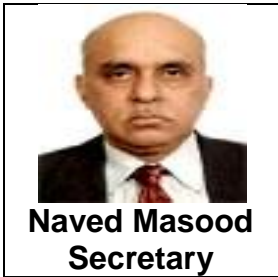


MINISTRY OF CORPORATE AFFAIRS
NEWSLETTER- SEPTEMBER 2012

From Secretary's Desk



**Naved Masood
Secretary**

The recent forecast made by the International Monetary Fund peg the world GDP growth rate at 3.3% in 2012, and 3.6% in 2013. Advanced economies are projected to grow by 1.3% this year, compared to 1.6% last year. This will have implications for growth prospects of developing economies like ours. Our exports during the past five consecutive months showed a downward movement, raising the trade deficit. However, with a slew of policy reform measures announced in September this year, and further reforms on the anvil and strengthening of the rupee, we have reasons to be optimistic about the near future.

The Twelfth Five year Plan (2012-2017), which is to be placed before the National Development Council soon, envisages an average annual growth rate of 8.2% of GDP, subject to the investment being to the tune of 37% of GDP. Domestic savings are projected to be about 34.2% of GDP, while the foreign savings component [comprising Foreign Direct Investment (FDI), Foreign Institutional Investors (FIIs) and External Commercial Borrowings (ECB)] is expected to contribute the remaining 2.9% of GDP. Needless to say, the corporate sector would have a much bigger role to play in achieving the above targets.

The Ministry, in order to create an enabling atmosphere for the corporates to grow and perform, has continued to introduce supportive measures and initiatives. The Union Cabinet has approved official amendments to the Companies

Bill, 2011 to make it more effective as an engine of corporate growth. In the light of experience gained in the working of the Competition Act, the Ministry has proposed amendments to the Competition Act, 2002, which have also been approved by the Cabinet. These amendments should facilitate further growth of trade, commerce and industry by letting forces of competition enhance efficiency and productivity. The amendments should also improve the regulatory environment with arrangements to take care of any jurisdictional overlap between the CCI and Sectoral Regulators.

The Committee on 'National Corporate Governance Policy' headed by Shri Adi Godrej has submitted its Report, suggesting *17 Guiding Principles*, instead of a formal policy. The Ministry will soon place them on its website inviting feedback with a view to frame policy guidelines on corporate governance. In another significant effort to bring in systemic reforms in the corporate regulations, the Government of India has formed a Committee headed by Shri M. Damodaran, former Chairman, SEBI, to assess procedural bottlenecks, jurisdictional overlaps and systemic inertia in Ease of Doing Business and recommend measures to address them effectively.

SEBI has already made the 'Annual Business Responsibility framework' mandatory for the top 100 listed Companies. We are examining the feasibility of extending the framework to a wider class of companies gradually taking into consideration the stakeholders' opinion.

I am glad to share that the Cabinet Committee on Economic Affairs has approved our proposal to upgrade and expand MCA21 e-governance project further, bringing the functions of the Company Law Board, Serious Frauds

Investigation Office and the Official Liquidators into its ambit during the cycle
January, 2013 to July, 2021.

Notifications and Circulars on Simplification in Administrative

Procedures continues: The Ministry of Corporate Affairs has issued a series of Circulars concerning administration of the Companies Act, 1956 (for further details, visit our website: <http://mca.gov.in>). These Circulars broadly relate to —

I. Notifications/ General Statutory Rules

- (i) The Central Government has notified revised Forms 23AC and 23ACA, in line with the amended Schedule-VI of the Companies Act, 1956. The information contained in these forms basically summarise the financial figures appearing in Balance Sheet and Profit and Loss Accounts of the Companies. The forms come into effect from 30.09.2012. It may be mentioned that separate circulars have been issued to extend time limits for filing the said e-forms [see GSR dated 24.09.2012]

II. Circulars

- (i) Ordinary Cooperative Societies, not being multi-state societies, desirous of converting themselves into Producer Companies have to comply with certain additional procedures at the time of incorporation. Upon such an application being made, the Registrar of Companies will write to the Cooperative Department of the concerned State regarding : (i) dues payable to the State, and (ii) no objection from the Cooperative Department for permitting such conversion. The extension of activities by such cooperative societies outside the State in which they are registered also has to be verified by the Registrar of Companies [see General Circular No. 29/2012 dated 10.09.2012].
- (ii) The current year filing of Balance Sheet and Profit and Loss Account by companies in Non-XBRL e-forms for accounting year commencing on or after 01.04.2011 based on revised schedule VI as per revised forms 23AC and 23ACA (notified on 24.09.2012) has been extended up to 03.11.2012 for companies which held the Annual General Meeting, or whose due date for holding the Annual General Meeting

is, on or before 20.09.2012, and up to 22.11.2012 for those companies which held the Annual General Meeting, or whose due date for holding the Annual General Meeting is, on or after 21.09.2012. [see General Circular No. 30/2012 dated 28.09.2012].

- (iii) Fees on Form 23B (Information by statutory auditor to the Registrar) became applicable from 12.08.2012. In view of the anticipated rush to file revised forms 23AC and 23ACA in the coming month(s), and in the interest of smooth functioning of the e-filing system on MCA21, the Government has permitted the filing of Form 23B without any additional fees up to 23.12.2012 or the due date, whichever is later [see General Circular No. 31/2012 dated 28.09.2012].

MCA21 Version 2 (January, 2013 to July, 2021) : The term of the e-governance Project for MCA services under the MCA21 System expires on 16.01.2013. In order to take the e-governance project to the next level of automation and to provide technical support beyond January 2013, a new operator for Phase-2 (MCA21 v2) was selected through an open competitive bidding process using QCBS methodology. M/s. Infosys Ltd has been selected as the best value bidder for operation of the next cycle of MCA21 (MCA21 v2). After considering the recommendation of the Committee on Non-Plan Expenditure for continuing the project as a Non-Plan scheme with a total outlay of Rs. 237 crore for the period January, 2013 to July, 2021, the Cabinet Committee on Economic Affairs has approved the project. The outlay includes a sum of Rs. 54.42 crore for *independent project management and certification*, and Rs.29.84 crore for *continuous improvements and upgradation to the electronic service delivery system*.

Offices of Official Liquidators under E-governance Project : The offices of Official Liquidators, who deal with ***companies under liquidation***, have been brought within the fold of the e-governance Project for MCA services under the MCA21 System. The features proposed under the electronic service delivery system include : (i) establishment functions, (ii) financial accounting, (iii) claim registration and (iv) electronic auction.

These features will be included in a phased manner, with 'establishment functions' expected to become active by 31.10.2012. This is an extension of facilities on MCA21 platform.

Progress on XBRL Taxonomy : XBRL taxonomy, as per revised Schedule-VI, was released in September, 2012. It was further improved, based on the feedback received from stakeholders and after consultation with Institute of Chartered Accounts of India (ICAI), to include certain additional information regarding '*asset*', '*owned asset*' and '*leased asset*'.

Progress on XBRL Business Rules and Validation Tools : The Ministry held consultations with XBRL software vendors, the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost Accounts of India to ensure quality of filing and adherence to MCA regulatory requirement by having comprehensive Business Rules. The Business Rules and validation tool for XBRL taxonomy have been finalized and will be released shortly.

XBRL Taxonomy for Cost Audit : The Ministry has also released taxonomy for cost audit reports to enable machine readable filings of cost audit. Ministry is coordinating with Business Chambers (FICCI, CII, ASSOCHAM) and the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost Accounts of India to organize workshops and seminars for information dissemination about XBRL and the Ministry's requirement for XBRL filing.

Events at Competition Commission of India :

1. Shri Ashok Chawla, Chairperson, CCI participated in 9th Annual India Investment Forum held in New York, USA during September 24-25, 2012. He also participated in Annual International Bar Association Conference 2012 held in Dublin, Ireland during September 30 - October 2, 2012.
2. Mr. U.K. Sinha, Chairman, Security & Exchange Board of India (SEBI) delivered the fourth lecture under "Distinguished Visitor Knowledge

- Sharing Series" on "Securities Market Regulations – An Overview" on 10.09.2012 in CCI.
3. Mr. P.K. Singh, Advisor (Law) participated in the "2012 Russian Competition Day" held in Kazan, Russia during September 11-13, 2012.
 4. *Ms. Payal Malik, Adviser delivered lecture at Yang Scholars Programme CPR Africa 2012/CPR South 7 on Convergence of Sectoral and Competition Regulation hold at Balaclava, Mautirius on 03.09.2012. Ms. Payal Malik also participated in an Expert Policy and Regulatory Panel in CPR Africa 2012/CPR South 7 conference : Connection Africa & Asia : ICT Policy Research and Practice from the Global South held at Balaclave, Mauritius on 06.09.2012.*
 5. A meeting under "Knowledge Partnership Initiative (KPI)" with prominent law schools in India like National Law School of India University – Bengaluru, NALSAR-Hyderabad, West Bengal National University of Juridical Sciences - Kolkata, National Law School - Delhi, National Law University and Judicial Academy - Guwahati, O.P. Jindal Global Univeristy - Sonapat, ILS Law College - Pune, National University-Jodhpur, Rajiv Gandhi National University If Law - Patiala, was held on 14.09.2012 in CCI.
 6. Workshop on "Advance issues in the analysis of Anticompetitive Agreements" was organized by CCI in collaboration with US Federal Trade Commission. The workshop was held during September 24-27, 2012. The officers of the Commission as well as staff under the Director General, CCI participated in the workshop.
 7. Memorandum of Understanding (MOU) on Antitrust Cooperation between U.S. Federal Trade Commission & Department of Justice and Competition Commission of India was signed on 27.09.2012 in Washington, USA.
 8. As an advocacy initiative towards educating student of various law universities, a lecture on "Enforcement Experience of Competition Law at CCI" was delivered at national University of Juridical Sciences

(NUJS), Kolkata on 22.09.2012 by Dr. Vijay Kumar Singh, Deputy Director (Law), CCI. The lecture was organized by Society for International Trade & Competition (SITC).

9. The Commission celebrated Hindi Pakhwara (Hindi Fortnight) during September 14-28, 2012. As a part of the Hindi Pakhwara, a Hindi Essay Competition was conducted on 21.09.2012 in which the employees of the Commission took part.

IICA and Corporate Governance Norms : The Indian Institute of Corporate Affairs (IICA) has identified that the main reasons for non-compliance to central and state laws relating to corporate governance are : (1) high cost of compliance, (2) Lack of knowledge of the laws, (3) Lack of systems within enterprises to monitor legal compliance, (4) Perception that compliance is an unnecessary burden and (5) Lack of uniform enforcement. The IICA has developed a Legal Compliance Manual (LCM) as a generic manual, applicable to companies working in similar businesses and has been extended to include adjacent areas such as Factories Act compliances, which apply to a vast number of companies in India. Although it is not comprehensive, it is expected to be of assistance to a substantial number of companies to quickly learn about compliance obligations without incurring costs, and the manual will be continuously updated to include new areas. The IICA is also embarking upon a study, in collaboration with Thought Arbitrage Research Institute (TARI) and Indian Institute of Management, Calcutta (IIMC), entitled "*State of Corporate Governance in India- Policies to Reality*". The proposed study would address the state of Corporate Governance in India comprehensively, using quantitative and empirical research techniques.

Features of MCA21v2

Infrastructure:

- Replacement of existing desktops, printers, & scanners
- Replacement of UPS with higher backup
- Replacement of end-of-life & out-of-support servers and associated infrastructure
- Upgrade Network Connectivity of Registrar of Companies, Regional Directorates and Headquarters to 2, 4 and 8 Mbps
- Support ISO 27001 Audit of Data Center (DC) and Disaster Recovery Center (DRC) – For ensuring higher Security Standards

Enhanced User Experience:

- Redesign of the portal to provide an enhanced look and feel to the end users
- Improved dashboards for front office and back office users
- Advanced search services
- Collaboration tools like Bulletin Board, Discussion Forums etc.
- SMS and mobile enabled interfaces
- Business analytics solution to support user-defined customizable reports and enhanced technical scrutiny

Additional Functionalities:

- OL E-Governance with E-auction and integrated accounting
- To Enable Value Added Service (VAS) Providers
- Additional Offices like ROC Sikkim
- Establishment Functions of CLB and SFIO
- Business Process Re-engineering to simplify the forms and processes – continuous process
- Flexible and configurable application to handle the changes to rules, processes with a quick turnaround
