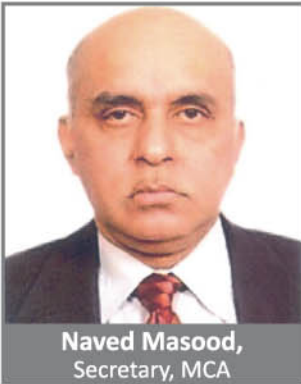




Monthly Newsletter

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Naved Masood,
Secretary, MCA

From The Secretary's Desk

The International Monetary Fund (IMF) in its recently released World Economic Outlook (WEO) estimated a 5.2% real GDP growth for India during 2012-13, which is higher than the CSO's Advance Estimates of GDP growth pegged at 5.0%. The improved prospects for India

are attributed to the recently implemented pro-growth measures and improved external demand conditions. The growth prospects for current year and next fiscal are projected at 5.8% and 6.3% respectively.

It is a matter of relief to note that headline inflation has declined to a 40-month low of 5.96% in March, 2013 triggering hope among the business community of a possible policy rate cut in the near future. However, in the RBI's assessment, the fall in WPI inflation is mainly on account of weaker demand rather than a meaningful correction in the supply-demand dynamics in the system. The retail price inflation, measured by the Consumer Price Index (CPI), still persists at a double digit level.

While the Government of India is taking several measures to consolidate on the fiscal front, the external sector balance is still a matter of great concern, with Current Account Deficit (CAD) reaching its peak at 6.7% of GDP during the third quarter ending December, 2012. The recent developments, such as, drop in the global commodity prices (gold and petroleum), improvement in exports, and moderation in domestic prices are expected to improve the external balance position of our economy.

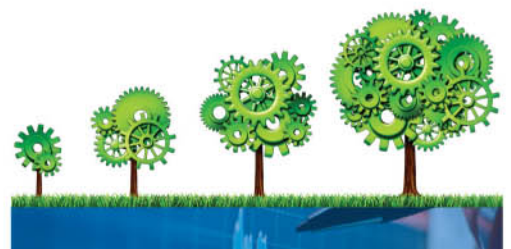
India's industrial output rose by 0.6% in February, 2013 over the corresponding month of the previous year. More importantly, the production of capital goods improved from a continuous contraction reported in the past few months, to an unexpected level of 9.5% expansion in February. I hope this recovery would sustain, and propel the corporate sector to make significant investments.

The Ministry of Corporate Affairs on its part has been consistently pursuing its mandate of providing an enabling regulatory framework for corporate growth. The Ministry intends to further extend the coverage of its services by opening a new office of Registrar of Companies-cum-Official

Liquidator at Bilaspur, Chhattisgarh. The Ministry has also clarified certain legal issues about corporate entities raising funds through tax free bonds at rates less than the bank rate, which was a matter of concern in the minds of investors in the past.

Consumer protection through promoting competition is a good strategy for successful business expansion. I take pride in calling upon the corporate fraternity to join us in congratulating the Competition Commission of India for being nominated for the 'Global Competition Review Awards 2013'. I hope the positive signs of recovery seen recently, though do not strictly qualify to be called green shoots, hold enough hope for the economy, in general and the corporate sector in particular, to cheer about.

“ I take pride in calling upon the corporate fraternity to join us in congratulating the Competition Commission of India for being nominated for the 'Global Competition Review Awards 2013' ”



Senior Level Appointments:

1. Shri Amardeep Singh Bhatia has assumed charge as Joint Secretary, Ministry of Corporate Affairs with effect from 26.03.2013. Shri Bhatia belongs to 1993 batch of Indian Administrative Service, Nagaland Cadre.
2. Shri B.N. Harish, belonging to Indian Corporate Law Service, has assumed charge as Director, Inspection & Investigation, Ministry of Corporate Affairs with effect from 28.03.2013.

New RoC-cum-OL Office at Bilaspur: A decision has been taken to establish an office of Registrar of Companies-cum-Official Liquidator at Bilaspur, Chhattisgarh. The Ministry of Corporate Affairs is expected to sign a lease agreement with Municipal Corporation of Bilaspur for a rented office-building soon.

MoU signed between SFIO & NIELIT: It has been decided to establish a state-of-the-art Forensic Lab within the premises of Serious Fraud Investigation Office (SFIO) to facilitate extraction and analysis of sensitive data from digital storage devices. The lab would help in providing digital evidence admissible in courts of law, and in prosecution of the accused in fraud cases. In order to give a fillip to the early establishment of this lab, an MoU was signed between SFIO and National Institute of Electronics and Information Technology (NIELIT) on 18.03.2013. The work order, as well as funds amounting to Rs.1 crore, has been provided to NIELIT for setting up the forensic lab.

MoU signed with FIU-INDIA: Two MoUs were signed on 18.03.2013 between (i) SFIO and Financial Intelligence Unit-INDIA (FIU-INDIA) and (ii) MCA and FIU-INDIA for exchange of financial information, so as to help develop a comprehensive early warning system for detection of corporate frauds and money laundering.

Wal-Mart Investigation: Shri Justice Mukul Mudgal Committee, inquiring into media reports concerning Wal-Mart held meetings on March 7 and 22, 2013. Senior officers of Ministry of Corporate Affairs, Department of Industrial Policy and Promotion (DIPP) and Ministry of External Affairs were present and submitted requisite inputs/information. The meeting deliberated upon the responses received from the members of the public in

response to the Public Notice dated 12.02.2013 put out by the Inquiry Committee soliciting information on the Terms of Reference of the Committee. The Committee also held another meeting on 22.03.2013 with representatives of Walmart Asia and Bharti Walmart Private Limited.

CCI Nominated for Global Competition Review Awards

2013: The Competition Commission of India (CCI) has been nominated for the 'Global Competition Review (GCR) Awards 2013' under the category of "Agency of the Year-Asia-Pacific, Middle East & Africa". It is for the first time that the CCI has been nominated for this international prestigious award. GCR is the world's leading antitrust and competition law journal and news service. It may be mentioned that during the last three years, the CCI has passed 'Cease and Desist' Orders in 14 cases, and also imposed penalties amounting to Rs.7,354.11 crore in another 14 cases of anti-competitive agreements.

Cancellation/Deactivation of DIN: The Central Government has notified the Companies Director Identification Number (Amendment) Rules, 2013, (Notification No. G.S.R. 173 (E) dated 15.03.2013) amending the Companies (DIN) Rules, 2006. The Central Government or Regional Director (Northern Region), Noida or any officer authorised by the Regional Director upon being satisfied on verification of particulars of proof attached with the application received from any person seeking cancellation or deactivation of DIN, have been empowered to cancel or deactivate the DIN. The DIN can be cancelled/deactivated in the following cases (a) the DIN is found to be duplicate; (b) the DIN was obtained by wrongful manner or fraudulent means; (c) of the death of the concerned individual; (d) the concerned individual has been declared as lunatic by the competent Court; (e) if the concerned individual has been adjudicated an insolvent.

Investor Education and Protection Related Activities:

During March 2013, 377 Investor Awareness Programmes were held at different locations in the country by the three Professional Institutes viz. Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI), and Institute of Cost Accountants of India (ICAI). During the financial year 2012-13, 1985 programs were organised.

International Cooperation:

1. A two member delegation consisting of Shri U.C. Nahata, Director of Inspection and Investigation (DII) and Shri Anil Kumar Bhardwaj, Director, Ministry of Corporate Affairs participated at the Corporate Registers Forum (CRF) Conference, 2013 held at Auckland, New Zealand from March 11-15, 2013 hosted by the New Zealand Companies Office. The forum provided a platform to exchange ideas among 180 Corporate Registers representing more than 50 countries and other economic organisations. Shri Anil Kumar Bhardwaj was inducted into the executive committee of Corporate Registers Forum.



Shri U.C. Nahata, Director of Inspection and Investigation, MCA receiving the trophy for India being a founder member of CRF

2. A three member delegation consisting of Shri Nilimesh Baruah, Director SFIO, Shri Vijay Gupta, Deputy Director (Banking), SFIO and Dr. Pankaj Srivastava, Director, MCA visited the Serious Fraud Office (SFO), United Kingdom on 27.03.2013 to study their Fraud Detection and Prediction Model. The visit to SFO-UK enabled the team to get an insight into the processes and practices adopted by SFO-UK in investigation and prosecution of cases of fraud, corruption and bribery. Some of the best practices in the areas of case management, IT tools and employment of right skilled manpower can be replicated in SFIO-India. The knowledge of IT tools and processes used by Digital Forensics Lab, SFO-UK would come in handy for setting up of the proposed Forensic Lab.

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

Circulars:

- (I) Union Government allowed some institutions to issue tax free bonds up to Rs. 50,000 crore. These bonds carry a lower rate of interest, currently in the range of 6.75% to 7.50% which is tax free under Section 10(15)(iv)(h) of the Income Tax Act, 1961. Such bonds were also provided in Budget 2012-13, but the response had been poor for fear of contravention of Section 372A(3) of the Companies Act, 1956, which provided that no corporate entity could borrow at rates less than the bank rate notified by the Reserve Bank of India. It is clarified that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on prevailing bank rate, there is no violation of Section 372A (3) of Companies Act, 1956 (See General Circular No. 06/2013 dated 14.03.2013).
- (ii) In continuation of the Ministry's General Circular No. 03/2013 dated 08.02.2013, the time limit for filing and relaxation of additional fee on forms has been extended till 31.03.2013. Further, it is clarified that fee payable for forms on/till 16.01.2013 will remain payable along with additional fee and relaxation of any additional fee will be considered for forms on or after 17.01.2013. (See General Circular No. 07/2013 dated 20.03.2013)

Notifications:

- (i) The Government has amended Companies (Directors Identification Number) Rules, 2006 for cancellation or deactivation of DIN in certain ceases (See G.S.R. 173 (E) dated 15.03.2013).
- (ii) The Companies (Acceptance of Deposit) Rules, 1975 have been amended to regulate issue of bonds or debentures secured by the mortgage of fixed assets (See G.S.R. (E) dated 21.03.2013).

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

1. Roundtable Discussion on "Infusion of Competition in the Indian Economy": A Roundtable Discussion on "Infusion of Competition in the Indian Economy" was organised by IICA on 12.03.2013 to discuss impediments to competition in India. The Roundtable was chaired by Dr. C. Rangarajan, Chairperson, Prime Minister's Economic Advisory Council and attended by Shri Naved Masood, Secretary, MCA, Shri Bhaskar Chatterjee, Director General, IICA and by other senior officials of the Government and researchers.



Dr. C. Rangarajan stressed that competition has emerged as an essential tool for effective policy making and in those sectors where states play an important role either as regulators or market participants; competition and regulation needs to be balanced so that one does not outweigh the other. Shri Naved Masood, Secretary, MCA emphasised the need to undertake a comprehensive assessment of laws administered by various Ministries.

2. Shri M.J. Joshep, Additional Secretary, MCA participated at the Round Table Conference organised by Caux Initiatives for Business at the India International Centre on 23.03.2013. The Round Table is designed to bring senior government functionaries and Corporate members from business and industry to work towards evolving a facilitating environment for sustainable growth.

3. **Two Day Residential Programme for Company Directors:** A Two Day Residential Programme for Company Directors was held during March 8-9, 2013 at IICA to build essential capacities and to develop skills and knowledge so as to enhance the effectiveness of the Board.

Major Events at Competition Commission of India:

1. Shri Ashok Chawla, Chairperson, CCI participated in the 32nd Governing body meeting of Forum of Indian Regulators (FOIR) on 12.03.2013 held in New Delhi.
2. Shri Chawla also participated at the National Conference on Competition Law organized by ASSOCHAM on 16.03.2013 in New Delhi.
3. Shri S. N. Dhingra, Member delivered a lecture on Competition Law in Anti Trust Law Moot Court organized by National Law University, Jodhpur during March 8–10, 2013.
4. Dr. Geeta Gouri, Member attended an inception meeting of Consumer Unity and Trust Society

(CUTS) International new project titled “Competition Reforms in Key Markets for Enhancing Social & Economic Welfare in Developing Countries” held on March 13–14, 2013 in Jaipur.

5. Dr. Gouri also chaired a session on 'Cartels' in ASSOCHAM National Conference on Competition Law on 16.03.2013 in New Delhi.
6. Sixth “Distinguished Visitor Knowledge Sharing Series” lecture was delivered by Prof. Eleanor Fox, Walter J Derenberg Professor of Trade Regulation at New York University School of Law on “Competition Law in India and the World: Convergence in Perspective” on 04.04.2013 in CCI, New Delhi.
7. Shri R. N. Sahay, Adviser (Eco) and Dr. Sanjay Kumar Pandey, Jt. Director (Law) attended 16th International Conference on Competition organized by Bunderkartellamt (German Competition Authority) from 20th to 22nd March, 2013 held in Berlin, Germany.
8. Mrs. Bhawna Gulati, Deputy Director (Law) and Ms. Akali V Konghay, Deputy Director General (Law) attended a workshop on 'Practice and Procedure in Competition Cases', organized by OECD – Korea Policy Centre from 6th to 8th March, 2013 held in Busan, Korea.
9. A presentation on “Access to essential infrastructure: Australian Experience” was given by Mr. Matt Crooke, Minister – Counsellor (Economic), Australian High Commission to the officers of CCI on 14.03.2013.
10. A seminar on “The Welfare Implications of Patent Protection, Pricing and Licensing in the Indian Oral Anti Diabetic Drug Market” was organized on 04.03.2013. Dr. Kensuke Kubo, Associate Senior Research Fellow at Institute of Developing Economies, Japan External Trade Organization was the lead speaker in the seminar.

