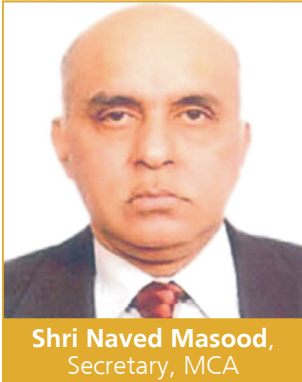




Monthly Newsletter

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Secretary, MCA

From The Secretary's Desk

The Organization for Economic Cooperation and Development (OECD), in its November, 2013 issue of the Economic Outlook, has revised the world economy growth to 2.7% for 2013 and 3.6% for 2014; down from 3.1% and 4% projected in May, 2013. Most of the Emerging Market Economies (including that of India) growth projections have been lowered. However,

OECD is optimistic that India's GDP growth would increase gradually, with the recent exchange rate depreciation helping to boost export growth, and new infrastructure projects underway.

There has been a positive impetus to the country's economy from the external front and industrial production. While exports have grown to double digits at 13.47%, imports registered a negative growth of 14.5% during October, 2013. India's exports have shown improvements across all regions. With the continued positive stimulus from the external sector, RBI has estimated that the Current Account Deficit (CAD) for the current financial year would be less than 3% of GDP.

Industrial growth measured by the Index of Industrial Production (IIP) has grown at 2% during September 2013 compared to 0.4% during August. While basic goods and intermediate goods have grown at 5.4% and 4.1% respectively, capital goods sector registered negative growth of 6.8%. However, with the revival of investment sentiments, the capital good sector is also expected to recover in the coming months.

As a part of its ongoing efforts to revive investment sentiments in the economy, Government has approved infusion of Rs. 14,000 crore of fresh capital in the Public Sector Banks during the current financial year to meet the growing credit requirements. Further, RBI has decided to provide refinance of Rs. 5,000 crore to the Small Industrial Development Bank of India (SIDBI) to ease the liquidity stress in the micro and small enterprises (MSE) sector, which is employment intensive and contributes significantly to exports.

Sooner or later the US Fed is expected to taper off its monetary stimulus. Consequently, Government has advised regulators to take all possible concrete measures to avoid any adverse impact on the Indian economy. The Finance Minister while speaking at the 8th Meeting of the Financial Stability and Development Council (FSDC) held on October 24th, 2013, said that the opportunity available due to the postponement of the reversal of the monetary policies in advanced economies, should be utilized to further

address the macroeconomic imbalances. The Council also discussed the corporate distress redressal mechanism laid out under the Companies Act, 2013, and identified the role of Regulators/Government to implement these provisions to prevent, as also to take, remedial measures on corporate distress.

The Ministry of Corporate Affairs has taken initiatives to improve the regulatory infrastructure for the corporate sector. The MCA 21 portal has successfully managed the peak filing period. The MCA portal has recorded on three days 1 Lakh filings per day during the month of October. This has been made possible by the efforts of the Ministry in scaling up the server and hardware capacity of the portal. The Ministry has also initiated efforts to re-design its website to make it more user-friendly.



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The New Companies Act, 2013: The Ministry has initiated the process of notifying the Companies Act, 2013, in consultation with regulatory authorities, Ministry of Law and Justice, and other stakeholder concerned. Many provisions of the new Act require rules to be prescribed. Draft rules have been placed on the Ministry's website inviting comments from all stakeholders. The Ministry invited stakeholders' comments on 1st, 2nd, 3rd and 4thtranche of Draft Rules. The comments from public have been received and are being examined. The Ministry has brought into force 98 Sections of the new Act on 12.09.2013, which did not require prescription of rules.

Third tranche of Draft Rules covered 3 chapters viz: 1. Acceptance of Deposits by Companies (Chapter V); 2. Accounts of Companies (National Financial Reporting Authority) (Chapter IX); and 3. Inspection, Inquiry and Investigation (Chapter XIV). The fourth tranche of Draft Rules relates to creation of an Investor Education and Protection Fund (IEPF) Authority.

MCA 21 Portal thrice Crosses 1 Lakh Filings: The MCA 21 portal crossed a milestone of 1 lakh filings daily on 26thOctober (1.06 lakh filings), 29thOctober (1.19 lakh filings), and 30thOctober (1.62 lakh filings). This year filings surpassed the previous year best of 88,119 filings on 21.11.2012. In total there were 14.43 lakh filings in the month of October, 2013. This has been made possible by the efforts of the Ministry in scaling up the server and hardware capacity of the portal so that the requirements of the peak filing period of October-November 2013 could be taken care of.

The MCA 21 portal is in the 2nd cycle of its functioning starting from 17.01.2013. The second cycle is characterized by improved enhancements to systems and functions, including increase in the network bandwidth, SAP CRM & workflow, hardware with updated technology and enhanced monitoring tools.

Upcoming Website of Ministry of Corporate Affairs: The Ministry has initiated efforts to re-design its website to make it more user-friendly. In this regard, the Ministry has prepared a sample demo of the website for inviting suggestions and feedback. All users and stakeholders are requested to access

the website (available at www.mca.in) and offer suggestions/feedbacks for further improvement.

IICA Signs Five MoUs with Research, Academic and Business Institutions: The Indian Institute of Corporate Affairs (IICA) signed five Memoranda of Understandings (MoUs) with the country's five leading research, academic and business institutions, namely: Indian School of Business (ISB), Hyderabad; Institute of Public Enterprise (IPE), Hyderabad; Tata Institute of Social Sciences (TISS), Mumbai; The Energy and Research Institute (TERI), New Delhi and YES Bank Limited on 24.10.2013 in the presence of Hon'ble Minister of State (Independent Charge) for Corporate Affairs, Shri Sachin Pilot. During the visit, the Minister had an interaction with probationers of the ICLS, and discussed their training needs and how IICA's course modules could be enhanced to cater to everyday practical requirements. He stressed on the fact that all courses should add value to the participants' potential and ability, thereby creating a demand in the Corporate Sector for employees to undergo training/development at IICA.

The Hon'ble Minister released the *Business Responsibility India Survey 2013* undertaken by CII-Centre of Excellence for Sustainable Development and *Responsible Corporate Engagement in Rural India – A Compendium of Good Practices*, an outcome of the bilateral cooperation project between IICA and GIZ on business responsibility, on 24.10.2013 at IICA.



Hon'ble Minister, Shri Sachin Pilot released two books at IICA – *Business Responsibility India Survey 2013* and *Responsible Corporate Engagement in Rural India – A Compendium of Good Practices*. Shri M.J. Joseph, Additional Secretary of the Ministry and Dr. Bhaskar Chatterjee, DG & CEO of IICA were also present on the occasion.

Donation Camp by Mumbai Company Law

Administration Club: As a part of Corporate Social Responsibility, officers of this Ministry under the aegis of the Company Law Administration Club (CLAC), Mumbai, donated clothes to an NGO working with the Tata Memorial Hospital on 04.09.2013 so as to distribute them among poor cancer patients. CLAC comprises of officers and staff of Office of Regional Director (RD), Registrar of Companies (RoC), Official Liquidator (OL), and Company Law Board (CLB).



Member of Company Law Administration Club (CLAC), Mumbai, handing over the blankets to an NGO working with Tata hospital to distribute among poor cancer patients.

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], 282 Investor Awareness Programmes were conducted in different towns/cities of the country during October, 2013.
2. Till the end of October, 2013, 2097 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 September, 2013 amounts to Rs. 2,504.04 crore.

Companies in the Registry: As on 31st October, 2013, a total number of 13.52 lakh companies were registered under the Companies Act, 1956. Of these 2.65 lakh companies are closed; 29,756 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 9.12 lakh active companies, of which 1.41 lakh companies were incorporated within the preceding eighteen months (not due for filing).

A total of 6,586 companies were registered under the Companies Act, 1956 during October, 2013 with authorized capital of Rs. 2833.77crore. Of them 6,554 companies were registered as Companies Limited by Shares with an authorized capital of Rs. 2833.53 crore; 31 Companies Limited by Guarantees with an authorised capital of Rs. 23 lakh; and 1 Unlimited Liability Company with an authorised capital of Rs. 1 lakh. In companies registered as limited by shares category, the States of Maharashtra had maximum number of registrations (1,294) followed by Delhi (1,139) and Uttar Pradesh (536). Economic activity-wise maximum number of companies (2,221) were registered under Business Services (IT and R&D).

During October, 2013, eight government-owned State Level Public Enterprises (SLPEs) companies were registered under the Companies Act, 1956, with authorized capital of Rs. 1,855.02crores. The Government companies incorporated are: 1.Rajasthan Veterinary Services Corporation Limited, 2.Maheshwaram Science Park Limited, 3.Ecity Manufacturing Cluster Limited, 4.Bihar Forestry Development Corporation Limited, 5.Vazhakulam Agro and Fruit Processing Company Limited, 6.Jharkhand Bijli Vitran Nigam Limited, 7. Jharkhand Urja Utpadan Nigam Limited, and 8. Jharkhand Urja Sancharan Nigam Limited. Of them, 6 are registered as public limited company and 2 are registered as private limited company.

Major Events at IICA:

1. Short Capsule Course for 3rd Batch of ICLS

Officers: IICA organised a Short Capsule Course for 3rd Batch of ICLS (Indian Corporate Law Service) Officers from 24.10.2013 to 28.10.2013. The topics covered during this programme included revival of sick industries, corporate restructuring, company's management, behaviour and function and secretarial audit in view of Companies Act, 2013 etc. 18 ICLS Officers of 3rd Batch participated in this training programme.

2. Mandatory Training Programme for Senior Technical Assistants (STAs):

IICA organised a mandatory training programme for Senior Technical Assistants (STAs) of Ministry for one month from 23.09.2013 to 22.10.2013. The topics covered during the training programme included processing of different forms, Company Law, Accounts, etc. Seventeen STAs participated in this training programme.

Events at CCI:

1. Shri Ashok Chawla, Chairperson, addressed Officer Trainees of the All India Services and Group-A Central Services viz. IAS, IFS, IPS and RBCS on "Competition Law and Policy" on 31.10.2013 at Lal Bahadur Shastri Academy of Administration, Mussoorie.
2. Shri Anurag Goel, Member, participated in the meeting of OECD Competition Committee and its working parties during 28-31 October, 2013 in Paris, France.
3. Ms. Payal Malik, Adviser (Economics), delivered a lecture on "Competition Law & benefits to Government" at the RCPV Noronha Academy, Bhopal for Probationer Officers, held on 31st October, 2013.

4. Ms. Jyoti Jindgar, Additional DG, participated in the 2013 International competition Network (ICN) Workshop on Cartel during 15-18 October, 2013, in Cape Town, South Africa.
5. A workshop on 'Application of Competition Law' was organized at Sahyadri State Guest House, Mumbai on 01.10.2013. Shri Anurag Goel, Member, Dr. Sadhna Shankar, Adviser (Law) and Dr. K.D. Singh, Deputy Director (Law) represented CCI in the workshop. Two presentations, 'Scheme of Competition Act, 2002 including powers, functions & duties of CCI' and 'Potential anti-competitive conduct of firms by way of Bid-rigging/ Cartelization' were made in the workshop.
6. Shri R.N. Sahay, Adviser (ECO), made a presentation about 'Competition Compliance issues for Industry Associations' in Oil industry Performance Review Meeting' held on 11.10.2013 in Ernakulam, Kochi.
7. Shri Ved Prakash Mishra, Joint Director (Law), made a presentation on 'Competition Law, Trade Association & Competition Compliance Programme' at CII's 4th Interactive Meeting with Industry Members organized in Bhavnagar on 17th October, 2013.

NEW INSTITUTIONS UNDER THE COMPANIES ACT, 2013

The following new institutions are envisaged to be set up under the Companies Act, 2013.

IEPF Authority: An Investor Education and Protection Fund Authority is proposed to be set up under the Companies Act, 2013 to safeguard the interest of investors. The fund (IEPF) shall be utilized for refund of unclaimed amounts, promotion of investor education, awareness and protection, and distribution of disgorged amount among the applicants. This authority would manage the Investor Education and Protection Fund. It would have powers to initiate legal cases against non-compliant companies/ persons with regard to investor funds as well as handle disputes and legal cases arising out of claims/ settlement.

NFRA: National Financial Reporting Authority (NFRA) is proposed to be set up under the Companies Act, 2013 to advise the Central Government on matters relating to formulate and lay down accounting and auditing policies and standards and monitoring and enforcing compliance

with such standards and overseeing the quality of service of the concerned professions. NFRA is similar to the existing National Advisory Committee on Accounting Standards (NACAS).

SFIO: The existing Serious Fraud Investigation Office (SFIO) investigate matter involving serious fraud in running a Company. Under the Companies Act, 2013 this institution is proposed to be conferred statutory status.

NCLT: National Company Law Tribunal (NCLT) is proposed to be set up under the Companies Act, 2013 subsuming, in a phased manner, the existing Company Law Board (CLB), Board for Industrial and Financial Reconstruction (BIFR) and Appellate Authority for Industrial and Financial Reconstruction (AAIFR). In addition, cases lying with company benches of the High Courts would be shifted to NCLT. The appellate body to NCLT i.e. NCLAT will also be set up under the Companies Act, 2013.