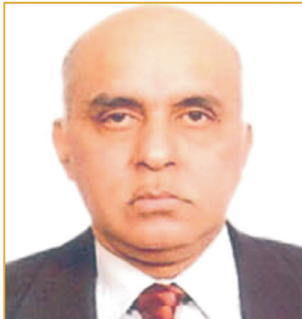




Monthly Newsletter

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Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

The Indian economy has recently shown some signs of recovery. The quarterly growth rate of GDP has increased to 4.8% in the second quarter of this fiscal from 4.4% in the first quarter. Growth in 'finance, real estate, & business services' has gone up to 10%; 'electricity, gas and water supply' have grown by 7.7%, which is the highest growth

in the last eight quarters; and agriculture recorded a growth of 4.6 percent. Manufacturing grew by 1% in the second quarter as against negative growth of 1.2% registered in the first quarter.

A mild pick-up in private consumption along with the turnaround in exports has revived aggregate demand in the second quarter. The second quarter GDP numbers also point to the revival of investment cycle with moderate revival in fixed investment (Gross Fixed Capital Formation), vis-à-vis a decline in first quarter of this fiscal. Negative growth of government final consumption expenditure (-1.1%) in second quarter of this fiscal as against 10.5% increase observed in first quarter, is a positive move towards fiscal consolidation.

Our current account deficit (CAD) shrunk to 1.2% of GDP in the second quarter from 4.9% of GDP in the first quarter of 2013-14. The lower CAD was primarily on account of decline in the trade deficit. Merchandise exports, increased by 11.9% and imports declined by 4.8% in the second quarter. Decline in imports was driven by a steep decline in gold imports, which reduced to US\$ 3.9 billion from the level of US\$ 16.4 billion in the first quarter of 2013-14.

Inflation has remained a cause of concern with both Wholesale Price Index (WPI) and Consumer Price Index (CPI) for the month of November showing a rise of 7.52% and 11.21%, respectively. The current inflation is mainly driven by food prices as core inflation (excluding food and fuel) has remained stable. Food inflation is expected to ease in coming months with the expected above normal harvest this year. The Reserve Bank of India in its Mid-Quarter Monetary Policy Review has kept all the policy rates unchanged. This should maintain the growth stimulus by making available much needed

resources for investment by industries and retail borrowers.

I understand that a number of companies are increasingly finding it difficult to meet their debt obligations. There has been substantial build-up in non-performing assets (NPA) of banks and financial institutions. Keeping in view the seriousness of the issue, RBI has proposed to undertake an action plan that will incentivize early identification of financial distress, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. I expect sincere cooperation from the corporates in this RBI's endeavor.



"A mild pick-up in private consumption along with the turnaround in exports has revived aggregate demand in the second quarter"



Senior Level Appointments: The following officers have assumed charge of Regional Directors (RD) with effect from 30.10.2013 after their transfer/promotion: Shri K.L Kamboj, Western Region, Mumbai; Shri S.K. Asarwal, North Western Region, Ahmedabad; Shri Henry Richard, South East Region, Hyderabad; Shri B.K. Bansal, Southern Region, Chennai; and Shri A.K. Chaturvedi, North Eastern Region, Shillong. Shri N.K. Bholahas been appointed Director, ICLS Academy and Shri Alok Samantraihas been appointed as Director, Office of Director General Corporate Affairs (DGCA).

The Companies Act, 2013: The Ministry of Corporate Affairs has invited suggestions/comments on the 5th and 6th tranche of Draft Rules being framed under the Companies Act, 2013. Fifth tranche of Draft Rules covers winding-up of companies and 6th tranche of Draft Rules relates to cost audit. The last date for submitting the suggestions/comments on 5th and 6th tranche of rules is 19.12.2013 and 14.12.2013, respectively. All the Draft Rules put out for public comments, as also the Companies Act, are available on the website of the Ministry of Corporate Affairs. It may be noted that the Ministry has already brought 98 Sections of the new Act, which did not require prescription of rules, into force with effect from 12.09.2013.

CCI organized the 3rd BRICS ICC: Competition Commission of India (CCI) organized the 3rd BRICS International Competition Conference (ICC) on "Competition Enforcement in BRICS Countries: Issues and Challenges" at New Delhi during November 20-22, 2013. The Conference was inaugurated by Hon'ble Prime Minister, Dr. Manmohan Singh on 21.11.2013. In his inaugural address, the Prime Minister underscored the importance of eliminating unnecessary restrictions on competition. Better tender design and specification can enhance possibilities for effective competition, thereby making bid rigging more difficult. As a result, competitive procurement markets can help save valuable fiscal resources and release funds for development. Shri Sachin Pilot, Hon'ble Minister of State (Independent Charge) for Corporate Affairs, in his Keynote Address, highlighted that calibrated regulation protected consumer interest and could become an engine of economic growth. He advised the competition authorities of the BRICS to embark upon an exercise to jointly address the common challenges they face in enforcing competition regimes. The conference was attended by around 100 foreign delegates and 200 Indian Delegates.



The Hon'ble Prime Minister, Dr. Manmohan Singh inaugurating the 3rd BRICS International Competition Conference on 21.11.2013. Hon'ble Minister Shri Sachin Pilot and Mr. Ashok Chawla, Chairperson, CCI, are also seen in the picture.

CCI signs 'Delhi Accord' with BRICS countries: The Heads of Competition Authorities of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa signed 'DELHI ACCORD' on 22.11.2013 during the 3rd BRICS ICC in New Delhi. This Joint Accord expressed BRICS countries' commitment to exchange views on different aspects of competition policy.

ICSI Organised 41st National Convention of Company Secretaries: Institute of Company Secretaries of India (ICSI) organised 41st National Convention of Company Secretaries in Chennai on 07.11.2013. The convention was inaugurated by Shri Sachin Pilot, Hon'ble Minister of State (Independent Charge) for Corporate Affairs. Shri M.J. Joseph, Additional Secretary, Ministry of Corporate Affairs, graced the occasion as Guest of Honour. Speaking on the occasion, Hon'ble Minister Shri Sachin Pilot stressed that the governance had assumed centre-stage not only in India but across the globe. Sooner, the members of Company Secretaries will be elevated as Chief Governance Officers and Governance Professionals. Shri M. J. Joseph stated that the new law considers a Company Secretary as a Key Managerial Personnel (KMP) in ensuring good corporate governance and enforcing regulation.

About 1500 delegates including Company Secretaries, Managing Directors, CEOs, Directors, Senior Executives and professionals from India and abroad participated in the three-day Convention. The dignitaries included CS S. N. Ananthasubramanian, President Council of the ICSI, Hon'ble Justice Shri B. N. Srikrishna, former Judge of Supreme Court of India, and CS R. Shridhran, Council Member, ICSI.



Hon'ble Minister Shri Sachin Pilot releasing the Convention Souvenir at the inauguration of 41st National Conference of Company Secretaries. Also seen in the Photograph (from L to R): CS R. Shridhran, Council Member; Shri M. J. Joseph, Additional Secretary, Ministry of Corporate Affairs; CS S. N. Ananthasubramanian, President Council of the ICSI and CS C. Dwarka Nath, Chairman SIRC of ICSI.

Data Dissemination Policy of the Ministry: Sharing of MCA data with the public is a cherished goal of the Ministry. In this context an internal committee, chaired by the Economic Adviser, has submitted its report which has been approved by the Secretary. The committee has recommended, inter-alia, dissemination of corporate sector data in a user-friendly and proactive manner, development of a dedicated MCA Data Portal, and constitution of an Advisory Group to advise on data dissemination formats. As first stage of implementation, a new tab titled 'Statistics & Reports' has been added in the MCA homepage. 'Monthly Information Bulletin' which provides some basic statistics on Indian corporate sector, is being published every month (starting with September, 2013), under this tab. Further, master data of companies and LLPs are provided under this tab. Additional data reporting formats and templates are being developed for sharing of further data.

Investor Protection and Awareness:

1. In collaboration with the three Professional Institutes [i.e., Institute of Chartered Accountants of India, Institute of Company Secretaries of India, and Institute of Cost Accountants of India], 306 Investor Awareness Programmes were conducted in different towns/cities of the country during November, 2013.
2. Till the end of November, 2013, 2112 companies have uploaded information about unpaid and unclaimed amounts of investors lying with them on the website (www.iepf.gov.in) that has been set up for companies to file details of unpaid

and unclaimed amounts of investors for the last seven years, which are yet to be transferred to the Consolidated Fund of India. The total amount reported by these companies by end November, 2013 amounts to Rs. 2,523.46 crore.

Circulars: The Ministry of Corporate Affairs has issued two circulars concerning administration of the Companies Act, 1956 in November, 2013. These circulars broadly relate to:

1. As per General Circular No 17/2013, the Ministry has extended the last date and additional fee in filing of e-Form 23C for Appointment of Cost Auditor. Form 23C is required to be filed for appointment of Cost-Auditor within 90 days from the date of commencement of each financial year along with prescribed fee in pursuance of Section 233B (2) of the Companies Act, 1956 and additional fee for delay in filing application for such applicant were also prescribed vide GSR No. 617(E) dated 7.08.2012. The Ministry relaxed the additional fee in filling e-form 23C up to 31.10.2013 and further extended till 30.11.2013 or within 30 days of the commencement of the company's financial year to which appointment related, whichever is later vide General Circular 14/2013 dated 03.09.2013 and General Circular 17/2013 dated 01.11.2013 respectively. (See General Circular No. 17/2013 dated 01.11.2013)
2. The Ministry has clarified that Section 372A of the Companies Act, 1956 dealing with inter-corporate loans continue to remain in force till section 186 of the Companies Act, 2013 is notified. (See General Circular No. 18/2013 dated 19.11.2013)(For further details, visit our website: www.mca.gov.in)

Companies in the Registry: As on 30th November, 2013, a total number of 13.59 lakh companies were registered under the Companies Act, 1956. Of these 2.66 lakh companies are closed; 29,310 companies are in the process of being closed; as many as 1.43 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 9.20 lakh active companies, of which 1.40 lakh companies were incorporated within the preceding eighteen months (not due for filing).

A total of 7,335 companies were registered under the Companies Act, 1956 during November, 2013 with authorized capital of Rs. 3,025.82 crore. Of them 7,303 companies were registered as Companies Limited by Shares with an authorized capital of Rs. 3,025.76 crore; 31 Companies Limited by Guarantees with an authorised capital of Rs. 5 lakh; and 1 Unlimited Liability Company with an authorised capital of Rs. 1 lakh. Under the category of companies registered as limited by shares, Delhi had maximum number of registrations (1,590) followed by Maharashtra (1,146) and Andhra Pradesh (619). Economic activity-wise maximum number of companies (2,558) were registered under Business Services (IT and R&D).

During November, 2013, three government-owned State Level Public Enterprises (SLPEs) were registered under the Companies Act, 1956, with authorized capital of Rs. 2,060 crore. The Government companies incorporated are: 1.Jharkhand Urban Infrastructure Development Company Limited 2.Lucknow Metro Rail Corporation Limited, and 3.Odisha State Medical Corporation Limited. Of the three, the first one was registered as private limited company and the remaining two were registered as public limited company.

Major Events Attended by Senior Officials of the Ministry:

1. Shri M.J. Joseph, Additional Secretary, Ministry of Corporate Affairs, attended the 8th meeting of the Governing Council of National Foundation for Corporate Governance (NFCG) at Mumbai on 17.10.2013.
2. Shri M.J. Joseph, Additional Secretary, made a presentation on "Draft rules under Companies Act, 2013" at a Conference organised by ICAI on new Companies Act, 2013 at Kochi on 08.11.2013.
3. Economic Adviser, Ms. Sibani Swain, represented the Ministry in the 'Roundtable on the CSR Provisions under the Companies Act, 2013' conducted by Planning Commission to discuss various opportunities, implications, challenges, issues and innovations involved in developing CSR. DG, IICA made an introductory presentation on provision of Corporate Social Responsibility in the Companies Act, 2013.

Major Events at IICA:

1. **Roundtable on Petroleum and Natural Gas Regulatory Framework:** A Roundtable on "Petroleum and Natural Gas Regulatory Framework on the Anvil of Competition Law" was organized by the School of Competition Law & Market Regulation of Indian Institute of Corporate Affairs (IICA) on 16.11.2013 at New Delhi. The roundtable was organised to sensitize the senior officials of the Ministry of Petroleum and Natural Gas and public sector enterprises on the potential impact of competition law on the petroleum and natural gas sector. Shri Vivek Rae, Secretary, Ministry of Petroleum and Natural Gas, Justice SN. Dhingra, Member, CCI, Dr. GeetaGauri, Member, CCI, Sh. Dhanendra Kumar, Principal Adviser IICA, were present at the roundtable.
2. **Residential Training Course on Regulation and Competition in Telecom Sector:** IICA together with National Institute of Communications Finance (NICF) organized a two day Residential Training Course on Regulation and Competition in Telecom Sector' on November 18-19, 2013 at IICA to enable the policy makers of telecom authority to understand and apply competition law in their decision making.

Events at CCI:

1. Shri Ashok Chawla, Chairperson, CCI gave a special address on the competition policy with respect to real estate sector at the 10th International Real Estate Summit 2013 at Mumbai on 15.11.2013.
2. Shri R.N. Sahay, Adviser (Economics) and Shri Rajinder Kumar, Deputy Director (Economics) held a session on 'Competition law and benefits of Government' at National Academy of Direct Taxes on 29th November,2013 and also discussed the relevance of incorporation of the 'Competition Module' in the future training courses at the Academy.
3. Ms. Payal Malik spoke in a Panel Discussion on "Government Policies affecting Competition in various Sector" on 19.11.2013, in the annual competition law seminar organized by Trilegal held at New Delhi.