

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED (NCDEX)

- NCDEX is a professionally managed on-line multi commodity exchange. The shareholders are :
- Promoter shareholders: Life Insurance Corporation of India (LIC), National Bank for Agriculture and Rural Development (NABARD) and National Stock Exchange of India Limited (NSE) .
- Other shareholders: Canara Bank, CRISIL Limited (formerly the Credit Rating Information Services of India Limited), Goldman Sachs, Intercontinental Exchange (ICE), Indian Farmers Fertiliser Cooperative Limited (IFFCO) and Punjab National Bank (PNB).
- NCDEX is the only commodity exchange in the country promoted by national level institutions. This unique parentage enables it to offer a bouquet of benefits, which are currently in short supply in the commodity markets. The institutional promoters and shareholders of NCDEX are prominent players in their respective fields and bring with them institutional building experience, trust, nationwide reach, technology and risk management skills.
- NCDEX is a public limited company **incorporated on April 23, 2003 under the Companies Act, 1956**. It obtained its Certificate for Commencement of Business on May 9, 2003. **It commenced its operations on December 15, 2003.**
- NCDEX is a nation-level, technology driven de-mutualised on-line commodity exchange with an independent Board of Directors and professional management - both not having any vested interest in commodity markets. It is committed to provide a world-class commodity exchange platform for market participants to trade in a wide spectrum of commodity derivatives driven by best global practices, professionalism and transparency.
- NCDEX is regulated by Forward Markets Commission. NCDEX is subjected to various laws of the land like the Forward Contracts (Regulation) Act, Companies Act, Stamp Act, Contract Act and various other legislations.
- NCDEX is located in Mumbai and offers facilities to its members about 550 centres throughout India. The reach will gradually be expanded to more centres.
- NCDEX currently facilitates trading of 57 commodities -

The NCDEX Commodity Index is an equal-weighted spot price index of 20 agricultural commodities covering different groups such as oils and oilseeds, fibres, etc.

COMPANIES BILL REINTRODUCED

Seeks to harmonise the framework of company laws with the current sectoral regulations

The Government reintroduced the Companies Bill in the Lok Sabha aimed at replacing the over five decade-old Act with the objective of simplifying rules and regulations dealing with formation, mergers and acquisitions (M&As) and winding up of companies.

As the Companies Bill, 2008, lapsed along with the dissolution of the 14th Lok Sabha, Corporate Affairs Minister Salman Khurshid reintroduced the new Companies Bill, 2009, in the House which, among other things, is shorter than the existing Companies Act, 1956, and seeks to harmonise the framework of company laws with the current sectoral regulations. As against 600 sections in the existing Act, the new amendment Bill has 480 sections and seeks to provide greater shareholder democracy coupled with lesser government intervention.

Objectives of Companies Bill, 2009

The main objectives of the Companies Bill, 2009 are as follows -

- (a) to revise and modify the Companies Act, 1956 in consonance with the changes in the national and international economy;
- (b) to bring about compactness by deleting the provisions that had become redundant over time and by regrouping the scattered provisions relating to specific subjects;
- (c) to re-write various provisions of the Act to enable easy interpretation; and
- (d) to delink the procedural aspects from the substantive law and provide greater flexibility in rule making to enable adaptation to the changing economic and technical environment.

The Companies Bill, 2009, provides for:

- (i) The basic principles for all aspects of internal governance of corporate entities and a framework for their regulation, irrespective of their area of operation, from incorporation to liquidation and winding up, in a single, comprehensive, legal framework administered by the Central Government. In doing so, the Bill also harmonizes the Company law framework with the imperative of specialized sectoral regulation.
- (ii) Articulation of shareholders democracy with protection of the rights of minority stakeholders, responsible self-regulation with disclosures and accountability, substitution of government control over internal corporate processes and decisions by shareholder control. It also provides for shares with differential voting rights to be done away with and valuation of non-cash considerations for allotment of shares through independent valuers.

(iii) Easy transition of companies operating under the Companies Act, 1956, to the new framework as also from one type of company to another.

(iv) A new entity in the form of One-Person Company (OPC) while empowering Government to provide a simpler compliance regime for small companies. Retains the concept of Producer Companies, while providing a more stringent regime for not-for-profit companies to check misuse. No restriction proposed on the number of subsidiary companies that a company may have, subject to disclosure in respect of their relationship and transactions/ dealings between them.

(v) Application of the successful e-Governance initiative of the Ministry of Corporate Affairs (MCA-21) to all the processes involved in meeting compliance obligations. Company processes, also to be enabled to be carried out through electronic mode. The proposed e-Governance regime is intended to provide for ease of operation for filing and access to corporate data over the internet to all stakeholders, on round the clock basis. (vi) Speedy incorporation process, with detailed declarations/ disclosures about the promoters, directors etc. at the time of incorporation itself. Every company director would be required to acquire a unique Directors identification number.

(vii) Facilitates joint ventures and relaxes restrictions limiting the number of partners in entities such as partnership firms, banking companies etc. to a maximum 100 with no ceiling as to professions regulated by Special Acts.

(viii) Duties and liabilities of the directors and for every company to have at least one director resident in India. The Bill also provides for independent directors to be appointed on the Boards of such companies as may be prescribed, along with attributes determining independence. The requirement to appoint independent directors, where applicable, is a minimum of 33% of the total number of directors.

(ix) Statutory recognition to audit, remuneration and stakeholders grievances committees of the Board and recognizes the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Company Secretary as Key Managerial Personnel (KMP).

(x) Companies not to be allowed to raise deposits from the public except on the basis of permission available to them through other Special Acts. The Bill recognizes insider trading by company directors/KMPs as an offence with criminal liability.

(xi) Recognition of both accounting and auditing standards. The role, rights and duties of the auditors defined as to maintain integrity and independence of the audit process.

Consolidation of financial statements of subsidiaries with those of holding companies is proposed to be made mandatory.

(xii) A single forum for approval of mergers and acquisitions, along with concept of deemed approval in certain situations.

(xiii) A separate framework for enabling fair valuations in companies for various purposes. Appointment of valuers is proposed to be made by audit committees.

(xiv) Claim of an investor over a dividend or a security not claimed for more than a period of seven years not being extinguished, and Investor Education and Protection Fund (IEPF) to be administered by a statutory Authority.

(xv) Shareholders Associations/ Group of Shareholders to be enabled to take legal action in case of any fraudulent action on the part of company and to take part in investor protection activities and 'Class Action Suits'.

(xvi) A revised framework for regulation of insolvency, including rehabilitation, winding up and liquidation of companies with the process to be completed in a time bound manner. Incorporates international best practices based on the models suggested by the United Nations Commission on International Trade Law (UNCITRAL).

(xvii) Consolidation of fora for dealing with rehabilitation of companies, their liquidation and winding up in the single forum of National Company Law Tribunal with appeal to National Company Law Appellate Tribunal. The nature of the Rehabilitation and Revival Fund proposed in the Companies (Second Amendment) Act, 2002 to be replaced by Insolvency Fund with voluntary contributions linked to entitlements to draw money in a situation of insolvency.

(xviii) A more effective regime for inspections and investigations of companies while laying down the maximum as well as minimum quantum of penalty for each offence with suitable deterrence for repeat offences. Company is identified as a separate entity for imposition of monetary penalties from the officers in default. In case of fraudulent activities/actions, provisions for recovery and disgorgement have been included.

(xix) Levy of additional fee in a non-discretionary manner for procedural offences, such as late filing of statutory documents, to be enabled through rules. Defaults of procedural nature to be penalized by levy of monetary penalties by the Registrars of Companies. The appeals against such orders of Registrars of Companies to lie with suitably designated higher authorities.

(xx) Special Courts to deal with offences under the Bill. Company matters such as mergers and amalgamations, reduction of capital, insolvency including rehabilitation, liquidations and winding up are proposed to be addressed by the National Company Law Tribunal/ National Company Law Appellate Tribunal.

STANDING CONFERENCE OF PUBLIC ENTERPRISES (SCOPE)

Standing Conference of Public Enterprises (SCOPE) is an apex professional organization representing the Central Government Public Enterprises. It has also some State Enterprises, Banks, and other Institutions as its Members. SCOPE's objective is to promote excellence in organizations where public investment is involved, in order to enable them to be globally competitive

DRAFT DIRECT TAXES CODE PROPOSES MODERATE RATES : DRAFT DIRECT TAXES CODE

The government proposed to tax income up to Rs. 10 lakh at 10 per cent, while under the existing regime this relief is limited to people with an income of Rs. 1.6 lakh to Rs. 3 lakh. Income between Rs. 10 lakh and Rs. 25 lakh will be taxed at 20 per cent and earnings thereafter will attract a rate of 30 per cent, as per the draft of the new Direct Taxes Code that seeks to improve the efficiency and equity of the tax system by eliminating distortions in the structure, bringing about moderate levels of taxation and expanding the base.

Releasing the code that proposes to consolidate and amend the law relating to all direct taxes — income tax, dividend distribution tax, fringe benefit tax and wealth tax — and ultimately replace the Income Tax Act of 1961,

The draft code proposes a new, substantially liberalised tax rate for individual tax-payers. For example, in the case of every individual other than women and senior citizens, the code does not propose to levy any income tax on a total annual income of up to Rs.1.6 lakh.

Slabs

The code proposes 10 per cent income tax if the total yearly income exceeds Rs. 1.6 lakh but does not exceed Rs.10 lakh. It proposes two other slabs: where the total income exceeds Rs.10 lakh but does not exceed Rs. 25 lakh and it proposes a tax of Rs. 84,000 plus 20 per cent of the amount by which the total income exceeds Rs.10 lakh; where the total income exceeds Rs. 25 lakh, it proposes Rs. 3.84 lakh plus tax at the rate of 30 per cent of the amount by which the total income exceeds Rs. 25 lakh.

Currently, the general income tax payer does not pay tax up to Rs. 1.6 lakh of income in a year. However, he pays 10 per cent tax on income between Rs. 1.6 lakh and Rs. 3 lakh, 20 per cent between Rs. 3 lakh and Rs. 5 lakh, and 30 per cent beyond Rs. 5 lakh.

The new direct tax code is a bold attempt at consolidating the entire corpus of law relating to direct taxes — income tax, dividend distribution tax, fringe benefit tax, and wealth tax. Now open for public discussion, the code will be incorporated in a bill the government hopes to introduce in the winter session of Parliament. It represents a strategic shift in the government's fiscal agenda relating to direct taxes. Its three main objectives are: to minimise the number of tax exemptions even while maintaining moderate rates; remove ambiguities; and curb evasion. The Finance Minister hopes that the code — expected to become law by 2011 — will provide stability to the tax regime as it is based on widely accepted principles of taxation and best international practices. The proposal to reduce the tax liabilities of individuals and corporates has attracted a great deal of attention but more important is the principle that low tax rates combined with simpler tax laws and minimal exemptions will benefit both the tax payer and the exchequer

MICROSOFT BANNED FROM SELLING WORD

A U.S. judge has ordered Microsoft to stop selling its Word document creation application in the country in 60 days after finding that the software contains technology that violates a patent held by a third party

Infosys chief mentor N. R. Narayana Murthy is likely to become the non-executive Chairman of the National Payment Corporation of India (NPCI) being set up to handle the retail payment operations of the Reserve Bank of India.

INDIAN SCHOOL OF MINES (ISM)

Indian School of Mines (ISM) is a fully Resident and co-educational university located in the mineral-rich belt of India in the city of Dhanbad, Jharkhand. It was established in 1926 on the lines of Royal School of Mines, London. Today, it is a multi-disciplinary institute catering to a wide range of engineering and scientific disciplines and is considered among the best engineering institutes in the country.

The Indian School of Mines is the only institute of its kind in India and has traditionally catered extensively to the mining, mining machinery, mineral and petroleum industries. Yet, over the years, other engineering disciplines have made their mark in their respective sectors and are now churning out some of the most talented engineers in India.

ISM is rapidly improving its position among the top engineering colleges of India. It is consistently ranked among the top academic institutions in India. In the latest Outlook ranking of Top Engineering Colleges of India (June 2007), ISM was placed 8th, only next to its IIT-JEE league and BITS Pilani.

CABINET APPROVES EXPANSION OF RAJMAHAL COALFIELDS

The Union Cabinet approved the Rs. 155-crore expansion of Rajmahal Coalfields to take the annual production capacity at its opencast mines to 17 million tonnes, primarily aimed at increasing supplies to the NTPC facilities in Jharkhand.

PERU DROPS SAFEGUARD DUTY ON INDIAN COTTON YARN

The efforts by the **Cotton Textiles Export Promotion Council (Texprocil)** and the Indian Embassy in Peru have led to the Peruvian authorities deciding against the imposition of any Safeguard duty on import of Cotton yarn into Peru. According to a statement from Texprocil, shipments of Cotton yarn from India would now continue without any incumbrances.

“Being the largest supplier of cotton yarn to Peru with a share of over 80 per cent in total Peruvian cotton yarn imports, Indian cotton yarn exports would have been severely impacted in case the safeguard duties were imposed.”

Exports of cotton yarn from India reached a level of \$94.45 million in 2008, recording a growth of 73.62 per cent. On account of the safeguard investigations, imports of cotton yarn from India during Jan-June 2009 had recorded a sharp decline of 54.25 per cent, going down to a level of \$24.79 million.

SWISS BANK

Banking in Switzerland is characterised by stability, privacy and protection of clients' assets and information. The country's tradition of bank secrecy, which dates to the Middle Ages, was first codified in a 1934 law. All banks in Switzerland are regulated by Swiss Financial Market Supervisory Authority (FINMA), which derives its authority from a series of federal statutes.

BANKING SERVICES FOR EVERY VILLAGE BY 2011

A high level committee set up by the Reserve Bank of India (RBI) has recommended that a sub-committee of the District Consultative Committee (DCC) of banks — under the Lead Bank Scheme — would draw up a road map to provide banking services, in any form, to every village with a population of over 2,000, at least once a week on a regular basis by March 2011.

The high level committee headed by RBI Deputy Governor Usha Thorat was set up by the RBI to improve the effectiveness of the Lead Bank Scheme with a focus on financial inclusion and recent developments in the banking sector.

MANGALA OIL FIELD MARKS 'BEGINNING OF A NEW ERA': MANMOHAN SINGH

- Prime Minister Manmohan Singh dedicates the Mangala Oil Field to the nation at Barmer, Rajasthan, The Great Indian Desert, once discarded as wasteland until foreign tourists discovered its sand dunes by moonlight, achieved another economic milestone for the State of Rajasthan and the whole country when Prime Minister Manmohan Singh dedicated to the nation the Mangala oil field , marking the start of commercial production of oil from the area.
- Dr. Singh, who termed the occasion as the “beginning of a new era” for the desert State, said the success of the joint venture of Cairn Energy and the Oil and Natural Gas Corporation Limited (ONGC) was a signal to the world community to invest in India.
- Mangala is the largest of 25 discoveries made by Cairn in the Barmer Basin. Discovered in January 2004, it is said to be the largest onshore discovery in the country over two decades. The Mangala, Bhagyam, and Aisharya fields together have a recoverable oil reserve of one billion barrels.

RBI GOVERNOR D. SUBBARAO ON THE GLOBAL ECONOMIC CRISIS

Macro imbalances and policy conflicts among root causes

The four key aspects of the crisis articulated by the RBI Governor are

- Macro imbalances,
- Conflicts between monetary and fiscal policies,
- Inflation targeting and
- The interplay of the real and financial sectors.

WORLD TRADE REPORT 2009

The World Trade Organization released its World Trade Report 2009 recently in Singapore.

The WTO which had earlier predicted a 9 per cent decline in global merchandise trade this year now says that the decline will be 10 per cent. The downward revision is due to the fact that trade growth will be 'strongly negative' this year.
