



# Monthly Newsletter

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Shri Naved Masood,  
Secretary, MCA

## From The Secretary's Desk

The Indian economy is facing one of its toughest challenges. Several measures, short-term and medium term, have been announced recently to arrest the widening current-account deficit (CAD) and exchange rate depreciation of the rupee. Import duty on gold has been increased to

10%. Financial saving instruments, such as, inflation-linked bonds have been introduced to wean away investors from buying gold. Interest rates that banks offer on non-resident (external) rupee deposits have been de-linked from the domestic rupee deposit rates. Further, during its First Quarter Review of Monetary Policy RBI has kept all key interest rates unchanged so as to tighten liquidity aimed at curbing speculative tendencies. These measures are expected to minimize the volatility of rupee in the currency market.

In the present development strategy, corporates have emerged as a major engine of growth. They account for nearly one-fourth of the Gross Domestic Saving, and one-third of Gross Capital Formation in our economy.

It is heartening to note that Parliament has recently passed the new Companies Bill, 2013, that will replace the nearly six decade old Companies Act, 1956. The Bill will soon receive the President's assent, and thereafter notified. This legislation marks the beginning of a new era in the way companies will be governed and regulated. The new Companies Bill incorporates several new initiatives that inter alia includes, more flexible environment for corporates to regulate their affairs, more accountability of audit, protecting interests of investors, and Corporate Social Responsibility (CSR).

Protection of investors and minority shareholders is a key feature enshrined in new Companies Bill, 2013. While provisions of greater disclosures, independent directors and rotation of auditors etc. in the new legislation would work towards good corporate governance and minimize the propensity to commit fraud, conferment of statutory status to SFIO will help to strengthen the effectiveness of the organisation.

While I welcome the spirit of corporates in contributing to social welfare in their own way, I am looking forward to seeing the emergence of socially responsible corporates in the near future. I hope the special clause on CSR embedded in the new Companies Bill would help in building the much

needed social capital. Further, mandated disclosure of CSR spend by companies would help to promote inclusive and sustainable growth.

We are currently at the rule-framing stage. The draft rules under the Companies Bill, 2013 will soon be hosted on MCA's website inviting comments/suggestions/feedback of all stakeholders before the rules are finalised and notified. Our objective is to frame rules that are transparent, acceptable and enforceable.



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**MCA 21 e-Governance Project:** There is significant improvement in service delivery of MCA-21 during July, 2013, with 1,72,835 filings under Straight Through Process (STP) and non-STP categories, including filings of 15,539 Annual Returns and 16,261 Balance-sheets/ Profit and Loss Accounts. The Ministry is regularly reviewing with Regional Directors and Registrar of Companies through video conferencing for early disposal of pending work items. The number of complaints filed by stakeholders' (through ticket raising) has been further brought down to 250 in July, 2013 from 600 in the month of June, 2013.

**Setting up of Ecosystem Innovation Center:** An Ecosystem Innovation Centre (EIC) has been set up in the Ministry of Corporate Affairs, under the Chairmanship of Additional Secretary, MCA, to initiate the process of promoting innovative suggestions/ideas in the Ministry. The primary purpose of the Centre is to nurture novel ideas and create a conducive environment for promoting innovations in the Ministry with focus at all levels by associating stakeholders within and outside the Ministry. In this context, a web-link for receiving 'Innovative Feedback and Suggestions' has been enabled on the MCA Homepage portal under the 'Stakeholders' Corner'. All stakeholders and employees are encouraged to provide innovative suggestions/feedback that can contribute towards increasing the efficiency and service delivery functions of this Ministry. Suggestions/Feedback can also be submitted through e-mail at [iap@mca.gov.in](mailto:iap@mca.gov.in).

**Report of the Committee for Formulation of Data Dissemination Policy of MCA:** Committee on Formulation of Data Dissemination Policy of MCA has submitted its final Report in July, 2013. The Committee, headed by Economic Adviser, MCA, was constituted with the objective of suggesting a mechanism for sharing data available with the Ministry of Corporate Affairs with the stakeholders and public at large. The committee identified important corporate data that is of public use for dissemination. The report is under examination.

**XBRL Updates:** The Commercial and Industrial taxonomy and Business Rules for XBRL filings for Financial Year 2012-13 are being updated by the Ministry of Corporate Affairs in collaboration with ICAI. The changes are broadly related to

modification of Structure and Element Names of Indian Commercial and Industrial Taxonomy version 1.1.

**New Director General of CCI:** Shri L. Raja Sekhar Reddy has been appointed as Director General, Competition Commission of India on deputation w.e.f. 22.07.2013.

### **Investor Protection and Awareness:**

#### **1. Investor Protection and Awareness Programme at Bhubaneswar:**

The Institute of Company Secretaries of India (ICSI) in collaboration with RBI, SEBI and ICAI organized an Investor Protection and Awareness Programme at Bhubaneswar on 19.07.2013. Shri Sachin Pilot, Hon'ble Union Minister of State (Independent Charge) for Corporate Affairs inaugurated the programme. Shri Naved Masood, Secretary, Ministry of Corporate Affairs, Shri Nilimesh Baruah, Director, SFIO and Shri U.N. Behera, Additional Chief Secretary, Odisha attended the programme. More than 700 participants, including investors, regulators, self-regulatory organizations, market intermediaries, officers of state functionaries, professionals, and corporate executives attended the programme. Addressing the gathering, the Hon'ble Minister emphasized the need to protect the interest of the investors. He assured government support for Investor Awareness Programmes. He announced that a branch office of the Serious Fraud Investigation Office (SFIO) will be opened in Odisha soon to investigate frauds by Chit Fund companies. Shri Naved Masood, Secretary, Ministry of Corporate Affairs in his address, emphasized the need for protection of interests of investors, and urged that more such programmes should be organized to create greater awareness amongst investors.



*Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs, addressing at Investor Protection and Awareness Programme at Bhubaneswar on 19.07.2013*



that are in the process of being closed. As many as 1.44 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 8.93 lakh active companies, of which 1.5 lakh companies were incorporated within the preceding eighteen months (not due for filing).

During July, 2013, nine government-owned companies were registered under the Companies Act, 1956, of which 8 are public limited companies with authorized capital of Rs. 10.4 crores and one private limited company with authorized capital of Rs. 20 crores. The Government companies incorporated are as follows:

1. NRSS XXXI (a) Transmission Limited, 2. NRSS XXXI (b) Transmission Limited, 3. NRSS XXIX Transmission Limited, 4. APMDC SCCL Suliyari Coal Company Limited, 5. Kerala State Housing Development Finance Corporation Limited, 6. Manipur State Power Distribution Company Limited, 7. Manipur State Power Company Limited, 8. Punjab Thermal Generation Limited, and 9. Tamil Nadu Skill Development Corporation. Of these, first 3 Companies are Central Public Sector Undertakings (CPSU) and rest 5 companies are State Level Public Enterprises (SLPEs).

#### **Major Events at IICA:**

##### **1. National Conference on Complying to and Leveraging Clause-135 of Companies Bill, 2012 for Maximum Impact:**

A National Conference was conducted by Indian Institute of Corporate Affairs (IICA) on Clause-135 held in Chennai on 16.07.2013. The participants included Board of Directors, Company Secretaries and heads of foundations. IICA was the Knowledge Partner for this conference which was supported by the British High Commission, Madras Chamber of Commerce and Industry, NASSCOM Foundation and NextGen. Dr. Bhaskar Chatterjee, DG and CEO, IICA, delivered the key note address and highlighted the catalytic role of the Bill in creating an enabling environment for long-term CSR strategies that can effectively solve the country's social, economic and environmental issues.

##### **2. Mid-Career Training Programme for ICLS Officers:**

One Week Mid-Career Training Programme for 19 ICLS Officers (STS Level) was held during 15-19th July, 2013. The topics covered during the training programme were

related to Powers of Shareholder in Meetings, Power of Board, Analysis of Balance Sheet, Inspection of Books of Accounts, IFRS, Corporate Governance, Revised Schedule VI, etc.

**3. Training to Officials of Official Liquidator:** First batch of 19 officials of Official Liquidator attached to Delhi High Court have completed their training successfully during 17.06.2013 to 12.07.2013. The second batch is undergoing their training from 29.07.2013 to 27.08.2013. The topics covered under the programmes are Winding-up of Companies, Powers of Liquidator, Dissolution of Company, Basics of Accounting, Statement of Affairs, Inspection of Books and Records, Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, Reserve Bank of India Act, etc.

#### **Major Events at CCI:**

**(1)** CCI adopted a slogan "Fair competition for greater good" to be used as tagline with its logo.

**(2)** Dr. Ashok Gulati, Chairman, Commission for Agriculture Costs and Price delivered a lecture on "Building Competitive Agriculture in India" under Distinguished Visitor Knowledge Sharing Series on 26.07.2013 at CCI, New Delhi.

**(3)** A workshop on "Anti-Trust/ Merger Issues" was organised by CCI in collaboration with US-FTC at New Delhi on 30th July – 1st August, 2013.

**(4)** In order to build effective knowledge sharing relationship, an interactive session was organised in CCI with senior officers of financial investigation agencies on 18.07.2013 at New Delhi to discuss issues related to competition and to identify the area of mutual cooperation.

**(5)** Ms. Payal Malik, Adviser, CCI participated in the 13th Session of the Intergovernmental Group of Experts (IGE) on Competition Law and Policy organised by UNCTAD at Geneva during 8 – 10th July, 2013.

