



Monthly Newsletter

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Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

As you are aware, the Indices of Industrial Production (IIP) have bounced back to a 13-months high growth of 3.4% in April, 2014. This is a favourable sign that reflects the turnaround of the manufacturing sector. Even the capital goods sector has recorded 15.7% growth during April, 2014, suggesting an improvement in business sentiments.

With the pick-up in the industrial sector, domestic demand is expected to gather momentum.

Following improvements in global demand and appreciation of the Rupee, exports increased by 12.4%, and imports declined by 11.4% during May, 2014. Recovery in exports and moderation in imports have led to a sharp improvement in the trade deficit during the year 2013-14. The trade deficit declined to US\$ 147.6 billion in 2013-14 from US\$ 195.7 billion in 2012-13.

Broad macroeconomic indicators released by various national and international agencies confirm that the Indian economy has bottomed out and is on the path to high growth trajectory. Provisional national income estimates released by the Central Statistics Office (CSO), for 2013-14, indicate that overall GDP grew at 4.7%, which is slightly higher than 4.5% growth rate achieved in 2012-13. Agriculture grew at 4.7% as against 1.4% in 2012-13, mainly due to a good monsoon. Industry and services sector grew at 0.4% and 6.8% respectively. The World Bank has estimated that India would grow at 5.5% during 2014-15.

After the new government assumed office, there has been a perceptible change in the investors' confidence and overall markets sentiments. Indian stock markets are on a bull-run. The BSE Sensex has crossed the psychological level of 25000, and recorded an all-time high of 25,725 this month. Some estimates suggest a sharp increase in foreign investment inflows in coming months.

The new government has expressed its resolve to remove structural and procedural bottlenecks that will facilitate improving the ease of doing business in India. An e-window mechanism has been launched to fast-track environment clearances for industrial and infrastructure projects. E-governance is being given a big push so as to reduce red-tape and inefficiencies in the system.

The Ministry has brought into force 282 sections of the Companies Act, 2013 and rules thereunder. Concerns of stakeholders with respect to implementation of some provisions of the Act are being addressed continuously through issue of Circulars and Public Notices. I assure corporates that the Government is committed to further simplifying procedures and addressing the concerns of stakeholders on provisions of the Companies Act, 2013.

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New Ministers Took Charge of the Ministry of Corporate Affairs: Shri Arun Jaitley, assumed charge as Minister of Corporate Affairs and Smt. Nirmala Sitharaman assumed charge as Minister of State in the Ministry of Corporate Affairs on 26.05.2014.

Ministry Officials Bid Farewell to Outgoing Minister: Ministry officials bid farewell to the outgoing Minister of State for Corporate Affairs (Independent Charge), Shri Sachin Pilot on 20.05.2014. Shri Naved Masood, Secretary, Ministry of Corporate Affairs, presided over the function. Senior officials and staff of the Ministry were present.



Shri Naved Masood, Secretary, Ministry of Corporate Affairs speaking at the farewell function to bid adieu to the outgoing Minister of Corporate Affairs, Shri Sachin Pilot on 20.05.2014.

MCA-21 e-Governance Project: The MCA-21 is a major e-Governance project of the Ministry covering all aspects of incorporation and regulation of companies. Presently, the MCA-21 system is in the process of getting upgrade to meet the requirement of the Companies Act, 2013. After initial problems were faced in filing of e-forms and associated processes, the system has stabilized. Around 7500 e-forms were filed daily during May, 2014.

A Hindi version of the website of the Ministry of Corporate Affairs was redesigned and launched on 16.05.2014.

CSR Cell Constituted in the Ministry: The Ministry of Corporate Affairs has constituted a Corporate Social Responsibility (CSR) Cell headed by the Economic Adviser on 09.05.2014. This Cell is entrusted with the responsibility of: (i) examining references from stakeholders seeking clarification on CSR provisions and issuing requisite clarifications; (ii) coordinate with various agencies such as industry associations, professional institutes, IICA, International bodies on policy issues, and (iii) to interact with other Ministries/ Departments on CSR issues.

MCA formulates an 'Innovation Action Plan-2014-15': As part of its ongoing efforts to improve service delivery, the Ministry of Corporate Affairs has formulated an 'Innovation Action Plan for 2014-15'. As per this plan, the Ministry has decided to set up an Ecosystem Innovation Centre (EIC) to initiate and encourage the process of innovation in internal work procedures and processes, under the Chairmanship of the Additional Secretary. The primary purpose of the Center would be to encourage all stakeholders to suggest novel ideas and innovations so as to further simplify rules and procedures.

All stakeholders are requested to provide their suggestions to the Ecosystem Innovation Centre by logging in to the Ministry's website at the following web address: <http://www.mca.gov.in/DCAPortalWeb/dca/MyMCALogin.do?method=setDefaultProperty&mode=5>

Change in CIN for Companies located in Telangana: As the new State of Telangana came into existence from 02.06.2014, the Ministry of Corporate Affairs revised the State Code in the Company Identification Number (CIN) in respect of companies located in Telangana based on the address available in the database from "AP" to "TG". A complete list of such companies may be viewed at the following link: "http://mca.gov.in/Ministry/pdf/AP_to_TG.pdf". Approximately 73,000 companies have their registered offices in newly formed state of Telangana. MCA-21 also received authorization to issue online electronic stamp papers from the first day of the formation of new State.

CCI celebrated 5th Annual Day: The Competition Commission of India (CCI) celebrated its 5th Annual Day on 20.05.2014 at Hotel Ashok, New Delhi. The Welcome Address was delivered by Shri Ashok Chawla, Chairperson, CCI. Dr Raghuram Rajan, Governor, RBI graced the occasion as Chief Guest and delivered the 'Annual Day Lecture' on 'Competition in the Banking Sector: Opportunities and Challenges'. The event was attended by dignitaries from the Central Government, Banks, Industry Associations, PSUs, Foreign Missions, Law Firms and Media Persons. A set of newly designed advocacy booklets were released by Dr Raghuram Rajan, Governor, RBI on the occasion. Shri Naved Masood, Secretary, Ministry of Corporate affairs, presented the 'Votes of Thanks'.



Shri Ashok Chawla, Chairperson, CCI, welcoming Dr Raghuram Rajan, Governor, RBI and Shri Naved Masood, Secretary, Ministry of Corporate affairs, on the occasion of celebrating 5th Annual Day of CCI on 20.05.2014 at New Delhi.

Notifications and General Circulars: The Ministry of Corporate Affairs has issued three Notifications and four General Circulars relating to rules notified under the Companies Act, 2013 in May, 2014 (for further details, visit our website: <http://mca.gov.in>).

A. Notifications:

1. Delegation of Powers Related to Alteration of MoA by charitable companies, Rectification of Name of Company, Register of Chargers etc. to RDs:

With effect from 21.05.2014, the Central Government has delegated powers and functions of the Central Government, relating to relevant sections of the Companies Act, 2013, as listed below, to the Regional Directors at Mumbai, Kolkata, Chennai, Noida, Ahmedabad, Hyderabad and Shillong. These sections are as follows:

- (a) Clause (i) of sub-section (4) of Section 8 (for alteration of memorandum in case of conversion into another kind of company);
- (b) Sub-section (6) of Section 8;
- (c) Sub-sections (4) and (5) of Section 13 (alteration of memorandum);
- (d) Section 16 (rectification of name of company);
- (e) Section 87 (rectification in register of charges);
- (f) Sub-section (3) of Section 111 (circulation of members resolutions);
- (g) Sub-section (1) of Section 140 (removal of auditor); and
- (h) Proviso (i) to sub-section (1) of Section 399.

[S.O.1352 (E) dated 21.05.2014]

2. Delegation of Powers Related to Change in Names of Companies etc. to RoCs:

With effect from 21.05.2014, the Central Government has delegated the powers and functions of the Central Government, relating to relevant sections of the Companies Act, 2013, as listed below, to the Registrar of Companies. These sections are as follows:

- (a) sub-section (2) of Section 4 (related to name of the company);
- (b) sub-section (1) of Section 8 (charitable company);
- (c) clause (i) of sub-section (4) of Section 8, except for alteration of memorandum in case of conversion into another kind of company;
- (d) sub-section (5) of Section 8(charitable company); and
- (e) sub-section (2) of Section 13 (change in name of the company).

[S.O.1353 (E) dated 21.05.2014]

3. Delegation of Power Related to DIN to RD, Noida:

With effect from 21.05.2014, the Central Government has delegated powers and functions of the Central Government in respect of allotment of Director Identification Number (under Section 153 and 154 of the Companies Act, 2013) to the Regional Director, Joint Director, Deputy Director or Assistant Director posted in the office of Regional Director at Noida. [S.O.1354 (E) dated 21.05.2014].

B. General Circulars:

1. **Extension of period for Reservation of Name:** MCA-21 portal services for incorporation of companies were not available during 01.04.2014 to 28.04.2014 owing to deployment requirement for new e-forms. Many stakeholders had reserved names for the purpose of company incorporation with 60 days validity, expiring during the above mentioned period. In view of this, the

validity of reservation of all such names with due date of expiry between 01.04.2014 to 28.04.2014 was extended up to 31.05.2014 [**General Circular No. 11/2014 dated 12.05.2014**]. The Ministry further extended continuity of all reserved names as on 31.03.2014 till 06.06.2014 [**General Circular No. 13/2014 dated 23.05.2014**].

2. Certification of e-forms/non e-forms under the Companies Act, 2013 by the Practicing Professionals:

The Ministry has allowed registered members of the professional bodies to authenticate correctness and integrity of documents being filed by them with the MCA in electronic mode. As per Rule 10 of Companies (Reregistration Offices and Fees) Rules, 2014, the Registrar has to examine e-forms or non e-forms attached and filed with general forms on MCA portal i.e., to verify whether all the requirements have been complied with, and all the attachments to the requirements have been complied with, and all the attachments to the forms have been duly scanned and attached in accordance with the requirement of above said rules. In case of any false or misleading information or omission of material fact or incomplete information being observed, the RD or the RoC shall conduct a quick inquiry against the professionals who certified the form. The RD or RoC will submit his/her report to the e-Governance cell of the Ministry within 15 days and refer such cases to the concerned professional institute for conducting disciplinary proceeding against the errant members as well as debar the concerned professional from filing any document [**General Circular No. 10/2014 dated 07.05.2014**].

3. Applicability of PAN Requirement for Foreign nationals:

In view of the difficulties faced by foreign nationals, while filing incorporation form, due to mandatory requirement of submission of Permanent Account Number (PAN) details, PAN has been made mandatory only for those foreign nationals who are required to possess PAN in terms of provisions of the Income Tax Act, 1961. Where the intending Director who is a foreign national, is not required to compulsorily possess PAN, it will be sufficient for such a person to furnish his/her passport number, along with undertaking stating that provisions of mandatory applicability of PAN are not applicable to the person concerned [**General Circular No. 12/2014 dated 22.05.2014**].

Investor Protection and Awareness:

- A. **Unpaid and Unclaimed Amounts of Investors:** Till the end of May, 2014, as many as 2579 companies have uploaded information about unpaid and unclaimed amounts of investors (share application moneys, dividends, debentures, deposits etc.) lying with them on the dedicated website (www.iepf.gov.in). This website has been set up for companies to file details of unpaid and unclaimed amounts of investors for the last seven years or less, which are yet to be transferred to the Investor Education and Protection Fund, so as to enable the investor to reclaim the said money from the company. The total amount reported by these companies by end May, 2014 amounts to Rs. 3597.46 crore.
- B. **Investor Awareness Programmes organized during Financial Year 2013-14:** The Ministry of Corporate Affairs has organized 2,897 Investor Awareness

Programmes (IAPs) during the Financial Year 2013-14 across India in collaboration with (i) Institute of Company Secretaries of India (ICSI), (ii) Institute of Chartered Accountants of India (ICAI), (iii) Institute of Cost Accountants of India (ICAI), and (iv) Common Service Center (CSC). State-wise and institutions wise break up of programmes organized are given in the table below.

Review of Corporate Sector:

- A.** As on 31.05.2014, the number of companies registered under the Companies Act, 1956 stood at 13.97 lakhs. Of these, 2.55 lakh companies have been closed and 28,458 companies are in the process of being closed. As many as 1.42 lakh companies have not filed their Annual Returns/Balance Sheets (i.e., Annual Statutory Filings) for more than three consecutive years, and hence, are classified as 'dormant'. In other words, there are about 9.70 lakh active companies, including 1.27 lakh companies which were incorporated within the preceding eighteen months (not due for filing).
- B.** A total of 1,789 companies were registered under the Companies Act, 2013 during May, 2014 with authorized capital of Rs. 3342.33 crore. Of these 1,785 Companies (including 9 One Person Companies) were registered as Companies Limited by Shares with authorized capital of Rs. 3342.32 crore and 4 Companies Limited by Guarantees with authorized capital of Rs. 2 lakh during the month. Under the category of companies registered as limited by shares, Uttar Pradesh had maximum number of registrations (250) followed by Andhra Pradesh (236) and West Bengal (220). Economic activity-wise maximum number of companies (662) were registered under Business Services (IT and R&D).
- C.** 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

Major Events at IICA:

- IICA signs MoU with PHDCCI:** The Indian Institute of Corporate Affairs (IICA) and PHD Chamber of Commerce and Industry (PHDCCI) signed a Memorandum of Understanding (MoU) to establish collaboration in areas of corporate social responsibility, environment and sustainable business practices between two institutions on 06.05.2014 at New Delhi. The MoU was signed by Dr. Bhaskar Chatterjee, DG&CEO, IICA and Mr. Saurabh Sanyal, Executive Director, PHD Chamber.
- IICA Organized a Roundtable on "Corporate Governance Provisions in Companies Act 2013":** The Indian Institute of Corporate Affairs (IICA) organised a Roundtable on the theme "Corporate Governance Provisions in Companies Act 2013" on 02.05.2014 at IICA, Manesar. The objective of the programme was to discuss and deliberate on practical experiences in implementation of corporate governance provisions in the Companies Act, 2013. The Roundtable shed light on various topics such as operating aspect of Independent Directors, role of Audit Committee, Board strategy and transparency etc.
- Induction Training Programme for ICLS Probationers:** The induction training of 5 ICLS Probationary Officers (4th Batch) commenced w.e.f. 16th December, 2013. After completing their first phase of training from December, 2013 to April, 2014, the Probationary Officers are undergoing their 2nd phase of training for 3 months in the offices of ROC/OL/RD/ w.e.f. 05.05.2014.
- Training Programme of Officers and Officials of OL Offices:** Indian Corporate Law Service (ICLS) Academy conducted a training programme for 30 officers and officials of Official Liquidators from 19.05.2014 to 13.06.2014. The topics covered under the programme included winding up of companies, powers of liquidator, dissolution of company, voluntary liquidation, basics of accounting, statement of affairs, inspection of books and records, SARFAESI (The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest) Act, 2002 etc.

State-wise details of Investor Awareness Programmes organized during the Financial Year 2013-14

Sl. No	State/UT	ICSI	ICAI	ICAI	ICOAI	CSC	Total
1	Andhra Pradesh	42	48		50	-	140
2	Assam	34	-		-	-	34
3	Bihar	6	53			-	59
4	Chandigarh	1	-		-	-	1
5	Gujarat	1	128		13	-	142
6	Haryana	160	48		15	-	223
7	Jammu & Kashmir	-	1		-	-	1
8	Jharkhand	1	30		-	-	31
9	Karnataka	46	15		33	-	94
10	Kerala	5	-		1	-	6
11	Madhya Pradesh	427	157		33	-	617
12	Maharashtra	43	152		103	-	298
13	New Delhi	56	51		8	-	115
14	Odisha	21	50		1	-	72
15	Punjab	26	162		15	21	224
16	Rajasthan	8	306		5	18	337
17	Tamil Nadu	31			45		76
18	Uttar Pradesh	73	197		95	21	386
19	Uttarakhand	-	3		-	-	3
20	West Bengal	33	1		4	-	38
	Total	1,014	1,402		421	60	2,897