



Monthly Newsletter

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The Indian economy has regained its momentum, with Central Statistics Office (CSO) reporting a GDP growth of 7.2% in the Q3:2017-18. Based on latest data, the full year's growth has been revised upwards to 6.6% (as per the second advanced estimates by CSO). This recovery can be attributed to revival in investment demand which registered a growth of 12%. Further, IMF, in its biannual World Economic Outlook, has projected a growth rate of 7.4% and 7.9% for India for the year 2018-19 and 2019-20 respectively. World Bank projections of India's growth too reiterate the same story with growth projection of 7.3% in 2018-19 and 7.5% in 2019-20.

Reserve Bank released results of the 81st round of the Industrial Outlook Survey (IOS) conducted in January-March 2018 which captures qualitative assessments of business sentiments in the Indian manufacturing sector for Q4:2017-18 and expectations for Q1:2018-19. Overall, the business sentiment of the Indian manufacturing sector improved as seen in the Business Expectations Index (BEI) rising from 109.8 in Q3:2017-18 to 112.4 in Q4:2017-18.

Uday Kotak Committee recommendations on corporate governance were considered by SEBI Board and some major changes have been approved in principle in areas such as, composition of boards, the make-up of board committees, treatment of subsidiaries, disclosure for related-party transactions, audit evaluations and conduct of annual general meetings. SEBI has also put in place a new system for depositories housed at NSDL and CDSL, to monitor the foreign investment limit in listed companies. A company will have to appoint any one depository as its designated depository which may provide interface wherein a firm will have to give information including CIN, details of shares held by FPI, NRIs and other investors.

Unlike accounting and auditing, there are no Indian standards for valuation. The Ministry is in the process of drafting valuation standards or a set of norms for valuing listed and unlisted companies and businesses. In this regard, a committee to advise on valuation matters with representatives from all financial sectors has been constituted. It will make recommendations on formulation of Indian valuation standards and policies for compliance by companies and registered valuers.

According to a report by CII, as many as 1,522 BSE listed companies spent Rs.8,897 crore on CSR activities in 2016-17 out of the total of Rs. 9,680 crore, which they were required to spend on social welfare as per law. This is an increase of about 9 % from previous year. According to the study, the number of BSE listed companies required to fulfill the mandate has also increased to 1,522 in 2016-17 from 1,270 in 2015-16 and 1,181 in 2014-15. The report indicates that the areas that have gained significance in terms of CSR expenditure are environment and ecology, gender equality, national heritage and sports development, though the bulk of the spending still remained in education, healthcare and sanitation.

With the aim to improving the standard of living and augmenting sources of income in tribal districts, Government is searching for corporate players who could use their CSR funds to adopt a district or an entire tribal dominated state. Adopting a district would mean setting up or organizing a self-help group of tribals, training them to gather minor forest produce, teach basic processing at home for value addition and sell it in bulk in local market.

Restoring stressed assets to health in a manner that balances the varied needs and rights of creditors such as owners, other stake holders and the broader economy by constantly seeking to improve the performance of Insolvency and Bankruptcy Code has been an objective of the Government. In this respect, the Insolvency Law Panel set up to review the functioning of the new IBC has put forward its recommendations in public domain. The government would take a call on the recommendations which inter alia cover treatment of home buyers, special dispensation for MSMEs, etc.

POLICY DEVELOPMENTS

MoU between IBBI and IICA

The Insolvency and Bankruptcy Board of India (IBBI) signed a Memorandum of Understanding (MoU) with the Indian Institute of Corporate Affairs (IICA) on 10th April, 2018 for capacity building not only to implement the ongoing reform in letter and spirit, but also to use it to their advantage. There is also a need to undertake research and publication for further strengthening the insolvency and bankruptcy framework. The MoU will provide a platform to collaborate for research and publication, advancement of knowledge, capacity building, awareness and advocacy initiatives on the basis of reciprocity, best effort, mutual benefit and frequent interactions.

The IBC, 2016 (Code) provides for reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of the value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders. The IBBI, which is established under the Code, exercises regulatory oversight over the Insolvency Professionals, Insolvency Professional Agencies and Information Utilities. It writes and enforces rules for processes, namely, corporate insolvency resolution, corporate liquidation, individual insolvency resolution and individual bankruptcy under the Code. The IICA, established by MCA, is a think tank offering capacity building and advisory solutions to Government, statutory authorities & private sector.



Signing of a MoU between IICA and IBBI in the presence of Secretary, CA and other senior officers of MCA.

'Rightsizing' the CCI.

In pursuance of the Government's objective of "Minimum Government - Maximum Governance". The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for rightsizing the CCI which will result in reduction of three posts of members of the Commission.

As part of the Government's objective of easing the mergers and amalgamation process in the country, the Ministry had revised de minimis levels in 2017, which have been made applicable for all forms of combinations and the methodology for computing assets and turnover of the target involved in such combinations, has been spelt out. This has led to reduction in the notices that enterprises are mandated to submit to the Commission, while entering into combinations, thereby reducing the load on the Commission.

Steering Committee on CSR.

Pursuant to the orders of the Hon'ble Minister of Corporate Affairs for constitution of Steering Committee, a Committee on CSR had been constituted on 4th April, 2018 to review the functioning of CSR enforcement and to recommend uniform approach for its enforcement. Further, the Ministry is having a look at the centralized scrutiny and prosecution mechanism (CSPM) to deal with the violations. The panel would revisit the guidelines for enforcement of CSR provisions and look at the methodologies to monitor compliance by companies with CSR norms for having an effective CSPM. It will also visit Schedule VII of Companies Act, 2013, on the basis of references received from stakeholders, including ministries and department of Centre and States, Member of Parliament, Member of State Legislature and civil societies.

Review of Corporate Sector

As on 31st March, 2018, the number of companies registered under the Companies Act was 17,49,359. Of these, 5,40,487 companies were closed, 6,014 companies were under liquidation, 33,637 companies are in the process of being struck-off from the register, 108 companies were in the process of being re-activated and 1,253 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. Further, a total number of 3 companies have not filed their Annual Returns/Balance Sheets for the past two consecutive years or more, and therefore not counted as active. There are 11,59,945 active companies, including 1,57,264 companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 12,039 companies, including 609 One Person Companies (OPCs), were registered under the Companies Act, 2013 during March, 2018 with authorized capital of ₹ 3277.98 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in March, 2018	Total Authorized Capital (In ₹ in Crore)
Company limited by Shares	11,995	3,277.98
Of which,		
(a) Private	11,754	2994.67
Of which,		
One Person Companies	609	16.89
(b) Public	241	283.31
Company limited by Guarantee	44	-
Of which,		
(a) Private	41	-
(b) Public	3	-
Unlimited Company	-	-
Grand Total	12,039	3,277.98

During the Month of March, 2018, Maharashtra had maximum number of company registrations (2,177) followed by Delhi (1,551) and Karnataka (1,136). "Business Services" topped the economic activity-wise classification (6,704) of newly registered companies.

During March, 2018, 11,995 (out of 12,039) companies were registered as companies limited by shares with authorized capital of ₹ 3277.98 crore. For more statistical details about the growth of the corporate sector, the reader is invited to the 'Monthly Information Bulletin on Corporate Sector', at URL: mca.gov.in/MinistryV2/InformationBulletin.html.

EVENTS

1. The 30th meeting of the Board of Governors of IICA was organized at IICA on 17th April, 2018. Chairman of the Board of Governors and Secretary, Ministry of Corporate Affairs presided over the meeting.

2. Institute of Company Secretaries of India Insolvency Professionals Agency (ICSI IPA) on 7th April, 2018 got its new name viz. ICSI Institute of Insolvency Professionals (ICSI IIP). Accordingly, the name of the Company was changed pursuant to the approval of the Central Government and the receipt of the fresh Certificate of Incorporation.

With the unveiling of the new name, the Company launched the Insolvency and Bankruptcy E-Journal and the Online Disclosure Module.

3. Competition Commission of India organized National Conference on "Economics of Competition Law" at New Delhi on 5th April, 2018.

Senior Level Appointments:

Shri Anurag Agarwal, a Punjab Cadre officer of the IAS, 1990 batch took charge as Joint Secretary in the Ministry of Corporate Affairs with effect from 1st April, 2018. He replaced Shri Amardeep Singh Bhatia, a Nagaland cadre IAS officer of 1993 batch who earlier joined as Director, SFIO.

Notifications

(i) Vide notification No. S.O. 1465 (E), issued on 2nd April, 2018 the Ministry amended notification number S.O. 529(E) dated 5th February, 2018 whereby the restriction (with regard to period of 7 years) on exemption given by the Ministry to Government companies meeting the prescribed criteria from recognition of DTL for a period of seven years w.e.f 1st April, 2017 has been done away with.

(ii) Vide notification No. G.S.R. 362 (E), issued on 10th April, 2018 the Ministry amended Schedule I of the Companies Act, 2013. Through the said notification, it has been clarified that the affixation of common seal on share certificates will be required only if the companies is maintaining a common seal. Further, this Ministry vide notification No. G.S.R. 363 (E), dated 10th April, 2018 similarly amended Companies (Share Capital and Debentures) Rules, 2014.

(iii) Vide notification No. S.O. 1592 (E), issued on 12th April, 2018 the Ministry has specified Asian Development Bank

(ADB) under clause (ii) of sub-section (11) of section 2 of the Companies Act, 2013. Hence, ADB will not be considered as a body corporate for the purposes of the Companies Act, 2013.

(iv) Vide notification No. S.O. 1710(E), issued on 23rd April, 2018 the Ministry has designated 9th Court of Additional District and Sessions Judge, Kanpur Nagar as Special Court for providing speedy trial of offences punishable with imprisonment of two years or more under the Companies Act, 2013.

Circulars:-

(i) Vide General Circular No. 03/2018, issued on 27th April, 2018 the Ministry has given one day extension of the Condonation of Delay Scheme, 2018 up to 01st May, 2018 on account of 'Budh Purnima', public holiday.

(ii) Vide General Circular No. 04/2018 issued on 27th April, 2018 the Ministry extended the time period for filing of AoC-4 XBRL E-Forms using Ind AS under the Companies Act, 2013 for the financial year 2016-17, without additional fee till 31st May, 2018.

(iii) **Call for research proposals** for funding under research component of the central plan scheme CDM on the following topics from outside agencies:

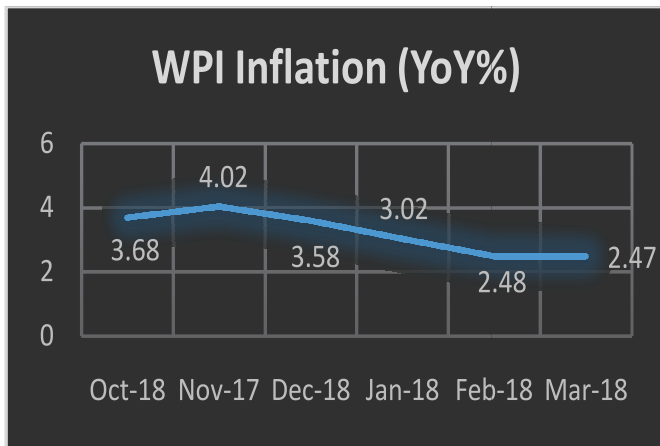
- a) Performance of One Person Company(OPC)
- b) Effectiveness of important provisions of Companies Act, 2013 such as companies incorporated under Section 8 of the Act (Section 25 of Companies Act, 1956)
- c) Effectiveness of Investor protection and Investor Education
- d) Performance of Corporates (across states, sector and size etc.)
- e) Effectiveness of Competition Law and practice
- f) Corporate Debt structure and leveraging
- g) Analysis of utilization of funds mobilized by Corporates through IPOs etc.
- h) Ease of Doing Business: Sub-indices within the ease of doing business index which directly pertains to corporate sector i.e. (i) Starting a business, (ii) protecting minority investors and (iii) insolvency resolution.
- i) Issues relating to emergence of Producer Companies in India.

Note: (i) Details of application for funding of research proposals can be seen at Guidelines for funding research and studies, workshops and conferences etc. under the plan scheme " Corporate Data Management" on the MCA's website (www.mca.gov.in) at Annexure I of http://www.mca.gov.in/Ministry/pdf/GuidelinesMCA_final_12022018.pdf.(ii) This notice can also be seen at Notice and Circulars section on the MCA's website at the following link http://www.mca.gov.in/Ministry/pdf/CDMNoticeGuidelines_10042018.pdf.(iii)Research proposals may be sent at cdm.research@mca.gov.in

Some Macro-economic Indicators

Wholesale Price Index (WPI)

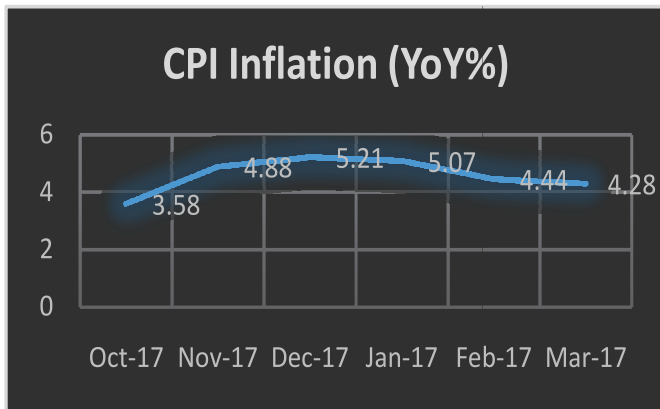
The annual rate of inflation, based on monthly WPI, stood at 2.47% (provisional) for the month of March, 2018 (over March, 2017) as compared to 2.48% (provisional) for the previous month and 5.11% during the corresponding month of the previous year.



Source: DIPP

Consumer Price Index (CPI)

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation has revised the Base Year of the Consumer Price Index (CPI) from 2010=100 to 2012=100.



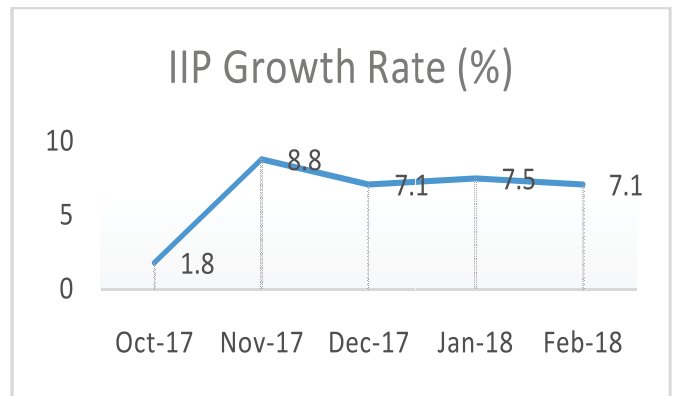
Source: MoSPI

Index of Industrial Production

The General Index for the month of February 2018 stands at 127.7, which is 7.1% higher as compared to the level in the month of February 2017. The cumulative growth for the period April-February 2017-18 over the corresponding period of the previous year stands at 4.3%.

The IIP for the Mining, Manufacturing and Electricity sectors for the month of February 2018 stand at 110.2, 130.1 and 136.1 respectively, with the corresponding growth rates of (-) 0.3%, 8.7% and 4.5% as compared to February 2017. The cumulative growth in these three sectors during April-February

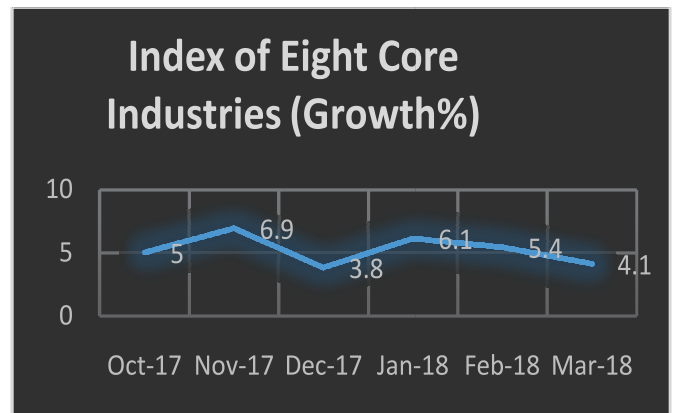
2017-18 over the corresponding period of 2016-17 has been 2.3%, 4.6% and 5.2% respectively.



Source: MoSPI

Index of Eight Core Industries

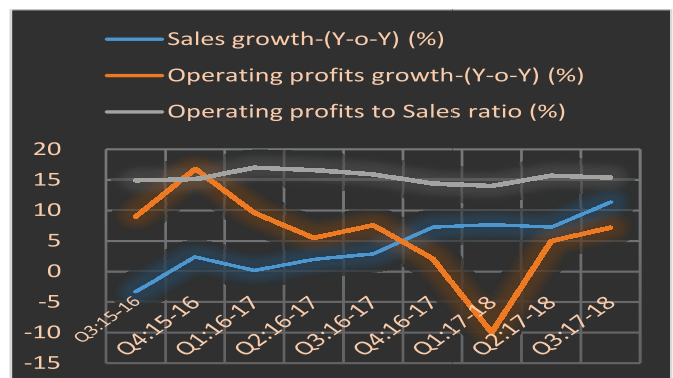
The Eight Core Industries (Coal, Crude oil, Natural gas, Refinery products, Fertilizers, Steel, Cement, and Electricity) comprise 40.27% of the weights of items included in the IIP and the corresponding index stood at 138 which was 4.2% higher as compared to Mar-17.



Source: MoSPI

Growth in Sales, Operating Profit and Operating profits to Sales Ratio

Trends in the select corporate performance indicators published by RBI (sales, operating profits and operating profits to sales ratios) of a sample of non-government non-financial listed companies are as below:



Source: RBI