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CS Update

June 28, 2011

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PREVIOUS ISSUES of CS UPDATE ARE AVAILABLE AT THE FOLLOWING LINK:

<http://www.icsi.edu/Member/CSUpdate/tabid/1635/Default.aspx>

Disclaimer: - Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.



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FROM ICE SI





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12th NATIONAL CONFERENCE OF PRACTISING COMPANY SECRETARIES

DATES & DAYS: JULY 14-15-16, 2011 (THURSDAY, FRIDAY & SATURDAY)

VENUE: STERLING HOLIDAY RESORTS (FERN HILL), KUNDAH HOUSE ROAD, FERN HILL, OOTACAMUND – 643004 (OOTY) - TAMIL NADU : 0423 – 2441073 / 74, 2452840 / 41 / 42

THEME

PCS: Strategic Options in the New Decade

SUB-THEMES

1. Futuristic Changes in MCA mechanism – Role of CS
2. Capital Market – Professional opportunities
3. Emerging opportunities in SMEs
4. Appearances before various tribunals / quasi judicial authorities
5. Corporate Governance, CSR and Sustainability Reporting

Brochure & FAQs available at the link:

http://www.icsi.edu/webmodules/linksofweeks/12_NC_PCS.htm



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39th NATIONAL CONVENTION OF COMPANY SECRETARIES

Details of the Convention to be announced shortly.

ICSI NATIONAL PROGRAMME ON XBRL-21.5.2011

Video recording of the ICSI National Programme is now available at the following link:

<http://icsi.wstream.net/110521/>





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THE INSTITUTE OF
Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE



INVESTOR AWARENESS PROGRAMMES ALL OVER INDIA

under the aegis of

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

HIGHLIGHTS

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- * Free Literature on capital market
- * Free interaction with Experts
- * Know your rights and responsibilities
- * Know your risk and return
- * Know about help lines www.investorhelpline.in & www.dchoutinvestors.com

All are cordially invited to support, participate and make it a grand success

Partner in investor education



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Company Secretaries of India
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Click for: [Investor Awareness Programmes scheduled by ICSI during May- June 2011](#)



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FREQUENTLY ASKED QUESTIONS ON ICSI-USE MOU

1. What is United Stock Exchange of India?

United Stock Exchange of India Limited (USE) is India's newest stock exchange and has been promoted by 21 Indian public sector banks, private banks and corporate houses. USE is the trading platform for Currency Futures now.

2. Who can trade on currency futures?

Any Resident Indian or Company can become a member of USE and trade in the currency futures market. At present, Non Resident Indians (NRIs) and Foreign Institutional Investors (FIIs) are not permitted to trade in the futures market in India.

3. Why has ICSI partnered with USE?

ICSI-USE understand and realize the high growth potential of the Indian financial markets and has agreed to collaborate in variety of educative initiatives such as:

1. Holding and organizing seminars on financial markets and corporate governance to empower the users.
2. Creating infrastructure of knowledge based technical studies on financial markets.
3. Creating awareness about the complex financial instruments and using derivatives for effective hedging keeping accounting standards in perspective.
4. Conduct various kinds of certification programmes and literature on financial markets and corporate governance.
5. Hosting events such as simulation exercises (mock trading on exchanges), seminars, and training in financial markets to empower ICSI members and general investing public in rightfully analyzing the financial markets.
6. Conducting research and other related activities in financial markets and impact of corporate laws and Secretarial standards on financial markets.
7. Imparting and conducting special training and education programmes in financial markets.
8. Organizing short term courses on various asset classes, currency, interest rates, commodity, debt, mutual funds, and derivatives.
9. Organizing panel discussions, webcasting and presentation of experts on various aspects of financial markets and using electronic media for imparting knowledge.
10. Collaborating for joint certification of ICSI professionals on topics of professional interest.

4. What is the distinctive benefit offered by USE to ICSI Members?

Membership of United Stock Exchange of India is available free of cost to all ICSI Members for the first three months from the signing of this MOU. The MOU was signed on March 07, 2011 at New Delhi.



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5. What are the different types of membership available?

There are 2 types of memberships available with USE:

TRADING MEMBERSHIP: Trading Members have the privilege of trading on one's own account as well as on the accounts of their clients but do not have the facility to clear and settle debts.

CLEARING MEMBERSHIP: Clearing Members are entitled to clear and settle trades for all trading members through the clearing corporation of USE – ICCL (a wholly owned subsidiary of Bombay Stock exchange with fully automated post trade services).

6. Who can take membership of the exchange?

Any Proprietor, Partnership or Corporate Firm fulfilling the eligibility requirements laid down by SEBI can take membership of the exchange. Following are the requirements as per SEBI guidelines.

- For Trading Membership, the member should possess a liquid net worth of 1 Crore Rupees, while for a Clearing Membership the member requires liquid net worth of 5 Crore Rupees.
- The Designated Directors should have an experience of minimum 2 years in the capital market.
- Minimum 2 NISM (series – 1) certificates

7. How can I attain NISM Certification?

There is NISM online exam for the currency segment. The member can login and register online on the website of Bombay Stock Exchange and take a slot as per his/her convenience. The link for the same is <http://www.bseindia.com/training/nismregistration.asp>

8. How do ICSI members register themselves as trading members of USE? (Procedural Requirements)

The procedure for becoming a Trading Member with the exchange basically involves 2 steps i.e. filling the Application form and the Commencement of Business (COB) Form.

As a first step the applicant would be required to fill in and submit the Application Forms to the Exchange. These forms can be downloaded from USE website, the link for which is <http://www.useindia.com/downloads.php>.

These forms would be submitted to SEBI, who would scrutinise the forms and then issue its SEBI Certificate. After this the applicant would be required to submit the Commencement of Business Forms (COB) available on USE website.

Upon Completion of this formality the applicant becomes a full fledged member.

9. What activities can I undertake on the platform?



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The member can use this platform for meeting his need for all three functions i.e. for hedging, speculating and arbitraging. Spread contracts are also available on the USE platform.

10. Would I have to undertake any hidden costs?

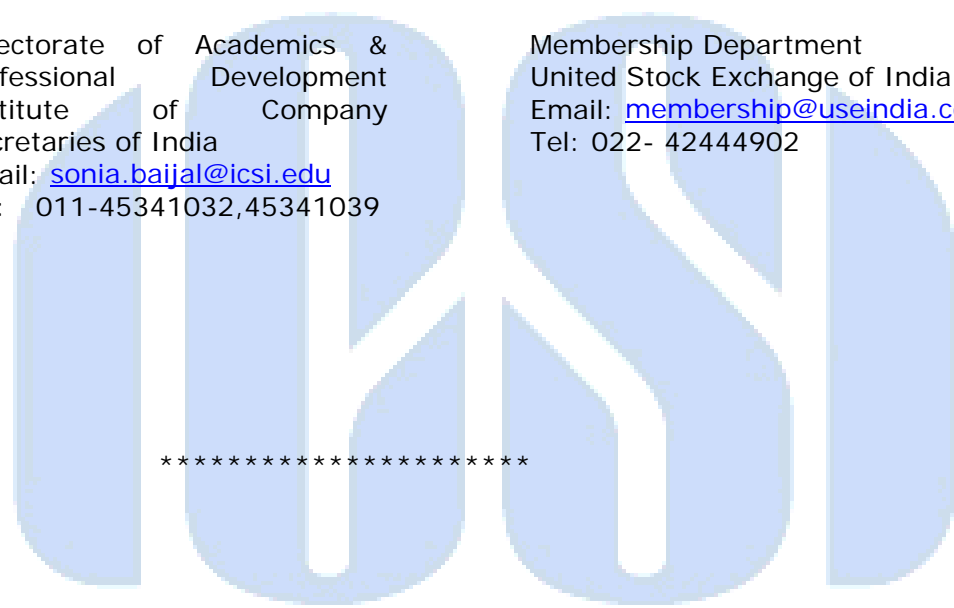
At the time of inception to trade, Trading member is required to pay a security deposit of 1 Lakh Rupees to the exchange which is fully refundable upon surrender of the membership.

Similarly a Clearing member would have to pay security deposit of 50 Lakh Rupees which constitutes of 25 Lakhs as cash and other 25 Lakhs as non cash component. This is a non interest bearing deposit. The software and connectivity would be provided by the exchange free of cost. Members having BSE connectivity would also be able to use it for USE software for free. As of now, there are no transaction charges on the exchange.

11. For further Information and queries please contact:

Directorate of Academics & Professional Development
Institute of Company Secretaries of India
Email: sonia.baijal@icsi.edu
Tel: 011-45341032,45341039

Membership Department
United Stock Exchange of India Ltd.
Email: membership@useindia.com
Tel: 022- 42444902







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EXCLUSIVE OFFER FOR ICSI MEMBERS FROM EJURIX & ICSI-KP



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- More than 2000 Local and Central Acts and Rules
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- Forms, Formats, Drafts of Deeds and Agreements
- Secretarial Practice Recorder module which includes Checklists, Model Resolutions, Model Notices etc.

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ICSI and eJurix have come together to provide you a Professional Law Library composed of two services seamlessly available from any door you choose ... And, all this at a truly special price! Most importantly, you not only benefit yourself, you can even offer an incomparable deal to your colleagues in Taxation/ HR /Legal as well!

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30,250**	eJurix Total (1 user) + ICSI-KP (1 user)	PCS and Sr. Members

* eJurix is available for non ICSI members at Rs. 40,000 p.a

** Only Corporate Law module is available for non ICSI members at Rs 10,000/- P A

* Taxes Extra on all prices mentioned

* Subscription amounts are for 1 yr

{*} 25% discount for CS Professionals = 30,000 (eJurix) + 2,500 (ICSI-KP)

{**} 30% discount for PCS & Sr. Members = 28,000 (eJurix) + 2,250 (ICSI-KP)

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ICSI – Knowledge Portal Coverage

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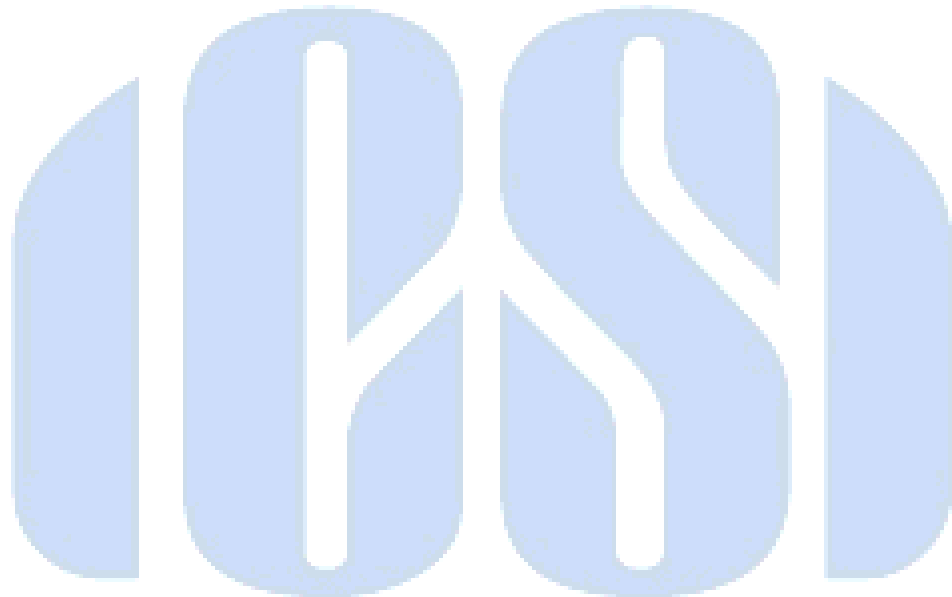
COMPULSORY ATTENDANCE OF PROFESSIONAL DEVELOPMENT PROGRAMMES BY THE MEMBERS

ATTENTION MEMBERS!

Compulsory Attendance of Professional Development Programs by the Members

The Council of the Institute at its 200th Meeting held on March 18, 2011 at New Delhi amended the Guidelines for **Compulsory Attendance** of Professional Development Programmes by the Members to provide as under:

1. Next block of three years April 01, 2011 to March 31, 2014
2. Min. number of Programme Credit Hours (PCH) 15 PCH in each year or 50 PCH in a block of three years w.e.f April 01, 2011
3. Min. number of PCH to be acquired by **Members in Practice** 10 PCH in each year or 35 PCH in a block of three years w.e.f April 01, 2011
to be acquired by **Members in Employment** (i.e. members in whose name Form 32 has been filed to work as Company Secretary under the provisions of Sec. 383A of the Companies Act, 1956)





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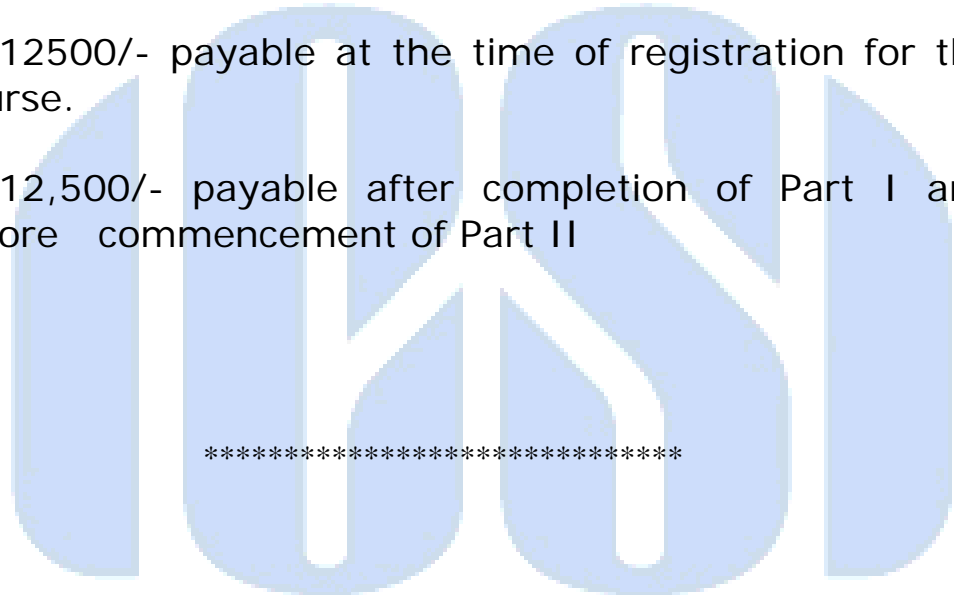
PMQ COURSE IN CORPORATE GOVERNANCE

ENHANCEMENT OF FEES

The Council at its 197th Meeting held on December 15, 2010 felt that honorarium be paid to the Guides for dissertation and project report under PMQ Course in Corporate Governance. With a view to meet the expense on honorarium to be paid to the Guide and to meet the increased costs, the Council has decided to enhance the **fee for PMQ Course in Corporate Governance with effect from January 1, 2011 to Rs.25,000/-** for the entire course payable as under :

Rs.12500/- payable at the time of registration for the course.

Rs.12,500/- payable after completion of Part I and before commencement of Part II





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INSTITUTE'S RECENT PUBLICATIONS

- Business @ Governance & Sustainability
- Guidance Note on Board Processes
- Independent Directors-A research Study on Corporate Practice in India
- Corporate Social Responsibility –Research Study of Corporate Practice in India
- DNA of Integrity
- Role of Company Secretaries-A New Perspective
- A Guide to Company Secretary in Practice
- Guidance Note on Related Party Transactions
- Guidance Note on Listing of Corporate Debt
- Guidance Note on Corporate Governance Certificate
- Referencer on Secretarial Audit
- Referencer on Filling and Filing of E-Forms 23AC and 23ACA
- Establishment of Branch, Liaison & Project Offices in India
- Handbook on Mergers, Amalgamation and Takeover
- Guidance Note on Non-Financial Disclosure

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or

Contact : Shri Harish Chander Joshi,
Admn. Officer(store),
The Institute of Company Secretaries of India,
C-37, Sector 62,
Institutional Area,
NOIDA (U.P.)



CG & CSR : WATCH

The Institute has always been in the frontline to promote good corporate governance and it has been the constant endeavour of the Institute to raise awareness among the members and students in Corporate Governance arena. In this direction, the Institute has decided to carry one page in Chartered Secretary each month exclusively dedicated to Corporate Governance and Corporate Social Responsibility.



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NEW DEVELOPMENTS

1. FINANCIAL REPORTING COUNCIL (U.K)---CONSULTATION DOCUMENT: GENDER DIVERSITY ON BOARDS--- May 2011

Recognizing a notable absence of Women on the Boards of UK Listed Companies the Financial Reporting Council (FRC) in its 2010 revision to the UK Corporate Governance Code included for the first time, a reference to the benefits of diversity in general, with specific reference to gender. This led the Government in UK to commission Lord Davies to report on what government and business could do to increase the proportion of women on Boards.

Based on the Report of Lord Davies FRC issued a **Consultation Document : Gender Diversity on Boards.**

The FRC's specific issues with the low percentages of women directors are rooted in three concerns about board effectiveness:

- that a lack of diversity around the board table may weaken the board by encouraging "group think";
- that such low percentages of women on boards may demonstrate a failure to make full use of the talent pool; and
- that boards with no, or very limited, female membership may be weak in terms of connectivity with, or understanding of, customers and workforce and offer little encouragement to aspiration among female employees.

In this consultation document, the FRC is seeking views on:

- whether further changes to the UK Corporate Governance Code are needed in order to help achieve more diverse and more effective boards;
- if so, what these changes should be. The consultation document includes some draft revisions to the Code, on which comments are sought; and
- if changes are made to the Code, when these should come into effect.

The consultation document can be accessed at:

<http://www.frc.org.uk/images/uploaded/documents/>

2. Global Reporting Initiative -- G4 Guidelines Developments

Global Reporting Initiative (GRI) is a network based organization that pioneers the world's most widely accepted sustainability reporting framework. About 50 Indian companies have brought out Sustainability Reports based on the GRI Framework. These Guidelines have evolved overtime from G1 in 2001 to G3.1 in 2010.



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The landscape of sustainability reporting is evolving; this influences the development of GRI's guidance. The development is influenced by changes in the reporting field, such as the introduction of new concepts, trends and tools, and requests by new players, more stakeholders asking for non-financial data.

In this evolving process GRI is working on the **G4 Sustainability Reporting Guidelines or the fourth generation of Guidelines.**

These guidelines are expected to address requirements for sustainability data, and enable reporters to provide relevant information to various stakeholder groups. It is also expected to improve on content in the current Guidelines – G3 and G3.1 – with strengthened technical definitions and improved clarity, helping reporters, information users and assurance providers. **G4 is planned to be published in 2013.**

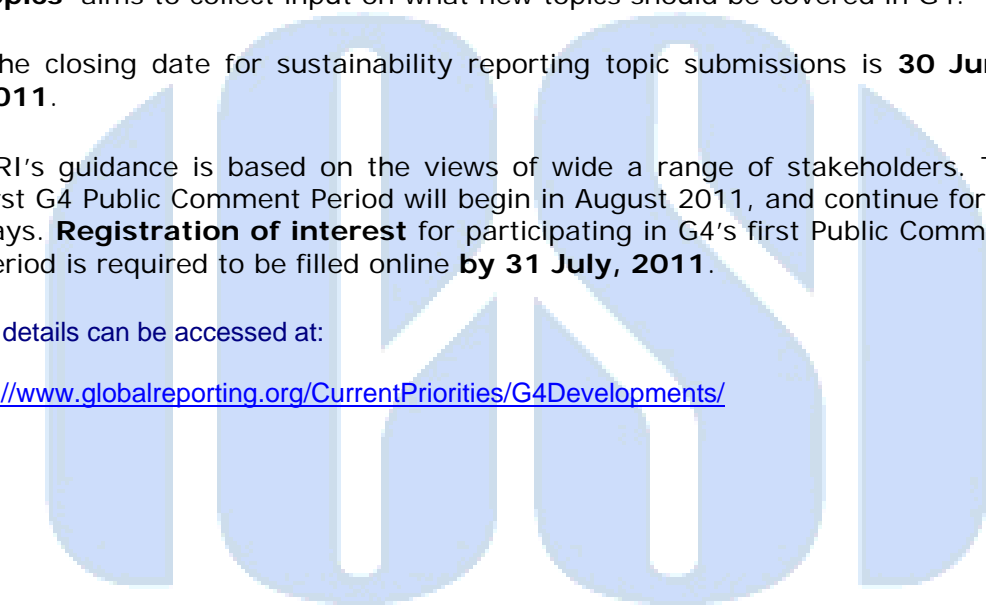
To start the process, GRI is asking its network and the public to give inputs in the first phase of development, to help shape the world's most widely used sustainability reporting framework. The '**Call for sustainability reporting topics**' aims to collect input on what new topics should be covered in G4.

The closing date for sustainability reporting topic submissions is **30 June, 2011.**

GRI's guidance is based on the views of wide a range of stakeholders. The first G4 Public Comment Period will begin in August 2011, and continue for 90 days. **Registration of interest** for participating in G4's first Public Comment Period is required to be filled online **by 31 July, 2011.**

The details can be accessed at:

<http://www.globalreporting.org/CurrentPriorities/G4Developments/>



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GREEN CORNER

GREEN IDEA

SAVE WATER SAVE LIFE

- Brushing your teeth with the tap running wastes almost 9 litres a minute.
- Dripping tap could waste as much as 90 litres a week.
- Implement water saving tools like water efficient faucets and shower heads for household purpose.



Something Good:

Prime minister of Japan Naoto Kan said that Japan is to abandon plans to expand its nuclear power industry and make renewable sources of energy a key part of its energy policy. Renewable energy which makes up 20% of overall supply would have a bigger role to play in meeting the country's energy needs. He further added that "it is necessary to move in the direction of promoting natural energy and renewable energy such as wind, solar and biomass."

To Remember:

June 5 - World Environment Day
June 14 - World Blood Donor Day

Quote of the Month

"To set aside one's prejudices, one's present needs, and one's own self interest in making a decision as a director for a company is an intellectual exercise that takes constant practice. In short, intellectual honesty is a journey and not a destination." - Mervyn King (Chairman: King Report)

Feedback & Suggestions

Readers may give their feedback and suggestions on this page to Mrs. Alka Kapoor, Joint Director ICSI (alka.kapoor@icsi.edu)

Disclaimer:

The contents under **CG & CSR: Watch** have been collated from different sources. Readers are advised to cross check from original sources.



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MCA UPDATE





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USER GUIDE ON PAYING MCA21 FEES VIA NEFT MODE

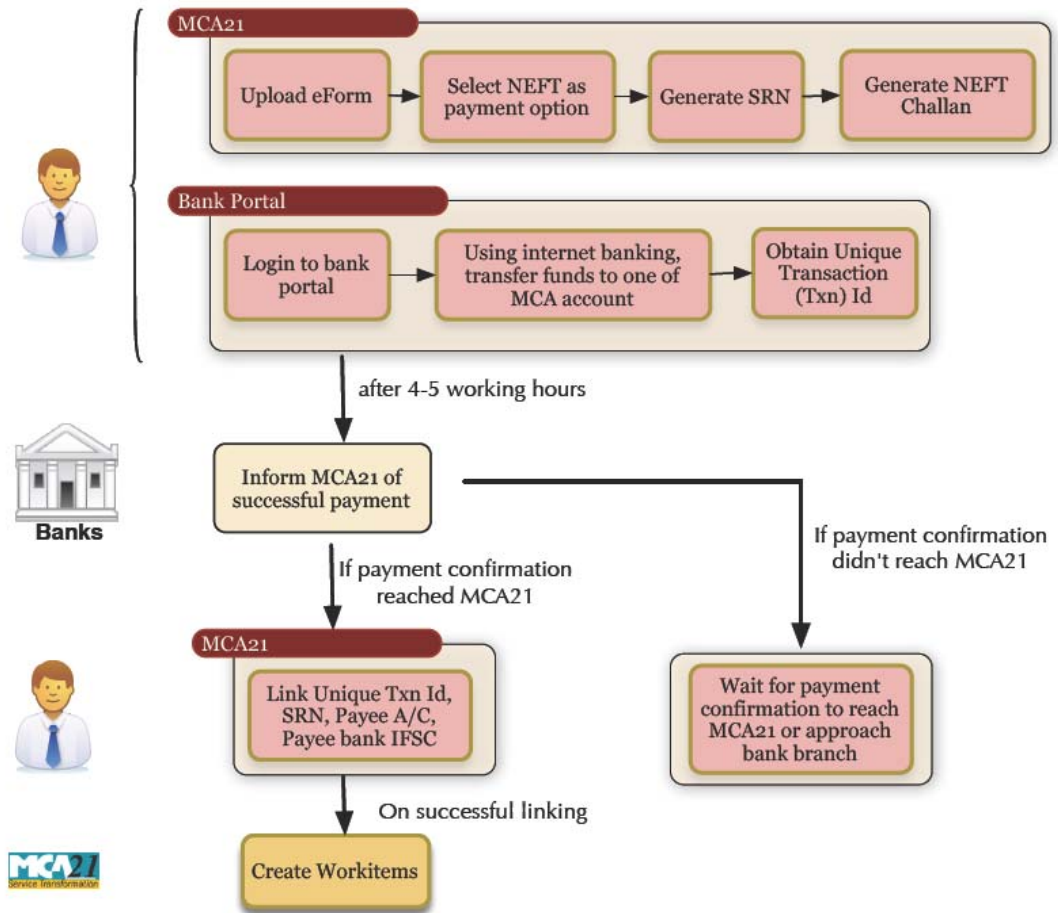
User Guide on Paying MCA21 Fees Via NEFT

Introduction:

Currently MCA21 payments are allowed via Credit Card, Internet Banking & Physical Challan. The Ministry has authorized 5 banks (Indian Bank, HDFC, ICICI, PNB and SBI) for collection of MCA21 fees, which means that only the account holders of these banks can avail Internet banking facility. Further, payment via challan can only be made in the authorized branches of these above five banks. Though this was a major improvement compared to the earlier manual system, it caused delays in incorporation of companies and processing of other eForms.

In order to eliminate inconveniences caused due to payment processing delays, Ministry is introducing payment of MCA fees via NEFT (National Electronic Fund Transfer) mode, in addition to already existing payment methods.

Process flow of payment of MCA21 fees using NEFT:





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1. User uploads eForm, selects 'NEFT' as payment option, generates a SRN and a eChallan which contains the procedure for conducting the NEFT transfer;
2. User transfer funds to one of the MCA21 account, via internet banking facility offered by their bank in which they hold an account. User may quote SRN in the remark column;
3. User's bank provides a unique transaction number (UTN) for the NEFT transfer;
4. Banks will inform MCA21 system in four to five working hours about the payment along with the UTN;
5. User logs in to MCA21 and link UTN and SRN. Additionally, for verification purpose, user will have to provide date of payment, IFSC code and account number from which the transfer was carried out and the amount. If the payment has been notified to MCA21 system and the details are matching, then the linking will be successful and MCA21 will create work item for further processing;
6. If details of payment for the SRN is still not received from banks, an information message is displayed to user to link SRN & UTN at a later time; If details doesn't match an error message is shown to the user.

What is NEFT?

NEFT is a nation-wide system that facilitates electronic transfer of funds from any bank branch to account holder of any other bank branch. The list of NEFT-enabled branches is available in the RBI website.

Presently, NEFT operates in hourly batches - there are eleven settlements from 9 am to 7 pm on weekdays and five settlements from 9 am to 1 pm on Saturdays.

NEFT transaction charges are available in the RBI website and are in addition to MCA21 filing fee.

Further details on NEFT can be found in the RBI website (<http://www.rbi.org.in/scripts/FAQView.aspx?Id=60>)

Notes for Information:

- 1) SRN will expire if payment doesn't reach MCA21 on time. Hence users should transfer funds well in advance taking into consideration of bank holidays and the settlement window mentioned as earlier.
- 2) Full amount has to be transferred in single transaction for a particular SRN. Amount can't be dividend into multiple payments.



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SPECIAL DRIVE TO CLEAR PENDENCY OF E-FORMS FILLED WITH REGISTRAR OF COMPANIES PRIOR TO IMPLEMENTATION OF REVISED REGULATION 17 OF THE COMPANIES ACT, 1956

Circular No.40/2011

F.No. MCA21/25/2009-Part file-1
Government of India
Ministry of Corporate Affairs
CL V Section

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi

Dated the 23rd June 2011

All Regional Directors,
All Registrar of Companies.
The Stakeholders


Subject: Special Drive to clear pendency of e-forms filed with Registrar of Companies prior to implementation of revised Regulation 17 of the Companies Regulation, 1956

Sir,

It is noticed that a large number of e-forms filed by the companies with the ROCs prior to implementation of revised regulation 17 of the Companies Regulation, 1956 (i.e. 15.02.2009) are still pending in folders like RESUB, PUCL etc. for want of action on the part of stake holders. Unless the companies respond to this, ROC's are unable to process the said forms.

2. As per the existing process, the companies have to resubmit or furnish their clarification in Form 67 within the stipulated period of 30 days failing which such forms, filed prior to 15.02.2009, will lie pending in MCA21.
3. In order to reduce the pendency of such e-forms, Ministry has decided to re-open all such pending forms and the same have been placed in the category "Held in Abeyance" (HIAB) so that ROCs can review the same. Therefore, all ROCs are hereby advised to review such pending work items with them and dispose it by **7th July, 2011**.
4. This is the last opportunity provided by the Ministry to clear the pendency.
5. All the stakeholders are also requested to track the work items in MCA21 Portal and contact the concerned ROCs to help them clear the pendency.

Yours faithfully,


(Shyam Sunder)
Deputy Director



CS Update

June 28, 2011



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CLARIFICATION ON CIRCULAR NO. 33/2011 WITH REGARD TO COMPLIANCE OF PROVISIONS OF COMPANIES ACT, 1956 AND RULES MADE THERE UNDER

Circular No. 38 / 2011

F.No. 17/ 146/ 2011-CL-V
Government of India
Ministry of Corporate Affairs
5th Floor, A Wing, Shastri Bhavan
Dr. R.P. Road, New Delhi-110001

Dated 20.06.2011

All the Regional Directors,
All the Registrar of Companies / Official Liquidators
The Stakeholder

Sub: Clarification on Circular No. 33/ 2011 dated 01.06.2011 with regard to compliance of provisions of the Companies Act, 1956 and Rules made there under

Sir,

The Ministry has issued General Circulars No. 33/ 2011 dated 01.06.2011 wherein it was informed that in order to ensure corporate governance and proper compliances of provisions of Companies Act, 1956, no request, whether oral, in writing or through e-forms, for recording any event based information / changes shall be accepted by the Registrar of Companies from such defaulting companies, unless they file their updated Balance Sheet and Profit & Loss Accounts and Annual Return with the Registrar of Companies.

In order to have better understanding of the circular, it is further clarified that the above circular shall be applicable to those defaulting companies and their Directors which have not filed Balance Sheet or Annual Return for any of the financial year' s 2006-07, 2007-08, 2008-09 and 2009-10 with the Registrar of Companies as required under sections 220 and/ or 159 of the Companies Act, 1956.

It is again reiterated that the above circular shall be effective from 3rd July, 2011.

Yours faithfully,

-SD/ -
(Monika Gupta)
Assistant Director



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COMPANIES (AMENDMENT) REGULATIONS, 2011

MINISTRY OF CORPORATE AFFAIRS NOTIFICATION

New Delhi, 14th June 2011

G.S.R. (E).- In exercise of the powers conferred by sub-sections (1), (2), (5) and (8) of Section 25 and Sub-section (2) of Section 609 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following Regulations further to amend the Companies Regulations, 1956, namely: -

1. (1) These Regulations may be called the Companies (Amendment) Regulations, 2011.
- (2) They shall come into force on the date of their publication in the official Gazette.

2. In the Companies Regulations, 1956,

1. In Regulation 2, after clause I the following clause shall be substituted, namely: - "(d) " Regional Director" means the person appointed by the Central Government in the Ministry of Corporate Affairs as a Regional Director for the respective regions as under: -

1)	(2)	(3)
(i) Regional Director	North Region Directorate Headquarter at Noida (Gautam Budh Nagar)	States of Haryana, Punjab, Himachal Pradesh, Uttar Pradesh, Uttarakhand, Jammu & Kashmir and Union Territory of Chandigarh, and National Capital Territory of Delhi.
(ii) Regional Director	North Western Region Directorate Headquarter at Ahmedabad	States of Rajasthan, Gujarat, Madhya Pradesh and Chattisgarh, and Union Territory of Dadra and Nagar Haveli.
(iii) Regional Director	Western Region Directorate Headquarter at Mumbai	States of Maharashtra, Goa and Union Territory of Daman and Diu.
(iv) Regional Director	Southern Region Directorate Headquarter at Chennai	States of Tamilnadu and Union Territory of Puducherry and Union Territory of Andaman and Nicobar.
(v) Regional Director	Eastern and North	States of West Bengal, Bihar,



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Directorate
Headquarter

Eastern Region
Jharkhand and Odisha,
Meghalaya,
Assam, Arunachal Pradesh,
Nagaland,
Mizoram, Manipur, and Tripura.

(vi)Regional Director

South East Region
Directorate
Headquarter at
Hyderabad

States of Karnataka, Kerala,
Andhra
Pradesh and Union Territory of
Lakshdweep.

[F.No. 5/18/2005- CL.V]

Avinash K Srivastava
Joint Secretary to the Government of India

Foot Note: The Principal regulations were published in the Gazette of India vide S.R.O. No. 432B dated 18.2.1956 and subsequently amended by: -

1. GSR No. 188 dated 09.01.1958
2. GSR No. 399 dated 24.03.1962
3. GSR No. 1850 dated 01.12.1966
4. GSR No. 1445 dated 16.09.1967
5. GSR No. 668 dated 10.06.1973
6. GSR No. 523 dated 11.07.1989
7. GSR No. 367(E) dated 31.05.1991
8. GSR No. 924(E) dated 14.12.1992
9. GSR No. 610(E) dated 23.09.2005
10. S.O 1291(E) dated 30.07.2007
11. GSR No. 866(E) dated 29.10.2010
12. GSR No. 304 (E) dated 06.04.2011







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GUIDELINES FOR FAST TRACK EXIT MODE FOR DEFUNCT COMPANIES UNDER SECTION 560 OF THE COMPANIES ACT, 1956

General Circular No. 36/2011

**F. No. 2/3/2011-CL V
Government of India
Ministry of Corporate Affairs**

5th Floor, 'A' Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated the 7th June, 2011

To

All Regional Director,
All Registrar of Companies.

Subject: Guidelines for Fast Track Exit mode for defunct companies under section 560 of the Companies Act, 1956

Sir,

There are a number of companies, which are registered under the Companies Act, 1956, but due to various reasons they are inoperative since incorporation or commenced business but became inoperative or defunct later on. Such companies may be desirous of getting their names strike off from the Register of Companies maintained by Registrar of Companies.

2. As per section 560 of the Companies Act, 1956, Registrar of Companies may strike off the name of companies on satisfying the conditions therein. As per present practice, a company desirous of getting its name struck off, has to apply to Registrar of companies in e-form 61. All pending statutory returns are required to be filed along with e-form 61.

3. In order to give an opportunity for fast track exit by a defunct company, for getting its name struck off from the register of companies, the Ministry has decided to modify the existing route through e-form – 61 and has prescribed the new Guidelines. The Guidelines for "Fast Track Exit mode" for defunct companies under section 560 of the Companies Act, 1956 are enclosed herewith.

4. These Guidelines will be implemented w.e.f. 3rd July, 2011.

Yours faithfully,
-Sd/-

(Monika Gupta)
Assistant Director

FOR VIEW **DETAIL:** http://www.mca.gov.in/Ministry/pdf/Circular_36-2011_07jun2011.pdf



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GREEN INITIATIVES IN THE CORPORATE GOVERNANCE – CLARIFICATION REGARDING PARTICIPATION BY SHAREHOLDERS OR DIRECTORS IN MEETINGS UNDER THE COMPANIES ACT, 1956 THROUGH ELECTRONIC MODE.

General Circular No. 35/2011

No 17/95/2011-CL.V
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 06.06.2011

All the Regional Directors,
All the Registrar of Companies/ Official Liquidators

Subject: - Green Initiatives in the Corporate Governance – Clarification regarding participation by shareholders or Directors in meetings under the Companies Act, 1956 through electronic mode.

Sir,

The Ministry has issued General Circulars No. 27/2011 and 28/2011 dated 20.05.2011 whereby it was clarified that a shareholder or a director of the company may participate in meetings under the provisions of the Companies Act, 1956 through electronic mode.

In order to have better understanding of the circular, it is further clarified as under: --

- (i) It is not mandatory for companies to provide its directors, the facility to attend meetings through video conferencing.
- (ii) In respect of shareholders meetings to be held during financial year 2011-12, video conferencing facility for shareholders is optional. Thereafter, it is mandatory for all listed companies.
- (iii) Where the company opts to provide video conferencing facility, they have to comply with the procedures prescribed in the Circular no. 27/2011 & 28/2011 dated 20.05.2011 in this regard.
- (iv) The company is free to select Video Conferencing facility of any agency but the chairman of the meeting and Secretary of the company has to ensure that there is a proper Video Conferencing equipment/facility which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- (v) In the case of e-voting in general meetings, the Ministry of Corporate Affairs are presently authorizing only National Security Depository Ltd and Central Depository Services (India) Ltd as agencies for providing and supervising electronic platforms for electronic voting subject to the conditions that they obtain a certificate from Standardization Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Ministry of Communication and IT, Government of India, New Delhi.

Yours faithfully,

-SD/-
(Monika Gupta)
Assistant Director
Copy to: All concerned.



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COMPANIES (DEMATERIALIZATION OF CERTIFICATES) RULES, 2011

No 17/143/2011-CL.V
Government of India
Ministry of Corporate Affairs

5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 06.06.2011

All the Regional Directors,
All the Registrar of Companies
All stakeholders

Subject: Companies (Dematerialization of Certificates) Rules, 2011

Sir,

The Ministry of Corporate Affairs is considering to issue Companies (Dematerialization of Certificates) Rules, 2011 so that all public Companies and their subsidiaries which have raised money by issue of shares, debentures, by accepting public deposits, stock, bond or any other financial instruments from public, other than from directors of the company, shall be required to issue and keep such share certificates, debenture certificates and certificates issued for receipt of deposits, stock, bond or any other financial instruments in dematerialized form only, in the manner prescribed in the Depositories Act, 1996 and regulation made there under.

You are requested to examine the draft rules and furnish your comments / recommendations to the Ministry latest by 30th June, 2011 by e-mail on the following e-mail addresses.

monika.gupta@mca.gov.in
kamna.sharma@mca.gov.in

Yours faithfully,

(Monika Gupta)
Assistant Director

'DRAFT'

[TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the June, 2011

GSR_ (E). – In exercise of the powers conferred by clause (b) of sub-section (1) of section 642 read with section 84, 58(A), 610B & 610C of the Companies Act, 1956, the Central Government hereby makes the following rules, namely:-



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1. Short title and commencement:

- (1) These rules may be called the Companies (Dematerialization of Certificates) Rules, 2011
- 2) They shall come into force from 1st October, 2011.

2. In these rules, unless the context otherwise requires.

- (a) "Act" means the Companies Act, 1956 (1 of 1956);
- (b) "certificate" means share certificate, debenture certificate, deposit certificate, stock, bond or any other certificate or financial instrument through which money has been raised from the public;
- (c) The words & expressions used in these rules but not defined in these rules shall have the same meanings respectively assigned to them in the Act or Depositories Act, 1996.

3. All public Companies and their subsidiaries which have raised money by issue of shares, debentures, by accepting public deposits, stock, bond or any other financial instruments from public, other than from directors of the company, shall issue and keep such share certificates, debenture certificates and certificates issued for receipt of deposits, stock, bond or any other financial instruments in dematerialized form only, in the manner prescribed in the Depositories Act, 1996 and regulation made there under.

4. The companies falling in above categories shall convert their existing such certificates mentioned in para (3) above into dematerialized form by 30th September, 2011.



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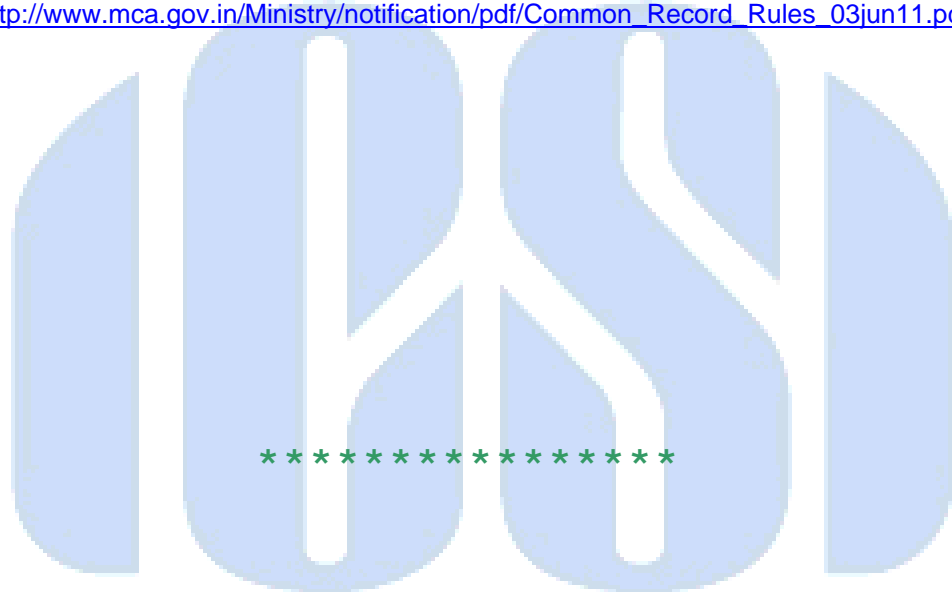
THE COMPANIES (COST ACCOUNTING RECORDS) RULES, 2011- NOTIFICATION

In exercise of the powers conferred by clause (b) of sub-section (1) of section 642 read with clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956), and in supersession of the Cost Accounting Records Rules in so far as they relate to the Cost Accounting Records Rules published vide various preceding notifications, except as respects things done or omitted to be done before such supersession, the Central Government has notified The Companies (Cost Accounting Records) Rules, 2011 by notification G.S.R 429(E) June 3, 2011. They shall come into force on the date of their publication in the Official Gazette.

Further details can be accessed at: http://www.mca.gov.in/Ministry/notification/pdf/Common_Record_Rules_03jun11.pdf



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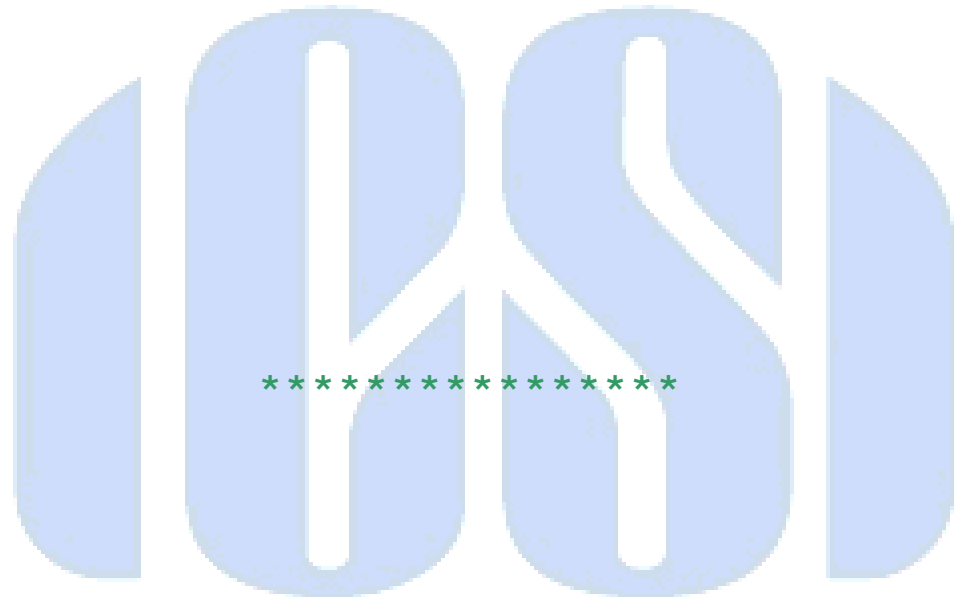
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THE COMPANIES (COST AUDIT REPORT) RULES, 2011-NOTIFICATION

In exercise of the powers conferred by clause (b) of sub-section (1) of section 642 read with sub-section (4) of section 233B, and sub-section (1) of section 227 of the Companies Act, 1956 (1 of 1956), and in supersession of the Cost Audit Report Rules, 2001, except as respects things done or omitted to be done before such supersession, the Central Government has notified The Companies (Cost Audit Report) Rules, 2011 by notification G.S.R 430(E) dated June 3, 2011. They shall come into force on the date of their publication in the Official Gazette.

Further details can be accessed at:
[:http://www.mca.gov.in/Ministry/notification/pdf/Revised_Report_Rules_03jun11.pdf](http://www.mca.gov.in/Ministry/notification/pdf/Revised_Report_Rules_03jun11.pdf)





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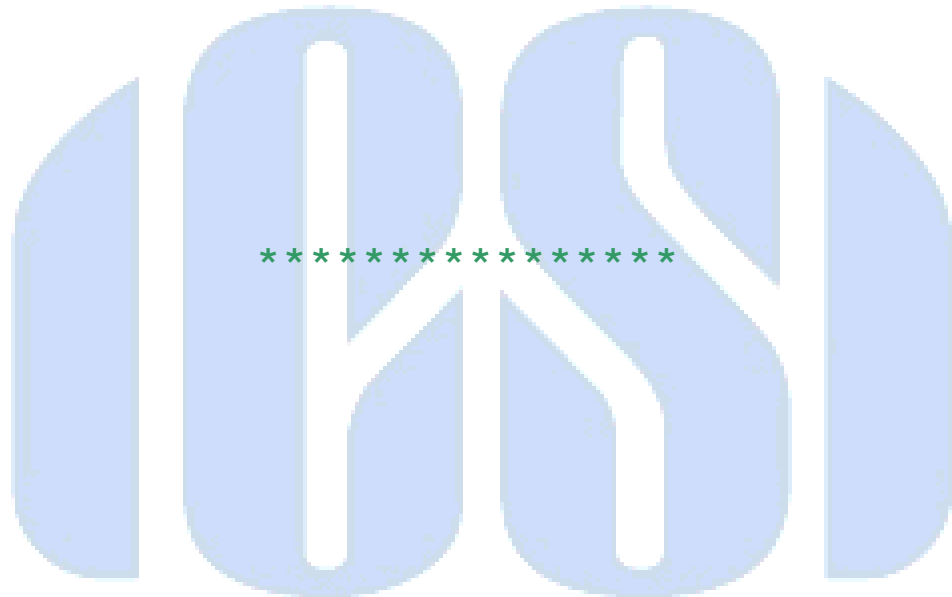


COMPANIES DIRECTOR IDENTIFICATION NUMBER (SECOND AMENDMENT) RULES, 2011-NOTIFICATION

In exercise of the powers conferred by clause (A) and (b) of sub-section (1) of section 642 read with sections 266A, 266B and 266E of the Companies Act, 1956 (1 of 1956), the Central Government has notified rules, further to amend the Companies (Director Identification Number) by a notification dated June 2, 2011. These rules may be called the Companies Director Identification Number (Second Amendment) Rules, 2011 and they shall come into force with effect from 12th June, 2011.

Further details can be accessed at:

http://www.mca.gov.in/Ministry/notification/pdf/DIN_GSR_02jun2011.pdf





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SETTLEMENT OF PROSECUTIONS CASES

F.No.3/57/2011-CL.II
Government of India
Ministry of Corporate Affairs
5th Floor, 'A' Wing, Shastri Bhavan,
New Delhi-110001
Dated 03.06.2011

To
All Regional Directors,

Subject: Settlement of prosecutions cases – regarding

Sir,

While reviewing prosecution cases it was decided to review pending prosecution cases. Ministry of Corporate Affairs has decided following actions to be taken by RDs and ROCs immediately.

1. Lok Adalats should be organized on 9th, 16th, 23rd & 30th June by RDs in the offices of concerned ROCs within your jurisdiction between 10.00 AM to 1.00 P.M by giving an advance advertisement in the local Newspapers to this effect through DAVP. The chapters of ICSI, ICWAI, ICAI and Bar Council may be used for wide publicity and efforts should be made to dispose off compoundable offences there itself. In next month, two Lok Adalats will be held by each RD per month. These would be held on Saturdays.

2. The object of organizing Lok Adalats should be to ascertain the legal cases where the companies and their officers in default are inclined to get the offences compounded so that necessary applications may be moved by the companies for this purpose and on payment of compoundable fees, the prosecutions may be withdrawn.

3. The advertisement must contain invitation to:

- i) Applicants of pending application for compounding within the jurisdiction of concerned ROC.
- ii) Companies and their officers in default against whom cases have already been filed and are compoundable under the provisions of Sec. 621A of the Companies Act, 1956.
- iii) Company's Director/Key Management Personnel who feels that a case has wrongly been filed against him and has requested to withdraw the case on his own or through authorized representative.

4. These cases should be cleared then and there by taking report from ROC & RD and if compoundable by the RD, the orders will be passed there itself. Cases for withdrawal shall be sent to MCA for approval.

5. All ROCs be advised to review pending prosecution cases with reference to circulars issued by the Ministry available at MCA Portal and to submit report with their recommendation through Regional Director.

6. All ROCs be advised to review prosecutions filed against nominee/independent directors so as to withdraw the cases where nominee/independent directors were not liable.



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7. All ROCs be advised to review all the prosecutions filed for nonfiling of statutory returns/reports u/s 159, 162, 220 of the Act where the companies/directors are not available/traceable and no public interest is involved in defaulting companies. For this purpose, public interest is presumed to be involved where the company is listed or public deposits have been accepted, debentures have been issued, or secured loans issued to banks or financial institutions.

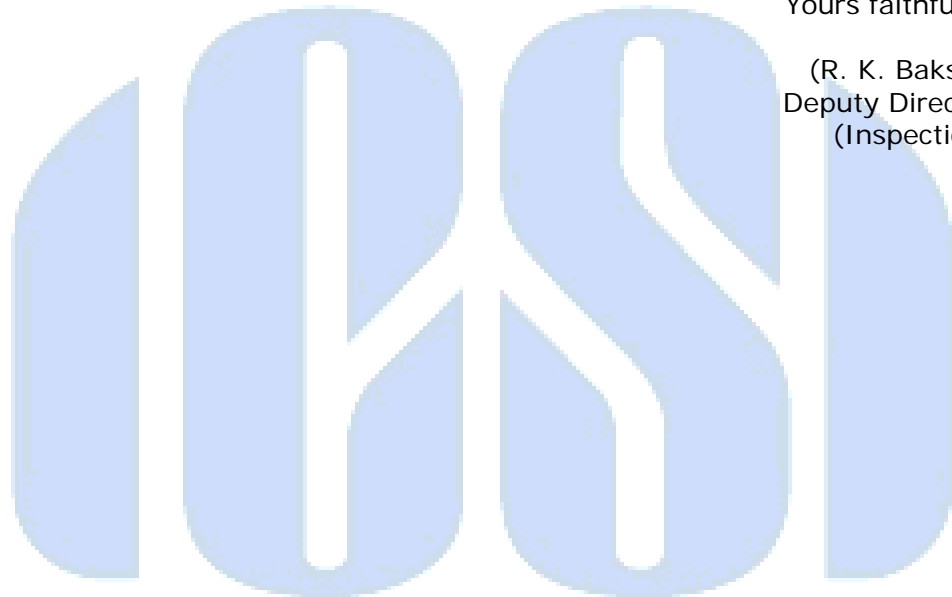
8. All ROCs be also advised to review the prosecutions against the companies which have applied for striking off their names under EES- 2010. After review of prosecutions cases, necessary report may be submitted by regional directors on monthly basis

9. Further, you are requested to confirm how many ROC offices under your jurisdiction had updated prosecution module and if any ROC has not yet updated the prosecution module, the same should be got done within next 3 working days and to submit a compliance report.

This issues with the approval of Secretary, MCA.

Yours faithfully,

(R. K. Bakshi)
Deputy Director
(Inspection)







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FILING OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN EXTENSIBLE BUSINESS REPORTING LANGUAGE (XBRL) MODE.

General Circular 37/2011

17/70/2011 –CL.V
Government of India
Ministry of Corporate Affairs

5th Floor, A Wing, Shastri Bhavan,
Dr. R.P. Road, New Delhi
Dated the 07.06.2011

To
All Regional Directors
All Registrar of Companies

Subject: Filing of Balance Sheet and Profit and Loss Account in eXtensible Business Reporting Language (XBRL) mode.

In supersession of this Ministry's Circular no. 9/2011 dated 31.03.2011 and 25/2011 dated 12.05.2011, Ministry of Corporate Affairs hereby mandated certain class of companies to file Balance sheets and Profit and loss Account alongwith Director's and Auditor's Report for the year 2010-11 onwards by using XBRL taxonomy. The Taxonomy Business Rules, Validity tools etc required for preparation the above documents in XBRL format as the existing Schedule VI and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 have been prepared and hosted on the website of the Ministry at www.mca.gov.in. The **Frequently Asked Questions** (FAQs) about XBRL have been framed by the Ministry and they are being annexed as Annexure I with this circular for the information and easy understanding of the stakeholders. To enable filing on XBRL by stakeholders, MCA-21 portal will have XBRL filing module by July, 2011. Actual date will be informed separately.

Coverage in Phase I

2. The following class of companies have to file the Financial Statements in XBRL Form only from the year 2010-2011 :-

- (i) All companies listed in India and their Indian subsidiaries;
- (ii) All companies having a paid up capital of Rs. 5 Crore and above
- (iii) All companies having a turnover of Rs 100 crore and above.



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However banking companies, insurance companies, power companies and Non Banking Financial Companies (NBFCs) are exempted for XBRL filing, till further orders.

Additional Fee Exemption

3. All companies falling in Phase –I whose Balance Sheets are adopted in the Annual General Meeting held before 30.09.2011 are permitted to file upto 30-09-2011 without any additional filing fee. However, where companies hold the Annual General Meeting in the month of September 2011, they will file the Balance Sheet within 30 days from the date of adoption in the General Meeting as per section 220 of the Companies Act, 1956.

Training Requirement

4. Stakeholders desirous to have training on the XBRL or on taxonomy related issues, may contact the persons as mentioned in Annexure II.

(J.N. Tikku)

Joint Director

Tel 23381295

E – mail- jyotinder.nath@mca.gov.in



CS Update

June 28, 2011

Annexure I

Frequently Asked Questions

1. What is XBRL?

XBRL is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data. XBRL stands for eXtensible Business Reporting Language. It is already being put to practical use in a number of countries and implementations of XBRL are growing rapidly around the world.

2. Who developed XBRL?

XBRL is an open, royalty-free software specification developed through a process of collaboration between accountants and technologists from all over the world. Together, they formed XBRL International which is now made up of over 650 members, which includes global companies, accounting, technology, government and financial services bodies. XBRL is and will remain an open specification based on XML that is being incorporated into many accounting and analytical software tools and applications.

3. What are the advantages of XBRL?

XBRL offers major benefits at all stages of business reporting and analysis. The benefits are seen in automation, cost saving, faster, more reliable and more accurate handling of data, improved analysis and in better quality of information and decision making. XBRL enables producers and consumers of financial data to switch resources away from costly manual processes, typically involving time-consuming comparison, assembly and re-entry of data. They are able to concentrate effort on analysis, aided by software which can validate and process XBRL information. XBRL is a flexible language, which is intended to support all current aspects of reporting in different countries and industries. Its extensible nature means that it can be adjusted to meet particular business requirements, even at the individual organization level.

4. Who can benefit from using XBRL?

All types of organizations can use XBRL to save costs and improve efficiency in handling business and financial information. Because XBRL is extensible and flexible, it can be adapted to a wide variety of different requirements. All participants in the financial information supply chain can benefit, whether they are preparers, transmitters or users of business data.

5. What is the future of XBRL?

XBRL is set to become the standard way of recording, storing and transmitting business financial information. It is capable of use throughout the world, whatever the language of the country concerned, for a wide variety of business purposes. It will deliver major cost savings and gains in efficiency, improving processes in companies, governments and other organisations.

6. Does XBRL benefit the comparability of financial statements?



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XBRL benefits comparability by helping to identify data which is genuinely alike and distinguishing information which is not comparable. Computers can process this information and populate both pre defined and customised reports.

7. Does XBRL cause a change in accounting standards?

No. XBRL is simply a language for information. It must accurately reflect data reported under different standards – it does not change them.

8. What are the benefits to a company from putting its financial statements into XBRL?

XBRL increases the usability of financial statement information. The need to re-key financial data for analytical and other purposes can be eliminated. By presenting its statements in XBRL, a company can benefit investors and other stakeholders and enhance its profile. It will also meet the requirements of regulators, lenders and others consumers of financial information, who are increasingly demanding reporting in XBRL. This will improve business relations and lead to a range of benefits.

With full adoption of XBRL, companies can automate data collection. For example, data from different company divisions with different accounting systems can be assembled quickly, cheaply and efficiently. Once data is gathered in XBRL, different types of reports using varying subsets of the data can be produced with minimum effort. A company finance division, for example, could quickly and reliably generate internal management reports, financial statements for publication, tax and other regulatory filings, as well as credit reports for lenders. Not only can data handling be automated, removing time-consuming, error-prone processes, but the data can be checked by software for accuracy.

9. How does XBRL work?

XBRL makes the data readable, with the help of two documents – Taxonomy and instance document. Taxonomy defines the elements and their relationships based on the regulatory requirements. Using the taxonomy prescribed by the regulators, companies need to map their reports, and generate a valid XBRL instance document. The process of mapping means matching the concepts as reported by the company to the corresponding element in the taxonomy. In addition to assigning XBRL tag from taxonomy, information like unit of measurement, period of data, scale of reporting etc., needs to be included in the instance document.

10. How do companies create statements in XBRL?

There are a number of ways to create financial statements in XBRL:

XBRL-aware accounting software products are becoming available which will support the export of data in XBRL form. These tools allow users to map charts of accounts and other structures to XBRL tags.

Statements can be mapped into XBRL using XBRL software tools designed for this purpose

Data from accounting databases can be extracted in XBRL format. It is not strictly necessary for an accounting software vendor to use XBRL; third party products can achieve the transformation of the data to XBRL.



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Applications can transform data in particular formats into XBRL. The route which an individual company may take will depend on its requirements and the accounting software and systems it currently uses, among other factors.

11. Is India a member of XBRL International?

India is now an established jurisdiction of XBRL International. A separate company, under section 25 has been created, to manage the operations of XBRL India. The main objectives of XBRL India are

- To create awareness about XBRL in India
- To develop and maintain Indian Taxonomies
- To help companies, adopt and implement XBRL.

For more information, visit www.xbrl.org/in

12. Which taxonomies developed for Indian reporting requirements? Where can I find the taxonomies?

Taxonomies for Indian companies are developed based on the requirements of

- Schedule VI of Companies Act,
- Accounting Standards, issued by ICAI
- SEBI Listing requirements.

Taxonomies for Manufacturing and service sector (referred as Commercial and Industrial, or C&I) and Banking sector, is acknowledged by XBRL International. These taxonomies are available at <http://www.xbrl.org/in/>

13. Where can I find more information about XBRL?

Please visit www.xbrl.org . Also Ministry of Corporate Affairs would be shortly developing its webpage on XBRL with list of contact persons for training purposes.

14. What are XBRL Documents?

An XBRL document comprises the taxonomy and the instance document. Taxonomy contains description and classification of business & financial terms, while the instance document is made up of the actual facts and figures. Taxonomy and Instance document together make up the XBRL documents.

15. What is Taxonomy?

Taxonomy can be referred as an electronic dictionary of the reporting concepts. Taxonomy consists of all the data definitions, the basic XBRL properties and the interrelationships amongst the concepts. It includes terms such as net income, EPS, cash, etc. Each term has specific attributes that help define it, including label and definition and potentially references. Taxonomies may represent hundreds or even thousands of individual business reporting concepts, mathematical and definitional relationships among them, along with text labels in multiple languages, references to authoritative literature, and information about how to display each concept to a user.



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16. What is meant by extending taxonomy?

Taxonomy is extended to accommodate items/relationship specific to the owner of the information. Taxonomy extension therefore can be

- a) Modification in the existing relationships
- b) Addition of new elements in the taxonomy
- c) Combination both a & b

17. Are Taxonomies based on any standards?

Yes, taxonomies are based on the regulatory requirements and standards which are to be followed by the companies. Accordingly, depending on the requirements of every country, there can be country-specific taxonomies.

18. What is an Instance document?

An XBRL instance document is a business report in an electronic format created according to the rules of XBRL. It contains facts that are defined by the elements in the taxonomy it refers to, together with their values and an explanation of the context in which they are placed. XBRL Instances contain the reported data with their values and "contexts". Instance document must be linked to at least one taxonomy, which defines the contexts, labels or references.

Thus, in order to concluded the usage and explain the XBRL technology which leads to more information exchanges that can be effectively automated by use. This one standard approach leads to the best interest of the company or more so for the international business interests globally that warrant the accuracy of all the financial data for the end users and early collaborative decisions by the companies or those whose interst is involved for acquisition/ rights etc.



CS Update

June 28, 2011



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RBI UPDATE





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PUBLIC PROVIDENT FUND (PPF) SCHEME -1968 - CLARIFICATION PAYMENT OF INTEREST IN RESPECT OF PPF HUF ACCOUNTS

**RBI/2010-11/578
DGBA. CDD. No. H- 8842/15.02.001/2010-11**

June 17, 2011

The Managing Director/ Chief General Manager

Government Accounts Department

Government Business Department/Head Office

State Bank of India/State Bank of Patiala/

State Bank of Bikaner & Jaipur/State Bank of Travancore/

State Bank of Hyderabad/State Bank of Mysore/

Allahabad Bank/Bank of Baroda/Bank of India/

Bank of Maharashtra/Canara Bank/Central Bank of India/

Corporation Bank/Dena Bank/Indian Bank/

Indian Overseas Bank/Punjab National Bank/

Syndicate Bank/UCO Bank/Union Bank of India/

United Bank of India/Vijaya Bank/IDBI Bank/

ICICI Bank

Dear Sir/Madam,

Public Provident Fund (PPF) Scheme -1968 – Clarification Payment of interest in respect of PPF HUF accounts

Please refer to our Circular [RBI/2010-11/344 DGBA.CDD.No.H-4311/15.02.001/ 2010-11 dated December 27, 2010](#), forwarding therewith a copy of Government of India Notification G.S.R.956 (E) dated December 7, 2010, on the above subject.

2. In this regard, Government of India has, vide their letter F.No.7/4/2008-NS.II dated June 1, 2011([copy enclosed](#)), decided that interest at PPF rates would be paid on those PPF (HUF) accounts, which had attained the maturity after May 13, 2005 but closed by the subscribers before December 07, 2010, subject to the conditions that the accounts had not been extended thereafter and the deposits were retained in such accounts without further subscriptions.

3. You may bring the contents of this circular to all your branches dealing with this scheme.



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Yours faithfully

(P. S. Ranga Rao)

Assistant General Manager

Encls: As above

F.No.7/4/2008-NS.II

Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 1st June, 2011

The CGM (DGBA)

Reserve Bank of India

Department of Government & Bank Accounts

Central Office, Byculla Office Building

4th floor, Opposite Mumbai Central Railway Station

Byculla, Mumbai – 400 008

Sub: Payment of interest in respect of PPF (HUF) accounts

Sir,

I am directed to say that as per the provisions contained in Public Provident Fund (PPF) Scheme, 1968, prior to 13th May, 2005 accounts could be opened by individuals and on behalf of HUFs. With effect from 13th May, 2005 opening of PPF accounts has been restricted to "individuals" only. In this regard, a clarification was issued by Finance Ministry vide letter No. F.2/8/2005-NS.II dated 20.05.2005 intimating that PPF accounts of HUF shall continue till maturity and deposits/withdrawals in/from these accounts shall be allowed to be made in accordance with the rules of the scheme. However, any extension of existing accounts shall be subject to the amendment dated 13th May, 2005.

2. As per Paragraph 9 (3) of PPF Scheme, 1968, a subscriber to the account, any time after the expiry of 15 years from the end of the year in which the initial subscription was made, if he so desires, can apply for withdrawal of the entire balance standing to his credit. Further, as per proviso below Paragraph 9 (3), the subscriber may, if he so desires, make withdrawal of the amount standing to his credit from time to time in instalments not exceeding one in a year.

3. An amendment has been made to PPF Scheme, 1968, vide this Ministry's Notification No. G.S.R. 956 (E) dated 7th December, 2010. A new Proviso below Sub Paragraph 3 of Paragraph 9 of PPF Scheme, 1968 has been inserted, according to which PPF accounts opened on behalf of HUFs prior to 13th May, 2005 shall be closed after expiry of 15 years from the end of the year in which initial subscription was made. In respect of those HUF accounts where the initial period of 15 years had already been completed prior to the



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issue of Notification dated 07.12.2010, such accounts were to be closed on 31st March, 2011.

4. Some of the subscribers of PPF (HUF) accounts had closed the accounts on maturity or thereafter between 13th May, 2005 to 7th December 2010 (before the issue of the aforesaid amendment). Some of such account holders, were not paid interest at PPF rates on the deposits retained beyond the maturity period (without further subscriptions). Those subscribers had been representing that interest at PPF rate may also be paid to them on the deposits that were retained in PPF accounts beyond maturity period. The matter has been examined in this Ministry and it has been decided that interest at PPF rate would be paid on those PPF (HUF) accounts, which had attained the maturity after 13.05.2005 but closed by the subscribers before 07.12.2010, subject to the conditions that the accounts had not been extended thereafter and the deposits were retained in such accounts without further subscriptions.

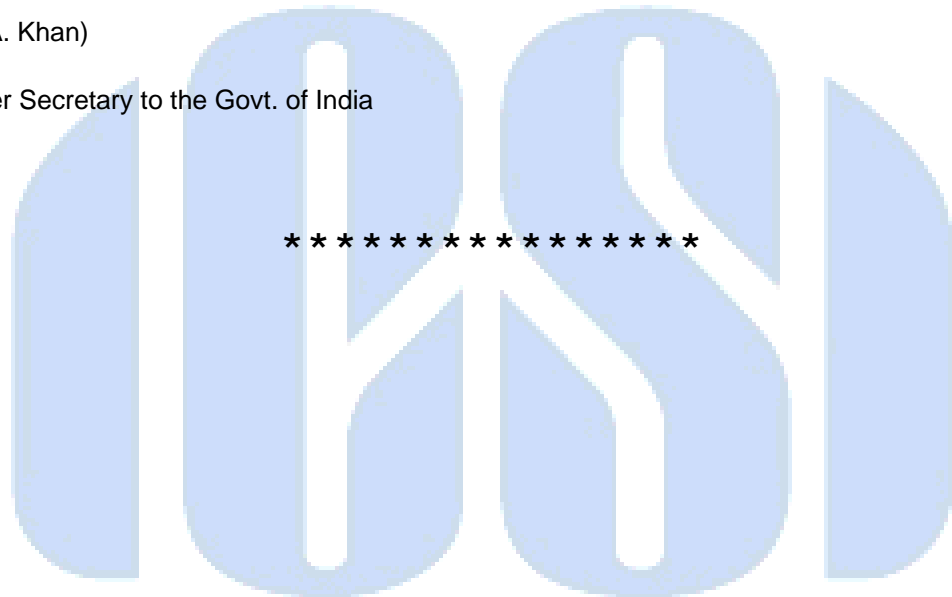
5. The above decision may be circulated to all concerned for compliance.

6. This issues with the approval of Secretary (EA).

Yours faithfully

(M. A. Khan)

Under Secretary to the Govt. of India





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DIPP UPDATE





CS Update

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DISCUSSION PAPER ON FDI POLICY-RATIONALE AND RELEVANCE OF CAPS



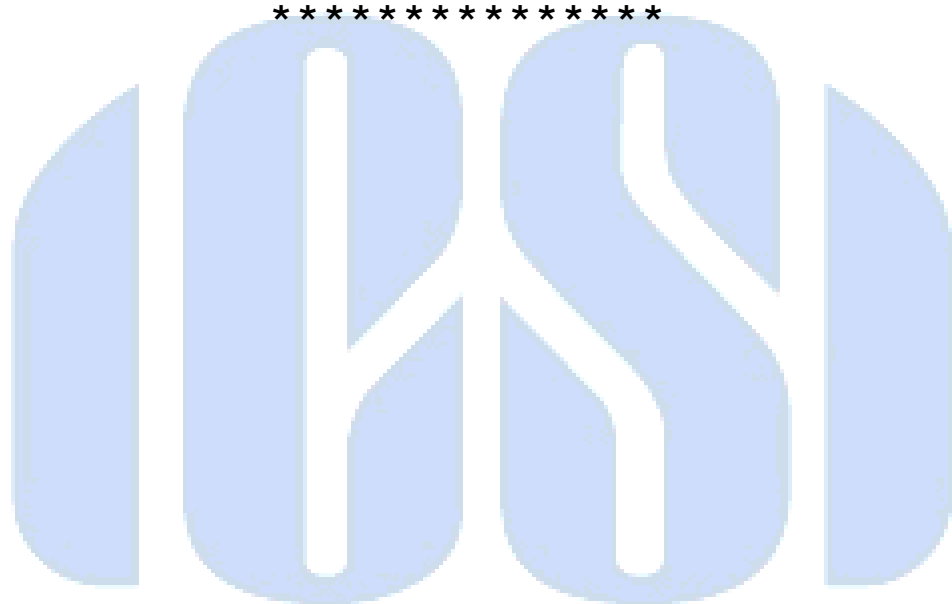
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FURTHER DETAILS CAN BE ACCESSED AT:

http://www.dipp.nic.in/DiscussionPapers/DiscussionPaper_relevance_23June2011.pdf



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TAX LAW UPDATE





CS Update

June 28, 2011



CORPORATES AND BANKS MANDATED TO ISSUE FORM 16A

CBDT has issued a Circular No. 03/2011 dated May 13, 2011 as per which TDS Certificates in Form No. 16A will be generated from **Tax Information Network (TIN)**. It is mandatory for Companies and Banks to issue Form 16A from TIN to their deductees for deductions made from April 1, 2011 (F.Y. 2011-12 onwards). Taxpayers are advised to insist on Form 16A (quarterly TDS certificate) that has been downloaded by the Deductors from TIN Central System only.

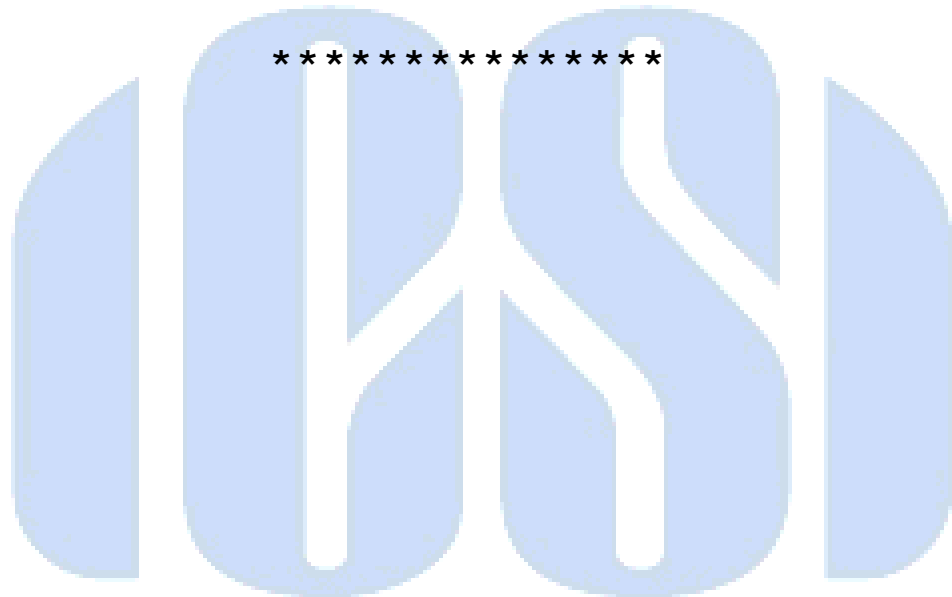
FURTHER DETAILS CAN BE ACCESSED AT:

http://www.incometaxindia.gov.in/archive/BreakingNews_Form16AMandatory_06272011.pdf

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POINT OF TAXATION (SECOND AMENDMENT) RULES, 2011

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)
New Delhi, the 27th June, 2011

Notification No. 41/2011 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by clause (a) and clause (hhh) of sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following rules further to amend the Point of Taxation Rules, 2011, namely:-

1. (1) These rules may be called the Point of Taxation (Second Amendment) Rules, 2011.
(2) They shall come into force on the 1st day of July, 2011.
2. In the Point of Taxation Rules, 2011, in Rule 7, in sub-rule (c),- before the bracket and letter "(p)", the bracket and letter "(g)" shall be inserted,

[F. No. 334/3/2011-TRU]

(Samar Nanda)
Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 18/2011-Service Tax, dated the 1st March, 2011, published in the Gazette of India, Extraordinary vide Number G.S.R. 175(E), dated the 1st March, 2011 and last amended vide notification No.25/2011-Service Tax, dated the 31st March, 2011, published on the Gazette of India vide Number G.S.R. 283(E), dated the 31st March, 2011.





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PROCESSING FOR OR ON BEHALF OF CLIENT, IN RELATION TO AGRICULTURE – CAUSING SALE OR PURCHASE OF AGRICULTURAL PRODUCE

Circular No. 143/12/ 2011 – ST

F.No.332/37/2010-TRU
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs
Tax Research Unit

North Block, New Delhi
26th May, 2011

To
Chief Commissioners of Central Excise and Service Tax (All),
Director General (Service Tax),
Director General (Central Excise Intelligence),
Director General (Audit),
Commissioners of Service Tax (All),
Commissioners of Central Excise and Service Tax (All).

Madam/Sir,

Subject: - processing for or on behalf of client, in relation to agriculture – causing sale or purchase of agricultural produce -- reg.

Representations have been received that client processing of tobacco involving threshing and drying of tobacco leaves and client processing of raw cashew involving roasting/drying, shelling and peeling of raw cashew to recover kernel, are considered by the field formations as not falling within the meaning of the expression "in relation to agriculture" appearing in notification 14/2004-ST (as amended) dated 10th September, 2004, resulting in avoidable disputes and litigation.

2. These representations have been examined. In the cases represented, the agricultural produce namely tobacco or raw cashew, which are subject to client processing retains their essential characteristics at the output stage and therefore the processes undertaken on or behalf of client should be considered as covered by the expression 'in relation to agriculture'. Client processing which falls under business auxiliary service undertaken on the primary agricultural produce namely tobacco or raw cashew, does not result in any change in their essential character of tobacco or cashew. In the light of the above principle (i) process of threshing and drying of tobacco leaves and thereafter packing the same and (ii) processing of raw cashew and recovering kernel, undertaken for, or on behalf of, the clients by processing units are covered by the expression "... processing of goods for, or on behalf of, the client....and provided in relation to agriculture,..." appearing in the said notification.

3. Also where the commission agents stationed abroad provide business auxiliary service to promote the export of rice, said business auxiliary service is covered by notification 13/2003-ST (as amended) because, the word 'rice' is mentioned under the explanation to the term 'agricultural produce', in the inclusive portion along with other items like cereals, pulses, etc.

4. Trade Notice/Public Notice may be issued to the field formations accordingly.

5. Please acknowledge the receipt of this circular. Hindi version to follow.

Samar Nanda)
Under Secretary, TRU
Tel: 011-23092037



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CLARIFICATION ON ISSUES PERTAINING TO THE LEVY OF EXCISE DUTY ON BRANDED READYMADE GARMENTS AND MADE-UP ARTICLES OF TEXTILES

Circular No. 947/8/2011- CX

F.No.B-1/2/2011-TRU
Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

New Delhi dated the 21st June, 2011.

To

All Chief Commissioners of Central Excise
All Chief Commissioners of Customs & Central Excise.
All Commissioners of Central Excise
All Commissioners of Customs & Central Excise.
All Directors General

Subject: Clarification on issues pertaining to the levy of excise duty on branded readymade garments and made-up articles of textiles— regarding.

Sir / Madam,

Board has received representations from trade and industry seeking clarification on certain issues pertaining to the levy of excise duty on readymade garments/made-ups that either bear or are sold under a brand name. These issues are: -

- (i) applicability of the mandatory levy of excise duty on school uniforms, uniforms for private security guards, companies, hotels, airlines etc and made-ups such as linens, towels etc bearing the name or logo of a hotel, restaurant or airlines etc; and
- (ii) applicability of mandatory levy of excise duty on made-ups such as blankets bearing the name of the manufacturer and supplied to the Ministry of Defence or its organisations

2. The matter has been examined. On the issue of applicability of excise duty on uniforms or made-up articles like quilt, blankets, towels, linen etc bearing the name or logo of a school, security agency, company, hotel or airline etc., it is clarified that such products would not merit treatment as "branded" products merely because the name of the school, institution or company or their logo is either printed, embroidered or etched on them. This is equally true of made ups such as towels, linen etc bearing the name of a hotel, restaurant or airlines. In all these cases, there is no nexus between such a name or logo & the product at the time of its sale which is essential ingredient in the definition of the term "brand name". Unless such garments/made- ups also bear a brand name in



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addition to the name or logo of the school, security agency, hotels, airlines and company, such goods would not attract the excise duty. It is also gathered that in some cases, apart from the name or logo of such organisations, the name of the tailor or manufacturer is affixed on such garments. However, mere affixing of name of the tailor or manufacturer would not constitute a brand name. Another related issue is the applicability of the mandatory excise duty to blankets which are supplied to the defence establishment, armed forces, police forces etc against tenders that stipulate that the name of the manufacturer should be clearly indicated or marked on the product. As pointed out above, affixing the name of the manufacturer on such goods would not, by itself, bring them within the ambit of branded goods.

3. Another issue raised by the trade concerns the determination of eligibility of a manufacturer or factory to the benefit of small scale exemption contained in notification no. 8/2003-CE dated 1.3.2003. Under the exemption, a manufacturer or a factory whose aggregate value of clearances for home consumption did not exceed Rs.4 crore in the preceding financial year is eligible for full exemption on similar clearances not exceeding Rs. 1.5 crore in this financial year. It has already been clarified that a certificate from a chartered Accountant about the aggregate value of clearances for home consumption in the preceding financial year may be accepted. It has now been decided that self certification by a manufacturer may also be accepted for this purpose. As regards maintenance of records by such manufacturers, Central Excise law does not prescribe any specific record which is to be maintained by an assessee. Hence records of production, clearance & purchases that are maintained for the purpose of VAT purposes can be accepted for purposes of Central Excise.

(5). Suitable trade notice / standing order may be issued to guide the trade and industry.

(6). Difficulty, if any, faced in implementation of these instructions may be brought to the notice of the Board immediately.

Yours faithfully,

(Yogendra Garg)
Director (TRU)

