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'ICSI House', 22 Institutional Area, Lodi Road, New Delhi-110003, India.
Phone-(011) 41504444, 45341000, Fax-(011)24626727, Email - info@icsi.edu

CS Update

February 11, 2011

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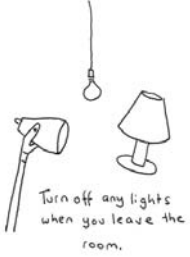
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FROM ICS



COMPANY SECRETARIES IN PRACTICE

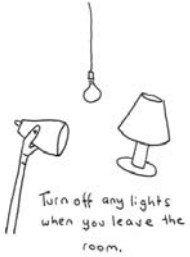
RELAXATION OF TIME TO COMPLETE REQUIRED PROGRAMME CREDIT HOURS FOR THE BLOCK OF THREE YEARS ENDING 31.12.2010

The Guidelines for Compulsory Attendance of Professional Development Programmes by Members (ICSI Guideline No. 3 of November, 2007), which were notified and came into effect from January 1, 2008 require every PCS to secure 12 Programme Credit Hours in one year or 40 Programme Credit Hours in a block of three years by attending approved learning programmes.

As per the guidelines the current block of three years which commenced from January 1, 2008 will close on December 31, 2010.

The Council of the Institute in its 197th meeting held on December 15, 2010 considered the matter and granted an opportunity to those practicing members who have not completed the mandatory programme credit hours to complete the same by attending approved learning programmes upto March 31, 2011.

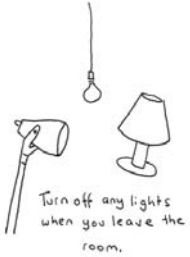
The Council further decided that if a member does not complete the mandatory Programme Credit Hours till March 31, 2011 the Certificate of Practice of such member shall not be renewed.



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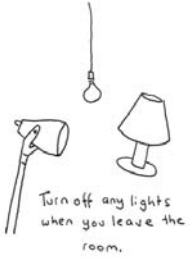
PMQ COURSE IN CORPORATE GOVERNANCE

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



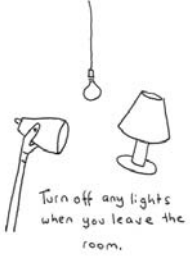
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INSTITUTE'S NEW PUBLICATIONS

- 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



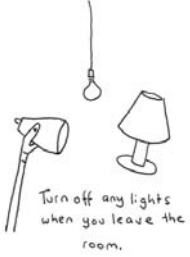
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MCA UPDATE





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ADDITIONAL FEES REVISED w.e.f 5TH DECEMBER, 2010.

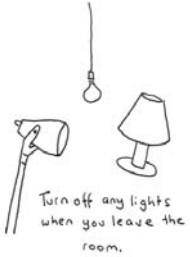
Dear Corporates,

It has been decided to revise the additional fees payable as per Section 611(2) of the Companies Act, 1956 (except for Form 5) as per below details with effect from 5th December 2010 :-

Period of Delay	Fixed rate of additional fee
Upto 30 days	Two times of normal filing fee
More than 30 days and upto 60 days	Four times of normal filing fee
More than 60 days and upto 90 days	Six times of normal filing fee
More than 90 days	Nine times of normal filing fee

In order to avoid payment of additional fees, please file within stipulated time.

Source: www.mca.gov.in



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EASY EXIT SCHEME, 2011

February 7, 2011

Dear Professional Colleagues,

The Ministry of Corporate Affairs had introduced the Easy Exit Scheme, 2011 under Section 560 of the Companies Act, 1956 to give an opportunity to defunct companies, for getting their names struck off the Register of Companies. The scheme was originally in operation from 1st January, 2011 to 31st January, 2011

The MCA has vide its General Circular No. 1/2011 dated 3rd Feb, 2011 extended the Scheme for a further period of three months i.e. upto 30th April, 2011.

Copy of the General Circular No. 1/2011 dated 03.02.2011 is appended below for your ready reference. The same may be downloaded from the MCA website at the link http://www.mca.gov.in/Ministry/pdf/Circular_EES2011_03feb2011.pdf

Regards,

Yours sincerely,

CS N K Jain
Secretary & CEO



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General Circular No. 1/2011

F. No. 2/7/2010-CL V
Government of India
Ministry of Corporate Affairs

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

Dated the 3 Feb, 2011

To
All Regional Director,
All Registrar of Companies.

Subject: Easy Exit Scheme , 2011

Sir,

In continuation to this Ministry's earlier circular no. 6/2010 dated 03.12.2010 on the subject cited above, it has been thdecided to extend the Scheme for another three months i.e. upto 30 April, 2011.

2. All the terms of circular no. 6/2010 dated 03.12.2010 will remain the same.

Yours faithfully,

(Monika Gupta)
Assistant Director



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SCHEDULE XIII OF THE COMPANIES ACT 1956 BEING AMENDED- UNLISTED COMPANIES SHALL NOT REQUIRE GOVERNMENT APPROVAL FOR MANAGERIAL REMUNERATION WHERE THEY HAVE NO PROFITS

The Ministry of Corporate Affairs issued today a notification on Managerial Remuneration in unlisted companies having no profits/inadequate profits. The notification reads as under:

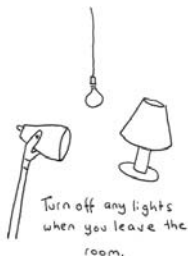
Managerial Remuneration in unlisted companies having no profits/
inadequate profits

Companies are divided into private limited and public limited companies. Public limited companies are of two types – listed companies (whose shares are listed on a stock exchange) and unlisted companies. Normally, the general public does not hold shares in unlisted companies. Private limited companies are not subject to any limits on managerial remuneration. Public limited companies (listed and unlisted) with no profits/ inadequate profits are currently required to approach the Ministry for approval in those cases where the remuneration of Directors/ equivalent managerial personnel exceeds certain limits.

2. The matter has been re-examined in the light of the evolving economic and regulatory environment. The primary purpose of regulations over managerial remuneration is to protect stakeholders, particularly shareholders and creditors. Unlisted companies are in several respects similar to private limited companies. A substantial number of the applications coming to the Ministry fall under this category and the Ministry's limited manpower is disproportionately involved in this exercise. In the case of unlisted companies so long as the conditions specified in Schedule XIII, including special resolution of shareholders and absence of default on payment to creditors, are fulfilled approval will not be needed hereafter.

3. Accordingly, Schedule XIII of the Companies Act 1956 is being amended to provide that unlisted companies (which are not subsidiaries of listed companies) shall not require Government approval for managerial remuneration in cases where they have no profits/ inadequate profits, provided they meet the other conditions stipulated in the Schedule.

SOURCE: www.pib.nic.in



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DIRECTIONS UNDER SECTION 212 OF THE COMPANIES ACT 1956 AMENDED BY MINISTRY OF CORPORATE AFFAIRS

Direction under Section 212

Section 212 of the Companies Act, 1956 requires holding companies to attach with their balance sheet a copy of the balance sheet, profit and loss account etc of each of its subsidiaries. In recent years, with the globalization of the Indian economy, there has been a large increase in the number of holding companies and subsidiaries. Accounting policies and practices have also evolved, and Accounting Standards have been issued regarding preparation of consolidated financial statements.

The Ministry has been receiving a large number of applications seeking permission not to attach the accounts of subsidiaries. The Ministry has been granting such permission on case-by-case basis on the basis of certain conditions which are intended to protect the interests of investors.

The matter has been carefully re-examined in the context of the emerging trends in the economy and regulatory and accounting practices. It has been decided that the permission may be granted on a general basis wherever the Board of Directors of the holding company gives its consent and the conditions prescribed by the Ministry are complied with. The Ministry has accordingly issued directions through a general circular no. 1/2011 for this purpose. The conditions to be met by the companies are following: -

- (i) The Board of Directors of the Company has by resolution given consent for not attaching the balance sheet of the subsidiary concerned;
- (ii) The company shall present in the annual report, the consolidated financial statements of holding company and all subsidiaries duly audited by its statutory auditors;
- (iii) The consolidated financial statement shall be prepared in strict compliance with applicable Accounting Standards and, where applicable, Listing Agreement as prescribed by the Security and Exchange Board of India;
- (iv) The company shall disclose in the consolidated balance sheet the following information in aggregate for each subsidiary including subsidiaries of subsidiaries: - (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend;
- (v) The holding company shall undertake in its annual report that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned and a note to the above effect will be included in the annual report of the



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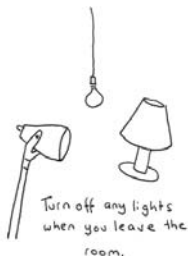


holding company. The holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand;

- (vi) The holding as well as subsidiary companies in question shall regularly file such data to the various regulatory and Government authorities as may be required by them;
- (vii) The company shall give Indian rupee equivalent of the figures given in foreign currency appearing in the accounts of the subsidiary companies along with exchange rate as on closing day of the financial year.

SOURCE: www.pib.nic.in





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GENERAL EXEMPTION UNDER SECTION 211 OF THE COMPANIES ACT 1956 NOTIFIED

The Ministry of Corporate Affairs issued today a notification on General Exemption under Section 211 of the Companies Act 1956. The notification reads as under:

General Exemption under Section 211

Section 211 of the Companies Act, 1956 requires that the balance sheet and profit and loss account of a company shall be in the form set out in Part I of Schedule VI or in such other form as may be approved by the Central Government either generally or in any particular case. The Ministry has been regularly receiving requests for exemption from various classes of companies from the disclosure of certain quantitative details required under Schedule VI. So far, these exemptions were being given on a case-by-case basis with certain conditions.

2. These requirements date back to the era when there was industrial licensing etc., and there was a regulatory purpose in monitoring quantitative aspects of production etc. Their relevance in the present economic and regulatory environment has been re-assessed. Such disclosures are not required in other countries. Indian companies have represented that such disclosure puts Indian companies at a competitive disadvantage where their details are known to foreign competitors, but they cannot get the details from the other side.

3. Accordingly, the Central Government has, by notification, issued a general exemption whereby the categories of companies in column (2) of the Table below will be exempted from the disclosures given in column 3:-

SN	Class of Companies	Exemptions from para(s) of Part-II of Schedule VI.
1.	Companies producing Defence Equipments including Space Research;	para 3(i)(a), 3(ii)(a), 3(ii)(d), 4-C, 4-D (a) to (e) except (d).
2.	Export Oriented company (whose export is more than 20% of the turnover);	para 3(i)(a) 3(ii)(a), 3(ii)(b), 3(ii)(d).
3.	Shipping companies (Including Airlines);	para 4-D (a) to (e) except (d).
4.	Hotel companies (including	para 3(i)(a) and 3(ii)(d)

CS Update

February 11, 2011

	Restaurants);	
5.	Manufacturing companies/multi-product companies;	para 3(i)(a) and 3(ii)(a).
6.	Trading companies;	para 3(i)(a) and 3(ii)(b).

SOURCE: www.pib.nic.in

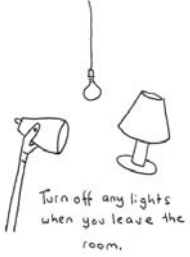
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RBI UPDATE





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INVESTMENT IN NON-GOVERNMENT SECURITIES- NON-CONVERTIBLE DEBENTURES (NCDs) OF MATURITY UP TO ONE YEAR BY STANDALONE PRIMARY DEALERS (PDS)

RBI/2010-11/401

IDMD. PCD.No. 26/14.03.05/2010-11

February 10, 2011

All Standalone Primary Dealers

Dear Sir,

Investment in non-Government Securities- Non-Convertible Debentures (NCDs) of maturity up to one year by standalone Primary Dealers (PDs)

Please refer to [paragraph 5.8.2](#) of the Master Circular RBI/2010-11/81 IDMD.PDRD. 01/03.64.00/2010-11 dated July 1, 2010 which, *inter alia*, advised the PDs that they should not invest in non-Government securities of original maturity of less than one-year, other than the Commercial Papers and Certificates of Deposits which are covered under the RBI guidelines.

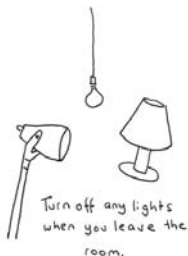
2. We also draw your attention to circulars [IDMD.DOD.10/11.01.01\(A\)/2009-10 dated June 23, 2010](#) and [IDMD.PCD.No.24/14.03.03/2010-11 dated December 6, 2010](#) containing directions on Issuance of Non-Convertible Debentures (NCDs) which, *inter alia*, allowed PDs to invest in NCDs with original or initial maturity up to one year issued by the corporates [including Non-Banking Financial Companies (NBFCs)] subject to the approval of the statutes governing them and after obtaining regulatory approval.

3. In this connection, we advise that henceforth PDs are permitted to invest in NCDs with original or initial maturity up to one year issued by the corporates (including NBFCs). However, their investments in such unlisted NCDs should not exceed 10 per cent of the size of their non-G-Sec portfolio on an on-going basis.

4. While investing in such instruments, PDs should be guided by the extant prudential guidelines in force and instructions given in the circulars *ibid*.

Yours faithfully

(K.K. Vohra)
Chief General Manager



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RE-OPENING OF PENSION OPTION TO EMPLOYEES OF PUBLIC SECTOR BANKS AND ENHANCEMENT IN GRATUITY LIMITS - PRUDENTIAL REGULATORY TREATMENT

RBI/2010-11/400

DBOD.No. BP.BC.80/ 21.04.018/2010-11

February 9, 2011

All Public Sector Banks

Dear Sir,

Re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits - Prudential Regulatory Treatment

Consequent on the re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits following the amendment to Payment of Gratuity Act 1972, banks and the Indian Banks' Association (IBA) have approached us for the amortisation of the enhanced expenditure resulting therefrom.

2. The additional liability on account of re-opening of pension option for existing employees who had not opted for pension earlier as well as the enhancement in gratuity limits should be fully recognised and charged to Profit and Loss Account for the financial year 2010-11.

3. However, banks have expressed that it would be difficult to absorb the large amount involved in a single year. We have examined the issues from a regulatory perspective and it has been decided that banks may take the following course of action in the matter:

- a. The expenditure, as indicated in paragraph 2 above, may, if not fully charged to the Profit and Loss Account during the financial year 2010-11, be amortised over a period of five years {subject to (b) and (c) below} beginning with the financial year ending March 31, 2011 subject to a minimum of 1/5th of the total amount involved every year.
- b. Consequent upon the introduction of International Financial Reporting Standards (IFRS) from April 1, 2013 for the banking industry as scheduled, the opening balance of reserves of banks will be reduced to the extent of the unamortised carry forward expenditure.
- c. The unamortised expenditure carried forward as aforementioned shall not include any amounts relating to separated/retired employees.

4. Appropriate disclosures of the accounting policy followed in this regard may be made in the Notes to Accounts to the financial statements.

CS Update

February 11, 2011

5. In view of the exceptional nature of the event, new pension option and enhanced gratuity related unamortised expenditure would not be reduced from Tier I capital.

6. Banks should keep in view 3(b) above while planning their capital augmentation, suitably factoring in Basel III requirements also (a separate circular would be issued on Basel III).

Yours faithfully

(P R Ravi Mohan)
Chief General Manager

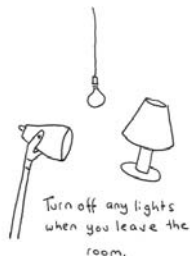
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SCHEME OF 1% INTEREST SUBVENTION ON HOUSING LOANS UP TO RS. 10 LAKH–

RBI/2010-11/ 399 RPCD.SME & NFS. BC.No. 52/06.11.01/2010-2011

February 8, 2011

The Chairman / Managing Director

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir/ Madam,

Scheme of 1% interest subvention on housing loans up to Rs. 10 lakh–

Please refer to our [circular RPCD.SME & NFS.BC. No. 16/06.11.01/2010-2011 dated August 09, 2010](#) and our letter RPCD.SME & NFS.No.4864/06.11.01/2010-2011 dated October 20, 2010 conveying, inter alia, instructions pertaining to procedure for reimbursement of claims under the captioned Scheme.

2. We have since received further clarifications from Government of India as under which may be noted while submitting claims for reimbursement.

- a) Housing loans extended to Non Resident Indians (NRIs), for construction of farm houses and to staff members of the banks are not eligible for subsidy under the Scheme.
- b) While calculating the interest subsidy, each disbursement may be treated as a separate loan and for each disbursement, subsidy claim may be made for twelve instalments. For loans fully disbursed at one stroke, subsidy will be provided upfront on the entire amount of the loan disbursed. Subsidy has to be calculated for 12 months period from the date of disbursement of the loan following the reducing balance of EMI.
- c) Loans sanctioned prior to October 01, 2009 would not qualify for reimbursement under the Scheme.
- d) All SCBs should use their own funds for upfront credit of subsidy till the same is reimbursed by Government of India.
- e) Banks are advised to submit their claims in the prescribed format (excel) supplied by us, on a monthly basis in respect of all housing loans eligible for subsidy under the Scheme.

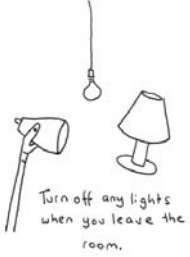
3. All SCBs are advised to implement the Scheme vigorously and the benefits of the Scheme may be provided to all eligible customers/beneficiaries expeditiously. Banks may also note to submit both hardcopy and soft copy of the claim format together.

4. Please acknowledge receipt.

Yours faithfully,

(B.P.Vijayendra)
Chief General Manager

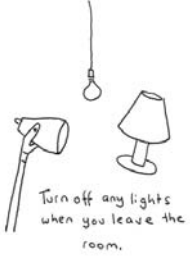
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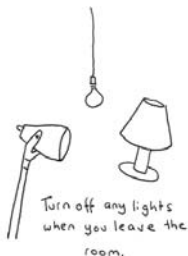
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ENVIRONMENT LAW UPDATE





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PLASTIC WASTE (MANAGEMENT AND HANDLING) RULES, 2011

Press Note

February 7th, 2011: The Ministry of Environment and Forests has today notified the Plastic Waste (Management and Handling) Rules, 2011 to replace the earlier Recycled Plastics Manufacture and Usage Rules, 1999 (amended in 2003). These Rules have been brought out following detailed discussions and consultations with a wide spectrum of stakeholders including civil society, industry bodies, relevant Central Government Ministries and State Governments.

Releasing the Rules the Minister for Environment and Forests, Mr. Jairam Ramesh said " It is impractical and undesirable to impose a blanket ban on the use of plastic all over the country. The real challenge is to improve municipal solid waste management systems. In addition to the privatization and mechanisation of the municipal solid waste management systems we must be sensitive to the needs and concerns of the lakhs of people involved in the informal sector"

[I] Salient Features

Some of the salient features of the new Rules are:-

- Use of plastic materials in sachets for storing, packing or selling gutkha, tobacco and pan masala has been banned.
- Under the new Rules, foodstuffs will not be allowed to be packed in recycled plastics or compostable plastics.
- Recycled carry bags shall conform to specific BIS standards.
- Plastic carry bags shall either be white or only with those pigments and colourants which are in conformity with the bar prescribed by the Bureau of Indian Standards (BIS). This shall apply expressly for pigments and colourants to be used in plastic products which come in contact with foodstuffs, pharmaceuticals and drinking water.
- Plastic carry bags shall not be less than 40 microns in thickness. Under the earlier Rules, the minimum thickness was 20 microns. Several State Governments in the meanwhile, had stipulated varying minimum thickness. It is now expected that 40 microns norms will become the uniform standard to be followed across the country.
- The minimum size (of 8x12 inches) for the plastic carry bags prescribed under the earlier Rules has been dispensed with.

Carry bags can be made from compostable plastics provided they conform to BIS standards. One of the major provisions under the new Rules is the explicit recognition of the role of waste pickers. The new Rules require the municipal authority to constructively engage agencies or groups working in waste

management including these waste pickers. This is the very first time that such a special dispensation has been made.

[II] Role of Implementing Authority

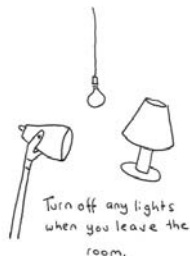
The Municipal authority shall be responsible for setting up, operationalization and coordination of the waste management system and for performing the associated functions, namely;

- To ensure safe collection, storage, segregation, transportation, processing and disposal of plastic waste;
- To ensure that no damage is caused to the environment during this process;
- To ensure setting up of collection centres for plastic waste involving manufacturers;
- To ensure its channelization to recyclers;
- To create awareness among all stakeholders about their responsibilities;
- To ensure that open burning of plastic waste is not permitted.

[III] Additional Safeguards

- **No carry bags shall be made available free of cost to consumers. The municipal authority may determine the minimum price for plastic carry bags.**
- The municipal authority may also direct the manufacturers to establish plastic waste collection centres, either collectively or individually, in line with the principle of 'Extended Producers Responsibility'.
- The new Rules have stipulated provisions for marking or labeling to indicate name, registration number of the manufacturer, thickness and also to indicate whether they are recycled or compostable.

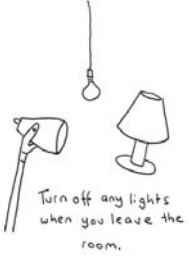
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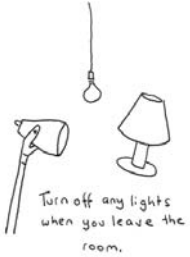
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DIPP UPDATE

Notification regarding Central Capital Investment Subsidy
Scheme 2007 - 09 February, 2011



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IRDA UPDATE

Creation of Reserve for URR by the Non-Life Insurers for Health Segment



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LABOUR LAW UPDATE

[Amendment in Para 60&72\(6\) of Employees Provident Fund Scheme, 1952](#)