



Monthly Newsletter

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From The Secretary's Desk

I am happy to note that despite the global economic turmoil, there are several encouraging signals for our corporate sector for an accelerated growth and investment. Our recent macro economic performance indicates consistent GDP growth at 8.2 percent in 2011-12 even in the light of ongoing global economic slowdown, consistent increase in disposable income and the forecast that private consumption is expected to cross approximately US \$ 2020 bn by 2016-17.

Other positive indicators are the growth in total foreign investment which is expected to reach US\$ 74 bn in 2011-12, Gross fixed investment which is likely to cross US\$ 616 bn in 2011-12, consistent growth in both exports and imports, a large working population which will enable India to remain competitive globally, growth in consumer spending, particularly, in rural areas leading to expansion of rural market and companies catering to rapidly growing rural demand for consumer goods and services such as health care, education, entertainment, banking and finance, etc. enabling the tapping of the "bottom of the pyramid" achieving inclusive growth.

Though volatility in capital markets is a matter of concern, private corporate sector has every reason to remain confident as they are supported by robust financial markets backed by strong fundamentals and equally strong institutions such as SEBI, BSE, NSE, MCX, NSDL, etc.

We are also witnessing a strong manufacturing sector with consistent growth adding impetus to the economy along with services sector, thereby increasing the share of Indian goods in global market. The major sectors, such as roads, telecom and ports, electricity, steel, petroleum products, etc. are expected to witness significant investment and huge capacity addition during 2010-13 and new models of Public-Private Partnership may get evolved. Other strong areas in the economy are automotive sector health care and pharmaceuticals, oil and gas, retail and consumer goods infrastructure, etc.

Inflationary pressures are expected to ease towards the later part of 2011-12. Stabilisation of energy prices and moderating domestic demand are expected to facilitate this process. We can look forward to added growth incentives and policy support to the private sector in several areas i.e. promoting competition and encouraging private and foreign participation in previously closed sectors, relaxation of trade and exchange control, introduction of GST and Direct Tax Code in 2012

and cautiously calibrated banking reforms, particularly, in liberal banking mergers and acquisitions and greater foreign investment by private domestic banks.

The Ministry of Corporate Affairs is adding to these efforts through legal reforms, procedural simplifications; plans to organize India Corporate Week to bring together the corporate sector, professionals and other stakeholders along with the Government on a single platform to deliberate on specific issues etc. Other initiatives of the Ministry in creating an enabling business environment includes, reforms in MCA 21, introduction of XBRL, capacity building initiatives through Indian Institute of Corporate Affairs (IICA), strengthening of Competition Commission of India (CCI), conducting investor Awareness Programmes, enhanced international cooperation etc.

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Hon'ble Minister visits Dubai as part of International Cooperation efforts : Dr. M. Veerappa Moily, Hon'ble Corporate Affairs Minister visited Dubai as a Chief Guest at the Inauguration of ITT Lab on 01.10.2011. He also addressed the members of the Dubai Chapter of the ICAI on 02.10.2011.

Hon'ble Minister at IICA Campus, Manesar: Honorable Minister of Corporate Affairs, Dr. M. Veerappa Moily visited the IICA campus at Manesar on 14.10.2011. Dr. Moily had an interaction with the members of the faculty and other officials while taking a round of the campus, the Administrative block and the residential facility.



High Level Appointments in CCI:

Shri Ashok Chawla, former Finance Secretary to the Government of India took charge as New Chairman of the Competition Commission of India on 20.10.2011. Dr. M. Veerappa Moily, Hon'ble Corporate Affairs Minister administered the oath of office.

Earlier, Shri Justice Shiv Narayan Dhingra had joined as Member of the Commission on 18.10.2011.

Companies Bill, 2011: The Union Cabinet had, considered the draft Companies Bill in Sept, 2011 and decided that certain issues like Corporate Social Responsibility and the possibility of anomalies in some aspects of the Bill are resolved at the level of

Ministers concerned, to pave the way for its introduction in Parliament. In pursuance of the decision of the Union Cabinet, discussions were held with the Departments concerned and some minor amendments have been suggested in the Bill. These amendments have been approved at the level of Minister. A supplementary Note to incorporate these amendments in the Bill has been sent to the Union Cabinet for its consideration and also simultaneously to the Ministry of Law for formal vetting.

Circulars and Notifications on Simplifications in Administrative Procedures continue: The Ministry, in its sustained effort to simplify the administrative procedures to make evidence-based decision-making easier and to take proactive action in order to reduce risks of fraud, has issued a series of Notifications and Circulars. These relate to —

- 1) **Notifications:** The Ministry has notified (i) the Companies (Filing of documents and forms in Extensible Business Reporting Language) Rules, 2011, and (ii) Form 23AC-XBRL and Form 23ACA-XBRL in respect of Balance Sheet & Profit & Loss Account for larger companies with a threshold limit across a few sectors. Both these Notifications were issued on 05.10.2011.
- 2) **Circulars:** Companies and Limited Liability Partnerships with an objective to perform business of Architecture cannot be registered, as the Architect Act, 1972 does not permit such activities by companies. Both the Registrar of Companies and the Registrar of Limited Liability Partnerships have been directed, vide Circular No. 17/165/2011-CL.V (Pt) dated 10.10.2011 of the Ministry, not to register such Companies/ Limited Liability Partnerships.

Companies (Dematerialization of Certificates) Rules, 2011: It has been decided to withdraw, for the time being, the proposal to issue the Companies (Dematerialization of Certificates) Rules, 2011.

Company Law Settlement Scheme 2011: By General Circular No. 59 of 2011, companies that had defaulted on filing of their Annual Returns and were, therefore, debarred from event-based filing in MCA21 System, have been permitted to file their documents by 31.10.2011, which was later extended to 15.12.2011 by General Circular No. 65 of 2011 dated 04.10.2011. This scheme allows the defaulting companies to file their documents by paying only 25% of the additional fee payable for such late filing and earns them immunity from prosecution. So far,

about 1 lakh documents have been filed, yielding a revenue of Rs. 12 crore.

Review of Corporate Sector : The total number of Companies in the Registry as on 31.10.2011 was 11,63,821 of which 10,095 Companies stand liquidated, 2,18,997 are defunct, while 9,719 Companies have amalgamated/merged. Similarly, 4,539 Companies are under liquidation. Total new registration of Companies in October, 2011 declined to 6297 from 7900 in the previous month. Finance and Insurance Sectors showed an increase in registration of new Companies in October 2011 over the previous month. As on 31.10.2011, 6,709 LLPs have been registered in the country, which includes 282 LLPs newly registered in the month of October, 2011. As on 31.10.2011, 3,151 active Foreign Companies had established their business in the country, which includes 8 newly registered Foreign Companies while 4 Foreign Companies have ceased to exist.

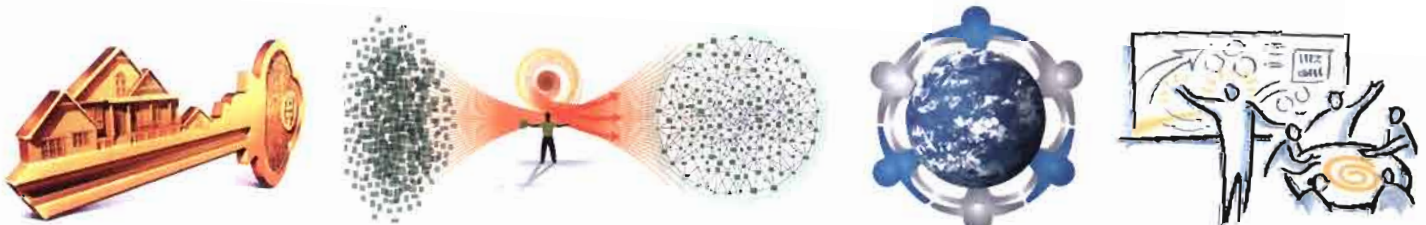
MCA21 e-governance:

A) Successful 'Peak filing': Past experience reveal that October and November are two months when most of the companies submit their Balance Sheets and Annual Returns electronically on MCA21 portal. Several steps were taken to ensure smooth conduct of filing and to prevent any possible system glitches due to congestion during this period, by way of augmentation of computing infrastructure and system improvements as well as launching extensive campaign requesting Companies to stagger their filing. More than 9 lakh companies field their returns this October without any hindrance, which is 20% higher than last year's figure of 7.6 lakhs. The highest ever filing on any single day was observed on 20.10.2011, when 70,869 companies filed their returns. Higher filings imply better regulatory compliance and increased revenue for Government.

B) Introduction of Extensible Business Reporting Language (XBRL): About 30,000 larger companies

fulfilling specified threshold limits across a few sectors have been asked to file their Balance Sheets and Profit and Loss accounts in XBRL format, to ensure data accuracy and to enable sophisticated technical analysis by the regulators. On 06.10.2011, the filing system came to effect for accepting Reports for the financial year ending 31.03.2011 and onwards. More than 250 companies have already filed their financial statements using XBRL format. The last day for such filings has been allowed up to 60 days of the due date, i.e., up to 31.12.2011.

- C) MCA XBRL Validation Tool:** Updated version of MCA XBRL validation tool (Version 1.1) has been released on 14th October 2011. The list of enhancements to the validation tool has also been provided.
- D) Opening of Corporate Bank Account:** Companies registered with Registrar of Companies (ROCs) have been permitted to open Corporate Bank accounts under MCA21, with effect from 16.10.2011.
- E) Registration of Certified Filing Centres (CFC):** Lots of requests, including from Professional Institutes, have been received seeking re-opening the registration process of CFCs and allow enrolment of more CFCs so that the involvement of professionals in XBRL and peak filing can be expanded to a large extent. The Ministry has considered the requests and decided to re-open the registration process for a period of 2 months from 01.10.2011. Professionals are requested to avail this opportunity.
- F) Expression of Interest for MCA21 Phase-2:** In preparation of operation of Phase-2 program of MCA21 beyond January 2013, the Ministry has issued Expression of Interest (EOI) on 28.10.2011 inviting interested IT service providers for stage-2 selection process. The interested IT companies, fulfilling the pre-qualification criteria may file their EOI up to 16:00 Hours on 29.11.2011.



REGULATOR • INTEGRATOR • FACILITATOR • EDUCATOR

Revised Draft National Competition Policy, 2011:

Based on the feedbacks received from various stakeholders, i.e, chambers of the industries, corporates, law firms, members of civil society or other stakeholders on the draft National Competition Policy, version - II has been revised and the same has been placed at Ministry's website: www.mca.gov.in.

Adjudication by Competition Commission of India (CCI):

Commission has received 5 new cases under Section 19 of the Competition Act for alleged violation of Sections 3 & 4 during October 2011. With this, the total no of cases filed up to October 2011 stands at 218, out of which 120 cases have finally been decided.

Vigilance Awareness Week in CCI:

A Vigilance Awareness Week was observed in CCI during October 31.10.2011 to 05.11.2011. Shri Ashok Chawla, Hon'ble Chairman of the Competition Commission of India administered the Pledge of the Vigilance Observance to the Members, Officers and staff of CCI on 31.10.2011.

Investor Awareness Programmes:

Investor Awareness Programmes are conducted by the Ministry in partnership with the ICAI, ICSI and ICWAI, as per a detailed work plan. Fifty such Programmes were conducted during the month of October, 2011 through the Professional Institutes bringing the total number of programmes conducted during the year so far to 388.

Corporate Statistics:

A Committee on Corporate Statistics has been setup under the National Statistical Commission to enforce reforms in Corporate Statistics. Inputs based on Forms 23AC and 23ACA of MCA21 database have been supplied by the Ministry to the Committee and the Reserve Bank of India. In order to ensure that correct CINs are assigned to companies, detailed instructions have also been issued, so that particulars such as Economic Activity Code (National Industrial Classification), Type of Ownership and location (by Registrar of Companies and by State/UT) can be easily handled by computer programs.

ICAI Training programme for C&AG officials:

A Training Programme with the theme "An insight on the concepts applicable to Autonomous Bodies" was organized for the officials of C&AG and Members of the Profession by the ICAI during 13th & 14th October, 2011 at Bangalore. It was attended by over 185 officials of Autonomous Bodies of Tamil Nadu,

Karnataka & Puducherry and members of the profession.

ICAI Awareness Programmes :

ICAI has been organising Awareness Programmes on the theme "Rising to the Challenges in Public Finance & Government Accounting", in pursuance of the Terms of Reference of the Committee on Public Finance & Government Accounting. The Committee aims at development of Public Finance structure and a robust mechanism for channelising adequate resources to ensure appropriate sectoral allocation for inclusive growth and economic development and to identify professional opportunities for its Members in Public Finance and Government Accounting. The Committee has already organised such programmes at Dehradun, Ghaziabad and Noida

Progressive use of Hindi:

In the month of October, Inspections regarding the progressive use of Hindi were undertaken and completed in five offices of the Ministry namely ROC-cum-OL Office, Patna (by Shri Alok Kumar, Director), and ROC Office, Gwalior (by Shri Dhanraj, DII), ROC Office, Puducherry (by Shri K Gurumurthy, DS) and OL Chennai (by Shri K Gurumurthy, DS) on 14.10.2011, 20.10.2011, 27.10.2011, 28.10.2011 and 28.10.2011 respectively.

India Investor Meets : "Investor Awareness—A Key to Corporate Growth"

Last year, the Ministry had organized major investor awareness events in five metro cities with one business chamber as the lead organization in each event. The Ministry, in collaboration with the Business Chambers, Stock Exchanges and Professional Institutes, is organizing India Investor Meets at select locations viz. Bangalore, Mumbai, Baroda, Guwahati and Delhi, with one Business Chamber as the lead organization for each location. The Meets will be organized in the month of January, 2012.