



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

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

CS UPDATE

January 27, 2011

CONTENTS

PCS UPDATE

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

FROM ICSI

- PMQ COURSE IN CORP GOV-ENHANCEMENT OF FEES
- THE INSTITUTE'S PUBLICATIONS - 2010

MCA UPDATE

- ADDITIONAL FEES REVISED W.E.F 5TH DECEMBER, 2010
- CIRCULAR ON EASY EXIT SCHEME, 2011

RBI UPDATE

- PARTICIPATION BY FFMCS AND ADS CATEGORY-II IN THE CURRENCY FUTURES AND EXCHANGE TRADED CURRENCY OPTIONS MARKETS
- RBI RELEASES DISCUSSION PAPER ON PRESENCE OF FOREIGN BANKS IN INDIA
- THIRD QUARTER REVIEW OF MONETARY POLICY 2010-11 PRESS STATEMENT BY DR. D. SUBBARAO, GOVERNOR

SEBI UPDATE

- VIEWS SOLICITED ON SEBI DISCUSSION PAPER 'OUTSOURCING OF ACTIVITIES RELATED TO INTERMEDIATION SERVICES'

Disclaimer: - CS Update contains government notifications, case laws and contributions received from the members. 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.

PCS UPDATE

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.

HOME

FROM ICS

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

[HOME](#)

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

HOME

MCA UPDATE

[HOME](#)

**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

[HOME](#)

Circular on Easy Exit Scheme, 2011

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

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

Dated the 3rd December, 2010

To
All Regional Director,
All Registrar of Companies.

Subject: Easy Exit Scheme, 2011

Sir,

It has been observed that certain companies have been registered under the Companies Act, 1956, but due to various reasons some of them are inoperative since incorporation or commenced business but became inoperative later on and are not filing their due documents timely with the Registrar of Companies. These companies may be defunct and are desirous of getting their names strike off from the Register of Companies.

2. In order to give an opportunity to the defunct companies, for getting their names strike off from the Register of Companies, the Ministry had launched a Scheme namely, "Easy Exit Scheme, 2010" under Section 560 of the Companies Act, 1956 during May-Aug, 2010. A large number of companies availed this scheme. However, on huge demands from corporate sector, the Ministry has decided to re-launch the Scheme as, "Easy Exit Scheme, 2011" under Section 560 of the Companies Act, 1956. The details of the Scheme are as under: -

(i) The Scheme shall come into force on the 1st January, 2011 and shall remain in force up to 31st January, 2011.

(ii) **Definitions** - In this Scheme, unless the context otherwise requires, -

- (a) "company" means a company registered under the Companies Act, 1956;
- (b) "Collective Investment Management Company" means the company as defined in clause (h) of sub-regulation of 2 of Securities and Exchange Board of India (Collective Investment Companies) Regulations, 1999;

- (c) "defunct company" means a company registered under the Companies Act, 1956 which is not carrying over any business activity or operation on or after the 1st April, 2008 and includes a company which has not raised its paid up capital as provided in sub sections (3) and (4) of section 3 of the Companies Act, 1956;
- (d) "Non-Banking Financial Company" means a company as defined under clause (f) of section 45-I of the Reserve Bank of India Act, 1934;
- (e) **"Scheme" means the "Easy Exit Scheme, 2011" (EES, 2011), being specified through this Circular;**
- (f) "vanishing company" means a company, registered under the Companies Act, 1956 and listed with Stock Exchange which, has failed to file its returns with Registrar of Companies and Stock Exchange for a consecutive period of two years, and is not maintaining its registered office at the address notified with the Registrar of Companies or Stock Exchange and none of its Directors are traceable.

(iii) Applicability: -

- (a) Any "defunct company" which has active status on Ministry of Corporate Affairs portal may apply under EES, 2011 in accordance with the provisions of this Scheme for getting its name strike off from the Register of Companies;
- (b) Any defunct company which is a Government Company shall submit 'No Objection Certificate' issued by the concerned Administrative Ministry or Department or State Government along with the application under this Scheme;
- (c) The purpose of the Scheme is to allow eligible companies to avail of this opportunity to exit from the Register of Companies after fulfilling the requirements laid down herewith and the decision of the Registrar of Companies in respect of striking off the name of company shall be final.

(iv) Scheme not applicable to certain companies: - The Scheme does not cover the following companies namely: -

- (a) listed companies;
- (b) companies that have been de-listed,
- (c) companies registered under section 25 of the Companies Act, 1956;

- (d) vanishing companies;
- (e) companies where inspection or investigation is ordered and being carried out or yet to be taken up or where completed prosecutions arising out of such inspection or investigation are pending in the court;
- (f) companies where order under section 234 of the Companies Act, 1956 has been issued by the Registrar and reply thereto is pending or where prosecution if any, is pending in the court;
- (g) companies against which prosecution for a non-compoundable offence is pending in court;
- (h) companies accepted public deposits which are either outstanding or the company is in default in repayment of the same;
- (i) company having secured loan ;
- (j) company having management dispute;
- (k) company in respect of which filing of documents have been stayed by court or Company Law Board (CLB) or Central Government or any other competent authority;
- (l) company having dues towards income tax or sales tax or central excise or banks and financial institutions or any other Central Government or State Government Departments or authorities or any local authorities.

(v) Procedure for making an application:-

- (a) Any defunct company desirous of getting its name strike off the Register under Section 560 of the Companies Act, 1956 shall make an application in the Form EES, 2011, annexed;
- (b) The Form EES, 2011, should be filed electronically on the Ministry of Corporate Affairs portal namely www.mca.gov.in accompanied by filing fee of Rs. 3,000/-;
- (c) In case, the application in Form EES, 2011, is not being digitally signed by any of the director or Manager or Secretary, a physical copy of the Form duly filled in, shall be signed manually by a director authorised by the Board of Directors of the company and shall be attached with the application Form at the time of its filing electronically;
- (d) In all cases, the Form EES, 2011, shall be certified by a Chartered Accountant in whole time practice or Company Secretary in whole time practice or Cost Accountant in whole time practice;
- (e) The company shall disclose pending litigations if any, involving the company while applying under this Scheme;

(f) The Form shall be accompanied by an affidavit annexed at Annexure- A of Form EES, 2011, which should be sworn by each of the existing director(s) of the company before a First Class Judicial Magistrate or Executive Magistrate or Oath Commissioner or Notary, to the effect that the company has not carried on any business since incorporation or that the company did some business for a period up to a date (which should be specified) and then discontinued its operations and has not carried on any business after the 1st April, 2008, as the case may be;

(g) The Form EES, 2011 shall further be accompanied by an Indemnity Bond, duly notarized, as annexed at Annexure B of Form EES, 2011, to be given by every director individually or collectively, to the effect that any losses, claim and liabilities on the company, will be met in full by every director individually or collectively, even after the name of the company is struck off the register of Companies;

(h) The Company shall also file a Statement of Account annexed at Annexure C, prepared as on date not prior to more than one month preceding the date of filing of application in Form EES, 2011, duly certified by a statutory auditor or Chartered Accountant in whole time practice, as the case may be.

(i) In the case of 100% Government companies, if no Board is in existence, an officer not below the rank of Deputy Secretary of the concerned administrative Ministry may be authorized to enter his name and other details in Form EES, 2011 and in Annexure A, B and C in place of name and other details of the directors and also to sign the said documents before filing.

(vi) Simplified procedure for Registrar of Companies for removal of name of defunct companies:-

(a) The Registrar of Companies, on receipt of the application, shall examine the same and if found in order, shall give a notice to the company under section 560(3) of the Companies Act, 1956 by e-mail on its e-mail address intimated in the Form, giving thirty days time, stating that unless cause is shown to the contrary, its name be struck off from the Register and the company will be dissolved;

(b) The Registrar of companies shall put the name of applicant(s) and date of making the application(s) under EES, 2011, on daily basis, on the MCA portal www.mca.gov.in,

giving thirty days time for raising objection, if any, by the stakeholders to the concerned Registrar;

(c) In case of company(s) like Non-Banking Financial Company(s), Collective Investment Management Company(s) which are regulated by other Regulator(s) namely RBI, SEBI, the Registrar of Companies, at the end of every week, after the Scheme commences, shall send intimation of such companies availing EES, 2011, during that period to the concerned Regulator(s) and also an intimation in respect of all companies availing EES, 2011, during that period to the office of the Income Tax Department giving thirty days time for their objection, if any;

(d) The Registrar of Companies immediately after passing of time given in sub-paras (a) to (c) of this Para and on being satisfied that the case is otherwise in order, shall strike its name off the Register and shall send notice under sub-section (5) of section 560 of the Companies Act, 1956 for publication in the Official Gazette and the applicant company under this Scheme shall stand dissolved from the date of publication of the notice in the Official Gazette.

Yours faithfully,

(Monika Gupta)
Assistant Director

NOTE: To view Form EES, 2011 and the proforma of various attachments required to be send along with it, kindly visit the website of Ministry of Corporate Affairs i.e. www.mca.gov.in

HOME

RBI UPDATE

**PARTICIPATION BY FFMCS AND ADS CATEGORY-II IN THE
CURRENCY FUTURES AND EXCHANGE TRADED CURRENCY
OPTIONS MARKETS**

RBI/2010-11/384

A.P. (DIR Series) Circular No. 40

A.P. (FL Series) Circular No. 10

January 25, 2011

All Authorized Persons, who are Full Fledged Money Changers
and Authorised Dealers Category-II

Madam/ Sir,

**Participation by Full Fledged Money Changers (FFMCs) and Authorised
Dealers Category-II (ADs Category-II) in the Currency Futures and the
Exchange traded Currency Options markets**

Attention of all the Authorized Persons, who are Full Fledged Money Changers (FFMCs) and Authorised Dealers Category-II (ADs Category-II) is invited to the [A.P.\(DIR Series\) Circular No. 5 dated August 6, 2008](#) and [A.P.\(DIR Series\) Circular No. 5 dated July 30, 2010](#) enumerating the guidelines on trading of currency options contracts on recognized stock / new Exchanges.

2. It has now been decided that the FFMCs and the ADs Category-II [which are not Regional Rural Banks (RRBs), Local Area Banks (LABs), Urban Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs)], having a minimum net worth of Rs. 5 crore, may participate in the designated currency futures and currency options on exchanges recognized by the Securities and Exchange Board of India (SEBI) as clients only for the purpose of hedging their underlying foreign exchange exposures.

3. FFMCs and the ADs Category-II which are RRBs, LABs, UCBs and NBFCs, may be guided by the instructions issued by the respective regulatory Departments of the Reserve Bank in this regard.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999), and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

(G. Jaganmohan Rao)
Chief General Manager

RBI RELEASES DISCUSSION PAPER ON PRESENCE OF FOREIGN BANKS IN INDIA

The Reserve Bank of India released on its website today, the "[Discussion Paper on Presence of Foreign Banks in India](#)". Views/comments of banks, non-banking financial institutions, all stakeholders and the public at large are invited on the discussion paper.

Suggestions and comments may please be sent by **March 7, 2011** to the Chief General Manager, Reserve Bank of India, Department of Banking Operations and Development, Central Office, 13th floor, Central Office Building, Fort, Mumbai - 400001 or [email](#).

After receiving feedback, comments and suggestions on the Discussion Paper, comprehensive guidelines on the mode of presence of Foreign Banks in India would be issued.

R. R. Sinha
Deputy General Manager

Press Release : 2010-2011/1050

[HOME](#)

THIRD QUARTER REVIEW OF MONETARY POLICY 2010-11 PRESS STATEMENT BY DR. D. SUBBARAO, GOVERNOR

"This morning, the Reserve Bank released its Third Quarter Review of Monetary Policy for 2010-11. Based on an assessment of the current macroeconomic situation, we decided to:

- increase the repo and reverse repo rates by 25 basis points (bps) each. Accordingly, the repo rate stands at 6.5 per cent and the reverse repo rate at 5.5 per cent;
- retain the cash reserve ratio (CRR) at 6 per cent of net demand and time liabilities (NDTL) of banks.

2. With the increases announced today, since mid-March 2010, the Reserve Bank has cumulatively increased the repo rate by 175 bps and the reverse repo rate by 225 bps. Additionally, the CRR was increased by 100 bps. Banks have responded to this calibrated tightening by raising their deposit and lending rates, suggesting strong monetary policy transmission.

3. In addition to changes in the policy rates, we made some decisions to manage the current liquidity situation. We decided to extend the two special measures currently in operation, viz.:

- the additional liquidity support to scheduled commercial banks under the liquidity adjustment facility (LAF) to the extent of up to one per cent of their NDTL; and
- a daily second LAF up to April 8, 2011.

Considerations Behind the Policy Move

4. Let me now explain the considerations that guided our monetary policy stance for the remaining period of 2010-11 :

- i. Inflation is clearly the dominant concern. Even as the rate itself remains unacceptably high, the reversal in the direction of inflation is striking. Primary food articles inflation has risen again sharply. Non-food articles inflation and fuel inflation are already at elevated levels. Non-food manufacturing inflation has remained sticky. There are signs of food and fuel price increases spilling over into generalised inflation.
- ii. Second, there has been a sharp rise in global commodity prices which has heightened upside risks to domestic inflation.
- iii. Third, growth has moved close to its pre-crisis trajectory even in the face of an uncertain global recovery.
- iv. Fourth, the uncertainty with regard to global recovery has reduced.

Global Outlook

5. Let me now give you a brief overview of the global economy. Advanced economies are showing firmer signs of sustainable recovery. Although uncertainty continues in the Euro area, there is an overall improvement in global growth prospects. However, inflation has edged up in major advanced economies even as a large slack persists, owing mainly to increase in food and energy prices. Whereas signs of inflation in the advanced countries are only incipient, many emerging market economies have been facing strong inflationary pressures, reflecting higher international commodity prices and rising domestic demand pressures. Significantly, food, energy and commodity prices are widely expected to harden during 2011, driven by a combination of supply constraints and rising global demand, as the

advanced economies consolidate their recovery. This suggests that inflation could be a global concern in 2011.

The Indian Economy

Growth

6. Turning to the domestic macroeconomic situation, the 8.9 per cent GDP growth in the first half of 2010-11 suggests that the economy is operating close to its trend growth rate, powered mainly by domestic factors. The *kharif* harvest has been good and *rabi* prospects look promising. Good agricultural growth has boosted rural demand. Export performance in recent months has been encouraging.

7. With the risks to growth in 2010-11 being mainly on the upside, the baseline projection of real GDP growth is retained at 8.5 per cent but with an upside bias.

Inflation

8. Moving on to the inflation situation, the moderation in headline inflation observed between August and November 2010 was along the projected trajectory of the Reserve Bank. This trend, however, reversed when WPI inflation (year-on-year) moved up from 7.4 per cent in November 2010 to 8.4 per cent in December 2010, due mainly to sharp increase in the prices of vegetables, mineral oils and minerals.

9. While the current spike in food prices is expected to be transitory, inflation stemming from structural demand-supply mismatches in several non-cereal food items such as pulses, oilseeds, eggs, fish, meat and milk is likely to persist till supply response kicks in. Non-food manufacturing inflation also remains above its medium-term trend of 4 per cent.

10. Going forward, the inflation outlook will be shaped by three factors: (i) on how the food price situation, both domestic and global, evolves; (ii) how global commodity prices behave; and (iii) the extent to which demand side pressures may manifest.

11. We have raised the baseline projection of WPI inflation for March 2011 from 5.5 per cent to 7.0 per cent. This upward revision was based on several considerations. First, the upside risks to inflation, as mentioned in the mid quarter review of December 2010, have materialised as reflected in the increase in prices of metals and non-administered fuel. Second, there have been some transitory supply shocks which triggered a sharp increase in vegetable prices. Third, petroleum and aviation turbine fuel prices went up in early January which will add 9 bps to WPI inflation. While the impact of transitory factors is expected to dissipate, price pressures on account of demand-supply imbalances in respect of some commodities will persist.

Monetary and Liquidity Conditions

12. While the year-on-year money supply (M_3) growth at 16.5 per cent in December 2010 was close to the indicative projection of 17.0 per cent, non-food credit growth at 24.4 per cent was much above the indicative projection of 20.0 per cent. Credit expansion in the recent period has been rather sharp, far outpacing the expansion in deposits. Rapid credit growth without a commensurate increase in deposits is not sustainable.

13. Tight liquidity conditions persisted throughout the third quarter of 2010-11. While the overall liquidity in the system has remained in deficit consistent with the policy stance, the extent of tightness is beyond the comfort zone of the Reserve Bank, i.e., (+)/(-) one per cent of NDTL of banks. Above-normal government cash balances contributed to the frictional

component of liquidity deficit. However, the widening difference between credit and deposit growth rates coupled with high currency growth accentuated the structural liquidity deficit.

14. The Reserve Bank instituted a number of measures to mitigate the liquidity deficit such as: (i) reduction in the statutory liquidity ratio (SLR) of scheduled commercial banks (SCBs) by one percentage point; (ii) conducting open market operation (OMO) purchase of government securities of the order of over ₹67,000 crore; (iii) additional liquidity support to SCBs under the LAF; and (iv) introduction of a second LAF window on a daily basis.

15. While the Reserve Bank will endeavour to provide liquidity to meet the productive credit requirements of a growing economy, it is important that credit growth moderates to conform broadly to the indicative projection. This will prevent any further build-up of demand side pressures. Accordingly, the projection for 2010-11 of M_3 growth has been retained at 17 per cent and that for non-food credit growth at 20 per cent. The Reserve Bank will constantly monitor the credit growth and, if necessary, engage with banks which show an abnormal incremental credit-deposit ratio.

External Sector

16. A brief, *albeit* important, comment about the external sector. In the first half of 2010-11, the current account deficit (CAD) expanded to 3.7 per cent of GDP from 2.2 per cent in the corresponding period of last year. Subsequent trade data indicate that exports have grown faster than imports which will improve the CAD. For the year as a whole, we estimate that the CAD will be close to 3.5 per cent of GDP.

Risk Factors

17. Now let me highlight the risks to our growth and inflation projections:

- Food inflation has remained at an elevated level for about two years and the prospect of it spilling over to the general inflation process is rapidly becoming a reality.
- Imports as a means to supplement domestic availability for many commodities will become less of an option as global growth consolidates and capacity utilisation increases. This may accentuate demand side pressures.
- The estimated current account deficit of 3.5 per cent of GDP for 2010-11 is not sustainable.
- On top of the level of CAD which is a risk, the financing of CAD is an additional risk. Should global recovery be faster than expected, it may also have implication for the financing of CAD.
- The recent improvement in the fiscal situation owes largely to one-off revenues generated from spectrum auctions and disinvestment proceeds. However, the commodity price developments pose significant risks for fiscal consolidation in the year ahead. The efficacy of further fiscal adjustment will be influenced by the firming trend in commodity prices and the extent to which Government will allow this to pass through to consumers.
- The combined risks from inflation, CAD and fiscal situation contribute to an increase in uncertainty about economic stability that consumers and investors have to deal with.

Monetary Policy Stance

18. The current stance of monetary policy is intended to:

- Contain the spill-over of high food and fuel inflation into generalised inflation and anchor inflationary expectations, while being prepared to respond to any further build-up of inflationary pressures.

- Maintain an interest rate regime consistent with price, output and financial stability.
- Manage liquidity to ensure that it remains broadly in balance, with neither a surplus diluting monetary transmission nor a deficit choking off fund flows.

Expected Outcomes

19. Today's policy actions are expected to:

- Contain the spill-over from rise in food and fuel prices to generalised inflation.
- Rein in rising inflationary expectations, which may be aggravated by the structural and transitory nature of food price increases.
- Be moderate enough not to disrupt growth.
- Continue to provide comfort to banks in their liquidity management operations.

Guidance

20. Let me now give you some guidance. Current growth and inflation trends clearly warrant that we persist with the anti-inflationary monetary stance. Looking beyond 2010-11, the Reserve Bank expects the domestic growth momentum to stabilise. Inflation is expected to moderate from the first quarter of 2011-12, but several upside risks are already visible. The monetary stance will be determined by how these factors impact the overall inflationary scenario.

Discussions with Banks

21. At today's meeting with bank CEOs where the policy was released, banks welcomed the Reserve Bank's policy stance. They shared the Reserve Bank's concerns about inflation and agreed that the monetary measures and guidance about the stance announced by the Reserve Bank today were appropriate in the current domestic growth-inflation scenario. Apart from monetary measures, discussions with banks centred on: (i) inflation dynamics; (ii) credit growth and asset liability management; and (iii) liquidity management and market borrowing situation. Banks felt that there was a need to step up investment in agricultural infrastructure and focus on better supply chain management. In this context, Indian Banks' Association (IBA) will prepare a Discussion Paper to examine what banks could do to improve finance to enhance productivity and diversification in the agriculture sector. While welcoming the extension of additional liquidity support facility and the second LAF up to April 8, 2011, banks felt that the liquidity situation was still tight and there was a need to inject primary liquidity by the Reserve Bank. Banks indicated that they would endeavour to align the credit growth rate with that of the deposit growth rate. With a view to addressing asset liability mismatches, banks felt that there was a need to look into innovative solutions for financing the infrastructure sector – a major source of asset liability mismatch. In particular, they suggested that there was a need to incentivise raising of long-term resources by banks through appropriate fiscal measures. The recommendations of the Malegam Sub-Committee on the micro-finance sector were also discussed in the meeting."

R.R. Sinha
Deputy General Manager

Press Release : 2010-2011/1065

[HOME](#)

SEBI UPDATE

[HOME](#)

**VIEWS SOLICITED ON SEBI DISCUSSION PAPER
'OUTSOURCING OF ACTIVITIES RELATED TO
INTERMEDIATION SERVICES'**

SEBI has placed a discussion paper on 'Outsourcing of Activities related to the Intermediation Services' on its website for public comments, a copy of which is attached as ready reference.

The Discussion Paper proposes certain principles for outsourcing, and indicates activities presently being outsourced by the intermediaries along with the suggested list of activities which should not be outsourced by them.

Specific comments / suggestions are sought on the following:

- a. The principles for outsourcing,
- b. The activities which can be outsourced,
- c. The activities which cannot be outsourced,
- d. To whom the activities can be outsourced,
- e. The terms of outsourcing,
- f. Responsibilities and obligations of the intermediary and the third party in respect of the outsourced activity towards clients, regulator and market,

We seek your views/ suggestions on the Outsourcing of Activities related to the Mutual Fund, Portfolio Managers and Other Intermediaries and would appreciate to receive the same at sonia.baijal@icsi.edu by January 31, 2011 for sending to SEBI.

Attached: [Discussion Paper on Outsourcing of Activities Related to Intermediation Services](#)

HOME

