

Monthly Newsletter

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Secretary's Desk

Corporates and Entrepreneurs are the supporting pillars of an economy and Government has prioritized Ease of Doing Business for law abiding Corporates. Due to sustained efforts on all fronts, India has come a long way during the last four years in terms of its ranking in World Bank's Ease of Doing Business Index from 130 in 2016 to 63 in 2020. India is appearing in the list of top 10 countries that improved the most for the third time in a row, a feat achieved by very few countries.

The giant leap has been made possible due to implementation of various reforms, oriented towards greater ease of living for citizens, adoption of the Doing Business indicators as a core component of reform strategies and Government Process Re-Engineering (GPR) for easier and faster incorporation of a company.

The SPICe form had reduced the procedures, time and cost required for incorporation of a company to a great extent. Since 23rd February 2020, the SPICe form has been replaced by a new generation integrated incorporation form christened SPICe+ web form which offers 10 services by three Central Government Ministries, the Maharashtra State Government and six public & private sector Banks, thereby reducing the number of procedures required to start a business in India to just 3 and the time required to just 4 days.

The Implementation of Insolvency & Bankruptcy Code 2016 was a transformational reform brought in by the Government of India. It has brought about a behavioural change in the credit culture of the country and made it enormously easier for stressed companies to continue as going concerns through the process of resolution. It has also led to creditors recovering a substantial amount of the loans extended by them in a much shorter time. The low insolvency resolution period achieved under the code coupled with much higher recovery rate has made the resolution process efficient.

The Ministry has brought in many other transformational initiatives to promote Ease of Doing Business in the country in recent years, some of which are:

- Introduction of 'Green channel' to promote a trust based speedy, transparent and accountable framework for approval of combination cases, thereby striking a balance between facilitation and enforcement functions and creating a culture of compliance and economic growth.
- Decriminalization of technical and procedural violations under Companies Act 2013, thereby reducing the burden on criminal courts and the NCLT.
- Revised De-Minimis exemption under Competition Act 2002 for speeding up Mergers and Acquisitions of companies.
- Exemptions from various provisions of Companies Act to Private companies, Government companies, Charitable companies and Nidhi companies.
- Harmonizing norms with SEBI by reducing the time limits of public offers so that investors get securities within three days of application instead of earlier six days.
- Centralizing incorporation of LLPs also (in addition to incorporation of Companies) at Central Registration Center at IICA, Manesar.
- Amendment to Companies (Adjudication of Penalties) Rules, making the process more transparent and non-discretionary.
- As a result of these progressive measures, during the last three years more than 1,25,000 companies have been incorporated every year as compared to 60,000 companies in earlier times thereby leading to greater economic growth.
- The Companies Act 2013 is continuously evolving according to the needs of stakeholders and the Ministry aims to further simplify procedures under the Act to meet the requirement of greater ease of doing business for law abiding corporates in the country.

The MCA21 e-Governance platform marked a new era of responsive, customer oriented, transparent and efficient governance and has provided stakeholders an easy, secure and speedy access to all MCA services with transparency and certainty. It has brought about many significant changes such as speedy registration of a company through online portal and filing of statutory documents, easy access to public records and effective redressal of public grievances, assurance of proactive and effective compliance and corporate governance.

The Ministry in its vision for facilitating Greater Ease of Doing Business aims to carry out further amendments to the Companies Act, 2013, Insolvency and Bankruptcy Code, 2016, Competition Act, 2002 and relevant rules to provide further ease of doing business and boost entrepreneurship in the wake of many MNCs desiring to shift their manufacturing hubs to India. We are currently at a critical juncture where every effort is being made towards an 'Atmanirbhar Bharat' and to make India the next global manufacturing hub.

The Rs. 20 lakh crore stimulus package announced by honourable PM in the wake of Covid-19 pandemic acts as a catalyst for Self-Reliant India, by strengthening the five pillars of 'Atmanirbhar Bharat' - Economy, Infrastructure, System, Vibrant Demography and Demand. The bold decision to announce a package equivalent to 10% of India's GDP will drive the country towards self-reliance as MSMEs and industries received a push in the form of a financial package in terms of collateral free debt, guarantee for subordinate debt through Funds-of-Funds and interest subvention scheme. We as citizens of the country also have the duty of supporting 'Atmanirbhar Bharat' campaign by becoming '**vocal for local**' i.e. supporting indigenous products. Given the immense human resource in India and through our collective action, we can not only reduce our dependence on imported products in the long run but also make indigenous products global by supporting them.

Review of Corporate Sector:

As on 31.07.2020, the number of companies registered under the Companies Act was 20,31,106. Of these, 7,46,814 companies were closed, 6,715 companies were under liquidation, 42,568 companies are in the process of being struck-off from the register and 2,242 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. There are 12,32,767 active companies, including 1,80,551 companies, which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 16,487 companies, including 970 One Person Companies (OPCs), were registered under the Companies Act, 2013 during July, 2020 with authorized capital of Rs. 2293.46 crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in July, 2020	Total Authorized Capital (Rs. in crore)
Company limited by shares	16,417	2293.07
Of which,		
(a) Private	16,102	1580.05
Of which,		

One Person Companies	970	32.88
(b) Public	315	713.02
Company limited by Guarantee	70	0.39
Of which,		
(a) Private	68	0.39
(b) Public	2	0.00
Unlimited Company	-	0.00
Grand Total	16,487	2293.46

During the Month of July 2020, Maharashtra had maximum number of company registrations (2,687) followed by Uttar Pradesh (1,806) and Delhi (1,757). "Business Services" topped the economic activity-wise classification (4,845) of newly registered companies.

During July 2020, 16,417 (out of 16,487) companies were registered as companies limited by shares with authorized capital of Rs. 2293.07 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.

MONTHLY MIS REPORT FROM COMPETITION COMMISSION OF INDIA

(As of July, 2020)

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)	47	01	48	38	
2.	19(1)(a)	91	06	97	95	@
3.	19(1)(b)	15	00	15	10	
	Sub Total	153	07	160	143	
4.	5 & 6	07	07	14	09	*
4(a)	20(1)	01	00	01	00	
	Total	161	14	175	152	

Cases remanded by COMPAT

5.	Remanded	11	00	11	11	
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Cases regarding contravention of orders of Commission

6.	Causing fresh inquiry	02	00	02	02	
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Notes and references:

- [*] Combination Cases filed u/s 5 & 6.
- [] @] Out of 143 pending anti-trust cases, 72 cases are pending with DG and 71 cases (24 cases are at prima facie stage and 47 cases for hearing) are pending with CCI.

Major Events:-

- 1. AMENDMENT TO THE COMPANIES ACT, 2013:-**The Ministry is considering, subject to due approvals, promulgation of an Ordinance [Companies (Amendment) Ordinance, 2020] for implementing the amendments proposed through the Companies (Amendment) Bill, 2020. A Cabinet Note in this regard has been forwarded to the Cabinet Secretariat on 27th April, 2020 for obtaining approval of the Cabinet. Subsequently, a Supplementary Cabinet Note has been sent on 19th May, 2020. The proposal is likely to be considered by the Cabinet shortly.
- 2. Indian Institute of Corporate Affairs (IICA)** organised a number of webinars in the month of July, 2020, some of which are:
 - National Foundation for Corporate Social Responsibility (NFCSR), Indian Institute of Corporate Affairs (IICA) organised a webinar on the topic "Addressing the Crisis through Solidarity and Partnership". A total of 210 participants across sectors registered for the webinar.
 - Centre for Insolvency and Bankruptcy, IICA has conducted an Expert Talk on "Indian Economic Reforms". Prof. Pronab Sen briefed students about the various reforms in the Indian economy over the years, the current states of Indian Economy and the changes it has undergone. He also briefly talked about the economic practices adopted by various governments.
 - Webinar with Ms. Laura Galindo -Romero, AI Policy expert, OECD Artificial Intelligence Policy Observatory on "Emerging Trends in AI Regulation".
- 3. Central Board of Direct Taxes (CBDT)** has authorized Income Tax Authorities to share information or details in their possession with CCI/DG-CCI by including CCI/DG-CCI in the list of authorities under Section 138 of the Income Tax Act 1961 vide notification dated 30.07.2020. This would go a long way in robust enforcement of the Competition Law.

Notifications:-

- (i)** Vide notification no. S.O. 2445(E) dated 24.07.2020 has designated the Special Court in the State of Assam for speedy trial of offences mentioned under section 435(2) (b) of the Companies Act, 2013. (Notification No. S.O. 2445 (E), dated 24.07.2020).
- (ii)** Vide notification no. G.S.R. 463(E) dated 24.07.2020 has amended the Companies (Indian Accounting Standards) Rules, 2015 to keep the Ind AS in line with the IFRS standards. Through this amendment, the words "Business" and "Material" have been redefined in Ind AS 103 and Ind AS 1 respectively and a new paragraph has been inserted in Ind AS 109 with heading "6.8 Temporary exceptions from applying specific hedge accounting requirements". A temporary exemption from the manner in which lease standards shall be applicable due to the moratoriums accorded for payment of lease rentals has also been provided in Ind AS 116 leases. (Notification No. G.S.R. 463(E) dated 24.07.2020)

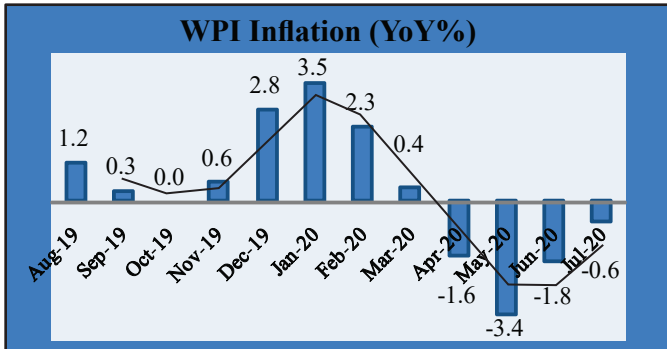
Circulars:-

Though the General circular no. 26 of 2020 dated 06.07.2020 the Ministry has extended, by sixty more days, the time limit for filing of form NFRA-2 (annual return to be filed by auditor with the National Financial Reporting Authority) for the reporting period Financial Year 2018-19.

Some Macro Indicators

Wholesale Price Index (WPI)

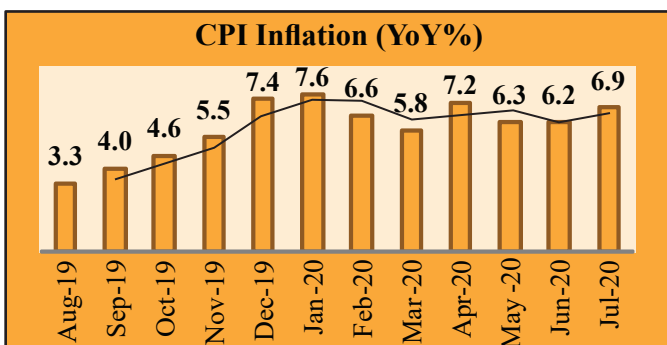
The annual rate of inflation, based on monthly WPI, stood at -0.58% (Provisional) for the month of July, 2020 (over July, 2019) as compared to (1.17%) in the corresponding period of the previous year.



Source: DPIIT

Consumer Price Index (CPI)

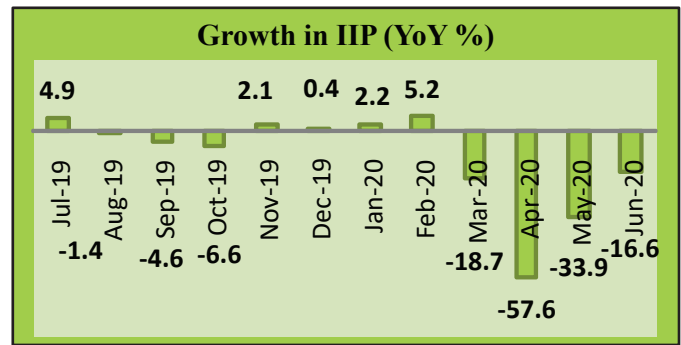
The CPI (Combined) on Base 2012, all India Inflation rates (on point to point basis i.e., July, 2020 over July, 2019) stood at 6.93%. Due to the non-availability of data for several sub-groups, index for the month of April and May is based on imputation methodology recommended in 'Business Continuity Guidelines'. However, the inflation was not computed in the MoSPI July press release. Therefore, inflation figure for two months have been retrieved from RBI.



Source: MOSPI & RBI

Index of Industrial Production

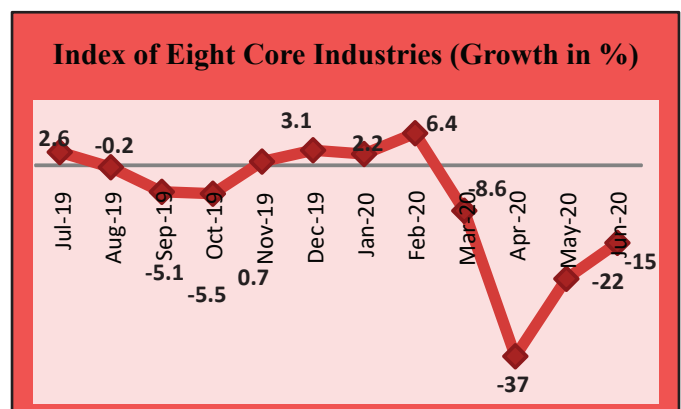
Due to the COVID-19 lockdown, for the month of April and May IIP witnessed a steep negative year-on-year growth rate; -57.6% and -33.9%, respectively. However, the industrial activity resumed eventually and growth rate for the month of June 2020 stood at -16.6%, over June 2019.



Source: MOSPI

Index of Eight Core Industries

The growth rate of Index of Eight Core Industries for the month of May 2020 remained negative; however it improved from April negative figure of -22% to -15%.



Source: DPIIT

Performance of Selected indicators of Listed Non-Government Non-financial Companies (in Percent)

Trends in the selected corporate performance indicators published by RBI of a sample of non-government non-financial listed companies for third quarter of FY 2019-20 is as below:

Select Ratios of Listed Non-Government Non-Financial Companies - Sector wise			
Indicator	Manufacturing	Services (Non-IT)	IT
No. of companies	1,713	495	166
Tax Provisions to EBT	19.4	20.3	24.3
Cash Coverage Ratio(times)	5.8	2.2	35.8
Operating Profits to Sales	13.9	17.7	25.3
EBITDA to Sales	16.3	20.7	29
Net Profit to Sales	8	-18.9	19.5

Source: RBI