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UNION BANK CUTS BASE RATE TO 10%

State-run Union Bank of India reduced its minimum lending rate or base rate by 0.25 percentage points to 10%. The bank's card rate for home loans has come down to 10%, while the same for auto loans would be 10.45%.

Without any cue from the Reserve Bank, state-run lenders started announcing interest rate cuts after a meeting in New Delhi last week where the Finance Minister asked them to slash lending rates in order to push up sagging investments to prop up growth.

SOURCE: FREE PRESS JOURNAL

PM to discuss economic revival, Re with India Inc

- The meeting with industry leaders on July 29 will discuss the sharp depreciation of the rupee and steps to revive industrial growth and correct the widening current account gap

Prime Minister Manmohan Singh has convened a meeting with captains of industry in Delhi on July 29 to discuss the sharp depreciation of the rupee and steps to review the economy and correct the bloating current account deficit.

The announcement came on a day when the rupee fell to an all-time low of 61.21 on Monday. It has weakened by almost 10 percent this year. The meeting takes place at a difficult time with growth slumping to five percent, the lowest in a decade. Sluggish investments and industrial growth have been big drags on Asia's third largest economy.

The issue of depreciation of the rupee and its impact on trade and industry will also be discussed.

Measures to revive the industrial growth, skill development, depreciation of rupee and its impact on businesses and steps to correct the current account deficit will constitute subjects of discussion, a PMO press note said.

It said the meeting will also discuss the ongoing development of three industrial corridors between Delhi and Mumbai, between Chennai and Bangalore and between Amritsar and Kolkata via Delhi.

Manufacturing sector expanded by a meagre 2.6 percent in the financial year 2012-13, according to the Central Statistics Office data. The current account deficit has hit a record 4.8 percent of gross domestic product in the fiscal year that ended March 31.

Singh will meet the leaders of the industry a month after setting an investment target of Rs 1.15 lakh crore in PPP (public private partnership) projects across infrastructure sectors in rail, port and power in the next six months to pep up the investor. Meanwhile, Paris-based think tank OECD said the Indian economy is seeing signs of upward momentum helped by gradual reduction of inflationary pressure though the country's growth still remains "relatively weak".

The conclusions are based on Composite Leading Indicators that are designed to anticipate turning points in economic activities. "The CLIs for the United Kingdom, Canada and China point to growth close to trend rates and the CLI for India points to a tentative upward change in momentum," the grouping said in a report on Monday.

SOURCE: FREE PRESS JOURNAL

FM VISITS US TO RESCUE RUPEE AND COURT INVESTORS

India's Finance Minister is in the US to drum up investment from the likes of Lockheed Martin, leaving behind a cabinet far from convinced about his plans to revive the economy and a record low rupee. P Chidambaram won investor approval last year for plans to rein in India's fiscal deficit but he is struggling to push through proposals to relax rules on FDI in defence, telecoms, pharmaceuticals and retail. Economists say it is critical for India to boost FDI because the long-term nature of the investment has a more stable influence on the economy. On the other hand, the fickle flows of portfolio investment can have a destabilising impact.

In June alone, $7 billion in portfolio investment fled the country amid a wider emerging markets selloff over concerns that the US was preparing to rein in its monetary stimulus. The rupee hit a record low of 61 per dollar on Monday and is the worst performing emerging markets in Asia this year of those monitored by Reuters daily. It is under pressure from India's weakest economic growth in a decade and a record high deficit in the current account, the broadest measure of a country's international trade, of 4.8 percent of GDP last fiscal year.

In order to revive FDI, which has fallen in three out of the last four fiscal years, Chidambaram last month mooted plans to loosen investment for foreign companies in a broad swathe of industries. He hoped to secure cabinet approval this month.

He flew to the US for meetings with the CEOs and other top executives of potential investors, including Microsoft Corp, Wal-Mart Stores, Lockheed Martin International and Boeing International. Just ahead of the trip to persuade the US companies to invest in India, two ministries leaked letters

outlining their opposition to the latest FDI plans. One ministry also briefed journalists about its disagreements with the finance ministry over the proposals.

"RETROGRADE STEP"

In one letter, Defence Minister A K Antony told the industry ministry that a plan to allow foreign weapons manufacturers to invest up to 49 percent in defence JVs represented a danger to India's defence interests. "Allowing foreign companies to set up manufacturing/assembly facilities here will be a retrograde step," Antony said in the letter, an excerpt of which was seen by Reuters. He said the cap on foreign investment in defence companies should remain at 26 percent, except in special cases.

SOURCE: REUTERS & FINANCIAL EXPRESS

RBI asks oil firms to buy dollars from single bank: Source

The Reserve Bank of India has asked state-run oil companies to buy dollars from a single bank, said a source privy to the advice from Reserve Bank of India, as the government struggles to stem the declining rupee.

The rupee fell to a record low of 61.21 against the dollar on Monday, exacerbating fears about the funding of the current account deficit and sending policy-makers scrambling to find quick-fix solutions beyond sporadic interventions.

State-run Indian Oil Corp, Hindustan Petroleum Corp and Bharat Petroleum Corp buy dollars for crude purchases through banks.

"We have been asked to buy dollars from a single bank. This order is for IOC, HPCL and BPCL," said a source at one of the three companies.

The Reserve Bank of India met oil retailers on Monday to discuss options, including accessing dollars at market rates from a special window and routing dollar sales through a single bank, to ease pressure on the rupee.

SOURCE: REUTERS & ECONOMIC TIMES

TCS replaces Tata Steel as India's most admired company

New Delhi

Software giant TCS has replaced its group firm Tata Steel as the country's most admired company, as per a Fortune list released earlier this week.

TCS is followed by Hindustan Unilever, ITC, Infosys and SBI in the top-five, while last year's top-ranked firm Tata Steel has slipped to seventh position in the list of India's 50 most admired companies.

Both ITC and Infosys are ranked at the third position. There are a total of four Tata Group companies on the list, while as many as ten PSUs have made it into the rankings, global business magazine Fortune's Indian edition said.

Besides, the Indian entities of many multi-national companies including Coca-Cola, Microsoft, Samsung, Nokia, Dell and Intel have also made it into the league of most admired companies.

The rankings have taken into account various factors such as corporate governance, innovativeness, CSR and leadership. L&T (6th rank), Maruti Suzuki (9th) and ICICI Bank (10th) also feature in the top ten.

Besides TCS and Tata Steel, other Tata Group firms in the list are Tata Motors at the 12th spot and Tata Power at 50th. Among state-run enterprises, SBI and ONGC are in the top ten, ranked at fifth and eighth positions, respectively.

IOC was placed at 11th rank, SAIL (22nd), BPCL(25th), NTPC (28th), HPCL (31st), GAIL (34th), ONGC Videsh (47th) and Coal India (48th).

SOURCE: PTI

Govt to revisit preferential market access policy

- PMO said the entire policy of providing preference to locally manufactured goods will be "revisited and reviewed" and submitted to the cabinet again

The government has put on hold the requirement for private telecom firms to source domestically manufactured electronic equipments, as it reviews and revisits the controversial 'preferential market access' policy, reports PTI.

Amid pressure from global trade associations and domestic telecom industry, the government has decided to "revisit and review" the entire policy on Providing Preference to Domestically Manufactured Electronic Goods (PMA Policy).

This follows a meeting last week attended by National Security Advisor Shiv Shankar Menon, Principal Secretary to the PM Pulok Chaterjee, Cabinet Secretary Ajit Kumar Seth, Telecom Secretary MF Farooqui and IT Secretary J Satyanarayana.

"No notifications on PMA in the private sector on security related products will be issued till the PMA Policy is reviewed and any notifications in the draft stage will be withheld," the PMO said in a statement.

"The overall PMA policy will be recalibrated and submitted to the Cabinet," it said. Though the statement did not specify steps to be taken by state-owned firms, industry felt the PMA mandating a phased hike in procurement from domestic industry will be implemented by them. The Cabinet had in February last year approved the PMA policy seeking preference to domestically manufactured electronic products, in procurement of those electronic products which have security implications and in government procurement for its own use.

"The National Security Council Secretariat will provide a definition of 'security' for usage in the context of security related issues concerning products, projects or sectors," the statement said.

The PMA Policy has two aspects, one relating to government procurement and the other to private sector procurement. There are no international commitments affecting government procurement.

SOURCE: FREE PRESS JOURNAL

Govt unsure of meeting 2G auction revenue target

With two rounds of auctions of telecom spectrum flopping due to high price, Finance Minister P Chidambaram is unsure if the Rs 40,847-cr target through the process for current fiscal will be met.

"Some of it (spectrum revenue target) is current revenue that is the licence fee, the spectrum usage charges...so some of it is current revenue which will come from people who already have spectrum. What is in doubt is only the fee that I will get through the auction. But an auction will take place and some revenue will come," he told PTI. The government had set a reserve price of Rs 14,000 crore for a slot of pan-India spectrum kept for auction. The price was set at par with CAG's assumed value of Rs 1.76 lakh crore for 2G spectrum allocated to companies in 2008. The auction, however, fetched a meagre Rs 9,407.64 crore.

> **The last rounds of spectrum auction exploded the myth that there was a loss of Rs 1.76 lakh crore**
>
> P Chidambaram
> Finance Minister

The Centre again placed unsold spectrum worth Rs 45,000 crore for auction in March 2013 after reduction in base price but only Sistema Shyam Teleservices made bids worth Rs 3,693 crore for CDMA spectrum.

Ponzi menace: New law to plug gaps:

Concerned over the rising menace of ponzi schemes, the government will bring in a new law to remove regulatory gaps in this regard, Chidambaram said.

SOURCE: PTI

Sebi gives consent to TN's offer to buy stake in NLC

The government said Sebi has given its consent to Tamil Nadu's proposal to buy Centre's 5 % stake in Neyveli Lignite Corp (NLC) provided the acquisition is done by a qualified state entity, reports PTI. "SEBI feels the proposal could get covered within the guidelines on IPP. However, the exact details need to be worked out that require discussions with TN officials, Coal Ministry and Dept of Disinvestment, (DoD)" an official statement said. The DoD had sought Sebi's views on TN Government's proposal to buy 5 % of Centre's stake in NLC disinvestment. Sebi has written back to disinvestment dept last week saying the 5 % stake sale should be done to the state PSUs through the Institutional Placement Programme (IPP) route. Also, the acquirer has to be registered with Sebi as a Qualified Institutional Buyer (QIB).

SOURCE: PTI

CBI registers case against DCHL promoters

A day after raids on Deccan Chronicle Holdings (DCHL), the CBI on Tuesday registered a case against T Venkattram Reddy, chairman of the Hyderabad-based media firm for cheating and forgery based on a complaint filed by Canara Bank. The CBI also named P K Iyer, vice chairman and Vinayak Ravi Reddy, MD who together with Venkattram form the promoters group along with the auditors C B Mouli & Associates in the FIR. In February this year the bank had filed a complaint with the CBI after it had found several irregularities in company's balance sheet in a forensic audit. The trouble started when DCHL started defaulting on loans to FIs. The CBI registered against the accused under sections 120-B (read with) 420, 468 and 471 in connection with the fraud perpetrated at Canara Bank corporate branch in Secunderabad.

- The bank had filed a complaint with CBI after it had found several irregularities in balance sheet of company in forensic audit

According to the FIR, between 2009 and 2011, the accused entered into a criminal conspiracy to cheat Canara Bank by availing open cash credit limit with periodical enhancements and multiple short-term loans aggregating Rs 1,230 crore from the bank.

The promoters, who pushed the firm neck deep into the debt of around Rs 4,000 crore taken from several banks and FIs, had availed of excessive bank finance without adequate drawing power by allegedly submitting false statements and by suppressing the bank borrowings.

SOURCE: BUSINESS STANDARD

Sebi orders refund to investors in potato ponzi scheme

Cracking down on a ' potato purchase' illegal investment scheme promising up to 100 per cent gain in just 15 months, Sebi asked a Kolkata-based company to wind down these schemes and refund investor money in 3 months, reports PTI. Sebi restrained Sumangal Industries, from the securities markets till the time entire money is refunded and all its collective investment schemes are wound up.

In the event of the company failing to comply with the order, the regulator warned the company and its 11 promoters and directors of initiating prosecution proceedings and a civil/criminal case against them for " offences of fraud, cheating, criminal breach of trust and misappropriation of public funds". Tuesday's order follows a show-cause notice and interim directions issued by Sebi on April 10 to Sumangal Industries, which was promising investors 20-100 per cent return on their investments within 15 months through a scheme involving purchase and subsequent sale of potatoes.

Sebi also said it would make a reference to the Ministry of Corporate Affairs to initiate the process of winding up of the company if it does not refund the money to investors and wind up all its schemes within three months.

In its interim direction, Sebi had asked the company to stop raising any further money till further orders and had asked it to reply within 15 days.

Sebi had begun a probe into the matter after it came across an advertisement in Kolkata by Sumangal Industries, wherein it was soliciting funds from the public under a ' Flexi Potato Purchase Scheme'. The regulator had subsequently informed the company in October 2012 that no entity could carry on or sponsor or launch a collective investment scheme without its approval.

It also said the company would have to submit certain documents to obtain the certificate. However, the company in its reply to Sebi said it was trading in potatoes for which it had a trading licence and it was dealing in agricultural and non-agricultural products within and outside India.

> Sebi restrains Sumangal Industries from securities markets till the time entire money is refunded and all its collective investment schemes are wound up

It also denied that it was running a collective investment scheme and submitted that the question of obtaining a certificate of registration from Sebi did not arise.

SOURCE: FREE PRESS JOURNAL

Govt allots 14 coal blocks to power PSUs, NTPC gets 4

Kickstarting the process of coal blocks allocation, the government has allocated 14 coal mines to Central and state PSUs, including four to NTPC, reports PTI. " Ministry of Coal has allocated 14 coal blocks to power sector... Around 15 states and six Central PSUs have been allocated coal blocks," an official release said.

The allocation of the blocks, having a geological reserve of 8,311 million tonnes (MT), will lead to an investment of more than Rs 1.6 lakh crore in the power sector, it said. Of the four coal blocks allocated to NTPC, two are in Chhattisgarh and the remaining two in Odisha. Other PSUs which have been allocated mines include Neyveli Uttar Pradesh Power Ltd, Odisha Thermal Power Corp, J&K State Power Dev Corp, Chhattisgarh State Power Gen Co Ltd, Andhra Pradesh Generation Co, Maharashtra State Power Generation Co, Rajasthan Vidyut Utpadan Nigam and Punjab State Power Corp Ltd.

SOURCE: PTI

UBS INDIA GIVING PINK-SLIPS POST- BANKING EXIT

UBS India, the domestic franchise of Swiss banking major UBS Group which last month surrendered its banking licence, has started laying off around 50 people, who are affected by the decision.

When asked, a UBS spokesman said: "Around 50 redundancies (confined to the employees of the bank branch) are envisaged between now and the end of the second quarter of 2015." On the severance package being offered to the employees who are to lose jobs, the spokesman told PTI that " the group considers such information confidential." Whether the bank is offering the affected employees' any redeployment options within the group's other businesses here, he said, " the bank is actively seeking redeployment opportunities for the affected employees wherever possible." On June 21, UBS India had decided to surrender its banking licence to the RBI after sitting over it since 2008, as part of the group's " capital light strategy" and to reposition the balance sheet. UBS started distributing letters of termination last Friday and is said to be offering a compensation package of one-month's pay for every year of service completed. UBS India has just one branch in the country, based in the megapolis.

SOURCE: FREE PRESS JOURNAL

Govt to scale up textile exports, manufacturing

To boost manufacturing and exports amid sharp fall in the rupee, the government decided to take a slew of steps, including enhancing steel production capacity to 300 million tonnes and raising textile exports by 30% this year, reports PTI. At a meeting of high level committee here, it was decided that push should be given to creation of domestic manufacturing capabilities, with Prime Minister Manmohan Singh saying sustained growth in manufacturing is critical if the country has to grow at 8- 9%. He talked about the need to remove 'bottlenecks that hinder' progress in manufacturing.

Singh also gave a go-ahead to building of 70-100 seater civilian aircraft, a dream project which has been in the pipeline for years and a pilot project for electric and hybrid vehicles in Delhi by August.

The High Level Committee on Manufacturing decided that steps will be taken to build 300 million tonnes of steel capacity through Special Purpose Vehicles (SPVs) of Central Public Sector Enterprises with states by 2025.

The Steel Ministry would prepare a road map with time lines for the purpose in eight weeks.

This will be a significant jump in the targeted capacity- building as steel production this year is expected to be 120 million tonnes.

The capacity was 89 million tonnes in 2011-12. The meeting also decided that quick decisions would be taken on raising textile exports by 30 % this year. In the last fiscal, textiles exports were about $ 34 billion.

> THE PM also gave a go-ahead to building a 70-100 seater civilian aircraft, a dream project which has been in the pipeline for years

An Inter-Ministerial Group under Secretary (Textiles) will work out the Action Plan in four weeks.

Noting that there are certain manufacturing sectors which have done well over the last 20 years, the Prime Minister said automobiles, auto-components, pharmaceuticals, metals and cement are some such areas which quickly come to one's mind.

SOURCE: FREE PRESS JOURNAL

Tata Steel India Q1 sales up 26% to 2.1 MT

Tata Steel India today reported over 26% jump in sales at 2.005 million tonnes (MT) in the first quarter of this fiscal ended June 30.

The steel-maker had sold 1.585 MT during the April-June quarter of previous fiscal and 2.279 MT during the January-March, 2013 period, it said in a statement.

Production of saleable steel of the company also rose by 23% to touch at 2.145 MT during the April-June period of the current fiscal from 1.740 MT a year ago. Tata Steel had produced 2.263 MT saleable steel during January-March 2013 quarter.

Total hot metal production of the company was higher by 20% to 2.464 MT during the reporting quarter compared to 2.053 MT a year earlier. This is the best-ever hot metal production for Tata Steel in its lone Jamshedpur facility in India.

Crude steel production was also accordingly up by 22% to 2.223 MT during the April-June quarter of the current fiscal compared to 1.817 MT a year earlier. Tata Steel had produced 2.298 MT crude steel during the January-March quarter of 2012-13 fiscal, the company said.

SOURCE: PTI

CVC looking into complaint on Jet-Etihad deal

New Delhi

The Central Vigilance Commission (CVC) is looking into a complaint of alleged corruption in the Rs 2,058-crore deal between Jet Airways and and Abu Dhabi's Etihad Airways.

The complaint, sent to the CVC by BJP MP Nishikant Dubey last month, alleged a serious fraud to cheat the Government and cause huge revenue loss of Rs 500 crore to the national exchequer by Jet Airways in collusion with senior officials in the Ministry of Civil Aviation.

The CVC has received the complaint and it was being looked into, official sources said.The multi-crore agreement between the two aviation majors has been in controversy ever since it became public, with BJP claiming "something fishy in the deal".

Etihad had on April 24 announced its decision to purchase 24% stake in Jet for Rs 2,058 crore. On June 13, the Foreign Investment Promotion Board (FIPB) deferred a decision on the deal, saying it required more clarity on control and ownership structure of Jet Airways. Jet chairman Naresh Goyal owns a 51% stake in the airline.

Besides FIPB, SEBI, fair trade watchdog Competition Commission and Dep of Industrial Policy and Promotion have also raised certain queries. The deal is the largest foreign investment proposal in the aviation sector. Dubey had last week also written to the Prime Minister, with copies to CBI, CVC and Cabinet Secretary Ajit Seth, alleging "strategic conspiracy" by some elements to get the deal approved.

SOURCE: PTI

J & K plan for 2013-14 finalised

The meeting took place between Montek Singh Ahluwalia, Deputy Chairman, Planning Commission and Omar Abdullah, Chief Minister of Jammu & Kashmir. The plan size has been agreed at Rs.7,300 cr. Besides, Rs.600 cr would be considered for PMRP (state sector) projects. Also, an amount of Rs. 3,000 crore is likely to flow from the Centre to Jammu & Kashmir through various Centrally-sponsored schemes. Moreover, a special assistance of Rs 710 crore would be available from the central plan for PMGSY projects. Thus, taking all resources, plan aid to the state is likely to be over Rs 11,000 crore during 2013-14.

Ahluwalia complemented the J&K government for restoring economic activity and focusing on the development of social and physical infrastructure. He said the State needs to further encourage private participation by creating an atmosphere conducive to investment. Education, health and tourism should be given priority while working out development strategy.

The state was particularly complemented for achievements in horticulture, education and health sector. The commission pointed out that tourism sector holds tremendous potential for boosting economic activities by generating direct and indirect

> The Annual Plan for 2013-14 for J&K has been finalised.

employment. Focus should be on development of infrastructure through public and private partnership by extending incentives to the investor. Promotion of heritage, adventure, pilgrim and eco-tourism should also receive attention. Many states have also taken important initiatives in Public Private Partnership (PPP) in the development of infrastructure, introducing in the social sector, i.e. health and education. The State was requested to take action in this regards as this would promote investment.

Ahluwalia requested the states to come forward with the flexibilities they need in the guidelines related to centrally sponsored schemes to improve efficiency. He said the initiatives need to be availed of in introducing innovativeness in the programmes.

It was pointed out that the Gross State Domestic Product (GSDP) growth rate of J&K during 11th Plan was only 6% which is lower than national average of 8%. Service Sector growth rate of J&K (9.5%) remains almost at par with the national average of 9.7% during 11th Plan.

SOURCE: PLANNING COMMISSION

Sharma meets French President Hollande

The Union Minister of Commerce & Industry Anand Sharma earlier this week held bilateral talks with his French counterpart, Nicole Bricq, the Minister for Foreign Trade, in Paris. Sharma requested him to encourage French companies to participate in key sectors in India such as infrastructure, transport, high technology and energy.

He stressed the need for France to provide strategic support to French industries interested in doing business with India while assuring that India was committed to providing a conducive policy environment for foreign investments in several key sectors.

Sharma also stressed the need for strong French support at the political level for early conclusion of the India-EU BTIA which would contribute to growth in bilateral trade and investment. He also invited the French Minister to visit India.

Earlier on Monday, Saharma inaugurated the 6th session of the India-France CEOs Forum along with the French Minister for Economy and Finance, Pierre Moscovici and highlighted the strong growth fundamentals of India which remain rooted in deep democratic values and urged the French investors to enhance their engagement of Indian firms and investment in India to develop a win-win partnership.

SOURCE: MINISTRY OF COMMERCE & INDUSTRY

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WESTERN INDIA REGIONAL COUNCIL ADDRESS

13, 56&57 Jolly Maker Chamber No. 2 (1st & 5th Floor) Nariman Point, Mumbai - 400 021.
Tel: 22047580, 22047604 • E-mail: wiro@icsi.edu/sudipto.pal@icsi.edu

THE FREE PRESS JOURNAL ADDRESS

Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai-400 021.
Tel: 22874566, • Fax: 022-22874688. • E-mail: mail@fpj.co.in

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