



Monthly Newsletter

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From The Secretary's Desk

The Indian economy is yet to come to terms with the path of recovery. A confluence of external, structural and other factors have contributed to, inter alia, a high level of fiscal deficit, highly unsustainable Current Account Deficits (CAD), declining savings and investment rates, high and persistent food inflation. These factors have contributed to dampened investors' confidence.

The Union Budget 2013-14 reflects a renewed commitment towards attaining fiscal consolidation through sustained policy reforms. Through a combination of expenditure rationalisation measures and control as well as through revenue augmentation measures, the fiscal deficit is contained at 5.2% of GDP for FY 2012-13 and projected at 4.8% for FY 2013-14.

Recognizing investment as critical to restart the growth engine, some corrective steps to revive investors' enthusiasm are included in the Union Budget. Investments in infrastructure have been kept high on the agenda. Provision for long-term low-cost debt for infrastructure projects, wider coverage of institutions for issuing tax-free infrastructure bonds, increased corpus of Rural Infrastructure Development Fund (RIDF), financial support for construction of rural warehouses/cold storage etc. are some of the steps proposed in this direction.

The Index of Industrial Production (IIP) has started showing marginal recovery. However, production of capital goods is still declining. The provision of investment allowance of 15% to attract high value investments in plant and machinery, and granting permission to MSMEs to continue utilising incentives for a period of up to three years after they move out of the category, can help boost investment demand and revive the capital good sector.

Financial inclusion assumes significance in our development strategy. The Household sector needs to be incentivised to shift their preference from physical to financial savings. Increasing the income limit from Rs 10 lakh to Rs 12 lakh under the Rajiv Gandhi Equity Savings Scheme (RGESS) for first time investors, and the proposal to introduce Inflation Indexed Bonds or Inflation Indexed National Security Certificates are some welcome steps in this regard.

India's export growth has turned positive after a gap of eight months, recording 0.8% growth in January followed by 4.25% growth in February, 2013. However, it is still a long way to go before CAD can be contained within the comfort level of 3% of GDP. To finance the high CAD, the Budget has widened the scope of FII investments by allowing them in exchange traded currency derivatives and simplifying the registration procedure for FIIs. Furthermore, FIIs have been permitted to use their investment into corporate bonds and government securities as collateral to meet their margin requirements.

A fine balance between fiscal prudence and growth prospect would restore business confidence in the coming months. Our macro fundamentals are as strong as have been earlier. The Indian economy has the potential to move towards a higher growth trajectory. I am sure that Indian corporates will cooperate fully with the Government's endeavour for boosting domestic investments and savings to achieve the national goals and targets.

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The Competition (Amendment) Bill, 2012: The first meeting of the Standing Committee on Finance was held on 1st February, 2013, to consider the Competition (Amendment) Bill, 2012 introduced in the Winter Session. The Bill has been devised to meet the present day needs of competition, in the light of experiences gained in the working of the Competition Commission of India during the past few years.

Committee on Setting up a Forensic Lab at SFIO: A Committee was set up on 13.02.2013 to scrutinize a proposal submitted by the National Institute of Electronics and Information Technology (NIELIT) for establishing a Forensic Lab within SFIO to facilitate extraction and analysis of sensitive data from digital storage devices. The lab would help in providing digital evidence admissible in a court of law and in prosecution of the accused in fraud cases. The Committee has submitted its Report to the Ministry.



Fraud Prediction Model: The Serious Fraud Investigation Office (SFIO) has set up a Steering Committee for developing a Fraud Prediction Model (FPM). The FPM is expected to determine attributes of corporate frauds through predictive modeling. The model would look into various sector/industry which are prone to high risk. The model would use GAAP and Non-GAAP parameters that would run on data available with MCA.

XBRL taxonomies for exempted class of companies: ICAI in consultation with other organisations is developing XBRL (eXtensible Business Reporting Language) taxonomies for exempted class of company's i.e. banking, insurance, NBFC and Power. The draft taxonomies for NBFC, Power and Banking companies developed by ICAI are being examined in the Ministry.

New President and Vice-President of the ICAI: Shri Subodh Kumar Agrawal, has taken over as the new President of the Institute of Chartered Accountants of India (ICAI) w. e. f. 12.02.2013. Shri K. Raghu has been elected as the new Vice-President of ICAI.

Investor Education and Protection Related Activities:

(I) Till the end of February, 2013, 8541 companies have uploaded their data on a new website (www.iepf.gov.in) set up for companies to file details of unpaid and unclaimed amounts of investors for the last seven years, which are yet to be transferred to the Consolidated Fund of India. Any investor can search information about unpaid or unclaimed dividend by typing his/her particulars using the 'Search' facility of the website.



(II) During February 2013, 146 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).

Inquiry Committee on lobbying activities of Wal-Mart:

Government has appointed a one man Inquiry Committee headed by Shri Justice Mukul Mudgal, former Chief Justice of Punjab & Haryana High Court, to inquire into media report(s) on lobbying activities of Wal-Mart with the following terms of reference:

- (I) To inquire into recent media reports on disclosures of Wal-Mart before the US Senate regarding their lobbying activities and details thereof.
- (ii) Whether Wal-Mart undertook any activities in India in contravention of any Indian law.
- (ii) Any other matter relevant or incidental to the above.

Ministry of Corporate Affairs is providing the administrative and functional support to the Committee.

Notifications and Circulars: The Ministry of Corporate Affairs has issued three Circulars concerning administration of the Companies Act, 1956 in the month of February, 2013 (for further details, visit our website: <http://mca.gov.in>).

(I) The Ministry has decided to extend the last date of filing till 28.02.2013 and relax the additional fees applicable on forms as per provisions of the Companies Act. The relaxation is applicable to Companies which were required to make on-line filing after transition of MCA-21 to the Replacement Operator w.e.f. 17.01.2013, but could not be filed due to technical glitches faced by the portal. On receipt of requests from the Company, the Regional Director/Registrar of Companies are authorized to allow such extension of time for filing form.

(See General Circular No. 03/2013 dated 08.02.2013)

(ii) The Government has clarified the requirements with regard to 'adequacy' of Debenture Redemption Reserve (DRR).

(See General Circular No. 04/2013 dated 11.02.2013)

(ii) The Government has extended the time limit to file the financial statements in the XBRL mode without any additional fee/penalty up to 28.02.2013 or within 30 days from the due date of AGM of the company, whichever is later.

(See General Circular No. 05/2013 dated 12.02.2013)

Major Activities at IICA

1. Delegation of accountancy professionals from UK's visit IICA: A High level delegation of accountancy professionals from UK visited IICA's campus at Manesar on 8.02.2013 to share experiences and take note of UK's experience in matters relating to Auditing, Corporate Governance



and International Financial Reporting Standards (IFRS).

2. Seminar on New Companies Bill at IICA: A Seminar was conducted on 12.02.2013 on the 'New Companies Bill: A Paradigm Shift' at IICA. Various issues connected with the Companies Bill 2012, were discussed by experts. Dr P R R Nair of the IICA presented the Theme Address covering salient feature of the Companies Bill, 2012 so as to apprise the corporate sector on various provisions of the new Bill. Prof. R Venkata Rao, Vice- Chancellor, National Law School of India University, Bangalore and Member of Board of Governors, IICA delivered lectures at the Seminar. Around 300 participants attended.

3. Induction Training Programme for ICLS Probationers: Twenty three ICLS (Indian Corporate Law Service) Probationary Officers of 2011 batch are presently undergoing an Induction Training at IICA (ICLS Academy). The group had a one week attachment with NIFM in February, 2013 on topics relating to Financial Management, Costing, Corporate and Business Laws, Cyber Security, etc.

4. Mandatory Training Programme for Senior Technical Assistants (STA's): A one month mandatory training programme for Senior Technical Assistants (STA's) of Ministry of Corporate Affairs was concluded at the ICLS Academy on 22.02.2013. Topics covered during the training programme related to processing of different forms, company law and accounts, etc. The programme was attended by 27 STAs. On successful completion of training programme and written examination, Certificate of successful completion of training was presented by Shri S. K. Aggarwal, Director, ICLS Academy.

Major Events at Competition Commission of India:

1. Shri. Ashok Chawla, Chairperson, CCI participated at the OECD's 117th Competition

Committee meeting during 26.02.2013–27.02.2013 and 12th global Forum on competition on 28.02.2013 in Paris, France.

2. Dr. Geeta Gouri, Member delivered a talk at the board Orientation Programme on “Corporate Boards: Lessons from Competition and Regulation” at The Hotel Ashok, New Delhi on 2.02.2013. Dr. Gouri also delivered a lecture on “Making Markets Work Effectively in India- Experience of the Competition Commission” at the 10th CPRC International symposium on the role of Competition policy in Emerging Economies in Tokyo, Japan held on 23.02.2013.
3. A two day workshop was organised by CCI in collaboration with American Bar Association (ABA) - International Bar association (IBA) on “Cartel Enforcement” and Technology and Antitrust during 14th – 15th February, 2013.
4. The third edition of the Quarterly Newsletter “Fair Play” for the quarter October- December, 2012 has been published. The Newsletter covers activities conducted during the quarter, with special focus on “Public Procurement and Competition concerns”.
5. Two Papers on competition issues in TV & Broadcasting and Competition and Poverty Reduction were submitted for the OECD Global Forum on Competition.
6. A Seminar on “Antitrust Laws in Financial Markets: How they Work” was organised on 13.02.2013. Dr. Smita Sareen, Principal Economist at Nathan Associates Inc. and an adjunct faculty at New York University was the main speaker.