



Monthly Newsletter

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Secretary, MCA

From The Secretary's Desk

The much-awaited policy rate cut together with a considerable fall in international commodity prices and reduction in inflation has given the much needed impetus to our economy. The 'Global Economic Prospects' released by the World Bank in January, 2015 has revised upwards our projections though there is a projected decline of growth for the world at large.

Containment of inflation has been a great relief for the policy makers. The WPI-based inflation has fallen continuously over the past seven months and has reached near-zero levels during November-December, 2014. The CPI-based inflation has also declined steadily over the past few months to a comfortable 4.5% - 5% range. RBI has responded by announcing a 25 basis point cut in the repo rate. This is a welcome measure at the very beginning of this calendar year and the market response to this move is already visible.

Industrial output, after a continuous spell of volatility with near-zero expansion and contractions observed over the past few months, has grown at 3.8% in the month of November, 2014 compared to (-)4.2% in the previous month. The capital goods sector and intermediate goods sector have triggered the growth, indicating the arrival of better days ahead for the economy.

On the external sector, the indicators are even more encouraging. The CAD declined to 1.9% of GDP in the first half of this fiscal, compared to 3.1% of GDP in the corresponding period of the previous year. Fall in oil prices below \$50 level, though not fully passed on to the domestic consumers, benefits the economy in terms of reduced input costs, and adds to the spurt in economic activity in the country. The total investment flows estimated at US \$ 43.4 billion during April-October, 2014, as against US\$ 9.4 billion during the same period in the previous year, too augurs well for the investor confidence.

Government is committed to a faster reforms process. The two crucial Ordinances, issued recently relating to land acquisition and insurance sector reforms, signal the Government's resolve to continue with its strategy to simplify the legal regime and remove procedural bottlenecks in conducting business.

Ministry of Corporate Affairs, true to its mission of simplifying government procedures and the core policy of "Minimum Government, Maximum Governance", has moved towards a disclosure and self-

regulation based corporate law, away from the one based on checks, controls and approvals. The Ministry is committed to enlightened regulation by creating a conducive environment for corporate sector to grow.

I assure the corporates the best of our services and wish a very fruitful new year for the corporates, investors and my countrymen.

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Companies Amendment Bill, 2014 passed in Lok Sabha :

In pursuance of its policy to have simplified regulations, the Ministry has moved swiftly to address certain perceived difficulties and ambiguities in the implementation of the Companies Act, 2013. Without compromising on the responsibility of companies to disclose, business-friendly provisions have been proposed in the Companies (Amendment) Bill, 2014, which has been passed by the Lok Sabha on 17.12.2014. Key features of this bill, *inter alia*, are : (i) removal of restriction of the minimum paid up share capital requirements for companies; (ii) empowering Central Government to prescribe threshold beyond which the auditor is required to make a report to Central Government; (iii) permitting clearances of Related Party Transactions by ordinary resolution; (iv) special courts to only try offences carrying a punishment of two years or more, and (v) removal of restrictions on grant of bail except in cases of fraud.

Revised Road Map for Implementation of Ind AS:

India is committed to the convergence of Indian Accounting Standards with the International Financial Reporting Standards (IFRS), and this will be accomplished in phases. Adoption of the converged Indian Accounting Standards (Ind AS) is voluntary in Financial Year 2015-16. Companies, other than Banking Companies, Insurance Companies, Non-Banking Finance Companies (NBFC's) etc. and having a net worth of Rs. 500 Crore and above are mandated to adopt Ind AS from 2016-17 onwards. From the year 2017-18 and onwards, companies with a net worth of Rs. 250 Crore and above, and those that are listed or in the process of listing, would also adopt Ind AS.

Cost Records and Audit Rules Amended:

Various professional bodies have expressed concerns over applicability of certain provisions of the Companies (Cost Records and Audit) Rules, 2014. After examining the recommendations dated 02.12.2014 of the Expert Committee constituted in this regard by the Ministry, the

Companies (Cost Records and Audit) Rules, 2014, has been amended with effect from 31.12.2014. The salient features of the amended rules are: (i) revision of coverage of sectors to enhance the scope of maintenance of cost accounting records and cost audit; (ii) rationalization of threshold limits for maintenance of cost accounting records and cost audit; (iii) adoption of Central Excise Tariff Headings for products; and (iv) exemption of Small and Medium Enterprises.

CCI Workshop on Merger: The International Competition Network Merger Workshop organised by Competition Commission of India (CCI) during December 1-2, 2014 at New Delhi was inaugurated by Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Information & Broadcasting. The workshop took stock of the extant mechanism for international cooperation between competition agencies in merger enforcement. "Building an effective framework for international cooperation in the areas of merger remedies" was deliberated extensively. The Minister also released the book entitled "Competition Tracker", a compilation of Orders of CCI, on this occasion.



Hon'ble Union Minister for Finance, Corporate affairs and Information and Broadcasting, Shri Arun Jaitley, inaugurating the International Competition Network Merger Workshop.

MCA e-Book: The Ministry of Corporate Affairs has published an electronic book (e-book), containing a brief on its significant activities and achievements along with quantitative details to serve as a ready reckoner on the activities of

the Ministry. The e-book can be accessed from Ministry's website (www.mca.gov.in).

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), 47 Investor Awareness Programmes were conducted in different towns/cities of the country during December, 2014.
- B. Till the end of December, 2014, as many as 3316 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 December, 2014 amounts to Rs. 4178.41 crore.

Review of Corporate Sector:

- A. As on 31.12.2014, the number of companies registered under the Companies Act was 14.39 lakhs. Of these, 2.63 lakh companies were closed and 28,023 companies are in the process of being closed. As many as 1.39 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 10.07 lakh active companies, including 1.15 lakh companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).
- B. A total of 6,446 companies, including 277 One Person Companies (OPCs), were registered

under the Companies Act, 2013 during December, 2014 with authorized capital of Rs. 6,234.23 crore. The break-up of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in December, 2014	Total Authorised Capital (in ₹ Crore)
(1)	(2)	(3)
Company limited by shares	6424	6233.53
Of which,		
(a) Private	6274	1091.82
Of which,		
One Person Companies	277	590
(b) Public	150	5141.71
Company limited by guarantee	20	0.68
Of which,		
(a) Private	20	0.68
(b) Public	0	0
Unlimited company	2	0.02
Of which,		
(a) Private	2	0.02
(b) Public	0	0
Grand Total	6446	6234.23

- C. Under the category of companies registered as limited by shares, Delhi had maximum number of registrations (1,193) followed by Maharashtra (947) and Uttar Pradesh (662). Economic activity-wise maximum number of companies (2,878) were registered under Business Services.
- D. During December, 2014, six State Level Public Enterprises (SLPEs) and five Central Public Sector Undertakings (CPSUs) were registered under the Companies Act, 2013, with authorized capital of Rs. 37.81 crore. The SLPEs incorporated are: 1. Burhanpur City Transport Services Limited; 2. Andhra Pradesh Brahmin

Welfare Corporation Limited; 3. Aurangabad Industrial Township Limited; 4. Greater Mohali City Bus Service Limited; 5. Biswa Bangla Marketing Corporation Limited; and 6. Odisha Mineral Bearing Areas Development Corporation. The CPSUs incorporated are: 1. Mohindergarh-Bhiwani Transmission Limited; 2. SIPAT Transmission Limited; 3. Raipur-Rajnandgaon-Warora Transmission Limited; 4. Chhattisgarh-WR Transmission Limited; and 5. Karnataka Vijaynagar Steel 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, chaired a Core Group meeting on Convergence of Ind AS with IFRS on 12.012.2014. The meeting was attended by Special Secretary, Additional Secretary and other senior officials of the Ministry.
2. Shri Naved Masood, Secretary, MCA, attended the meeting of the Committee of Secretaries (CoS), regarding 'Improving Ease of Doing Business in India' on 22.12.2014 in New Delhi.

Major Events at IICA:

1. **Workshop on Designing the Antitrust and Merging Remedies:** Indian Institute of Corporate Affairs (IICA) and United States Federal Trade Commission, organised a Training Workshop on 'Designing the Antitrust and Merger Remedies' on 03.12.2014 at the Indian International Centre, New Delhi. Officials from various national regulatory agencies, legal advisers to companies and students attended the workshop.

2. Induction Training Programme for ICLS

Probationers: First Phase of induction training for five Indian Corporate Law Service (ICLS) Probationary Officers has commenced on 15.12.2014 at IICA. The total duration of this training is for 10 months, which includes classroom courses and attachment-training with various institutions.

Major Events at CCI:

1. Shri Ashok Chawla, Chairperson, Competition CCI participated in the OECD Competition Committee and its working party meeting during December, 15 -18, 2014 in Paris, France.
2. A Memorandum of Understanding (MOU) regarding Cooperation in the Application of Competition Laws was signed between Competition Commission of India (CCI) and Commissioner of Competition, Competition Bureau Canada (CB) on the sidelines of 2014 ICN Merger Workshop on 1.12.2014 in New Delhi. The MOU was signed by Shri Ashok Chawla, Chairperson, CCI and Mr. John Pecman, Commissioner, CB.
3. Dr. Seema Gaur, Adviser (Economics) and Shri Nandan Kumar, Joint Director (Economics) participated as member of Indian delegation in 6th Regional Comprehensive Economic Partnership (RCEP) Trade Negotiating Committee (TNC) Meeting and 3rd RCEP working group meeting on competition during December, 1-5, 2014 held in Delhi, India.
4. Mr. Daniel Ducore and Mr. Paul O'Brien from US Federal Trade Commission and Ms. Patty Brink and Ms. Michelle Rindone from US Department of Justice shared their experiences on US agencies' procedures and structures for negotiating effective relief and assuring compliance with their orders with the Commission and officers of CCI on 03.12.2014 at CCI.