



# Monthly Newsletter

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Secretary, MCA

## Secretary's Desk

The latest World Economic Outlook report projects that global growth will remain steady over 2018 and 2019 at 3.7% but may be marginally limited by rising fuel prices, higher interest rates

and trade wars. India is expected to remain the fastest growing major economy at 7.37% and 7.4% respectively over 2018 & 2019, ahead of China. The report acknowledges reforms being undertaken in India include in relation to NPA management and enhancing the efficiency of credit provision by banks.

MCA is committed to strengthening the corporate governance framework in the country. Second phase of weeding out shell companies has resulted in de-registration of close to one lakh companies.

MCA also plans to review the auditing standards to tighten the rules for the auditors. Based on KYC drive for Directors, around 15.70 lakh Directors have got themselves registered. Remaining 17 lakh DINs have been deactivated. Directors still have a window to register themselves.

Also, in a move designed to promote ease of doing business Government approval would no longer be required to determine managerial

remuneration and shareholders have been authorised to do so subject to Schedule-V of the Companies Act, 2013.

The government has also set up a high-level committee to review the framework for Corporate Social Responsibility (CSR) activities and suggest a roadmap for better implementation of its provisions. Committee shall also review the schedule 7 of the Act that defines the activities covered under CSR.

The IEPF authority has recently signed a Memorandum of Understanding (MoU) with the CSC e-governance Services India, wherein the latter would identify village level entrepreneurs for investor awareness projects, among other activities. MCA is also looking at further reforms in IEPF.

To facilitate timely resolution of IBC cases, it is envisaged to set up exclusive IBC Courts under the NCLT benches of Delhi, Mumbai to start with and step up infrastructure of NCLT. The aim is also to strengthen the insolvency process for faster resolution of NPAs.

भारतीय दिवाला और शोधन अक्षमता बोर्ड

Insolvency and Bankruptcy Board of  
India

## POLICY DEVELOPMENTS

### Review of Competition Act

Recently, a 10-member panel has also been formed to review the Competition Act 2002 and study the related international best practices. The Panel will also study the inter-linkages and overlap between different legislations with the Competition Act and there is also a need for closer alignment between bankruptcy resolutions and competition regimes.

### MoU between the ICAI and ICPAK

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its approval for signing of a Memorandum of Understanding (MoU) between the Institute of Chartered Accountants of India (ICAI) and the Institute of Certified Public Accountants of Kenya (ICPAK). It will help to establish mutual co-operation and collaboration in the areas of knowledge sharing through joint research, quality support, capability and capacity building, trainee accountant exchange programmes and conducting Continuous Professional Development (CPD) Courses, workshops and conferences.

#### Details:

- ICAI and ICPAK will provide opportunities to key members of the reciprocal body's staff to learn from their knowledge and experience through informal work placements to be agreed through a work schedule.
- Jointly promote activities to raise awareness and the overall visibility of the ICAI/ ICPAK strategic partnership and the collaboration outlined in this MoU with members.
- ICAI and ICPAK will collaborate on benchmarking initiatives and trainee accountant exchange programmes.

### Review of Corporate Sector:

As on 31<sup>st</sup> August, 2018, the number of companies registered under the Companies Act was 17,95,011. Of these, 6,11,838 companies were closed, 6,197 companies were under liquidation, 47,538 companies are in the process of being struck-off from the register, 102 companies were in the process of being re-activated and 1,488 companies have so far obtained the "dormant" status according to Section 455

of the Companies Act, 2013. There are 11,27,848 active companies, including 1,65,213 companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 7,740 companies, including 407 One Person Companies (OPCs), were registered under the Companies Act, 2013 during August, 2018 with authorized capital of ₹ 16,865.71 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in August, 2018	Total Authorized Capital (In ₹ in Crore)
Company limited by Shares	7,714	16,865.45
Of which,		
(a) Private	7,567	6,673.68
Of which,		
One Person Companies	407	11.94
(b) Public	147	10,191.77
Company limited by Guarantee	26	0.26
Of which,		
(a) Private	24	0.21
(b) Public	2	0.05
Unlimited Company	-	-
<b>Grand Total</b>	<b>7,740</b>	<b>16,865.71</b>

During the Month of August, 2018, Maharashtra had maximum number of company registrations (1,432) followed by Delhi (1,037) and Karnataka (741). "Business Services" topped the economic activity-wise classification (3,221) of newly registered companies.

During August, 2018, 7,714 (out of 7,740) companies were registered as companies limited by shares with authorized capital of ₹ 16,865.45 crores. 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](http://mca.gov.in/MinistryV2/InformationBulletin.html).

## MONTHLY MIS REPORT FROM COMPETITION COMMISSION OF INDIA

(As on September-2018)

S. No.	Sections	Cases pending as on last day of previous month (A)	Cases received during the month (B)	Total Cases (A+B)	Net Cases pending with CCI for final disposal	Remarks
1.	19(1)	88	-	88	88	#
2.	19(1)(a)	105	06	111	102	
3.	19(1)(b)	12	-	12	12	
4.	5&6	09	09	18	10	*
<b>TOTAL</b>		<b>214</b>	<b>15</b>	<b>229</b>	<b>212</b>	

#### Cases remanded by COMPAT

5.	Remanded	11	-	11	11	
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#### Cases regarding contravention of orders of Commission

6.	Causing fresh inquiry	01	-	01	01	
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#### Notes and references:

1. [#]Split cases: (a) Suo-Moto Case No. 07/2014 is segregated in to 02 sub cases w.e.f. August 2016 to facilitate exploration of investigation by DG. (b) Suo-Moto Case No. 02/2015 is segregated in to 66 sub cases w.e.f. July 2016 to facilitate exploration of investigation by DG. 2.[\*] Combination Cases filed u/s 5 & 6.

## Notifications:-

(i) Vide Notification No. S.O 4285(E) dated 5<sup>th</sup> September, 2018 the Ministry has designated the Special Courts in State of Nagaland, Mizoram and Arunachal Pradesh under section 435 of the Companies Act, 2013.

(ii) Vide Notification dated 10<sup>th</sup> September, 2018, the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended to provide/mandate the issue of securities in dematerialized form by unlisted public companies with effect from 2<sup>nd</sup> October, 2018.

(iii) Vide Notification No. S.O. 4823(E) dated 12<sup>th</sup> September, 2018 Section 66 to 70 (both inclusive) of the Companies (Amendment) Act, 2017, relating to chapter XIII Appointment and Remuneration of Managerial Personnel of the Companies Act, 2013, has been brought into force w.e.f. 12.09.2018.

(iv) Vide Notification No. G.S.R. 875(E) dated 12<sup>th</sup> September, 2018 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been amended to omit the requirement of approval of the central government for making payment of remuneration to the managerial personnel (in case of inadequacy of profit) and accordingly e-form MR-2 has also been amended.

(v) Vide Notification No. S.O. 4822 (E) dated 12<sup>th</sup> September, 2018 schedule V of the Companies Act, 2013 has been amended to omit the words "without central government approval" in part II under heading "Remuneration" in section II of the Schedule V.

(vi) Vide Notification No. S.O. 896(E) dated 18<sup>th</sup> September, 2018 the Limited Liability Partnership Rules, 2009 have been amended to centralize the processing of Form RUN-LLP (Reserve Unique Name-Limited Liability Partnership), Form FILLiP (Form for incorporation of Limited Liability Partnership), Form 5, Form 17 and Form 18. These forms are to be processed by the Registrar, Central Registration Centre (CRC) for and on behalf of the jurisdictional Registrar w.e.f. 02.10.2018.

(vii) Vide notification no. G.S.R. 895(E) dated 19<sup>th</sup> September 2018 Section 37 of the Companies (Amendment) Act, 2017, relating to corporate social responsibility committee provided in section 135 of the Companies Act, 2013, has been brought into force w.e.f. 19.09.2018 vide notification No. S.O. 4907(E) dated 19.09.2018 along with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018.

(viii) Vide Notification No. G.S.R. 905(E) dated 20<sup>th</sup> September, 2018 the Companies (Registration Offices

and Fees) Rules, 2014 have been amended by imposing a fee of ₹ 500/- payable from 21<sup>st</sup> September, 2018 to 5<sup>th</sup> October, 2018 for filing of e-form DIR-3 KYC and fee of ₹ 5000/- payable on or after the 6<sup>th</sup> October, 2018.

(ix) Vide Notification No. G.S.R 903(E) dated 20<sup>th</sup> September, 2018 the Companies (Indian Accounting Standards) Rules, 2015 have been amended to make changes in Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance by providing option to entity to present grants related to assets, either by — (i) setting up the grant as deferred income or (ii) by deducting the grant in arriving at the carrying amount of the asset.

(x) Vide Notification No. G.S.R. 904(E) dated 20<sup>th</sup> September, 2018 the Companies (Appointment and Qualification of Director) Rules, 2014 have been amended to extend the date of submission of e-form 'DIR-3 KYC' from 15<sup>th</sup> September, 2018 to 05<sup>th</sup> October, 2018.

(xi) Vide Notification No. G.S.R. 925(E) dated 25<sup>th</sup> September, 2018 the Companies (Registered Valuers and Valuation) Rules, 2017 have been amended to extend the date of transitional arrangement from 30<sup>th</sup> September, 2018 to 31<sup>st</sup> January, 2019 and also the time limit for conversion/registration of Registered Valuers organization (RVO) as companies under section 8 for the purpose of getting recognition as a RVO has been extended from 'one year' to 'two years'.

## Circulars:-

(a) A circular no. 07/2018 dated 6<sup>th</sup> September, 2018 was issued to extend the time limit for filing the BEN-2 form i.e., it would be 30 days from the date of deployment of BEN-2 e-form on the MCA-21 portal and no additional fee shall be levied if the same is filed within 30 days from the date of deployment of the said e-form.

(b) A circular no. 08/2018 dated 10<sup>th</sup> September, 2018 was issued to clarify that the form no. BEN-1 would be revised and accordingly the due date for filing BEN-1 declaration would also be revised and therefore the stakeholders were advised to file declaration as per the revised form only and adhere to the time lines which will be specified therein.

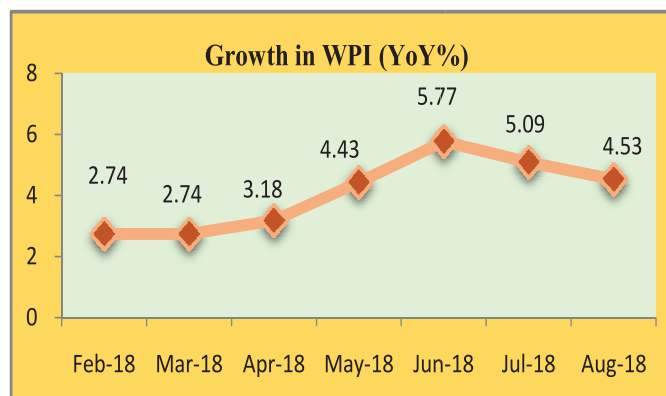
## Major Events

Secretary, CA who is also the Chairman of IEPF authority, unveiled a new logo for IEPF Authority on 12<sup>th</sup> September, 2018. Speaking on the occasion, Secretary said that IEPF Authority which is a new body, was facing many challenges. He further added that MCA is open to amend norms, if required, pertaining to IEPF as current compliance levels do not come up to expectations.

## Some Macro indicators

### Wholesale Price Index (WPI)

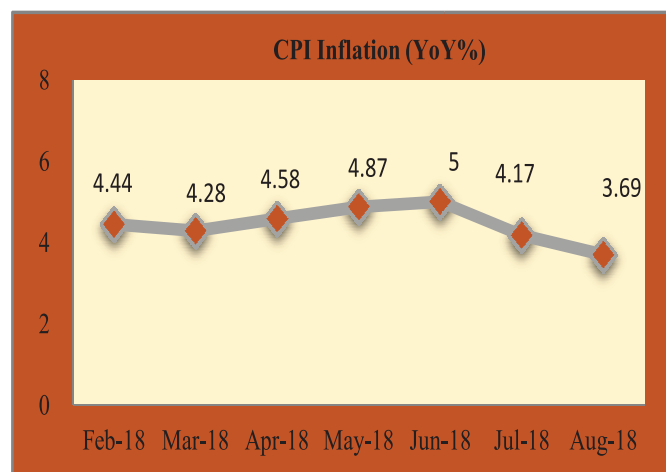
The annual rate of inflation, based on monthly WPI, stood at 4.53% (provisional) for the month of August, 2018 (over August, 2017) as compared to 5.09% (provisional) for the previous month and 3.24% during the corresponding month of the previous year.



Source: DIPP

### Consumer Price Index (CPI)

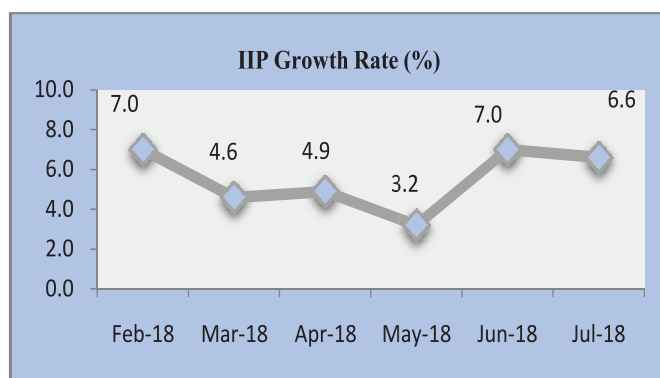
The CPI (Combined) on Base 2012=100 is being released for the month of August 2018. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., August 2018 over August 2017) given below:



Source: MOSPI

### Index of Industrial Production

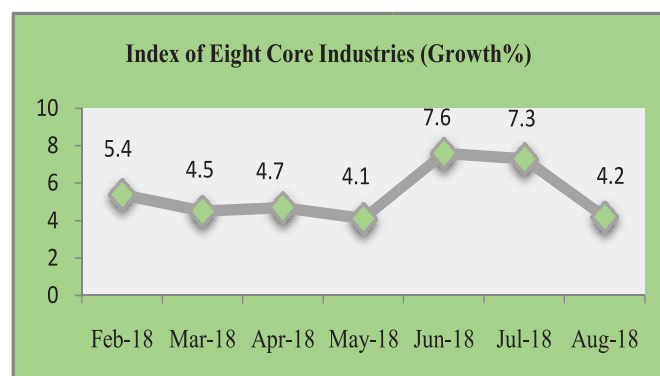
The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of August 2018 stands at 127.4, which is 4.3 percent higher as compared to the level in the month of August 2017.



Source: MOSPI

### Index of Eight Core Industries

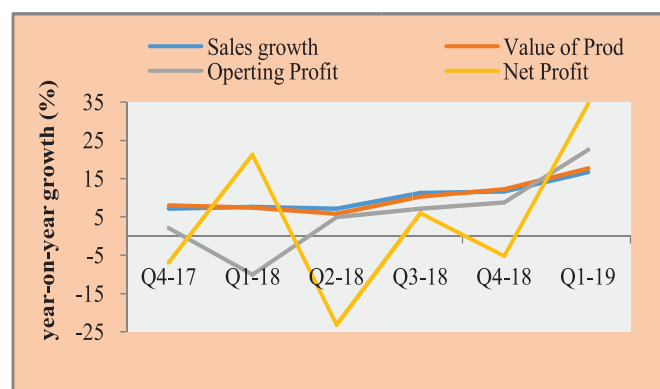
The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). The combined Index of Eight Core Industries stands at 128.1 in August, 2018, which was 4.2 per cent higher as compared to the index of August, 2017.



Source: DIPP

### Growth in Sales, Value of Production and Operating Profits

Trends in the selected corporate performance indicators published by RBI of a sample of non-government non-financial listed companies are as below:



Source: RBI