Secretary’s Desk

The latest World Economic Outlook report projects that global growth will remain steady over 2018 and 2019 at 3.7% but may be marginally limited by rising fuel prices, higher interest rates and trade wars. India is expected to remain the fastest growing major economy at 7.37% and 7.4% respectively over 2018 & 2019, ahead of China. The report acknowledges reforms being undertaken in India include in relation to NPA management and enhancing the efficiency of credit provision by banks.

MCA is committed to strengthening the corporate governance framework in the country. Second phase of weeding out shell companies has resulted in de-registration of close to one lakh companies.

MCA also plans to review the auditing standards to tighten the rules for the auditors. Based on KYC drive for Directors, around 15.70 lakh Directors have got themselves registered. Remaining 17 lakh DINs have been deactivated. Directors still have a window to register themselves.

Also, in a move designed to promote ease of doing business Government approval would no longer be required to determine managerial remuneration and shareholders have been authorised to do so subject to Schedule-V of the Companies Act, 2013.

The government has also set up a high-level committee to review the framework for Corporate Social Responsibility (CSR) activities and suggest a roadmap for better implementation of its provisions. Committee shall also review the schedule 7 of the Act that defines the activities covered under CSR.

The IEPF authority has recently signed a Memorandum of Understanding (MoU) with the CSC e-governance Services India, wherein the latter would identify village level entrepreneurs for investor awareness projects, among other activities. MCA is also looking at further reforms in IEPF.

To facilitate timely resolution of IBC cases, it is envisaged to set up exclusive IBC Courts under the NCLT benches of Delhi, Mumbai to start with and step up infrastructure of NCLT. The aim is also to strengthen the insolvency process for faster resolution of NPAs.
POLICY DEVELOPMENTS

Review of Competition Act

Recently, a 10-member panel has also been formed to review the Competition Act 2002 and study the related international best practices. The Panel will also study the inter-linkages and overlap between different legislations with the Competition Act and there is also a need for closer alignment between bankruptcy resolutions and competition regimes.

MoU between the ICAI and ICPAK

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its approval for signing of a Memorandum of Understanding (MoU) between the Institute of Chartered Accountants of India (ICAI) and the Institute of Certified Public Accountants of Kenya (ICPAK). It will help to establish mutual co-operation and collaboration in the areas of knowledge sharing through joint research, quality support, capability and capacity building, trainee accountant exchange programmes and conducting Continuous Professional Development (CPD) Courses, workshops and conferences.

Details:

- ICAI and ICPAK will provide opportunities to key members of the reciprocal body’s staff to learn from their knowledge and experience through informal work placements to be agreed through a work schedule.
- Jointly promote activities to raise awareness and the overall visibility of the ICAI/ICPAK strategic partnership and the collaboration outlined in this MoU with members.
- ICAI and ICPAK will collaborate on benchmarking initiatives and trainee accountant exchange programmes.

Review of Corporate Sector:

As on 31st August, 2018, the number of companies registered under the Companies Act was 17,95,011. Of these, 6,11,838 companies were closed, 6,197 companies were under liquidation, 47,538 companies are in the process of being struck-off from the register, 102 companies were in the process of being re-activated and 1,488 companies have so far obtained the “dormant” status according to Section 455 of the Companies Act, 2013. There are 11,27,848 active companies, including 1,65,213 companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 7,740 companies, including 407 One Person Companies (OPCs), were registered under the Companies Act, 2013 during August, 2018 with authorized capital of ₹ 16,865.71 Crore. The breakup of the newly incorporated companies by type is as follows:

<table>
<thead>
<tr>
<th>Type of Company</th>
<th>No. of Companies registered in August, 2018</th>
<th>Total Authorized Capital (in ₹ in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company limited by Shares</td>
<td>7,714</td>
<td>16,865.45</td>
</tr>
<tr>
<td>Of which,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Private</td>
<td>7,567</td>
<td>6,673.68</td>
</tr>
<tr>
<td>Of which,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Person Companies</td>
<td>407</td>
<td>11.94</td>
</tr>
<tr>
<td>(b) Public</td>
<td>147</td>
<td>10,191.77</td>
</tr>
<tr>
<td>Company limited by Guarantee</td>
<td>26</td>
<td>0.26</td>
</tr>
<tr>
<td>Of which,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Private</td>
<td>24</td>
<td>0.21</td>
</tr>
<tr>
<td>(b) Public</td>
<td>2</td>
<td>0.05</td>
</tr>
<tr>
<td>Unlimited Company</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grand Total</td>
<td>7,740</td>
<td>16,865.71</td>
</tr>
</tbody>
</table>

During the Month of August, 2018, Maharashtra had maximum number of company registrations (1,432) followed by Delhi (1,037) and Karnataka (741). “Business Services” topped the economic activity-wise classification (3,221) of newly registered companies.

During August, 2018, 7,714 (out of 7,740) companies were registered as companies limited by shares with authorized capital of ₹ 16,865.45 crores. 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.

MONTHLY MIS REPORT FROM COMPETITION COMMISSION OF INDIA

(As on September-2018)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Sections</th>
<th>Cases pending as on last day of previous month (A)</th>
<th>Cases received during the month (B)</th>
<th>Total Cases (A+B)</th>
<th>Net Cases pending with CCI for final disposal</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>19(1)</td>
<td>88</td>
<td>-</td>
<td>88</td>
<td>88</td>
<td>#</td>
</tr>
<tr>
<td>2.</td>
<td>19(1)(a)</td>
<td>105</td>
<td>06</td>
<td>111</td>
<td>102</td>
<td></td>
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<tr>
<td>3.</td>
<td>19(1)(b)</td>
<td>12</td>
<td>-</td>
<td>12</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>5&amp;6</td>
<td>09</td>
<td>09</td>
<td>18</td>
<td>10</td>
<td>*</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>214</td>
<td>15</td>
<td>229</td>
<td>212</td>
<td></td>
</tr>
</tbody>
</table>

Cases remanded by COMPAT

5. Remanded | 11 | - | 11 | 11 |

Cases regarding contravention of orders of Commission

6. Causing fresh inquiry | 01 | - | 01 | 01 |

Notes and references:
1. (#)Split cases: (a) Suo-Moto Case No. 07/2014 is segregated into 02 sub cases w.e.f. August 2016 to facilitate exploration of investigation by DG. (b) Suo-Moto Case No. 02/2015 is segregated into 66 sub cases w.e.f. July 2016 to facilitate exploration of investigation by DG. 2(*): Combination Cases filed u/s 5 & 6.
Notifications:-

(i) Vide Notification No. S.O 4285(E) dated 5th September, 2018 the Ministry has designated the Special Courts in State of Nagaland, Mizoram and Arunachal Pradesh under section 435 of the Companies Act, 2013.

(ii) Vide Notification dated 10th September, 2018, the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended to provide/mandate the issue of securities in dematerialized form by unlisted public companies with effect from 2nd October, 2018.

(iii) Vide Notification No. S.O. 4823(E) dated 12th September, 2018 Section 66 to 70 (both inclusive) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been amended to omit the requirement of approval of the central government for making payment of remuneration to the managerial personnel (in case of inadequacy of profit) and accordingly e-form MR-2 has also been amended.

(iv) Vide Notification No. G.S.R. 875(E) dated 12th September, 2018 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been amended to omit the requirement of approval of the central government for making payment of remuneration to the managerial personnel (in case of inadequacy of profit) and accordingly e-form MR-2 has also been amended.

(v) Vide Notification No. S.O. 4822 (E) dated 12th September, 2018 schedule V of the Companies Act, 2013 has been amended to omit the words “without central government approval” in part II under heading “Remuneration” in section II of the Schedule V.

(vi) Vide Notification No. S.O. 896(E) dated 18th September, 2018 the Limited Liability Partnership Rules, 2009 have been amended to centralize the processing of Form RUN-LLP (Reserve Unique Name-Limited Liability Partnership), Form FillLLP (Form for incorporation of Limited Liability Partnership), Form 5, Form 17 and Form 18. These forms are to be processed by the Registrar, Central Registration Centre (CRC) for and on behalf of the jurisdictional Registrar w.e.f. 02.10.2018.


(viii) Vide Notification No. G.S.R. 905(E) dated 20th September, 2018 the Companies (Registration Offices and Fees) Rules, 2014 have been amended by imposing a fee of ₹ 500/- payable from 21st September, 2018 to 5th October, 2018 for filing of e-form DIR-3 KYC and fee of ₹ 5000/- payable on or after the 6th October, 2018.

(ix) Vide Notification No. G.S.R. 903(E) dated 20th September, 2018 the Companies (Indian Accounting Standards) Rules, 2015 have been amended to make changes in Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance by providing option to entity to present grants related to assets, either by — (i) setting up the grant as deferred income or (ii) by deducting the grant in arriving at the carrying amount of the asset.

(x) Vide Notification No. G.S.R. 904(E) dated 20th September, 2018 the Companies (Appointment and Qualification of Director) Rules, 2014 have been amended to extend the date of submission of e-form ‘DIR-3 KYC’ from 15th September, 2018 to 05th October, 2018.

(xi) Vide Notification No. G.S.R. 925(E) dated 25th September, 2018 the Companies (Registered Valuers and Valuation) Rules, 2014 have been amended to extend the date of transitional arrangement from 30th September, 2018 to 31st January, 2019 and also the time limit for conversion/registration of Registered Valuers organization (RVO) as companies under section 8 for the purpose of getting recognition as a RVO has been extended from ‘one year’ to ‘two years’.

Circulars:-

(a) A circular no. 07/2018 dated 6th September, 2018 was issued to extend the time limit for filing the BEN-2 form i.e., it would be 30 days from the date of deployment of BEN-2 e-form on the MCA-21 portal and no additional fee shall be levied if the same is filed within 30 days from the date of deployment of the said e-form.

(b) A circular no. 08/2018 dated 10th September, 2018 was issued to clarify that the form no. BEN-1 would be revised and accordingly the due date for filing BEN-1 declaration would also be revised and therefore the stakeholders were advised to file declaration as per the revised form only and adhere to the time lines which will be specified therein.

Major Events

Secretary, CA who is also the Chairman of IEPF authority, unveiled a new logo for IEPF Authority on 12th September, 2018. Speaking on the occasion, Secretary said that IEPF Authority which is a new body, was facing many challenges. He further added that MCA is open to amend norms, if required, pertaining to IEPF as current compliance levels do not come up to expectations.
Some Macro indicators

Wholesale Price Index (WPI)

The annual rate of inflation, based on monthly WPI, stood at 4.53% (provisional) for the month of August, 2018 (over August, 2017) as compared to 5.09% (provisional) for the previous month and 3.24% during the corresponding month of the previous year.

![Growth in WPI (YoY%)](image)

Source: DIPP

Consumer Price Index (CPI)

The CPI (Combined) on Base 2012=100 is being released for the month of August 2018. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., August 2018 over August 2017) given below:

![CPI Inflation (YoY%)](image)

Source: MOSPI

Index of Industrial Production

The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of August 2018 stands at 127.4, which is 4.3 percent higher as compared to the level in the month of August 2017.

![IIP Growth Rate (%)](image)

Source: MOSPI

Index of Eight Core Industries

The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). The combined Index of Eight Core Industries stands at 128.1 in August, 2018, which was 4.2 per cent higher as compared to the index of August, 2017.

![Index of Eight Core Industries (Growth%)](image)

Source: DIPP

Growth in Sales, Value of Production and Operating Profits

Trends in the selected corporate performance indicators published by RBI of a sample of non-government non-financial listed companies are as below:

![Sales growth, Operating Profit, Net Profit](image)

Source: RBI