9% in 2011-12 has been modest compared to the world average. The Union Budget has realistically pegged it at 7.6% for 2012-13. With a daunting task of stimulating economic development and speeding up the reform process, the Union Budget has announced a number of measures that would boost investment and enhance growth. While some budgetary measures like reduction in security transaction tax and incentives for small investors to invest in equities, particularly under the Rajiv Gandhi Equity Savings Scheme will boost the capital market, the steps like massive recapitalization of banks and rural financial institution are expected to impact higher credit flow to both industry and agriculture.

The much awaited policy rate cut has now been announced by RBI, for the first time in last three years, with reduction in Repo rate by 50 basis points from 8.5 percent to 8 percent. I am sure, this monetary easing followed by concomitant reduction in the lending rates of various Commercial Banks, provides some relief to Corporate India.

The Ministry of Corporate Affairs has in turn been consistently making its endeavors to provide an enabling framework for

enlightened corporate regulation. The Adi Godrej Committee on Corporate Governance, set up in March, 2012 has held its first meeting and I expect positive outcomes on framing a new policy on Corporate Governance soon.

I hope Indian Corporate sector would welcome and avail of the opportunities provided by the Government and the Central Bank through their fiscal and monetary measures, for which the India Inc. have been craving, for quite some time in the recent past, and would contribute their bit for speedy recovery of the Indian economy powered by a robust industrial growth.

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Companies Bill, 2011: The Companies Bill, 2011 introduced by the Government in Lok Sabha on 14.12.2011, had been referred to the Hon'ble Parliamentary Standing Committee on Finance. The Committee had invited suggestions from the stakeholders and general public. The suggestions received from various stakeholders by the Committee have been forwarded to the Ministry for its views. The Ministry has examined the suggestions and its responses thereto have been submitted to the Committee on 22.03.2012. The Committee decided to record further evidence of the officers of the Ministry on 21.04.2012.

Roadmap for Implementation of XBRL: An Expert Committee was set up by the Ministry of Corporate Affairs for developing a Roadmap for future implementation of eXtensible Business Reporting Language (XBRL) in November 2011. The Committee comprised several experts on XBRL, representatives from the corporate sector and the Institute of Chartered Accountants of India.



The committee was required to advise the Government on matters like identification of class of companies and various reports to be filed in XBRL mode; development of 'Taxonomies' to be used by Corporates for their regulatory filings with the Government agencies; and extensions of 'Taxonomies and XBRL Assurance Framework'. The Constitution of the Committee, its Terms of Reference were put on the website of the Ministry, inviting suggestions and comments from the general public. Suggestions that had been received were passed on to the Committee for examination and possible incorporation in the roadmap for future implementation of XBRL by the Ministry.

Progress in XBRL filings : More than 25,000 companies have filed their financial data in XBRL mode as on 31.03.2012.

Training of ICLS officers in XBRL: A team of five Indian Corporate Law Service (ICLS) officers was sent to Accounting and Corporate Regulatory Authority, Singapore to study their regulatory features of XBRL filings.

New Verification Feature in MCA 21 System: In order to help avoid the inconvenience of re-filing by stakeholders again and again in case of delay in confirmation of payment from the Bank, a verification feature has been introduced in the MCA 21 system. The payment details are verified from the bank concerned directly.

Extension of date to integrate PAN with DIN : The Ministry had directed, vide its General Circular No. 32 of 2011 dated 31.05.2011, that the Director Identification Number (DIN) issued by it should be associated with the Permanent Account Number (PAN) issued by the Income Tax Department, through filing of the DIN-4 Form. The time limit for filing DIN-4 Form by DIN holders has now been extended by the Ministry up to 30.04.2012 vide its General Circular No. 4 of 2012 dated 09.03.2012.

Committee to formulate a policy document on 'Corporate Governance': A sixteen-member Committee headed by Shri Adi Godrej has been constituted to formulate a policy document on 'Corporate Governance' on 07.03.2012. The policy document is expected to help in synthesizing the disparate elements in diverse guidelines; draw on innovative best practices adopted by specific companies; incorporate the current international trends; and anticipate emerging demands on corporate governance in enterprises across various sector.

Implementation of IFRS: The Indian Accounting Standards (Ind-AS) after convergence with International Financial Reporting Standards (IFRS) have been placed on the website of the Ministry for information of all the stakeholders so that they get familiarized with such standards and take timely steps to implement them once these are notified for implementation. Consultations were held with various stakeholders on certain issues including tax related issues. It has been decided to implement the Ind-AS in a phased manner after the relevant issues are resolved.

Defaulting Companies : Companies which have not filed their Annual Returns and Balance Sheets as required under Section 220 and/or Section 159 of the Companies Act, 1956 for the last four years (i.e., 2006-07, 2007-08, 2008-09 and 2009-10) are identified as 'defaulting companies'. There were 1,55,394 defaulting companies as on 04.07.2011. Subsequent to the introduction of the amnesty scheme namely "Company Law Settlement Scheme" in August, 2011, the number of such companies has come down to 78,529 as on 14.03.2012.

Involvement of Corporate Houses in scams: The Ministry treats the Corporate Houses that are prima facie found to have violated provisions of the Indian Penal Code as being 'involved in scams'. According to Investigation Reports received from various field offices in the Ministry, twenty one companies had been so identified which were involved in scams as on 31.03.2009. No such case came to the notice of this Ministry during the last three years.

Foreign Companies engaged in on-line business: At present, there is no specific provision requiring mandatory registration of foreign companies engaged in on-line business practices. Keeping in view the present scenario, which has been witnessing a large number of business transactions through electronic mode, the Government has proposed to modify the definition of the term 'foreign company' under Clause 2(42) of the Companies Bill, 2011 to provide for effective regulation of such entities.

Registration of Insurance Agents Training institutes under Companies Act, 1956: The Insurance Regulatory and Development Authority (IRDA) has informed that as per the new guidelines



dated 07.12.2011, all new Training institutes have to register themselves either as a company under the Companies Act, 1956 or as a Society/Trust. For the existing accredited Agents' Training Institutes, six (6) months time with effect from 07.12.2011 has been given to comply with.

Symposium on Corporate Social Responsibility: Officers of the Ministry of Corporate Affairs, Department of Economic Affairs, Non-Governmental Organizations and leading corporations from the public and private sector of the country participated in the Symposium on "Corporate Social Responsibility (CSR) - to share knowledge and experience about the trends and best practices of CSR prevalent worldwide". The Symposium was organized by the Department of Public Enterprises, World Bank and the Harvard Business School on 10.03.2012. The Government is looking forward to learn from the successful CSR practices of state-owned enterprises in the developed and developing economies through conferences, workshops, seminars and state tours for greater advocacy and research in CSR. The Government is in the process of reviewing the CSR guidelines, the processes and structures associated with its implementation.

ICAI National Cost Convention-2012: The Fifty-third National Cost Convention of Cost and Management Accountants (CMA) for the year 2012 was organized by the Institute of Cost Accountants of India (ICAI) in New Delhi during March 15-17, 2012. The focus was on "Enhancing the long term enterprise value- Environment, Society and Governance - Towards New form of Business Reporting". Shri R.P.N. Singh, Hon'ble Minister of State for Corporate Affairs inaugurated the convention. Shri Naved Masood, Secretary, Ministry



of Corporate Affairs, addressed the gathering in the Inaugural Session. The theme of the convention was "Sustainability Framework-Integrated Reporting Imperatives for CMAs". Special technical sessions were held on the following sub-themes:

- Policy Intervention for Sustainable Development with CMA as an Enabler
- Enhancing Corporate Governance Framework to Integrate Sustainability and Strategy: Performance Management and Compliance
- Deepening Capital Markets through Responsible Investment Supporting Sustainability
- From Financial Reporting to Integrated Reporting- Paradigm Shift
- Climate Change, Carbon Emissions and Management Accounting, Carbon Accounting
- CMA as a game changer in supporting sustainable strategies: Risk Management, Whole Life Costing

Competition Assessment of Rules, Regulations and Government Policies:

In furtherance of the advocacy mandate of the Competition Act, the Competition Commission of India (CCI) has started facilitating competition assessment of rules, regulations and government policies. The endeavour is to find those clauses of rules, regulations and government policies which inadvertently impact the competitive atmosphere adversely and/or unnecessarily impede competition; and to suggest measures to redesign the identified ones so that competition is not unduly inhibited. CCI has engaged fifty senior functionaries of various Government Departments as Nodal Officers for undertaking this endeavour in their respective Departments. The Commission has also suggested for similar appointments at the State level.

Draft Competition MOU between India and United States:

A Memorandum of Understanding proposed to be signed between India (Ministry of Corporate Affairs and Competition Commission of India) and the United States (Department of Justice and Federal Trade Commission) with the objective of enabling cross-learning in the area of competition policy, was approved by the Union Cabinet on 23.03.2012.

CCI Workshop on Competition Issues in Public Procurement:

As part of the initiative of the CCI to spread awareness about the Competition Law, a workshop on the topic 'Public Procurement & Competition Law' was organized in collaboration with SCOPE at SCOPE Convention Centre, Lodhi Road, New Delhi on 14.03.2012. The objective of the workshop was to familiarize the officers of the Central Government and PSUs, with the benefits of : (a) fair competition, and (b) ensuring compliance of the provisions of Competition Act. The workshop was inaugurated by Shri Ashok Chawla, Chairperson, CCI and was attended by 77 delegates representing 36 CPSEs. Issues of bid rigging in public procurement and its detection and prevention remained the main focus in the workshop.

Competition Commission of India Meetings, Seminars and Lectures:

- 1) Shri Ashok Chawla, Chairperson, CCI participated in International Competition Network (ICN) Round Table Meeting and 60th Annual Spring Meeting of the American Bar Association, Section Anti-Trust Law at Washington, DC, USA during March 27-30, 2012.
- 2) Shri Ratneshwar Prasad and Dr. Geeta Gouri, Members of the Commission participated in a Seminar on "Competition Law and Policy" organised by Bombay Chambers of Commerce and Industry on 12.03.2012 at Mumbai.
- 3) Shri P.K. Singh, Adviser, and Shri Bidyadhar Manjhi, Joint Director, participated in the Workshop on "Rewarding Cooperation in Cartel Investigation" organised by OECD Korea Centre at Seoul, Korea during March 14-16, 2012.
- 4) Shri R. N. Sahay, Adviser, CCI delivered lecture on "Economic Policy and Competition" at Government Law College, Thrissur, Kerala on 19.03.2012.
- 5) Shri Yogendra Chaudhary, Adviser, delivered lecture on "Working of Competition Commission of India" at National Academy of Direct Taxes, Nagpur during March 27-28, 2012.

