



Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

India's growth prospects for the current financial year, as recently projected by various agencies, varies widely from 3.8% projected by the IMF, to 4.7% by World Bank and Asian development Bank, 5.3% estimated by Prime Minister's Economic Advisory Council (PMEAC), and 5.5% by

Ministry of Finance. While a weak outturn of economic activity in the 1st quarter of this financial year has shown a low GDP growth rate of 4.4%, the second half of 2013-14 is expected to experience strong economic performance. Economic planners expect a bumper harvest of both Kharif and Rabi crops; accompanied by strengthening of exports and decline in imports that would favourably improve India's external balance, sustain downward movement in core inflation, and enhance the fiscal space.

PMEAC, in its report 'Economic Outlook: 2013-14', released in September 2013, has projected GDP growth rate of 5.3% for 2013-14. The Council has projected agriculture and allied activities to grow at 4.8% during 2013-14 as against 1.9% in 2012-13. Industry and Services sector are expected to grow at 2.7% and 6.6% respectively. The expected stronger performance in the rural economy driven by high agriculture growth, offers an opportunity to strengthen the overall business environment, and sentiment.

India's external sector, especially Current Account, is exhibiting signs of improvement. In September, exports grew over 10%, for the third month in a row, oil imports fell nearly 6% and non-oil imports dropped by 24% with import of gold and silver declining by 82% to \$800 million in September, compared to \$4.6 billion a year ago. Cumulative value of exports for the period April-September 2013 -14 has registered a growth of 5.1% while imports registered a negative growth of 1.8% during the same period. As a result, the country's trade deficit has fallen to \$6.76 billion in September, one of the lowest levels in two-and-a-half years.

In a scenario of dwindling financial savings by households, the Government has taken measures to maintain the domestic investment at desired levels. For instance, at present, unlisted companies incorporated in India are not allowed to directly list in overseas capital markets, without prior or simultaneous listing in Indian markets. The government recently announced that unlisted companies

will be allowed to raise capital abroad, without the requirement of prior or subsequent listing in India, initially for two years. This measure is expected to encourage unlisted companies to raise capital from outside India without any hindrances.

The Committee, set up by the Ministry under the chairmanship of Shri M. Damodaran for reforming the 'regulatory environment for doing business in India', has submitted its report in September 2013, and has made a number of recommendations. The main thrust of these recommendations is to create an effective institutional framework to support the genuine needs of businesses and to ensure that the entrepreneurial spirit is not curbed by avoidable procedural complications. The Committee's report has been placed on the Ministry's website inviting public comments.



Economic planners expect a bumper harvest of both Kharif and Rabi crops; accompanied by strengthening of exports and decline in imports that would favourably improve India's external balance



MCA issues Notification for Commencement of 98 Sections of the New Companies Act, 2013:

The Companies Act, 2013 was published in the Gazette of India, Extraordinary, Part-II, Section-1, dated the 30th August 2013 as Act No. 18 of 2013. The Ministry has since initiated the process to implement the new Act in consultation with concerned regulatory authorities, Ministry of Law & Justice and other stakeholders.

It has been decided to enforce the provisions of the new legislation in phases. The provisions of the new Act, which require statutory/regulatory consultation with other agencies regarding the functioning of new institutions through rules/forms, will be brought into force in a phased manner. A notification for commencement of 98 sections of the new Act has already been issued by the Ministry on 12.09.2013. The details of these provisions have been posted on the Ministry's website (www.mca.gov.in).

The first and second set of draft rules inviting stakeholder suggestions have also been placed on the Ministry's website on 09.09.2013 and 24.09.2013 respectively. Relevant forms under such rules, will also be placed in the public domain shortly.

Damodaran Committee Submitted its Report: The Committee constituted by the Ministry of Corporate Affairs for "Reforming the Regulatory Environment for Doing Business in India", headed by Shri M. Damodaran, submitted its Report to the Ministry on 10.09.2013. The Committee has made a number of recommendations relating to legal reforms, regulatory architecture, boosting efficacy of regulatory process, enabling MSME's, and addressing State level issues. The recommendations of the Committee are under consideration of the Ministry of Corporate Affairs.

SFIO Submits Interim Report on Investigations Conducted against 63 'Chit Fund' Companies: An interim report has been submitted by the Serious Frauds Investigations Office (SFIO) on investigations conducted against 63 'Chit Fund' companies operating in eastern states of the country on 30.09.2013. As per the report, useful information has been collected from the servers of the companies housed in India by using forensic technology. The report also observes that promoters of such companies have tried to take advantage of multiple legislations with overlapping jurisdictions. There has been a proliferation of innovative financial products in the market due to technological advancement and extensive use of the internet to market such products to investors. The report notes that there has been evidence of financial mismanagement, diversion and siphoning off funds by the promoters. SFIO will be submitting its final report to the Ministry end December 2013.

A Centre of Excellence and Ethics to be set up at Ajmer: An MoU has been signed on 12.09.2013 at New Delhi, amongst the three Professional Institutes of the Ministry viz., the Institute of Company Secretaries of India, the Institute of Cost Accountants of India and the Institute of Chartered Accountants of India, for setting up a Centre of Excellence and Ethics at Ajmer, Rajasthan. Shri Sachin Pilot, Hon'ble Minister of State (Independent Charge) for Corporate Affairs Shri Naved Masood, Secretary of the Ministry and other dignitaries were present on the occasion. The proposed Centre will conduct research and outreach programmes on Investors Education and Protection, Corporate Governance and the best practices globally followed in the areas of Accounting, Cost Management, Corporate Governance etc.



IICA Signs MoU with BSE to Collaborate on Developing India's First CSR Index: Indian Institute of Corporate Affairs (IICA) and BSE Ltd. (formerly known as Bombay Stock Exchange) signed a Memorandum of Understanding (MoU) on 23.09.2013 at Mumbai for developing India's first ever Corporate Social Responsibility (CSR) Index, capacity building in CSR, conduct education and awareness programmes, and other activities to facilitate an effective corporate participation in CSR. Speaking on the occasion, Hon'ble Minister, Shri Sachin Pilot said that transparency is very important and companies must disclose their spending and areas of spend on their own websites and that of MCA's website as well. The Minister also stressed that the top corporate leadership must lead from the front. Shri R Ramadorai, Chairman, BSE Ltd, while addressing the gathering opined that CSR Index is an ideal option for investors to put their money for 'responsible investment'.

IICA-BSE proposes to form an Advisory Committee which would guide the design of the CSR index construction and its design. As capital market gets more aligned to international norms, long terms investors with very sizable amount of investible money such as pension funds, insurance companies and funds with mandate of 'Responsible Investment' would look at such index and its top performers to decide their investments. The proposed IICA-BSE CSR Index is expected to assess the impact and the performance of companies listed at BSE with regard to CSR activities.

FICCI-ICSI Conference on Companies Act, 2013: Federation of Indian Chambers of Commerce & Industry (FICCI) and the Institute of Company Secretaries of India (ICSI) jointly conducted a conference on the Companies Act, 2013 titled 'A New Law for a New Era' at New Delhi on 12.09.2013 to increase awareness about the new Companies Act, 2013. The Hon'ble Minister, Shri Sachin Pilot, CS S. N. Anathasubramanian, President, Council of the ICSI, Dr. A Didar Singh, Secretary General, FICCI, corporate professionals, and company secretaries were present on the occasion. Addressing the gathering, the Hon'ble Minister emphasized that the new legislation is investment friendly and would allow freedom to small investors like craftsman and villagers to get the credit facility and other facilities by forming a legal entity i.e. one person company. On the draft rules which have been placed on the website of the Ministry, he invited suggestions of stakeholders so that the rule making exercise could be finalised at the earliest.

Investor Protection and Awareness:

- 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], 159 Investor Awareness Programmes were conducted in different towns/cities of the country during September, 2013.
- Till end September, 2013, 2060 companies have uploaded information about unpaid and unclaimed amounts of investors lying with them on the website (www.iepf.gov.in) 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. 2,477.30 crore.

Notifications and Circulars: The Ministry of Corporate Affairs has issued a couple of Notifications and Circulars concerning administration of the Companies Act, 1956 and the new Companies Act, 2013 in the month of September, 2013 (for further details, visit our website: <http://mca.gov.in>). These Notifications/Circulars broadly relate to the followings:

Notifications:

- (i) S.O. 2754 (E) dated 12.09.2013 - In exercise of the powers conferred by sub-section (3) of section 1 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 12th day of September, 2013 as the date on which the various provisions of the said Act shall come into force.

- (ii) S.O 2821 (E) dated 20.09.2013- Companies (Removal of Difficulties) Order, 2013. It is hereby clarified that until a date is notified by the Central Government under sub-section (l) of section 434 of the Companies Act, 2013 (18 of 2013) for transfer of all matters, proceedings or cases to the Tribunal constituted under Chapter XXVII of the said Act, the Board of Company Law Administration shall exercise the powers of the Tribunal under sections 24, 58 and section 59 in pursuance of the second proviso to sub-section (l) of section 465 of the said Act. It shall come into force on the date of its publication in the Official Gazette.

Circulars:

- (i) General Circular No. 15/2013 dated 13.09.2013 clarified the Notification dated 12.09.2013. Through this circular the Ministry has stated that for the proper implementation of the Companies Act 2013, first tranche of Draft Rules on 16 chapters have been placed on the website of the Ministry on 09.09.2013 for inviting comments and objections/suggestions from the general public/stakeholders. This Ministry has also notified 98 sections for implementation of the provision of the Companies Act, 2013 (the "said Act") on 12.09.2013. Certain difficulties have been expressed by the stakeholders in the implementation of following provisions of the said Act. With a view to facilitate proper administration of the said Act, it is clarified that-
 - (a) Sub-section (68) of Section 2:- Registrar of Companies may register those Memorandum and Articles of Association received till 11.09.2013 as per the definition clause of the 'private company' under the Companies Act, 1956 without referring to the definition of 'private company' under the "said Act".
 - (b) Section 102:- All companies which have issued notices of general meeting on or after 12.09.2013, the statement to be annexed to the notice shall comply with additional requirements as prescribed in section 102 of the 'said Act'
 - (c) Section 133:- Till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.
 - (d) Section 180:- In respect of requirements of special resolution under section 180 of the "said Act" as against ordinary resolution required by the Companies Act 1956, if notice for any such general meeting was issued prior to 12.09.2013, then such resolution may be passed in accordance with the requirement of the Companies Act, 1956.

(ii) General Circular No. 16/2013 dated 18.09.2013 further clarified the notification dated 12.09.2013. It is clarified by the Ministry that with effect from 12.09.2013, the relevant provisions of the Companies Act, 1956, which correspond to provisions of the 98 sections of the Companies Act, 2013 that have been brought into force on 12.09.2013, cease to have effect from that date.

Companies in the Registry: As on 30th September, 2013, a total number of 13.53 lakh companies had been registered under the Companies Act, 1956. Of these 2.72 lakh companies were closed; 29,652 companies were in the process of being closed; as many as 1.43 lakh companies had not filed their Annual Returns/Balance Sheets (i.e., Annual Statutory Filings) for more than three consecutive years, and hence classified as 'dormant', by end September, 2013. On balance there were about 9.06 lakh active companies, of which 1.44 lakh companies were incorporated within the preceding eighteen months (not due for filing).

During the month of September, 2013 a total of 7,498 companies were registered under the Companies Act, 1956 with authorized capital of Rs. 7515.2 crore. The States of Delhi had maximum number of registrations (1,401) followed by Maharashtra (1,269) and West Bengal (8,120). In terms of economic activity, maximum number of companies (2,460) registered under Business Services (Information Technology and Research & Development).

During the month, six government-owned companies were registered under the Companies Act, 1956, as public limited companies with authorized capital of Rs. 6515.1 crores. The Government companies incorporated are: 1. Oil India International Limited, 2. Ballabgarh-GN Transmission Company Limited, 3. Tanda Transmission Company Limited, 4. HPCL Rajasthan Refinery Limited, 5. Vadodara Gas Limited, 6. Jharkhand Urja Vikas Nigam Limited. Of these, first 4 Companies are Central Public Sector Undertakings (CPSU) and rest 2 companies are State Level Public Enterprises (SLPEs).

Major Events at IICA:

● **Conference on 'CSR or SRC - the Route to Nation Building':** IDFC-Foundation in collaboration with Indian Institute of Corporate Affairs organised a conference on "CSR (Corporate Social Responsibility) or SRC (Socially Responsible Corporates) - the Route to Nation Building" on 05.09.2013 at New Delhi. Shri Sachin Pilot, Hon'ble Minister for Corporate Affairs, while delivering the keynote address at the conference, emphasised that the huge social needs of the country requires socially responsive and responsible corporate sector and justified the

provisions relating to CSR in the Act. He also indicated that the responsibility for ensuring compliance was placed with the Board of Directors of each company, thereby seeking responsible action on the part of corporates as part of the existing governance framework. Representatives from corporate India, academic institutions, non-government organizations and various Government Ministries and agencies participated in the conference.

● **3rd Batch of ICLS Probationers Completed their Training:** 3rd batch of ICLS (Indian Corporate Law Service) Probationers have completed their training on 20.09.2013 and have been posted in different offices of the Ministry. IICA has organized a farewell function followed by cultural programs on 19.09.2013 for the officers. All the higher officials IICA, Director ICLS Academy, other Heads of school and the officers/employees of IICA attended the farewell function.

● **Mandatory Training Programme for Senior Technical Assistants (STAs):** IICA is organising a mandatory training programme for Senior Technical Assistants (STAs) of Ministry of Corporate Affairs for one month from 23.09.2013 to 22.10.2013. The topics to be covered during the training programme are related to processing of different forms, Company Law, Accounts, etc. Seventeen STAs are participating in this training programme.

Events at CCI:

(1) Shri. Ashok Chawla, Chairperson, participated in the 2013 Fordham Competition Law Institute Annual Conference and Seventh Workshop for Heads of Competition Authorities during 25-27 September 2013 held in New York, USA.

(2) Dr. Geeta Gouri, Member, delivered a talk on Corporate Boards: Lessons from Competition and Regulation at IPE Board Orientation Programme at Hotel Jepee Vasanth Continental, Vasant Vihar, New Delhi on 26.09.2013.

(3) Dr. Seema Gaur, Adviser participated as a member of Government of India delegation in the preparatory meeting on Regional Comprehensive Economic Partnership (RCEP) during 26-27 September 2013 in Brisbane, Australia.

(4) Shri. P.K. Singh, Adviser (Law), attended regional ICN Unilateral Conduct Workshop on Assessing Dominance/Substantial Market Power and Evaluating Unilateral Conduct during 17-18 September 2013 in Stockholm, Sweden.

(5) Shri Rakesh Bhanot, Director & Shri Ashish Singhal, Assistant D.G. attended workshop on use of Indirect Evidence in Cartel Investigation organized by OECD Korea Policy Center during 4-6 September 2013 in Seoul, Korea.

