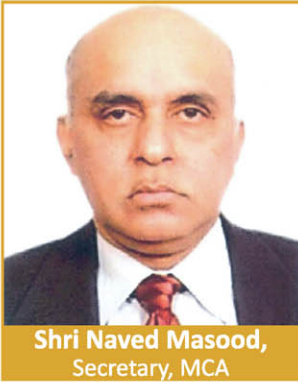




Monthly Newsletter

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Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

The provisional estimates of Annual National Income, 2012-13 released on 31st May, 2013 by the Central Statistics Office (CSO), indicate that the Indian economy experienced the lowest ever growth rate in a decade. The overall GDP growth rate of 5% for the last fiscal, comprised 1.9% growth in agriculture, 1% in manufacturing and 7.1% for the services sectors. The manufacturing sector bore the brunts of both the global slowdown, and domestic uncertainties. The increase in Industrial output is yet to pick up even in the current fiscal. The Index of Industrial Production (IIP) for the month of April 2013 is pegged at 2% only, with the output of capital goods rising by a meagre 1.0%.

The International Monetary Fund, in its latest 'Global Economic Prospects', suggests that South Asia's regional growth will be driven mainly by a projected pick up in India. The report envisages India's GDP to grow at 5.7% in 2013-14 and thereafter accelerate to 6.7% in 2014-15. The robustness of the recovery is projected to be driven by growth in exports and private investment, supported by a judicious mix of monetary and fiscal policy reforms. India has performed well with regard to fiscal deficit in 2012-13 and the Finance Minister has further reassured that fiscal deficit target of 4.8% of GDP for the current fiscal would be met.

The rate of WPI-based inflation eased further to 4.7% in the month of May, 2013 from 4.9% during April, 2013. However, the Consumer Price Index (CPI) for May, 2013 is still high at 9.3%. The positive impact of declining headline inflation has been overshadowed by the increasing Current Account Deficit (CAD) and the falling value of the rupee, constraining the Reserve Bank of India to keep policy rates unchanged. The rupee has lost 4.8% during the month of May, 2013. A sharp depreciation of the rupee has an adverse impact on the imported component of inflation. The Finance Minister has promised a set of reform measures by the end of June, including lifting caps on foreign direct investment, and changes in locally-produced gas prices. He expects the rupee to find its right value soon and settle down.

SEBI has relaxed the 'offer for sale' (OFS) norms for institutions, and allowed them to bid for a share in an OFS without paying any upfront margin. This is aimed at making it easier for companies to comply with the minimum public shareholding norms by which promoter holding has to be reduced to 75%. I hope that the investing community would benefit from these initiatives and work towards a speedier revival of the economy.

☞ The positive impact of declining headline inflation has been overshadowed by the increasing Current Account Deficit (CAD) and the falling value of the rupee ☞



MCA 21 e-Governance Project: The “MCA21 Project” of the Ministry, launched in 2006, is a major e-Governance initiative covering all aspects of incorporation and regulation of companies. MCA21 has enabled the Ministry to achieve very high standards of service delivery. The second cycle of the project has commenced after completion of the first cycle on 16.01.2013. Some operational problems were experienced during the transition period. In recent weeks, the MCA21 system's performance and services have shown significant improvement. During the month of May, 2013, 13,192 Annual Returns and 14,269 Balance-sheets/ Profit and Loss Accounts have been filed.

Wal-Mart Inquiry Committee Report: The Hon'ble Shri Justice Mukul Mudgal Committee was set up by the Ministry of Corporate Affairs on 31.01.2013 to enquire into press reports regarding lobbying by Walmart in India. The Committee has submitted its report to the Ministry on 18.05.2013.

Draft XBRL taxonomies for Insurance Companies: The Exposure Drafts of XBRL taxonomies for Life and Non-life Insurance Companies have been prepared by Institute of Chartered Accountants of India (ICAI). The draft templates were prepared as per different requirements of the Insurance Act, formats of financial statements prescribed by the Insurance Act, Circulars and Regulations issued by the Insurance Regulatory and Development Authority (IRDA), various other statutory requirements and certain common practice elements based on Annual Reports of Insurance Companies. The two draft templates, for Life and non-Life Insurance Companies, are available on the website of XBRL India (www.xbrl.org) and ICAI (www.icai.org) for comments from stakeholders. The comments can be submitted up to 12.07.2013.

Investor Protection:

- Data on unpaid and unclaimed amounts of investors lying with the companies and not yet transferred to the Investor Education and Protection Fund have been uploaded by 112 companies during the month of May, 2013. According to data available on the MCA21 portal of the Ministry of Corporate Affairs, an amount of Rs. 1,101.35 crore is lying with 1,406 companies on account of unpaid and unclaimed dividends as on 30.04.2013.
- In collaboration with the three Professional Institutes [i.e., Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI), and Institute of Cost Accountants of India (ICMAI)], 55 Investor Awareness Programmes were conducted in different towns/cities of the country during the month of May, 2013.
- In order to cover rural areas under Investor Awareness Program, the Ministry has engaged the services of CSC e-Governance Services India Limited, New Delhi. The Ministry, in collaboration with the agency, conducted 20 Investor Awareness Programmes in rural areas of Uttar Pradesh (Ghaziabad), Rajasthan (Alwar) and Punjab (Hoshiarpur) during the month of May, 2013.
- The Ministry has issued a General Circular for protecting the interests of investors/depositors. As per the circular, members/subscribers of a new company, at the time of incorporation of a Company, are required to submit affidavits declaring that the Company shall not accept deposits from the public, except in accordance with the applicable law. Similar affidavits have also been mandated from every Director if the objects of the Company are sought to be changed. This step has been taken to minimize misuse of provisions governing acceptance of Public Deposits under the Companies Act, RBI Act and the SEBI Act.

CCI Celebrates Annual Day: The Competition Commission of India (CCI) celebrated its Annual Day on 20.05.2013. Shri P. Chidambaram, the Hon'ble Finance



Minister, delivering the Inaugural address, emphasized the need for redefining the role of the government as a regulator of competition and as a participant in the competitive process. Shri Sachin Pilot, Hon'ble Minister of State (Independent Charge) for Corporate Affairs, in his Key Note address suggested that competition is a major driver for productivity growth in the economy and international competitiveness. He exhorted the Commission to promote competition advocacy proactively, so as to persuade the Government to reduce entry barriers prescribed in policies; promote de-regulation and trade liberalization to promote competition in the market place.



Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs, Delivering Keynote Address at Annual Day Lecture at CCI on 20.05.2013.

Circulars: The Ministry of Corporate Affairs has issued two Circulars concerning administration of the Companies Act, 1956 in May, 2013 (for further details, visit our website: www.mca.gov.in). These Circulars broadly relate to:

(i) Circular No.10/2013 dated 08.05.2013 which states that henceforth, under the provisions of Regulation 17(6) of the Company Regulation, 1956, ROCs concerned will create ad-hoc work items and submit reports for internal monitoring by the Ministry (see General Circular No 10/2013 dated 08.05.2013).

(ii) Circular No.11/2013 dated 29.05.2013 requires subscribers of a new company to swear affidavits at the

time of incorporation of a Company to the effect that the Company shall not accept deposits from the public except in accordance with the applicable law. Similarly, every Director is required to file such affidavits if the objects of the Company are sought to be changed. (See General Circular No.11/2013 dated 29.05.2013).

Companies in the Registry : A total of 10,505 companies were registered during the month of May, 2013 with total authorized capital of Rs. 1,352.97 crore. This comprises 309 public limited companies with authorized capital amounting to Rs. 160.53 crore and 10,196 private limited companies with authorized capital amounting to Rs. 1,192.44 crore.

As on 31.05.2013, there are 13.21 lakh companies in the Registry. Of these, as many as 2.6 lakh companies have been closed for various reasons, such as court order, voluntary winding up, etc. There are 30,435 companies that are in the process of being liquidated. As many as 1.44 lakh companies have not filed their Annual Returns/ Balance Sheets (i.e., Annual Statutory Filings) for more than past three consecutive years and are classified as 'dormant'. In other words, there are about 8.77 lakh active companies of which 1.5 lakh companies had been incorporated within the preceding eighteen months (not due for filing).

Major Events at Indian Institute of Corporate Affairs (IICA):

- **National Conference on Companies Bill 2012:** Indian Institute of Corporate Affairs (IICA) in collaboration with the Institute for Development Communication (IDC) organised a One Day National Conference on Companies Bill, 2012 at Chandigarh on 14.05.2013.



Major themes covered in the conference were: Governance and Transparency, New Accounting Regime, Investor Protection and Corporate Social Responsibility.

- **Curricula Consultation Meeting:** In Pursuance of the MOU signed between IICA and the National Law School of India University (NLSIU), a stakeholders meeting was held on 10.05.2013 chaired by Dr. Geeta Gauri, Member, CCI to get inputs and feedbacks from various stakeholders towards developing a curriculum for academic courses. Shri Dhanendra Kumar, Principal Advisor, IICA, highlighted the existence of deficit of skills and knowledge, which is sought to be addressed through these courses. Courses on Competition Law and Market Regulation, are planned to be offered by both Institutions. The curricula would be designed with a view to creating a pool of professionals equipped in cutting-edge theory and practice of competition law and market regulation. The discussions centered around the varied and specialized needs of professionals such as Advocates, Company Secretaries, Chartered Accountants, Business Executives, Economists, Policy Makers, Government Officials etc. Issues of eligibility, screening and delivery of courses were also discussed.

- **Public lecture on 'Australia and India: Common Goals in Corporate Law and Corporate Governance Reforms':** Indian Institute of Corporate Affairs, the Australian High Commission and the Australia India Institute (All) jointly organised a public lecture on "Australia and India: Common Goals in Corporate Law and Corporate Governance Reforms" on 13.05.2013. The event was attended by a cross section of senior professionals related to Corporate Governance and Corporate Law in India and were addressed by Mr. Patrick Suckling, Australian High Commissioner to India, Dr. Austin, former Justice of the New South Wales (NSW) Supreme Court, and Shri Dhanendra Kumar, Principal Advisor, IICA. Principles, such as, establishment of a coherent regulatory framework, promoting investor confidence and

creation of value, balancing the objectives of fairness and efficiency in corporate organizations and mutual learning between Indians and Australians in the context of corporate regulation were emphasized.

Major Events at CCI:

(1) Shri Anurag Goel, Member, CCI participated at the 6th Astana Economic Forum Conference organized by Agency of Republic of Kazakhstan for Competition Protection (Antimonopoly Agency) during May 22–24, 2013 held in Astana, Kazakhstan.

(2) Shri R.N. Sahay, Adviser (Economics) participated in the 3rd International Conference on "Role of competition in fostering trade and investment" during May 29–30, 2013 held in Islamabad, Pakistan.

(3) As a part of Government Advocacy, a preliminary meeting on Competition Assessment of Government policies was held by a team of CCI officers with the Department of Pharmaceuticals on 15.05.2013, and with the Department of Higher Education on 21.05.2013 at New Delhi.

