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May do not have FICCI members? Re



### MERGER NORMS To be put in place by June 1 P.4

# THE HINDU BUSINESS LINE



(from left) **Mr Murli Deora**, Corporate Affairs Minister, **Mr Sidharth Birla**, Chairman, FICCI Law Committee, and **Mr William E. Kovacic**, Commissioner, Federal Trade Commission of the US, at a conference on 'Regulation of Combinations' organised by the FICCI and Competition Commission of India in the Capital on Thursday. — Kamal Narang

## Merger norms will be in place by June 1

**Our Bureau**  
New Delhi, April 21

The rules for corporate mergers and acquisitions would be implemented by June 1, as notified, said Mr D.K. Mittal, Secretary, Ministry of Corporate Affairs, on the sidelines of a FICCI event.

"The regulations are under review of the Competition Commission and would be finalised by the first week of May, following which it will be mandatory for companies to seek the Commission's approval for such deals," said Mr Mittal.

The Minister for Corporate Affairs, Mr Murli Deora, and officials of the Competition Commission of India and Ministry of Corporate Affairs were

meeting members of industry to share views and discuss the new provisions of the competition regime.

They will be meeting industry members in Mumbai, Bangalore and Hyderabad as well, said the Minister.

"We are here to listen to the industry. We do not want to force anything on them but rather partner them in creating laws that will help them," said Mr Deora.

Sections 5 and 6 of the Competition Commission Act, 2002, dealing with mergers and acquisitions were notified by the Ministry last month.

Once the norms come into place from June 1, companies will have to seek the CCI's approval for domestic and cross-

border M&As. The Act will check mergers that could create monopolies or abuse dominance, are harmful to consumers and small producers and impede orderly economic growth, said the Minister.

According to the provisions in the Act, companies with a turnover of more than Rs 1,500 crore will have to approach the CCI for approval before merging with another firm.

Companies with combined assets of Rs 1,000 crore or more, or a combined turnover of Rs 3,000 or more, would require the CCI's nod.

The maximum time limit for the CCI to vet mergers has been reduced to 180 days from the earlier 210 days.

# M&A draft <sup>(4)</sup> deadline must not be tinkered with: Deora

**fe Bureau**

**New Delhi, Apr 21:** The government has made it clear that while the draft regulations on mergers and acquisitions put out by the Competition Commission of India last month would be up for review, there would not be any tinkering with the June 1 deadline. Corporate affairs minister Murlidhar Deora said the corporate affairs ministry would finish discussions with various industry bodies by the end of April after which the final draft would be prepared.

"We are not going to go back on the June 1 deadline. The regulations are being currently reviewed," said MCA secretary DK Mittal. He added that the government shares the concerns of the industry as legitimate and appropriate but added that the final decision would be reached after due consultations with all stakeholders. Senior government officials had gathered for a Fici organised meeting on M&As.

Deora said that the government would be meeting industry representatives on April 25 in Mumbai followed by similar meetings in Bangalore and Hyderabad. "We would interact with industry and it (regulations) would be finalised by the end of the month," he said. When asked about the state of the Companies Bill, Deora assured that it would be tabled in the Parliament in the monsoon session.

While assuring that the final regulations would be industry friendly, Deora said that the CCI would not support any merger that could create monopolies thereby impact the end consumers. Chairman of CCI Dhanendra Kumar also said that the commission would ensure that the competition law does not act as an impediment to growth but help in nurturing it.

Last month the CCI had come out with the draft regulations on M&As as per sections 5 & 6 of the Competition Act after the committee of secretaries (CoS) headed by cabinet secretary KM Chandrasekhar had vetted them. Following this, the MCA soon issued its pending notifications as per which they would take effect from June 1.

However industry voiced its concerns on several aspects of the regulations namely the long approval period for an M&A which could stretch into six months and the high notification fee. Last week the MCA had issued a statement which said that the government had directed the CCI officials to "ensure there is no disruption in the activities of corporate India" when it finalises the rules on how it will treat M&As.



Indian  
April 22, 2011 (10)

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New Delhi, Mumbai, Bangalore, Kolkata, Chennai



## Draft norms on M&A scrutiny by 1 May

**New Delhi:** A month before it starts scrutinizing mergers and acquisitions above a certain size in terms of sales or assets, the the Competition Commission of India (CCI) will finalize the draft regulation detailing the process of scrutiny by 1 May, according to CCI chairman Dhanendra Kumar.

Members of the Federation of Indian Chambers of Commerce and Industry (Ficci) and the Confederation of Indian Industry, who met Kumar and his officials on Thursday, said their concerns were about the need to notify transactions that would have no adverse effect on competition and also the payment of stiff fees for such notifications.

"These include acquisition of one or more shares, internal reorganization, stock in trade, raw materials, stores and space, issue of bonus shares, division of shares, etc.," said Vijaya Sampath, co-chair, Ficci corporate law committee.

"We have taken note of all your concerns. We will work on them and then finalize the draft regulation. The CCI will not be a roadblock in industry's endeavour to grow," said Kumar. **SANGEETA SINGH**

**SINGH**

# Indian

April 22, 2011

(17)

# EXPRESS

## M&A rules to be finalised by May 1: MCA

ENS ECONOMIC BUREAU

NEW DELHI, APRIL 21

THE regulations governing the mergers, acquisitions and combinations under the Competition Act would be finalised by May 1, a senior government official said here today.

"The notification will be finalised in the first week of May and would be implemented from June 1, 2011," D K Mittal, secretary, ministry of corporate affairs, told reporters on the sidelines of a FICCI event.

The regulations will help the government in implementing the Section 5 and 6, pertaining to mergers and combinations effectively. The sections were notified last month but the regulations have been mired in heated debates and controversy due to "lack of clarity", as the industry puts it.

The Competition Commission of India (CCI), in an effort to build consensus on the issue, will hold meetings in Bangalore, Hyderabad, and Mumbai with law experts and industry representatives so that the contentious matters can be resolved.

Meanwhile, corporate affairs minister Murli Deora reiterated that the date of implementation of the sections remain unchanged at June 1. He said the approval of CCI will help "check mergers that end up in creating monopolies or abuse of dominance, harmful to consumers and small producers and impede orderly economic growth." Earlier, Deora had said the industry would be heard before the CCI finalises the regulatory provisions in the new competition regime.

According to the provisions in the Act, companies with a turnover of over Rs 1,500 crore will have to seek CCI's approval before merging with another firm.

# CCI to check M&As leading to monopolies: Deora

PNS ■ NEW DELHI

The Government on Thursday said it will keep an eye on those merger and acquisition deals that create monopolies and impede economic growth.

"The Competition Commission of India (CCI) will check mergers that end up creating monopolies or abuse of dominance harmful to consumers and small producers and impede orderly economic growth," Corporate Affairs Minister (MCA) Murli Deora said.

The Minister, however, assured the industry that the CCI will "speedily clear" deals that increase efficiencies due to economies of scale, combined production plants, integrating procurement and pooling of R&D resources.

The CCI has notified sections 5 and 6 of the Competition Commission Act, 2002, dealing with mergers and acquisitions (M&A) last month, but it is yet to finalise the rules.

Later on the sidelines of the meet, MCA Secretary DK Mittal said his ministry would finalise rules for corporate mergers and acquisitions by the first week of May, following which it will be mandatory for companies to seek the Commission's approval for M&A deals.

"The notification will be finalised in the first week of May and would be implemented from June 1, 2011," he said at a FICCI event here.

The norms when implemented from June 1 would require companies to seek CCI's approval for domestic and cross-border M&As.



The CCI is already working with corporate law experts and industry representatives to get their feedback on the draft merger regulations.

According to the Act, companies with a turnover of over ₹1,500 crore will have to approach the CCI for approval before merging with another firm.

Among other things, CCI would take a prima facie view on the proposed combinations within a month of filing by companies, addressing a major concern of industry about the time limit the body would take to vet mergers.

Also, the maximum time limit the CCI would take to vet mergers has been reduced to 180 days from the earlier 210 days, after facing opposition from the industry.

Only those proposals would need the CCI's nod where the companies have combined assets of ₹1,000 crore or more, or a combined turnover of ₹3,000 crore or more.

Also, the target company's net assets have to be a minimum of ₹200 crore or it should have a turnover of ₹600 crore for CCI intervention.

*Any fees involved?*



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# TIMES OF INDIA

## 'CCI will check M&As creating monopolies'

**New Delhi:** Government on Thursday said it was on the alert against monopolies and abuse of dominance resulting from mergers. Corporate affairs minister Murlidhar Deora warned India Inc that the Competition Commission of India (CCI) would check mergers that end up in creating monopolies as this would impede orderly economic growth.

The minister said experience of developed capital markets and economies such as the US and Europe had made it increasingly evident that regulation of mergers and acquisitions helps in strengthening the market and its competitiveness to the advantage of consumers and the economy. "It is in this context that the government had notified Section 5 and 6 of the Competition Law relating to combinations, including acquisitions, enquiries of control and mergers and amalgamations," he said at a Ficci conference. TNN

- FICCI - ?  
hardly

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## ■ Deora assures India Inc of Fast CCI Approval For M&A



**NEW DELHI** Minister for corporate affairs Murli Deora has assured India Inc of speedy clearance of merger proposals by the country's competition regulator, Competition Commission of India. He said the competition watchdog will only stop mergers that are harmful to economic growth and affect the interests of consumers and small producers. The government held wide-ranging discussions with the industry over the forthcoming merger regulations of the Competition Act on Thursday. Minister said that the new norms will be finalised by early next month.



## Business Standard

NEW DELHI, FRIDAY 22 APRIL 2011

### ECONOMY 5

# M&A rules to be notified by May 1

BS REPORTER  
New Delhi, 21 April

COMPETITION Commission of India (CCI) will notify the new merger and acquisition (M&A) rules by May 1, a month before M&A provisions under the Competition Act, 2002, turn effective for corporate mergers and takeovers in

the country.

The Ministry of Corporate Affairs would also organise a series of stakeholder consultations before the final rules were notified, said minister Murli Deora.

Speaking at a conference organised by industry chamber Ficci here today, the minister said the next industry

consultation on M&A rules is scheduled in Mumbai on April 25. It will be followed by similar interactions in Bangalore and Hyderabad.

CCI chairman Dhanendra Kumar said the Commission will take a final view on the draft M&A rules on April 29, once industry consultations are over.

all

April 22, 2011

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# hindustantimes

CI permission must for  
cross-border acquisitions



■ Deora: new norms

**NEW DELHI:** Companies would be required to obtain permission from the Competition Commission of India (CCI) for cross-border acquisitions from June 1, when the new guidelines on mergers and acquisitions (M&A) will come into force, corporate affairs minister Murli Deora said. The new guidelines will be released by May 1, he said. "The regulations are being reviewed by the commission and the date of implementation remains June 1," Deora said here on Thursday. HTC

CCI!

INSIDE: 3 Tender pages

# Govt mulls tough code for listed firms' honchos

AJAY KUMAR SHUKLA

*New Delhi*

WITH over half-a-dozen major scams involving top industry officials coming to fore, ministry of corporate affairs is mulling over stringent code of ethics for senior brass of listed companies.

Corporate affairs minister Murli Deora said that there were provisions of personal code of conduct for top company officials in final draft of the companies' bill set to be tabled in monsoon session of Parliament. Deora's statement assumes significance as five big business honchos were sent behind the bars in the 2G spectrum scam on Wednesday.

CBI special court on Wednesday had ordered ju-

dicial custody for chairman of Unitech Wireless Sanjay Chandra, chairman of the Dynamix Balwas group, Vinod Goenka, the group managing director of Reliance ADAG, Gautam Doshi, and two senior vice-presidents of ADAG,

"We are concerned about it (the arrest of top company executives) and the matter is worth considering," Deora said on the sidelines of a meeting held on Regulations for different sectors. Deora said that 2G scam was at present sub judicious and it was in the court's ambit to decide on the guilt and wrongdoings of companies.

Earlier, Deora said that the ministry was in constant touch with industry captains to address all their apprehen-

sions on new rules for mergers and acquisitions (M&A). "We will be holding a meeting in Mumbai on April 25, thereafter such meetings would be held with industry leaders in Hyderabad and Bangalore," He said.

He said that earlier deadline to form regulations for M&As may however, be missed (M&A regulations were scheduled to be out by this month end). But, their implementation will not be delayed and they would become operational by June 1.

"More and more people are coming with new ideas and we do not want to miss any of them. We are still trying to bring together all the opinions," he said.

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Discus - ?

# Two-way trade street

Indian business must be ready for a greater degree of openness to benefit from free trade agreements with Asean



N CHANDRA MOHAN

India's free trade agreement (FTA) with the Association of Southeast Asian Nations (Asean), which kicked off in January 2010, is perhaps the country's most important trade agreement because it is integral to its "look east" policy of integration with Asia. The 10-member Asean's combined GDP of \$1.5 trillion is not very different from that of In-

dia's GDP of \$1.2 trillion. An FTA, thus, is bound to open up a substantial market for our goods. India, too, can benefit from services trade with Asean. Greater engagement with this grouping will spur the globalising drive of India Inc eastwards as it forms partnerships, alliances and joint ventures to leverage the bustling business prosperity of this region.

However, despite evidence that this FTA might result in a boom in bilateral trade that can easily touch \$70 billion by 2012, up from \$50 billion in 2010, such local stakeholders as farmers in states like Kerala and India Inc are far from gung-ho

about this agreement. Indian industry nurtures a deep-seated ambivalence over the benefits of such bilaterals due to the persisting domestic handicap of inverted duty structures. This contributes to a skewed pattern of trade tilted against India. Presumably, the only ones who remain enthusiastic are bureaucrats and politicians — especially the so-called reformers in their midst, who are susceptible to the need to show that India has arrived on the world stage!

Professor Jagdish Bhagwati of Columbia University and other economists specialising in trade are also extremely sceptical that such FTAs

have anything to do with free trade. Far from it, they form an unruly mass of crisscrossing strings, that he called a "spaghetti bowl", that hampers rather than facilitates free trade for those left out. Such FTAs entail different rules of origin and preferences that benefit only member countries. Whether the trade creation for such member countries is welfare-enhancing for their stakeholders like farmers and local industries is also far from certain. Such agreements are at best a second-best option to a multilateral WTO deal that wraps up the Doha Round.

Even if such agreements are second-best options, India is unlikely to derive much benefit if there is a persisting sense of ambivalence among stakeholders regarding the potential gains. Closer economic engagement with Asean is simply not on without a greater degree of self-confidence on the part of India Inc. If India desires to be part of the broader Asian community, a degree of openness is nec-

essarily called for. Is India Inc ready for a greater degree of openness? After having experienced decades of tariff protection, it is certainly not easy to be prepared for accelerated reductions in import duties. But being defensive about one's market is hardly the best way to gain from two-way trade.

Considering its nascent stage — the agreement is not fully in place as only eight of the ten members have ratified it. Vietnam and Cambodia are expected to do so in the near future — it is hardly surprising that there are no detailed impact assessments of this agreement by think-tanks and researchers. A good report is the recent Deloitte-FICCI white paper on "India Asean Free Trade Agreement: Implications for India's Economy" that argues that the success of the FTA is "critically dependent on the existence of good institutions in the country and an efficient regulatory environment such that they act as true enablers for the benefits to

flow through and disperse throughout the economy."

On the goods front, this agreement will benefit Asean more than India although it will provide greater competitive advantage to several of our industries like chemicals, pharmaceuticals, textiles and handicrafts, according to Deloitte. Extending the FTA to services is, therefore, critical for India if it has to leverage its full potentiality. To be sure, negotiations between India and Asean have been facing problems on services, especially over the issue of movement of natural persons. India, however, is unfazed by these setbacks as it has concluded a comprehensive economic cooperation agreement (CECAs) with Malaysia, like it has with Singapore. CECAs with Thailand and Indonesia are also on the anvil. India certainly can benefit from greater services trade with such important Asean members.

This FTA, thus, is likely to be our most ambitious trade agree-

ment. But so long as we have a defensive mindset in trading off long-term benefits with short-term costs, we wouldn't be able to leverage its full potential. Indian business must be ready for a greater degree of openness to benefit from trade agreements and take proactive measures to form alliances with the Bhumiputras in Malaysia and local non-Chinese businessmen in, say, Indonesia. This should not be difficult in principle as doing business in Asean is hardly different from India. In this connection, an extremely positive development is that the Indian government is thinking of appointing a dedicated ambassador to Asean who will be based in Jakarta. This should help in giving more attention to a crucial building-block of India's drive to integrate with Asia.

*From the Ivory Tower makes research from the academic world accessible to all our readers*

# बिज़नेस स्टैंडर्ड

## देश भर में एक जून से लागू होंगे विलय एवं अधिग्रहण नियम

बीएस संवाददाता  
नई दिल्ली, 21 अप्रैल

भारतीय प्रतिस्पर्धा आयोग (सीसीआई) विलय एवं अधिग्रहण (एमएंडए) से संबंधित नियमों को 1 मई तक अंतिम रूप दे देगा और इसके एक माह बाद 1 जून को प्रतिस्पर्धा अधिनियम 2002 को लागू कर दिया जाएगा। इसकी अधिसूचना के बाद कंपनियों के लिए इस तरह के सौदों के लिए सीसीआई मंजूरी लेना अनिवार्य हो जाएगा।

कंपनी मामलों के मंत्री मुरली देवड़ा ने कहा, 'इसे लागू करने से पहले इससे संबंधित नियमन की आयोग गहन समीक्षा करेगा।'

उद्योग संगठन फिक्की की एक कांफ्रेंस में मंत्री ने कहा, एमएंडए से संबंधित अगली बैठक मुंबई में 25 अप्रैल को होनी है। इस बारे में सीसीआई और मंत्रालय के अधिकारी बेंगलुरु, हैदराबाद, मुंबई और दिल्ली में उद्योग चैंबरों के साथ विचार-विमर्श कर रहे हैं। देवड़ा ने कहा कि सीसीआई की मंजूरी

अनिवार्य होने के बाद इस तरह के विलय पर रोक लग सकेगी, जो एकाधिकार की स्थिति पैदा करते हैं व्था जिनमें कंपनियों द्वारा बाजार में अपनी अग्रणी स्थिति का अनुचित फायदा उठाया जाता है।

सीसीआई चेयरमैन धर्मेन्द्र कुमार ने कहा कि आयोग उद्योग जगत से विचार-विमर्श करने के बाद एमएंडए नियमों से संबंधित मसौदे पर अंतिम फैसला 29 अप्रैल को लेगा। अधिनियम के प्रावधानों के अनुसार, 1,500 करोड़ रुपये से

अधिक के कारोबार की कंपनी को किसी अन्य फर्म के साथ विलय से पहले सीसीआई की अनुमति लेनी होगी। इसके साथ ही उद्योग के विरोध को देखते हुए सीसीआई द्वारा विलय की जांच की अवधि को भी 210 दिन से घटाकर 180 दिन कर दिया गया है। केवल उन प्रस्तावों पर सीसीआई की मंजूरी लेनी होगी, जहां दोनों कंपनियों की कुल परिसंपत्तियां 1,000 करोड़ रुपये या अधिक या कुल कारोबार 3,000 करोड़ रुपये या ज्यादा है।



कार्यक्रम में मौजूद (दाएं से) उद्योग मंत्री मुरली देवड़ा, फिक्की चेयरमैन सिद्धार्थ बिड़ला और उद्योग सचिव डी के मिश्रा। पीटीआई

7/11

# Deora bats for M&A norms

## AGE CORRESPONDENT

NEW DELHI

**April 21:** The corporate affairs minister, Mr Murli Deora, on Thursday said that new regulations on mergers and acquisitions (M&A) will check mergers that end up in creating monopolies or abuse of dominance which is harmful to consumers and small producers.

He said there is no denying that fair competition is a must for an orderly development of the economy and compliance with the provisions of the competition law is absolutely essential to attain this goal. However, this should not stifle the pace of M&A activity, necessary for India's economic growth at this juncture.

The Competition Commission of India (CCI)

is already working with corporate law experts and industry representatives to get their feedback on the draft merger regulations.

From June 1, all large firms would require to seek CCI's approval before going ahead with M&As. The CCI has been empowered to do so with the notification of sections 5 and 6 of the Competition Act, 2002.