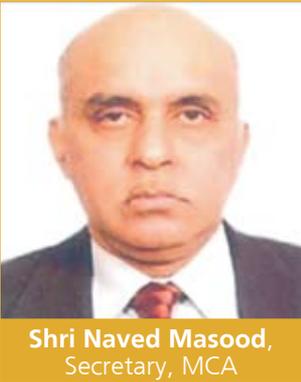




Monthly Newsletter

Volume - 41

October 2014



Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

This festival season brings cheer, as it comes with rising hopes and revived business sentiments. International agencies have commended India for accelerating the economic recovery process through effective policies. The IMF and the World Bank have raised growth projections for the Indian economy, by pegging it at 5.6% for the current year and 6.4% for the next year. Narrowing down the Current Account Deficit (CAD), containment of inflation, government's commitment to rationalize public expenditure and subsidy reforms are some of the important factors that have generated the interest of the investors.

Headline inflation based on WPI decelerated to a five-year low of 2.38% in September, 2014, and the CPI-inflation fell to 6.46%, the lowest since 2009. Lower inflation coupled with a decline in crude oil prices may prompt RBI to revisit the policy rates. Business sentiments are looking northward, and I hope with more policy reforms on the anvil the economy would soon be back on the high growth trajectory.

The focus of infrastructure reforms has been on the energy sector. Deregulation of diesel prices would help in better subsidy management. Increase in prices of the natural gas produced in India is expected to push investment in exploration efforts. It has also been decided to permit e-auction of coal blocks, so that supply-side constraints in the power sector can be addressed adequately. Besides the corporate sector, Micro, Small and Medium Enterprises (MSMEs), which do not have access to alternative sources of power, would also stand to gain in the long run.

The Government has introduced the 'Apprentice Protsahan Yojana' to revamp the Apprenticeship Scheme by expanding the capacity to more than 20 lakh seats with enhanced stipends, with a provision for reimbursement of 50% of the stipend paid to apprentices by manufacturing units. This is one step forward in reaping the benefits of the demographic dividend, and promoting industrial growth as part of its 'Make in India' campaign. Injecting skills and re-training the growing young population of India will not only enhance productivity gains, but also make growth inclusive.

My Ministry has observed that there are about 1.67 lakh companies that have not provided signatory details of its Directors (DIN) to the Ministry. As a special measure, we have allowed companies to get their signatory details of the Directors updated on the MCA21 system, so that they may file their overdue annual statutory documents.

I am happy to announce that the annual statutory filings have begun in right earnest, with the single day filing crossing the 1,00,000 mark already. I urge companies to file their balance sheet and annual return well before the last date, to avoid last-minute rush and system congestion. During the peak filing period of October and November, 2014, the Corporate Seva Kendra Help Desks (Phone Number 0124-4832500) would give priority to queries related to filing of Balance Sheet and Annual Return.

 **This festival season brings cheer, as it comes with rising hopes and revived business sentiments. International agencies have commended India for accelerating the economic recovery process through effective policies.** 



Four New e-Forms Introduced: The Ministry of Corporate Affairs (MCA) has introduced four new e-Forms and modified two existing e-Forms in September, 2014. The new e-Forms introduced are MGT-10 (Changes in shareholding position of promoters and top ten shareholders), DPT-4 (Statement regarding deposits existing on the commencement of the Act), DIR-3C (Intimation of Director Identification Number by the company to the Registrar DIN services) and ADT-3 (Notice of Resignation by the Auditor). The modified e-Forms are DIR-3 (Application for allotment of Director Identification Number) and DIR-6 (Intimation of change in particulars of Director to be given to the Central Government). In order to further simplify the filing of e-Forms, requirement of affidavit along with e-Form DIR-3 and DIR-6 has been dispensed with. Now affidavit in e-Form DIR-4 and DIR-7 has been converted into a declaration and merged with DIR-3 and DIR-6 respectively. Accordingly e-Form DIR-4 and DIR-7 are dropped.

Opportunity for Updating Signatory Details: There are about 1.67 lakh companies on the Registry, which have not provided the signatory details of its Directors. To facilitate stakeholders, the Ministry of Corporate Affairs has allowed these companies to get their signatory details of the Directors updated on the MCA21 system by approaching the Registrar of Companies (RoCs) with proof of appointment of Directors prior to 30.06.2007. Directors appointed after 30.06.2007, can update their signatory details by filing e-Form DIR-12. This will enable all the Directors filing their overdue annual documents with the Registrars and also to file DIR-3C for informing RoCs of the DIN of Directors.

Simplification of e-Form for Allotment of DIN: The Ministry of Corporate Affairs has issued Companies (Appointment and Qualifications of Directors) Amendment Rules, 2014, simplifying the e-Forms required to be filed for obtaining Director Identification Number (DIN). These are as follows: (i) Applicants for the position of Independent Directors are exempted from disclosing their income tax PAN, spouse's name and mother's name. Upon the submission of the e-Form DIR-3, an application number will be generated, instead of provisional DIN; (ii) All Directors who were appointed before 30.06.2007 but have not intimated his/her DIN to the respective companies are now required to intimate the DIN to the company within a month; and in turn, all such companies will intimate the DIN to the RoC. For the facility of updating signatory details/DIN, please see the earlier paragraph/news items.

Committee for Reviewing of e-Forms: The Ministry of Corporate Affairs has constituted an Internal Committee, to simplify the e-Forms, its filing process and requirement of attachments under the Companies Act, 2013. The Committee will suggest changes required for simplification and removal of difficulties faced by stakeholders in filing e-Forms.

Relaxation of PAN Requirement for Foreign Nationals for Filing Charge Document: The Ministry of Corporate Affairs has relaxed the requirement of submitting the Permanent Account Number (PAN) for foreign nationals being the charge holder at the time of filing the charge document.

Implementation of Changed Stamp Duty Slabs for the State of Goa: The Ministry of Corporate Affairs has enabled revised Stump-duty slab on MCA-21 system for the State of Goa. Companies are levied Stamp duty by the State Governments during its incorporation and various other documents.

'National Advisory Committee on Accounting Standards' Constituted: Section 132 of the Companies Act, 2013 provides for constitution of National Financial Reporting Authority (NFRA) to make and monitor accounting and auditing standards. However, this Section is yet to be notified for commencement. Until this Section is notified, similar functions are to be carried out by the 'National Advisory Committee on Accounting Standards' (NACAS) under Section 210A of the Companies Act, 1956. Vide **S.O. 2425(E) dated 18.09.2014**, the Government has constituted the NACAS under the Chairmanship of Shri Amarjit Chopra. The Chairperson and twelve other members of the Committee will hold office for a period of one year, or till the constitution of NFRA, whichever is earlier.

Clarification on 'Government Company': Section 143(5) of the Companies Act, 2013 provides for appointment of auditors and auditing standards by the Government Companies. To bring more clarity, the Ministry of Corporate Affairs vide **S.O. 226(E) dated 04.09.2014**, has clarified that the expression 'Government Company' includes companies owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments.

Clarification on CSR Spending by Companies:

The Ministry of Corporate Affairs has amended Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, to permit and specify a ceiling on spending on administrative overhead expenditure, including capacity building of CSR personnel, by companies for implementing their CSR projects, vide **G.S.R. 644 (E)** dated 12.09.2014. Consequently, the earlier clarification issued on salaries paid by the companies to CSR staff through General Circular No. 21/2014 dated 18.06.2014 was omitted (**General Circular No. 36/2014**).

New member appointed in Quality Review Board:

Shri Narender Kumar Bhola, Regional Director (Eastern Region & North Eastern Region), Ministry of Corporate Affairs, has been appointed as Member of the Quality Review Board established under Section 29A of the Cost and Works Accountants Act, 1959 vide Notification **G.S.R. 645 (E) dated 15.09.2014**. The Board, constituted under the Cost and Works Accountants Act, 1959, consists of a Chairperson and four other members and deals with the quality of services of the members of the Institute of Cost Accountants of India and makes recommendations in that regard.

Investor Protection and Awareness:

A. 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), 256 Investor Awareness Programmes were conducted in different towns/cities of the country during September, 2014.

B. Till the end of September, 2014, as many as 3189 companies have uploaded information about unpaid and unclaimed amounts of investors (share application moneys, dividends, debentures, deposits etc.) lying with them on the website iepf.gov.in. This website has been set up for companies to file details of unpaid and unclaimed amounts of investors for the last seven years or less, which are yet to be transferred to the Investor Education and Protection Fund, so as to enable the investor to reclaim the said money from the company. The total amount reported by companies by end September, 2014 amounts to Rs. 3901.88 crore.

Review of Corporate Sector:

- A.** As on 30.09.2014, the number of companies registered under the Companies Act was 14.23 lakhs. Of these, 2.60 lakh companies were closed and 27,378 companies are in the process of being closed. As many as 1.41 lakh companies have not filed their Annual Returns/ Balance Sheets (i.e., Annual Statutory Filings) for more than three consecutive years. In other words, there are about 9.92 lakh active companies, including 1.26 lakh companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).
- B.** A total of 6,864 companies, including 269 One Person Companies (OPCs), were registered under the Companies Act, 2013 during September, 2014 with authorized capital of Rs. 1,831.3 crore. The break-up of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in September, 2014	Total Authorised Capital (in ₹ Crore)
(1)	(2)	(3)
Companies Limited By Shares	6822	1831.03
Of which, (a) Private	6688	892.43
Of which, One Person Companies	269	5.15
(b) Public	134	938.60
Companies Limited By Guarantee	38	0.12
Of which, (a) Private	33	0.12
(b) Public	5	0.00
Unlimited Companies (Private)	4	0.17
Of which, (a) Private	4	0.17
(b) Public	0	0.00
Total	6864	1831.32

- C. Under the category of companies registered as limited by shares, Delhi had maximum number of registrations (1,175) followed by Maharashtra (1,062) and Uttar Pradesh (606). Economic activity-wise maximum number of companies (2,994) were registered under Business Services (IT and R&D).
- D. During September, 2014, four State Level Public Enterprises (SLPEs) and one Central Public Sector Undertakings (CPSUs) were registered under the Companies Act, 2013, with authorized capital of Rs. 375.55 crore. The SLPEs incorporated are: 1. Telangana State Industrial Infrastructure Corporation Limited, Telangana; 2. Telangana State Trade Promotion Corporation Limited, Telangana; 3. Naya Raipur Mass Transport Limited, Chhattisgarh; and 4. Assam Food and Civil Supplies Corporation Limited, Assam. The IRCON PB Tollway Limited was incorporated as a CPSU by the Government of India in Delhi. 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
4. Shri Naved Masood, Secretary, MCA, attended the meeting of the Committee of Secretaries (CoS), regarding 'Streamlining of Mechanism for Revival of Sick Public Sector Enterprises' on 16.09.2014.
5. Senior Officials of the Ministry attended a meeting on 04.09.2014 with the 'Committee on Entrepreneur Friendly Legal Bankruptcy Framework' headed by Shri T.K. Viswanathan. The Committee was set up by the Ministry of Finance to recommend initiatives for facilitating faster winding-up and an easier exit route for insolvent companies.
6. Shri M.J. Joseph, Additional Secretary, MCA was the 'Guest of Honour' at the Company Secretaries' Day, held on 04.10.2014.
7. Shri Navrang Saini, Director (Inspections & Investigation) attended the Annual Business Inspection Reform Conference on 'Breaking Down Barriers to Trade and Investment' during September, 9-12, 2014 held at London, organised jointly by the World Bank and UK Government Better Regulation Delivery Office.

Major Events Attended by Senior Officers of the Ministry:

1. Shri Naved Masood, Secretary, MCA, Shri M.J. Joseph, Additional Secretary, MCA and Shri Amardeep Singh Bhatia, Joint Secretary, MCA attended the meeting of the Parliament Standing Committee on Finance regarding 'Efficacy of Regulation of Collective Investment Schemes, Chit Funds etc.' on 18.09.2014.
2. Shri Naved Masood, Secretary, MCA, chaired the meeting of the Board of Governors of the Indian Institute of Corporate Affairs on 26.09.2014.
3. Shri Naved Masood, Secretary, MCA, and Shri U. K. Sinha, Chairman, Security Exchange Board of India met on 23.09.2014 to discuss issues arising out of the implementation of the Companies Act, 2013.

Major Events at CCI:

1. Shri Ashok Chawla, Chairperson, Competition Commission of India (CCI) has participated in Annual International Russian Competition Day-2014 during September, 8- 10, 2014 in St. Petersburg, Russia.
2. Shri Ashok Chawla, Chairperson addressed the Officer Trainees of All India Services and Group-A Central Services on Competition Law on 26.09.2014 at Lal Bahadur Shastri National Academy of Administration, Mussoorie.
3. An interactive meeting on "Competition Law and Interface with Sector Regulators" was organized in CCI on 19.09.2014 which was attended by Members/Officers of IRDA, AERA, SEBI, PNGRB & CERC.
4. Twelfth "Distinguished Visitor Knowledge Sharing Series" Lecture was delivered by Shri Gajendra Haldea, on "Competition Issues in the Electricity Sector" on 17.09.2014.