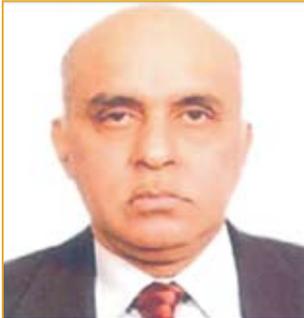




Monthly Newsletter

Volume - 45

February 2015



Shri Naved Masood,
Secretary, MCA

From The Secretary's Desk

Economic decision-making is crucially dependent on a sound database. The MCA21 database has been used for the first time by the Central Statistics Office (CSO) for estimating the new series of the National Accounts Statistics (NAS). The new series revises the base year from 2004-05 to 2011-12. The estimates are more reliable than before, due to shifting of methodology of estimation from a sample

frame to population frame particularly for the non-agriculture sector.

The recast GDP numbers reflect an upward shift in the growth path. Estimated at 6.6% in 2013-14, and 7.4% in 2014-15, the GDP growth in the new series is moving steadily towards a higher trajectory. During the year 2014-15, manufacturing and services sectors are projected to grow at 6.8% and 8.4% respectively as compared to 5.3% and 11.1% in the previous year. The size of the Indian economy, in terms of GDP at market prices, is all set to cross the US \$ 2-trillion mark during the current fiscal.

The Fourteenth Finance Commission (FFC) has recommended the largest ever increase in the percentage of devolution from the Centre to the States. The States' share in the net proceeds of tax revenue would increase to 42% from the current year's level of 32%. This would bring substantial improvement in States' fiscal space. The FFC's recommendation regarding Goods & Services Tax (GST) is also likely to pave the way for introduction of a uniform GST. This would go a long way in the Government's efforts towards ensuring Ease of Doing Business.

The Corporate Data Management Scheme envisaged for creating an in-house data mining and analytics facility in the Ministry will be implemented as a Central Sector Plan Scheme over the next two years (2015-17). This is aimed at establishing in-house capability for data mining and analytics facility to effectively utilize the MCA21 data repository, and promote analytical research and studies to inform policy making and facilitating enlightened regulation for corporate sector growth.

I am happy to announce that the Ministry has notified the Indian Accounting Standards (Ind-AS) being the converged Indian accounting standards with International Financial Reporting Standards (IFRS). All companies, with a net worth over Rs 500 crores (other than insurance companies, banking companies and non-banking finance companies) may voluntarily adopt the Ind AS standards after 01.04.2015 and mandatorily

after 01.04.2016. With the notification of the standards, it is hoped that there will be a further quality upgrade of corporate financial management but Indian companies will also be able to make their presence felt even more effectively at the global level.

 **The Corporate Data Management Scheme envisaged for creating an in-house data mining and analytics facility in the Ministry will be implemented as a Central Sector Plan Scheme over the next two years (2015-17).** 



MCA21 Database helps Extensive Revision of National Accounts Statistics:

The comprehensive coverage of corporate sector with use of MCA21 database helped the Central Statistical Organisation (CSO) revise the base year for calculating National Income Statistics (NAS) from 2004-05 to 2011-12. With some improvements in the methodology and changes in the reporting format, the new series with base year 2011-12 has been released by CSO on 30.01.2015. According to the new series, the growth rate of GDP was 6.6% for the year 2013-14 and 4.9% for the year 2012-13.

Data Dissemination by MCA: A new Central Sector Plan Scheme "**Corporate Data Management**" has been approved for implementation by the Ministry of Corporate Affairs during the period 2015-17. Under this scheme, the huge repository of information relating to corporate sector filed in its corporate registry will be processed for its effective utilization. For this purpose, an in-house data mining and analytics facility will be established. Processed data would be pro actively disseminated to stakeholders at large. Research, Studies, Seminars, Workshops and Conferences etc. would also be funded on subjects of interest to the Ministry.

Maintenance of Books of Accounts by Companies: As per the Section 128 of the Companies Act, 2013, the companies have to maintain their books of accounts at the registered office, and if the companies to maintain the same at any other place, the same has to be conveyed to the Registrar of Companies. A new e-formAOC-5 has been prescribed for giving the requisite notice for the changed place of maintenance of accounts (GSR dated 16.01.2015).

Relaxation in Consolidation of Financial Statement:

Under Section 129(3) of the Companies Act, 2013, the companies having one or more subsidiaries have to prepare a Consolidated financial statement of the company and all its subsidiaries. A one-time relaxation has been permitted in respect of companies having one or more subsidiaries incorporated outside India for the financial year commencing after 01.04.2014 (GSR dated 16.01.2015).

CSR Activities of Multiple Companies through Common Trusts etc.:

Under the Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules 2014, a company can undertake CSR activities either (i) by itself, or (ii) through a registered trust/society/company under section 8 of the Act, established by the company or its holding, subsidiary or associate company or (iii) if the trust, society or company through which the CSR activity is to be executed is not established by the company or its group companies, an established track record of three years in undertaking similar programs or project is required. Rule 4(3) also permits companies to collaborate and implement CSR projects, subject to the condition that the arrangement permits separate reporting by each of the companies about their CSR activities. The Ministry has allowed multiple companies and their group companies to join together establish trust/society/company under section 8 of the Act, for conducting their CSR activities (vide **Notification No. G.S.R. 43(E)** dated 19.01.2015).

Constitution of High Level Committee on CSR: Under Section 135 of the Companies Act, 2013, companies meeting any or all of the following minimum thresholds : (i) net worth of Rs. 500 crore, (ii) turnover of Rs. 1000 crore, (iii) net profit of Rs. 5 crore, are required to make a CSR Policy and spend 2% of their 3-years' average net profit on CSR activities. The CSR activities of companies have to be disclosed in their Annual Board's Reports, and a return is to be filed with the Ministry regarding the CSR policy of the company and the activities undertaken in the prescribed form. The Government has constituted on 03.02.2015 a High Level Committee under the chairmanship of Shri Anil Bajjal, former Secretary to the Government of India, to suggest measures for monitoring the progress in implementation of CSR policies by companies. The Terms of Reference of the Committee include (i) recommendation of suitable methodologies for monitoring compliance of CSR provisions by companies; (ii) suggesting measures that may be recommended by government for adoption by companies for systematic monitoring and evaluation of their own CSR activities; (iii) identification of strategies for monitoring and evaluation of CSR initiatives through expert agencies to facilitate adequate feedback to the Government, regarding efficacy of expenditure and quality of compliance by companies, and (iv) examination of the need for different monitoring mechanism for Government companies performing CSR, and if felt necessary, to make recommendations in that behalf. The members the Committee are Prof. Deepak Nayyar, Shri Kiran Karnik, Shri Onkar S. Kanwar, Shri S.K. Goyal, Joint Secretary, Department of Public Enterprises. Smt. Sibani Swain, Economic Adviser, MCA is the Member-Convener.

Resignation by Foreign Directors : Under Rule 16 of the Companies (Appointment and Qualification of Directors) Rules, 2014, any director who resigns from a company has to file Form DIR-11 to inform the RoC of his resignation and the reasons for resignation within thirty days. This requirement has been relaxed in case of resignation by foreign directors. A foreign director of a company who resigns is now permitted to authorize a practicing chartered accountant or cost accountant in practice or company secretary in practice or any other resident director of the company to sign Form DIR-11 on his behalf, to inform the RoC of the reasons for resignation (**Notification No. G.S.R 42(E)** dated 19.02.2015).

Complaints related to Multiple DINs : Section 155 of the Companies Act, 2013 prohibits a person who has been allotted a Director Identification Number (DIN) from applying for, obtaining and possessing another DIN. To expedite the resolution of complaints of allotment of multiple DINs, the Government has nominated five officers in the office of Regional Director (Northern Region) at Noida (**Notification No. S.O. 129(E)** dated 09.01.2015).

"Minimum Government, Maximum Governance" in MCA: The Committee on "Minimum Government, Maximum Governance", chaired by Shri Manoj Kumar, Joint Secretary and comprising Shri Ajay Das Mehrotra, Joint Secretary, Smt. Sibani Swain, Economic Adviser and Shri Navrang Saini,

Director of Inspections & Investigations was constituted on 12.01.2015. Shri Suresh Pal, Joint Secretary was co-opted by the committee on as a special invitee in its meetings. The Committee, after detailed discussions with senior officials and considering suggestions received from officers at the Headquarter as well as the field offices, submitted its report. The Committee has, *inter alia*, recommended introduction of e-office; and an organizational revamp to have coherent functional Sections/Divisions; fixing time limit to dispose of receipts; delegation of administrative/ financial powers to field offices; and improving the grievance redressal monitoring system. These recommendations are under consideration.

ICAI International Conference: The Institute of Chartered Accountants of India (ICAI), organised an international conference on "Accountancy Profession: Building Global Competitiveness; Accelerating Growth" during January 29-31, 2015 at Bengaluru. The conference deliberated on the emerging paradigm of Accountancy Profession and the global perspective. Issues of contemporary relevance, and of particular significance regarding integration of Indian methods with the global developments were discussed. The conference was attended by accountants and auditing professionals from all over the world. Shri Ajai Das Mehrotra, Joint Secretary, MCA, addressed the conference on "IFRS Implementation: Key Learning's: Government Perspective" in the Session: 'Essence of Reporting – Governance and Sustainability', held on 30.01.2015.

Annual General Meeting of IICA: The 6th Annual General Meeting of the Indian Institute of Corporate Affairs (IICA) Society was held on 08.01.2015 at North Block, New Delhi. The meeting, chaired by Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Information & Broadcasting, was attended by Ms. Anjuly Chib Duggal, Special Secretary, MCA, and Dr. Bhaskar Chatterjee, DG & CEO, IICA and others. The Action plan of IICA for 2015-16, and specific items of work, such as consultancies, academic modules of short term and long term certification courses,



Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Information & Broadcasting chairing the IICA AGM held on 08.01.2015. Smt. Anjuly Chib Duggal, Special Secretary, Dr. Bhaskar Chatterjee, DG & CEO, IICA and other senior officials are present at the meeting.

research and publications so as to create a brand value for IICA were discussed.

Corporate Insolvency Regime : Creating a smooth corporate insolvency regime, is a critical component of ease of doing business. The legal process is expected not only to facilitate an easy exit for companies in financial trouble but also effective in protecting stakeholder interests. The Bankruptcy Law Reform Committee under the Chairmanship of Shri T.K. Vishwana than appointed to study the corporate bankruptcy legal framework in India has submitted its interim report in January, 2015. It has *inter alia* recommended amendments in the provisions relating to revival and rehabilitation of sick company under the Companies Act, 2013.

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), 25 Investor Awareness Programmes were conducted in different towns/cities of the country during January, 2015.

B. Till the end of January, 2015, it was reported by 3413 companies by uploading on the website *iepf.gov.in* information about unpaid and unclaimed amounts of investors that a sum of Rs. 4275.49 crore was lying with them unclaimed. This website has been set up for companies to file details of unpaid and unclaimed amounts of investors during the past seven years, 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.

Review of Corporate Sector:

A. As on 31.01.2015, the number of companies registered under the Companies Act was 14.46 lakhs. Of these, 2.64 lakh companies were closed and 28,443 companies are in the process of being closed. As many as 1.40 lakh companies have not filed their Annual Returns/ Balance Sheets (i.e., Annual Statutory Filings) for the past three consecutive years or more. In other words, there are about 10.13 lakh active companies, including 1.13 lakh companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

B. A total of 6,902 companies, including 298 One Person Companies (OPCs), were registered under the Companies Act, 2013 during January, 2015 with authorized capital of Rs. 1268.45 crore. The break-up of the newly incorporated companies by type is as follows:

C. Under the category of companies registered as limited by shares, Delhi had maximum number of registrations (1,262) followed by Maharashtra (1236) and Uttar Pradesh (643). "Business Services" topped the economic activity-wise classification (3126) of newly registered companies.

Type of Company	No. of Companies registered in January, 2015	Total Authorised Capital (in ₹ Crore)
(1)	(2)	(3)
Company limited by shares	6858	1268.33
Of which,		
(a) Private	6723	1132.35
Of which,		
One Person Companies	298	6.34
(b) Public	135	135.98
Company limited by guarantee	41	0.04
Of which,		
(a) Private	32	0.04
(b) Public	9	0.00
Unlimited company	3	0.08
Of which,		
(a) Private	3	0.08
(b) Public	0	0.00
Grand Total	6902	1268.45

D. During January, 2015, two Central Public Sector Undertakings (CPSUs) and five State Level Public Enterprises (SLPEs) were registered under the Companies Act, 2013. The aggregate authorized capital of these companies was Rs. 11.12 crore. The CPSUs incorporated are: 1. NMDC Steel Limited; and 2. Chhattisgarh Mega Steel Limited. The SLPEs incorporated are: 1. Panvel Municipal Transport Limited; 2. Odisha Coal and Power Limited; 3. Harup Coal Corporation Limited; 4. Kerwa Coal Limited; and 5. Tripura Power Generation Limited. 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.

Major Events Attended by Senior Officers of the Ministry:

1. Shri Naved Masood, Secretary, MCA, Ms. Anjuly Chib Duggal, Special Secretary, MCA, and other senior officials of the Ministry made a brief presentation on provisions related to CSR of the Companies Act, 2013 on 28.01.2015 to the *Parliamentary Committee on Public Undertakings*.
2. Shri Naved Masood, Secretary, MCA, Ms. Anjuly Chib Duggal, Special Secretary, MCA, and other senior officials of the Ministry attended the meeting on '*Regulatory Mechanism of Protection of Interests of NBFCs- An over View- Pertaining to MCA*' with the Estimates Committee of Parliament on 19.01.2015.
3. Shri Naved Masood, Secretary, MCA, attended the 158th SEBI Board Meeting at Mumbai on 22.01.2015.
4. Shri Naved Masood, Secretary, MCA, attended a meeting on "Ease of Doing Business in India" organised by the

Department of Industrial Policy and Promotion on 12.01.2015.

5. Department Related Parliamentary Standing Committee on Industry visited Chennai, Mumbai, and Udaipur to interact with the Public Sector Undertakings (PSUs) on issues arising out of implementation of CSR provisions during January 18-21, 2015. Engineers India Limited (EIL), Oil and Natural Gas Corporation (ONGC), Indian Oil Corporation Ltd (IOC), FCI Aravali Gypsum & Minerals India Limited (FAGMIL) were the PSUs selected for interaction by the Parliamentary Standing Committee. Smt. Sibani Swain, Economic Adviser, MCA, represented MCA in the proceedings of Committee.

Major Events at CCI:

1. Shri Ashok Chawla, Chairperson, Competition Commission of India (CCI) delivered the '95th ASSOCHAM Foundation Day Lecture' on "Economy, State and Society in a Changing India" at New Delhi on 19.01.2015.
2. Shri Ashok Chawla, Chairperson, participated in the National Conference for Newly Elevated High Court Judges organised by the National Judicial Academy, Bhopal during January, 24-25th, 2015.

Major Events at IICA:

1. International Conference on Corporate Governance:

The Indian Institute of Corporate Affairs (IICA), in association with International Finance Corporation (IFC) of the World Bank Group and the Institute of Directors (IOD), UK conducted an *International Conference on Corporate Governance* at Mumbai on 28.01.2015. This conference provided a platform to deliberate upon both Indian and global best practices in the area of corporate governance.

2. National Seminar on Companies Act, 2013:

IICA conducted a National Seminar on Companies Act 2013 at Chennai during 9th and 10th of January, 2015, in collaboration with Madras Chamber of Commerce & Industry (MCCI).

3. Training Programme on Insurance Marketing :

IICA conducted a programme on Insurance Marketing Practical and Classroom Training (IMPACT II) for junior/middle level officers and top executives from various Regional Rural Banks during January 20-22nd, 2015 at Manesar, Haryana.

4. In-service Training Programme for ICLS officers :

A five days' In-service Training Programme for ICLS officers (JTS level) of Ministry of Corporate Affairs was conducted during January 5-9, 2015. The training programme was attended by seven ICLS Officers. Corporate Governance, Auditing Standards, Techniques to ensure fair Internal Controls, Analysis of Balance Sheet, Indian Accounting Standards, Risk Assessment in Corporates, Independent Directors, Inspection, Inquiry & Investigation under Companies Act, 2013 were some of the themes/ topics covered in this programme.