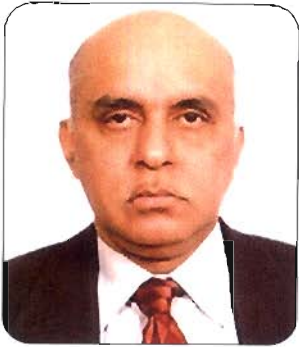




# Monthly Newsletter

Volume - 4

August - 2011



## From The Secretary's Desk:

It is a matter of pride to all of us that in the midst of acute risk and uncertainties in the global front, Indian economy returned to a high growth path in 2010-11. In striking contrast to advanced economies, emerging market economies (EMEs) including India have been dealing with rising inflation caused by the forces of rising commodity prices,

strong domestic demand and crude oil price escalation. On the domestic front, though inflation is showing signs of moderation, inflationary pressures are clearly still strong leaving very little room for complacency.

Nevertheless, the Indian economy is also facing the challenges of slowdown of investment activity in the second half of 2010-11. This is attributable to factors like low business confidence on account of high commodity prices, tight monetary policies and hardening of interest rates, etc. I am confident that our present focus on development of infrastructure and agriculture technology through public policy intervention will trigger a positive supply response from corporate sector.

In the Ministry of Corporate Affairs we are constantly attuning our policies and strategies with the national policy goals of the 12th Five Year Plan (2012-2017) to develop a new Business Regulatory Framework to achieve raising contribution of manufacturing sector to India's Gross Domestic Product (GDP) to the level of at least 25%. Keeping this large policy goal, in perspective, we are working in close collaboration with Planning Commission and other agencies to enable corporate sector to be globally competitive. The proposed *National Competition Policy* which is under formulation is one such example. This policy will be an integral part of the *Business Regulatory Framework of the 12th Plan (2012-2017)*.

Looking inwards into the initiatives of MCA, I am glad to report that our Ministry has opened a new window of opportunity to companies defaulting in filing of their annual returns and financial statements by allowing them to pay nominal additional charges on delayed filing and rectify their default. Such filing, if done between 12.08.2011 and 31.10.2011, will grant immunity from penal consequences. I would like to implore all such defaulters to take advantage of this opportunity and make good their past omissions.

The Ministry had also invited suggestions in XBRL filings, and in consideration of the suggestions received, we have updated the XBRL taxonomy and are in the process of making business rules and validation tools.

In view of the expansion in the activities of the Ministry, it was found necessary to re-organise the field offices, so that work can be handled effectively and promptly at the office end, while also making it easier for the companies and other stakeholders to get a service point nearer to them.



In a vast democratic country like India, it is imperative that Corporate Social Responsibility (CSR) and inclusive growth policies are adopted as a *good business practice* rather than being looked upon as an externality. Recently, we had a Discussion Conclave on *Integrating Sustainability into Corporate DNA* with the corporate sector. While engaged in its untiring endeavor of creating a positive and healthy environment for doing business in India by offering an effective, speedy regulatory regime and efficient services of world standards, at the same time the Ministry of Corporate Affairs is also looking forward towards a reciprocal affirmative action in the realm of CSR and inclusive growth for sustainable growth and development.



**Review of Corporate Sector :** The total number of companies in the Registry as on 31.08.2011 is 11,49,621 of which 10,071 companies have been liquidated /dissolved, 2,17,052 companies have become defunct, 8,893 companies have amalgamated/merged and 4,492 companies are under liquidation. All the sectors (except Insurance, Manufacturing (Metals&Chemicals and Transport, Storage and communication) indicate an increase in Registration in August, 2011 over July, 2011. As on 31.08.2011, 6,127 LLPs have been registered in the country, which includes 300 LLPs newly registered in the month of August, 2011. Regarding foreign companies, as on 31.08.2011, 3,136 active foreign companies have established their place of business in the country which includes 10 newly registered foreign companies while 7 foreign companies have ceased to have their principal place of business in the country in August, 2011.

**Circulars and Notifications on Simplification in Administrative Procedures continues :** The Ministry of Corporate Affairs has issued a series of Circulars concerning administration of the Companies Act, 1956 (for further details, visit our website : <http://mca.gov.in>). These broadly relate to –

(a) The introduction of a Company Law Settlement Scheme, 2011, providing a last opportunity to defaulting companies (which had been debarred, on account of their default in filing of their annual returns and financial statements with the Registrars of Companies, from making any event-based filing in the MCA21 System) to rectify their default. Condonation of delay in filing will be effective for documents filed within the period 12.08.2011 to 31.10.2011 and will confer immunity from prosecution. The additional fee payable on this account will be 25% of the additional fees for delayed filings. (see General Circular No. 59 of 2011 dated 05.08.2011).

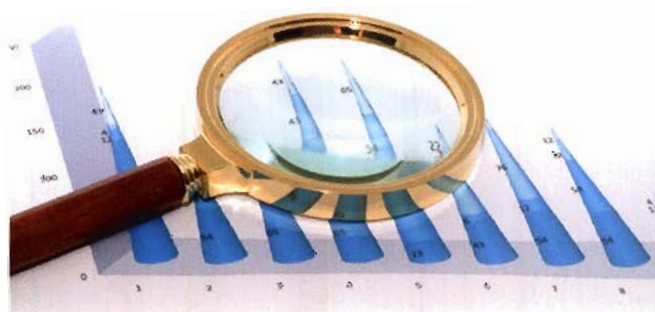
(b) The Company Law Settlement Scheme, 2011 has been made applicable also to foreign companies. (see General Circular No. 60 of 2011 dated 10.08.2011).

**Amendments to Forms 23AC and 23ACA for Filing documents with Registrar :** The Ministry of Corporate Affairs has modified Form 23AC (Balance Sheet etc.) and Form 23ACA (Profit and Loss Accounts etc.) with effect from 12.08.2011, by incorporating a specific field for "Type of Industry" (for more details and a facsimile of the revised forms, visit <http://www.mca.nic.in>).

**Revision in XBRL Taxonomy :** As a part of updating XBRL Taxonomy, addition of few new elements, changes in Presentation Link base, deletion of Clause 41 related elements have been carried out, based on feedback/

representations from stakeholders in consultation with ICAI in respect of XBRL filings of financial statements by the Commercial and Industrial entities. Accordingly, the business rules and MCA Validation Tool are also being aligned to the revised taxonomy and will be available very soon for use by companies.

**Proposal to Strengthen Serious Fraud Investigation Office :** In the new Companies Bill, 2011, it is envisaged to make a provision to give a statutory status to Serious Fraud Investigation Office (SFIO) with powers to file Police Report in criminal courts and to issue Letters Rogatory. It has also been decided to set up regional offices at New Delhi, Mumbai, Hyderabad, Chennai, Kolkata and Ahmedabad for effective oversight, monitoring and prosecution of cases.



**Limited Liability Partnerships of Professionals :** As a part of the legal initiatives of the Ministry of Corporate Affairs to make India a favourable destination for business, the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959 and the Company Secretaries Act, 1980 are proposed to be amended to permit formation of Limited Liability Partnerships of Professionals. This is aimed at allowing LLPs of Professionals to undertake their professional work without attracting the bar on body corporates to act in such manner. The *Institute of Cost Accountants of India* would also be rechristened as *Institute of Cost and Management Accountants of India*. A note for consideration has been submitted to Rajya Sabha in this regard on 26.08.2011.

**India Chairs Corporate Registries Forum :** Shri Sudhir Mital, Additional Secretary, Ministry of Corporate Affairs, India has been appointed as the President of the Corporate Registers Forum (CRF). He shall be the President of the Executive Committee of the Conference of the CRF for a period of one year from 25.07.2011. This assignment is particularly significant because India will be hosting the 2012 CRF International Conference, which is tentatively scheduled to be held in the third week of February, 2012. The CRF is an international Non-Profit Organization for administration of Corporate Business Registers. The current members inter- alia include Australia, Canada,

Hong Kong, Malaysia, New Zealand, Singapore, South Africa, U.K, etc. India is a founder member of the CRF.

**Investor Awareness Programmes :** During August, 2011, 76 Investor Awareness Programmes were conducted in various cities/districts across the country. The Ministry has withdrawn its support to *investorhelpline.com* so as to avoid duplication of work in view of the strengthening of the complaint monitoring module on the official website of the Ministry.

**Progress in Implementation of Schemes, Acts, Circulars and other Initiatives :**

(a) As on 07.09.2011, about 27000 documents have been filed, yielding additional revenue of Rs. 3.38 Crore under the Company Law Settlement Scheme, 2011.

(b) Since the inception of the Limited Liability Partnership Act, up to 08.08.2011, 5883 LLPs are registered all over India, while a total of 57 firms, existing in other forms, have been converted into the Limited Liability Partnership mode all over India, with Maharashtra topping the list (16 firms), closely followed by Delhi (15 firms) during the said period.

(c) The Serious Frauds Investigation Office has investigated 33 cases during the period 2008-2009 to 2011-2012 (up to 05.08.2011).

**Reorganisation of Field Offices :** Seven new offices of Registrar of Companies-cum-Official Liquidator have been established vide OM No. 42011/12/2009-Ad.II dated 11.08.2011 at Nainital (Uttarakhand), Bilaspur (Chattisgarh), Shimla (Himachal Pradesh), Ranchi (Jharkhand), Cuttack (Orissa), Patna (Bihar) and Jaipur (Rajasthan). The jurisdiction of the new/merged/upgraded field offices shall, as the Registrar of Companies, cover the whole State concerned and be the Official Liquidator of the concerned High Court. With this revision, the number of field offices of MCA goes up to 43 (six Regional Directors, Nine ROC-cum-OLs, Fifteen ROCs and thirteen OLs).

**Relocation of Offices of MCA :** As a part of improving the infrastructure amenities of the Ministry of

Corporate Affairs, the Research & Analysis (R & A) Division and Cost Audit Branch of the Ministry of Corporate Affairs have been re-located at and have started functioning from Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi. The Indian Institute of Corporate Affairs has been shifted to the newly constructed campus of the IICA at Manesar, which offers a wide range of facilities and amenities of world standards for the training of ICLS officers of the MCA. However, in order to assist the Committee on National Competition Policy and to maintain the city office of IICA, a four-member administrative team is functioning from the CGO Complex, Lodhi Road, New Delhi.

**New Cafeteria for MCA :** Secretary, Ministry of Corporate Affairs inaugurated the new *CAFETERIA* of the Ministry in the 5th Floor of Shastri Bhavan in a colourful event on 25.08.2011, for the use of staff and visitors to the Ministry. The Cafeteria would be managed by *Indian Railway Catering and Tourism Corporation Limited (IRCTC)*. The Cafeteria provides a highly diversified and high quality menu and has adequate space to accommodate catering for Seminars, Conferences, Workshops and other official Functions organized by MCA.

**Significant Activities of the Competition Commission of India :**

(a) **Adjudication of Disputes :** During August, 2011, the Competition Commission of India received ten new cases under Section 19, two notices under Section 6(2) and two cases under Section 6(5) of the Competition Act. These relate to alleged violation of Sections 3 and 4 of the Act, the Combination Regulation and filing the details of acquisition by the acquirer pursuant to covenant to loan/investment agreement. Of about 200 cases so far registered under Section 19 of the Act, 102 have been disposed of. Orders have been issued in one of the combination regulation case filed during the month.

(b) **Conferences, Seminars and Training :** A conference on "Consumers and Competition Law" was organised in collaboration with state consumer organisation at Rajkot, Gujarat on 06.08.2011 as part of the Advocacy programme of the Commission. A four-day training programme on "Merger: Preliminary Investigation Process" was organised in collaboration with US Federal



Trade Commission during the period 23.08.2011 to 26.08.2011. Shri Sandeep Jain, Additional Director-General, CCI led a team of participants to the Regional Seminar on "The Role of Competition Authority in this Era of High Inflation" at Ho Chi-Minh City, Vietnam during the period 30.08.2011 to 31.08.2011.

(c) **Academic Studies** : The Competition Commission of India awarded a Study on "Competitive Assessment of Onion Markets in India in the State of Maharashtra and Karnataka" to the Institute for Social and Economic Change (ISEC), Bangalore. The paper "Agriculture Markets in India –Regulatory Impact Analysis: Competition Perspective", written by Ms. Renuka Jain Gupta and Shri Sudarshan Bhattacharjee has been published in the Indian Journal of Public Administration.

## MCA invites Feedback on Draft National Competition Policy :

Ministry of Corporate Affairs has constituted a Committee under the Chairmanship of Shri Dhanendra Kumar, Former Chairperson of Competition Commission of India, for framing of National Competition Policy and related matters, which has submitted a Draft National Competition Policy 2011 version—II to the Ministry which is placed at [www.mca.gov.in](http://www.mca.gov.in). The Ministry has invited comments from Chambers of Commerce and Industry, corporates, law firms, members of civil society and all other stakeholders on the Draft National Competition Policy version—II by 19th September, 2011. Comments can be sent by mail at [dircs@mca.gov.in](mailto:dircs@mca.gov.in), or by post to Shri Anil Bhardwaj, Director Ministry of Corporate Affairs, Room No. 536, A Wing, Shastri Bhawan, New Delhi 110001.

**Competition Appellate Tribunal** : The Competition Appellate Tribunal (CAT) adjudicates over Appeals against the decisions of the Competition Commission of India. Since its inception in May, 2009, up to July, 2011, the CAT has received 36 appeal cases, of which 24 have been finally disposed of. 1825 cases of the erstwhile Monopolies Restrictive Trade Practices Commission have been transferred to the Tribunal, of which 1426 cases have been decided.

**ICSI Corporate Governance Week** : The Institute of Company Secretaries of India organized its first Corporate Governance Week during the period 08.08.2011 to 12.08.2011. It included programmes on Corporate Governance, Sustainability, Global Reporting

Initiative and Sustainability Reporting, Ethics and Integrity, Risk Management, Non-financial disclosures, carbon foot prints, Good Corporate Citizenship and on furthering "Go-Green" initiatives. Dignitaries such as Dr. Veerappa Moily, Hon'ble Minister for Corporate Affairs, Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi and Shri Arun Maira, Member, Planning Commission graced the conclave held on 12.08.2011 with the theme "Integrating Sustainability into Corporate DNA". The Hon'ble Minister for Corporate Affairs noted in this conclave that the Ministry has been working towards repositioning itself as a significant facilitator in creating a positive and healthy environment for doing business in India by offering an enlightened regulatory regime and efficient services so that the entrepreneurial energies are utilized in creating value for the stakeholders, and called upon the corporate sector to ensure that its endeavours are consistent with the demands of eco system and the expectations of Indian democracy.

**Earmarking of funds for CSR by CPSEs** : As a follow-up to the Corporate Social Responsibility (CSR) initiatives by Companies, notified by MCA through its "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011", the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises have issued Comprehensive Guidelines on CSR for Central Public Sector Enterprises (CPSEs) in April 2010. In these Guidelines, CPSEs have to mandatorily create, through a Board Resolution, a CSR budget as a percentage of net profit of the previous year (specified in three slabs : Profits less than 100 Crores, 3-5%; 100 to 500 Crores, 2-3% and over 500 crores, 0.5-2%). Out of the 50 marks allocated for non-financial parameters for the annual Memorandum of Understanding (MoU) assessment of each CPSE, 5 marks are allotted for implementation of CSR projects by the CPSE.



For details visit our website i.e. [www.mca.gov.in](http://www.mca.gov.in)