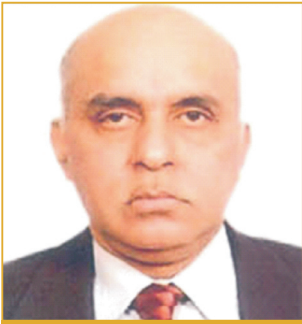




Monthly Newsletter

Volume - 32 December 2013 and January 2014



Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

The year 2013 ended in a positive note for the Indian economy. Headline inflation measured by the Wholesale Price Index (WPI) eased to a five-month low of 6.1% in December, due to lower vegetable prices, and retail inflation measured by Consumer Price Index (CPI), moderated to 9.87%, from double digit levels observed in October and November.

On the external sector front, India's exports grew at 3.5% in December and imports dipped by 15.3% causing the trade deficit to narrow to USD 10.1 billion in December, 2013 compared to USD 17.5 billion in December, 2012. The trade deficit for April-December, 2013 estimated at USD 110 billion, is 25% lower than the deficit for the same period last year.

The Report of the World Bank on Global Economic Prospects (GEP), released this month, projects India's GDP growth at 6.2% in 2014 along with expected recovery in high income economies. This can be achieved with sustained progress in policy reforms and overcoming the supply-side constraints.

The Government implemented a slew of policy reforms during 2013 to create an investor-friendly environment for corporates and to overcome supply-side bottlenecks. Some of the major initiatives include, progressive liberalization of FDI norms, enhancement of FII investments limits in domestic debt (G-Sec as well as Corporate debt), encouragement to Infrastructure Debt Funds, setting up of the Cabinet Committee on Investment for fast tracking clearances, approvals, monitoring and review of large investment projects; and setting up of Industrial Corridors along Delhi-Mumbai, Chennai-Bengaluru, Amritsar-Delhi-Kolkata etc.

With a view to improve the effectiveness of corporate and financial regulatory supervision, SEBI has put in place a mechanism to address possible violation of regulations. Listed companies are required to comply with the Listing Agreement, that requires key disclosures, such as disclosures on financial results and shareholding data.

Draft rules under most of the Sections under the Companies Act, 2013 have been placed in the public domain inviting comments/views of stakeholders. These suggestions/views have been examined, after which these rules have been finalized, and sent for legal vetting. Earlier, 98 Sections under the Act have already been notified, and wherever required clarification issued through Circulars. Most of the Rules will be notified by March 2014.

With these measures, we may look forward to usher in a new era in corporate governance during the new year.

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MCA 21 e-Governance Project: The MCA21 is a major e-Governance initiative of the Ministry covering all aspects of incorporation and regulation of companies, as defined under the Companies Act. MCA21 has enabled the Ministry to achieve very high standards of service delivery for MCA services, besides providing the Government with a comprehensive National Corporate Information Database for improved decision making. The following Operational Statistics of MCA21 provides some milestones achieved during the year.

Operational Statistics of MCA21 since Inception in March, 2006

S. No.	Description	as on 31.12.2012	as on 31.12.2013
1	Average portal hits per day	31,147	32,189
2	Total filings through the systems	1.87 Core	2.53 Crore
3	Maximum number of documents filed in a day	88,119 (21.11.2012)	1.36 lakh (30.11.2013)
4	Number of companies registered online	5.06 lakhs	5.99 lakhs
5	Total DIN issued till date	21.43 lakhs	40.21 lakhs
6	Number of Balance sheet filed	32.58 lakhs	38.53 lakhs
7	Number of Annual Returns filed	33.11 lakhs	38.73 lakhs
8	Amount of E-stamp fee collected	₹ 419.6 Crore	₹ 662.0 Crore
9	Number of E-forms changed during the Year	25 (companies) + 20 (LLP)	2 (companies) + 3 (LLP)

Wal-Mart Inquiry Committee Report: The Hon'ble Shri Justice Mukul Mudgal Committee was set up by the Ministry of Corporate Affairs on 31.01.2013 to inquire into media report(s) on lobbying activities of Wal-Mart and contravention of Indian laws by Wal-Mart. The Committee, after considering responses from public and holding meetings, submitted its report to the Ministry on 31.05.2013. The Report has been laid on the Table of the Rajya Sabha on 16.12.2013 together with an Action Taken Report.

CCI Imposes Penalty on CIL and its Subsidiaries for Abusing Dominant Position: The Competition Commission of India (CCI) has imposed a penalty of Rs. 1773.05 crore on Coal India Limited for abusing its dominant position. Acting on a complaint filed by Maharashtra State Power Generation Company Limited and Gujarat State Electricity Corporation Limited against Coal India Ltd. and its subsidiaries (Mahanadi Coalfields Ltd., Western Coalfields Ltd. and South Eastern Coalfields Ltd.), CCI has passed orders on 09.12.2013. CCI, inter alia, has held CIL and its subsidiaries in contravention of the provisions of the Competition Act, 2002 for imposing unfair/ discriminatory conditions in Fuel Supply

Agreements (FSAs) with the power producers for supply of non-coking coal.

NFCG Conference on Corporate Governance: National Foundation for Corporate Governance (NFCG) organised a Conference on Corporate Governance at Chennai during December 12-13, 2013. Shri Sachin Pilot, Hon'ble Minister of State (Independent Charge) for Corporate Affairs, in his Inaugural Address acknowledged the indomitable entrepreneurial spirit in the country, and reminded that the corporate governance indicators help in tracking investment in the absence of daily monitoring by the investors and owners. The Conference was attended by more than 400 participants, including Shri Naved Masood, Secretary, Ministry of Corporate Affairs, M.J. Joseph, Additional Secretary, Ministry of Corporate Affairs, Shri B Muthuraman, Vice Chairman - Tata Steel Limited, and Mr Chandrajit Banerjee, Managing Trustee, NFCG. A Memorandum of Understanding (MoU) was signed between the Indian Institute of Corporate Affairs (IICA) and the Institute of Directors (IoD) of the UK, for promoting the corporate governance.



Shri Sachin Pilot, Hon'ble Minister of State (Independent Charge) for Corporate Affairs addressing the participants at the NFCG Conference on Corporate Governance. Sitting on dais are (L-R) Mr. Simon Walker, Director General - Institute of Directors (UK), Shri B Muthuraman, Vice Chairman - Tata Steel Limited, Shri Naved Masood, Secretary - Ministry of Corporate Affairs and Mr Chandrajit Banerjee, Managing Trustee, NFCG.

XBRL International's Foundation Certificate Course in India: XBRL-India is offering a Foundation Certificate Course on Extensible Business Reporting Language (XBRL) in India. The course is a 10 hours e-Learning course supplemented with a certification exam at the end of the course. More information on the course is available at <http://store.itpreneurs.com>. XBRL India is the Indian jurisdiction of XBRL International Inc. (XII). Its main objective is to spread and promote knowledge of XBRL and encourage the adoption of XBRL as standard electronic business reporting in India.

Investor Protection and Awareness:

1. In collaboration with the three Professional Institutes [i.e., Institute of Chartered Accountants of India, Institute of Company Secretaries of India, and Institute of Cost Accountants of India], 318 Investor Awareness Programmes were conducted in different towns/cities of the country during December, 2013.

2. Till the end of December, 2013, 2135 companies have uploaded information about unpaid and unclaimed amounts of investors lying with them on the website (www.iepf.gov.in) that has been 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. The total amount reported by these companies by end December, 2013 amounts to Rs. 2,472.74 crore.

Circulars: The Ministry of Corporate Affairs has issued two circulars concerning administration of the Companies Act, 1956 and the Companies Act, 2013 in December, 2013. These are:

- (i) General Circular No. 19/2013 clarifies the applicability of section 182(3) of the Companies Act, 2013. The clarification is as follows: (a) Companies contributing any amount or amounts to an 'Electoral Trust Company' for contributing to a political party or parties are not required to make disclosures required under section 182(3) of Companies Act 2013. It will suffice if the Accounts of the company disclose the amount released to an Electoral Trust Company. (b) Companies contributing any amount or amounts directly to a political party or parties will be required to make the disclosures laid down in section 192(3) of the Companies Act, 2013. (c) Electoral trust companies will be required to disclose all amounts received by them from other companies/sources in their Books of Accounts and also disclose the amount or amounts contributed by them to a political party or parties as required by section 182(3) of Companies Act, 2013.
- (ii) General Circular No. 20/2013 clarifies with regard to holding of shares or exercising power in a fiduciary capacity - Holding and Subsidiary relationship under Section 2(87) of the Companies Act, 2013. The Circular has clarified that the shares held by a company or power exercisable by it in another company in a 'fiduciary capacity' shall not be counted for the purpose of determining the holding-subsidary relationship in terms of the provision of section 2(87) of the Companies Act, 2013. (Both the Circulars are available on the Ministry's website: www.mca.gov.in)

Companies in the Registry: As on 31st December, 2013, a total number of 13.69 lakh companies were registered under the Companies Act, 1956. Of these, 2.67 lakh companies are closed; 28,491 companies are in the process of being closed; and as many as 1.43 lakh companies have not filed their Annual Returns/ Balance Sheets (i.e., Annual Statutory Filings) for more than three consecutive years, and are classified as 'dormant'. In other words, there are about 9.29 lakh active companies, of which 1.39 lakh companies were incorporated within the preceding eighteen months (not due for filing).

A total of 7,944 companies were registered under the Companies Act, 1956 during December, 2013 with authorized capital of Rs. 1,528.5 crore. Of them 7,911 companies were registered as Companies Limited by Shares with an authorized capital of Rs. 1528.42 crore; 31 Companies Limited by Guarantees with an authorised capital of Rs. 4 lakh; and 2 Unlimited Liability Company with an authorised capital of Rs. 3 lakh. Under the category of companies registered as limited by shares, Delhi had maximum number of registrations (1,520) followed by Maharashtra (1,271) and Uttar Pradesh (707). Economic activity-wise maximum number of companies (2,671) were registered under Business Services (IT and R&D).

During December, 2013, three State Level Public Enterprises (SLPEs) and two Central Public Sector Undertakings (CPSUs) were registered under the Companies Act, 1956, with authorized capital of Rs. 522.05 crore. The SLPEs incorporated are: 1.Clean Kerala Company Limited 2.Manipur IT SEZ Project Development Company Limited, and 3.Rajonline Limited. The CPSUs incorporated are: 1.National Waqf Development Corporation Limited and 2.Punjab Logistics Infrastructure Limited. All of these companies are registered as public limited companies.

Major Events Attended by Senior Officials of the Ministry:

1. Shri Naved Masood, Secretary, Ministry of Corporate Affairs, attended 152nd SEBI Board Meeting held in Mumbai on 24.12.2013.
2. Shri M.J. Joseph, Additional Secretary, delivered the Inaugural Address on "Independent Director— Role and Responsibilities under Companies Act, 2013" organized by ASSOCHAM at New Delhi on 11.12.2013.
3. Ms. Sibani Swain, Economic Adviser, Ministry of Corporate Affairs, made a presentation on the topic "Affirming Voter Education and Awareness as CSR" at the 'National Consultation on Women's Participation in the Electoral Process', jointly organised by Election Commission of India (ECI) and United Nations Development Programme (UNDP) in Bhubaneswar on 18-19th December, 2013.
4. Ms. Sibani Swain, Economic Adviser, Ministry of Corporate Affairs, took part in the Working Group Discussion on 'Development of Sports in the North Eastern Region' organised by National Advisory Council held at Guwahati on 14.12.2013.

Initiatives at RD, South Eastern Region:

1. **Construction of Corporate Bhavan at Hyderabad:** Construction of Corporate Bhavan at Hyderabad is nearing completion. The Ministry of Corporate Affairs has acquired 2 acres of land in Hyderabad for construction of Corporate Bhavan to accommodate National Company Law Tribunal and Offices of the Regional Director (SER) and Hyderabad's Registrar

of Companies, Official Liquidator and Serious Fraud Investigation Office. As soon as the construction is complete in all respect, all offices of Ministry of Corporate Affairs located at Hyderabad will be shifted to Corporate Bhavan.

2. The Regional Director, South Eastern Region held a meeting on 06.12.2013 with representative of Institute of Chartered Accountants of India (ICAI), Hyderabad Branch, Institute of Company Secretaries of India (ICSI), Hyderabad Branch, and Andhra Pradesh Federation of Chamber of Commerce (FAPCCI) for improving the pace of investor awareness programmes in the state of Andhra Pradesh and Karnataka.
3. The Regional Director, South Eastern Region took initiatives to ensure defect free e-filing in MCA21 so as to facilitate early disposal of e- forms by diffusing awareness among certifying professionals (CA/CS/CMA).

Major Events at IICA:

1. **Mid-Career Training Programme for ICLS officers (JTS level):** A five days Mid-Career Training Programme for Indian Corporate Law Service (ICLS) officers (JTS level) of Ministry of Corporate Affairs conducted during December 9-13, 2013 was attended by 15 ICLS officers. The topics covered during the training programme included Inspection, Inquiry, Investigation under Companies Act, 2013, Corporate Governance & Mitigation of Risk of Fraud as per Companies Act, 2013, Accounting Standards, Ind AS & IFRS, Compulsory Winding Up and Voluntary Winding Up.
2. **Induction Training Programme for ICLS Probationers (4th Batch):** The Induction Training of 5 ICLS Probationary officers (Phase-I) commenced from 16th December, 2013. The total duration of this training is 10 months, which includes Classroom teachings and attachment-training with various institutions such as NIFM etc. The topics covered during the Phase-I training related

to Corporate Laws and Accounts with visits to the offices of Regional Director (RD) North, Registrar of Companies (RoC), Delhi & Haryana and Official Liquidator (OL), Delhi.

3. Training of officers and officials of Official Liquidator:

The training programme for 10 officers & officials of Official Liquidator, Delhi commenced on 16.12.2013. The topics covered during the training 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 Act etc.

Events at CCI:

1. Shri Yogender Chaudhary, Adviser (Law) and Shri Sukesh Mishra, Joint Director (Law) made presentations on 'Competition Law, Trade Association & Section 3 & 4 of the Competition Act' at an advocacy event organized by FICCI at Mumbai on 6.12.2013.
2. A workshop on 'Public Procurement and Competition Law' was organized in collaboration with Standing Conference of Public Enterprises (SCOPE) at SCOPE Convention Centre on 20.12.2013 which was participated by Senior Executives from Central PSUs.
3. Shri. S.L. Bunker, Member, Shri R.N. Sahay, Adviser (Economics) and Dr. K.D. Singh, Deputy Director (Law) held a meeting with Chief Secretary and Senior Officers of Government of Gujarat on competition related issues and the role of State Government in promoting Competition on 23.12.2013 at Gandhinagar.
4. Workshop on 'High- Technology and Competition Issues' in collaboration with the USFTC was organized during December 17 -19, 2013 for the officers of CCI.
5. Ms. Payal Malik, Adviser (Economics) chaired a session on 'Agreements, Abuse of Dominance and Merger issues in Hi-tech Industries' at the Indian Institute of Corporate Affairs, Ministry of Corporate Affairs workshop held on 20.12.2013.

Major Achievements of the Ministry in 2013

- On the part the Ministry of Corporate Affairs, Companies Act, 2013, has been enacted replacing the nearly six decade old Companies Act, 1956 which aims at providing more flexible environment for corporates.
- A total of 91,853 companies registered in 2013 as against 1,03,096 companies registered during 2012 and 97,433 companies registered in 2011 under the Companies Act, 1956.
- A total of 6,783 LLP registered in 2013 as against 4,959 LLPs registered during 2012 and 4,218 LLPs registered in 2011 under the Limited Liability Partnership Act, 2008.
- The MCA 21 portal has successfully managed the peak filing period. The MCA portal recorded 1 Lakh filings per day on three days during the month of October, 2013.
- A total of 2,018 Investor Awareness Programs were conducted in partnership with the three Professional Institutes (Institute of Chartered Accountants of India, Institute of Company Secretaries of India, and Institute of Cost Accountants of India) in different parts of India in 2013.