Forthcoming Programmes

- 37th National Convention of Company Secretaries

Ministry of Commerce & Industry Updates

- FDI into SSI/ MSE and in Industrial undertaking manufacturing items reserved for SSI/MSE – Clarification

SEBI Updates

- Allocation methodology of debt investment limits to FIIs

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FORTHCOMING PROGRAMMES

- 37th National Convention of Company Secretaries
37th National Convention of Company Secretaries
November 5-6-7, 2009
Hotel Marriott and Convention Centre, Tank Bund Road, Hyderabad

THEME: “Lead Corporate India — Role of Company Secretary”.

The 37th National Convention of Company Secretaries is being held on Thursday, Friday and Saturday, November 5-6-7, 2009 at Hotel Marriott and Convention Centre, Tank Bund Road, Hyderabad.

The theme of the convention will be deliberated in following four subthemes
1. Managing Growth in Turbulent Times
2. Integrity, Ethics and Governance
4. Lead Corporate India under Competition Regime

You are cordially invited to participate in this annual mega event of the Institute. Kindly block the dates in your calendar and join, to rediscover professional synergies and togetherness.

DELEGATE FEE AND REGISTRATION PROCEDURE

<table>
<thead>
<tr>
<th>Category</th>
<th>Payment by Cash, Credit Card (HQ/ RC), Demand Draft or Pay Order</th>
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<td>Members</td>
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<tr>
<td>Non-Members</td>
<td>4500</td>
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<tr>
<td>Company Secretary in Practice</td>
<td>3500</td>
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The registration form duly completed along with a crossed cheque / demand draft / pay order drawn in favour of The Institute of Company Secretaries of India payable at New Delhi may please be sent to The Institute of Company Secretaries of India, C-37, Sector 62, Institutional Area, Noida - 201309.

The detailed brochure and delegate registration form for the Convention may be downloaded at the link:
Ministry of Commerce & Industry Updates

- FDI into SSI/ MSE and in Industrial undertaking manufacturing items reserved for SSI/MSE – Clarification
Department of Industrial Policy & Promotion,
Ministry of Commerce & Industry
Press Note No.6 (2009),
New Delhi, 7th September, 2009

Subject: FDI into SSI/ MSE and in Industrial undertaking manufacturing items reserved for SSI/MSE – Clarification

1.0 FDI into SSI/MSE

1.1 A Small Scale industrial undertaking (SSI) was defined in terms of: (i) investment in fixed assets in plant and machinery and (ii) equity participation (both domestic and foreign) in the SSI, by other industrial undertakings prior to 2006.

1.2 Vide Press Note 18 (1997), it was further notified that, for cases of foreign collaborations, since the maximum equity participation allowed for in small scale units was 24%, proposals for induction of foreign equity more than 24% would be subject to the condition that: (i) the company would get itself de-registered as a small scale unit and (ii) obtain industrial licence or file Industrial Entrepreneur Memorandum with SIA, as per prescribed policy and procedure.

1.3 With the promulgation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the ceiling for equity participation (both domestic and foreign) in the micro and small enterprises, by other enterprises, was removed and Micro and Small Enterprises (MSE) (earlier small scale industries) were defined solely on the basis of investment in plant & machinery (for micro and small enterprise engaged in manufacturing) and equipment (for micro and small enterprise engaged in providing or rendering of services). Accordingly, this change was notified by Notification No. S.O. 563(E) dated 27th February 2009 of Department of Industrial Policy & Promotion, Ministry of Commerce & Industry.

1.4 Thus the present policy on FDI in MSE permits FDI subject only to the sectoral equity caps, entry routes and other relevant sectoral regulations.

1.5 Press Note 18 (1997 series) stands modified to the above extent.
2.0 FDI in Industrial Undertaking manufacturing items reserved for SSI/MSE

2.1 Vide Press Note 14 (1997), it was notified that Industrial Undertakings manufacturing items reserved for small scale sector were not eligible for automatic approval for induction of foreign investment.

2.2 Accordingly, the FDI policy notified vide Press Note 2 (2000) prescribed prior approval of Government where foreign investment was more than 24% in the equity capital of units manufacturing items reserved for small scale industries. This was reiterated in the Annex to Press Note 4 (2006) and at Para III (ii) of Annex to Press Note 7 (2008).

2.3 Thus, any industrial undertaking, with or without FDI, which is not a MSE, manufacturing items reserved for manufacture in the MSE sector (presently 21 items) as per the Industrial Policy, would require an Industrial License under the Industries (Development & Regulation) Act, 1951, for such manufacture. The issue of the Industrial Licence will be subject to a few general conditions and the specific condition that the undertaking shall undertake to 'export a minimum of 50% of the new or additional annual production of the MSE reserved items to be achieved within a maximum period of three years. The export obligation would be applicable from the date of commencement of commercial production'. Such an industrial undertaking would also require prior approval of the Government (FIPB) where foreign investment is more than 24% in the equity capital.
SEBI Updates

- Allocation methodology of debt investment limits to FII
General Manager  
Division of Foreign Institutional Investors & Custodians  
INVESTMENT MANAGEMENT DEPARTMENT  

Cir No. IMD/FII & C/40/2009  
September 04, 2009

To

All Foreign Institutional Investors through their designated  
Custodians of Securities

Dear Madam/Sir

**Sub: Allocation methodology of debt investment limits to FIIs**

**Allocation through bidding process**


2. It has been decided that the unutilised investment limits for government debt shall also be allocated in similar manner as specified in the circular mentioned above.

3. In partial amendment to clause 3 (h) of the aforesaid circular IMD/FII & C/ 37/2009, no single entity shall be allocated more than Rs.800 cr. of the government debt investment limit.

4. The bidding process shall be on September 08, 2009 on the National Stock Exchange.

**Allocation through first come first serve process**

5. The remaining limit for investment in Government debt shall be allocated among the FIIs/sub-accounts on a first come first served basis in terms of SEBI circular dated January 31, 2008, subject to a ceiling of Rs. 249 Cr. per registered entity.

6. The debt requests in this regard shall be forwarded to the dedicated email id fii_debtrequests@sebi.gov.in. The window for first come first served process shall open at 23:59 PM IST, September 09, 2009. Time period for utilization of the allocated
debt limit through first come first served basis shall be 11 working days from the date of the allocation.

7. A copy of this circular is available at the web page “F.I.I.” on our website www.sebi.gov.in. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,

Jeevan Sonparote