

.....” To my mind, education is the spirit of enquiry, the ability to keep one's mind and heart open to beauty and goodness, indeed all that surrounds us, to be able to think and judge for oneself. Education should inculcate a life-long habit of learning. And today, this is all the more necessary because the corpus of knowledge is increasing at a tremendous pace, often making what one has learnt obsolete....”

- *Indira Gandhi*

Vol. 12
Issue 10
March 2009
Pages 28



Price Rs. 10/-

The Chartered Accountant Student

STUDENTS' NEWSLETTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

YOUR MONTHLY GUIDE TO THE CA NEWS, INFORMATION AND EVENTS.

PRESIDENT'S COMMUNICATION



Dear Students,

I have had the opportunity to interact with all of you over the years. However, this is the first time I am interacting with you as President of The Institute of Chartered Accountants of India. Based on my observations during my tenure

as Vice President, I have noted various issues which I would like to implement this year. Therefore, I have dedicated a large part of my Action Plan for 2009 for undertaking innovative and pro-active measures for your benefit.

Perspective Plan

My immediate task is to come out with a five year perspective plan for the CA course. You all have had to cope with frequent changes in the curriculum in the past. Based on the feedback from various stakeholders, economic trends, regulatory requirements and industry views, I plan to prepare a framework which would not be subjected to frequent changes. This would enable you to plan and prepare well in advance for your examinations.

Industrial Visits and Training

Today more and more of you are opting to join

industry after becoming Chartered Accountants. Therefore, I would like to discuss the feasibility of making industrial visits and article training under leaders in industry with the Council Members and the Board of Studies as it would give the students an early insight into the working of various industrial houses.

Enlarge skill-sets

Also I would like that students go beyond classroom teaching and develop an analytical mind. Therefore, I would like to enlarge the skill-sets of students in addition to subject knowledge covering areas such as communication skills, presentation skills, IT skills, Team Leadership skills and so on.

Specialisation

I would like to introduce various branches for specialisation to enable students to branch out at an appropriate stage in their training to specific streams such as IT practice, corporate audits, IS audit, business valuation, etc.

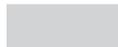
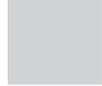
Coaching system

I will endeavour to bring in a better coaching system, effectively dealing with student training and article system. There will be a moderated role for the Institute in coaching and an active role for accredited institutions in student training.

Centres of Excellence

The ICAI has ambitious plans to open a number of centres of excellence in several parts of the country. The first centre of excellence was commissioned in

(Continued on Page 4...)



Editorial Board

President and Editor-in-Chief

CA. Uttam Prakash Agarwal, Mumbai

Vice-President

CA. Amarjit Chopra, Delhi

Director - Board of Studies

CA. R. Devarajan

Support team

Shaleen Suneja, Sr. Assistant Director

K. Sudhakaran, Sr. Education Officer

Office

Board of Studies

The Institute of

Chartered Accountants of India,

ICAI Bhawan, A-94/4, Sector - 58,

Noida 201 301.

Phone : 0120- 3045938

Email : casnewsletter@icai.org

Correspondence with regard to subscription, advertising, writing articles and non-receipt should be made with the above address.

Head Office

The Institute of

Chartered Accountants of India

ICAI Bhawan, Indraprastha Marg,

<http://www.icai.org>

ANNUAL SUBSCRIPTION RATES:

Students : **Rs. 60**

Members & Others : **Rs. 150**

Overseas : **US \$ 20**

Total Circulation : **1,55,500 copies**

DISCLAIMER :

The Institute does not accept any responsibility for the views expressed in the contributions or advertisements published in the newsletter.

CONTENTS

4 MESSAGES

8 PROFILE

11 GO GREEN RUN

12 RISK BASED AUDIT OF BANK

15 VAT AUDIT

19 HOW TO READ THE BUDGET PRESENTED BY THE GOVERNMENT OF INDIA

21 NOTIFICATIONS-EXAMINATION

25 ANNOUNCEMENTS - EXAMINATION

INVITATION TO WRITE ARTICLES

Members, academicians, students and others may send their original articles for inclusion in this newsletter. Typically the length of articles should be between 2000 to 4000 words. Articles written by the students are encouraged. Every year the best articles that are written by students are awarded cash prize and a certificate at the annual function of the Institute.

All correspondence in this regard should be had with the Board of Studies, ICAI, A-94/4, Sector - 58, Noida 201301. Please write your complete name, complete address and the membership / registration number in your correspondence. Also send a copy of recent passport size photograph.

MESSAGE FROM THE NEW PRESIDENT

(Continued from page 1)



Hyderabad recently. These centres of excellence would be giving training to students and members in various professional areas. They would help the students in constantly updating their knowledge.

Quality

Yet another area of concentration is “Quality.” Quality should be our *mantra* for the years ahead. Our procedures should be of quality; our action plan should be of quality; our approach should be with quality. Let us take an oath that we shall follow “quality” throughout the years to come.

PlanetAlert Campaign

This year, I wish to address issues of global concern. As a responsible accounting body, I wish to take up causes that go beyond accounting and regulatory issues. As part of our social responsibility towards society we must take up issues that impact the world today. That is why, this year the Institute has adopted a 'Go Green' motto and would present 'Planet Alert' – India's biggest initiative to combat one of the biggest challenges of our time – climate change.

'Planet Alert' will be India's biggest movement for a climate in crises, bonding leading decision makers, corporate houses, academicians, NGOs, celebrities and environmental leaders under one roof to create awareness and find solutions on a long-term and sustained basis.

Chartered Accountants have always played a pivotal role in nation building. We have a member base of 150,000 professionals and a student base of 450,000 youths making us one of the largest professional bodies in the world. We also undertake the accounting and reporting function of Corporate Social Responsibility. Therefore, we are ideally suited to take up such a cause and make a difference to Society.

The 'Planet Alert' campaign comprises of many modules such as making of a celebrity documentary film, a Go Green Run, Live Concert, International Seminars and various awareness drives. You all should participate in large numbers in the various initiatives the Institute has taken to combat global warming by participating in the GoGreenRun which is a 6 km run where people from all walks of life will run for a cause – to create awareness on global warming.

Information Technology

The Institute took a visionary decision to start its own computer labs. Today, the ICAI has established nearly 130 computer labs all over the country with a capacity to train one lakh students. The pool of faculty teaching in

these labs constitutes one of the largest pool of IT faculties in the country. I would like to tell you with conviction that the world of tomorrow belongs to the world of technology. A proper blend of professional and IT skills is an absolute necessity to succeed in this fast paced world.

Examinations

This year we have decided to extend the May examinations to the month of June due to the forthcoming Lok Sabha elections. Since students can now take leave at a later date, they will get abundant opportunities to undertake such audits, accounting and tax work which they were not exposed to earlier due to examinations. This would also provide relief to their principals during this hectic period, thereby benefiting both.

This change would also enable the Institute to gather information and feedback on the new dates which could be continued in future also if found convenient and beneficial to both members and students.

Learning opportunity

Students also need to undertake their role as articled assistants more seriously as this period provides abundant learning opportunities in the practical business world. It hones their skills and trains them to face the world tomorrow. Also the members should take on the responsibility to train the students and impart proper training to them as the future of the profession vests on their shoulders.

You are all proud students of one of the largest accounting bodies in the world. The Chartered Accountancy course enables you to develop your capabilities and hone your skills by imparting practical training. You would benefit greatly in your career if you take your article training seriously rather than obligatory.

Students would always remain on the top of my agenda this year. If any student or member has any suggestion for the improvement of services to students or their curriculum or article training, please send your suggestions to president@icai.in. You can also write to me if you are facing any administrative problems giving full details so that I can personally look into the matter.

Wishing you all the best for your future endeavours.

CA.UTTAM PRAKASH AGARWAL
President

MESSAGE FROM THE NEW VICE PRESIDENT



Dear Students,

It is my pleasure to write this message to you as Vice President of the Institute. I am proud to say that I am a teacher first and then a chartered accountant. I have been associated with teaching students and members for more than two decades. In that capacity it gives me double pleasure to communicate with you.

I am happy to inform you that the new Integrated Scheme of Education consisting of Integrated Professional Competence Course and Accounting Technician course have been successfully launched in the last year. The response of the students is highly encouraging. I am sure that the students entering these courses will become first rate professionals in due course of time.

In the era of globalization the perception of a chartered accountant has totally changed. Today, the chartered accountant is expected by the society to provide total business solutions. He is no more confined to the corridors of accounting. He has moved into the realm of general management and it is not surprising to see that many chartered accountants adorn the position of Chief Executive Officer. Therefore, I should congratulate you for your wise decision to take up this extremely prestigious professional course. I wish you best of luck.

The Institute is fully aware of its onerous responsibilities to provide highest form of professional education to its students. The Board of Studies, the academic wing of the ICAI is fully geared up for the job. Last year, the Board of Studies took a number of proactive measures for the benefit of students. The three months' residential course has been appreciated by student community. The course has been successful in developing the soft skills of the students. They have become much more management oriented, have learnt the art of working as a team and have considerably improved their communication skills. The series of lectures through Gyandarshan IGNOU channel have brought value addition to the students. The Board has been able to organize many National Conventions and Conferences in which a large number of students have presented papers. I am really happy to note that the level of presentation and the quality and content of the papers presented were of a high order. I am sure that the Board will take many proactive measures in this year also.

The Institute took a bold and visionary step of establishing its own computer labs. Today, the ICAI has nearly 130 computer labs spread across the country with a capacity to

train one lakh students. The Council has approved the provision of advanced training in Information Technology. This advanced training will enable the students to apply their professional knowledge in an environment of advanced information technology techniques like ERP, SAP, Oracle, Core Banking etc.

The commissioning of centres of excellence is one of the priorities of the ICAI. Recently, the centre of excellence in Hyderabad has been opened. It is the endeavour of the ICAI to provide management training to the students. Such centres will also be used to constantly update the professional knowledge of students. Such training would be modeled on the lines of what is being done in leading management institutes. This would enable our students to be compared favourably with the best lot from the leading management institution.

The ICAI would make vigorous efforts to popularize the CA course. Proactive measure will be taken to get mutual recognition for the Indian chartered accountancy course from many countries abroad. In this context, the Institute is finalizing many memorandum of understandings with other countries to get the best bargain for our chartered accountants.

I would take this opportunity to stress the importance of articulated training for the students. The scheme of articulated training is unique for the professional chartered accountancy. In fact, I would say that during the course of articleship a CA student learns basic discipline, office procedures, the skill to work with teammates, the competence to undertake systematic audit and also the art of communicating with professionals and corporate executives. Therefore, I would advise you to take your articulated training very seriously.

In conclusion I would say that in order to achieve the noble goal of becoming a chartered accountant you have to put in very hard work. No great achievement can ever be done without hard work. Mere hard work is not enough. It should be disciplined and systematic. The preparation for the examinations should start very early and should not be postponed till the end. Regular, systematic and methodical preparation will certainly bring success to you.

With best of luck.


CA. AMARJIT CHOPRA
Vice-President, ICAI



OUR NEW PRESIDENT



CA. UTTAM PRAKASH AGARWAL, has been elected as the President of The Institute of Chartered Accountants of India, for the year 2009-2010 by the 20th Council on February 5, 2009. Though born and brought up in Rajasthan, his vision and zeal to outgrow himself brought him to

Mumbai in 1984 wherein he completed his chartered accountancy in 1987. Through his sheer grit and determination he has strived to excel and endeavored to reach the pinnacle of professional growth.

A Fellow Member of ICAI, with more than two decades of standing, CA. Uttam Prakash Agarwal was elected to the Central Council of ICAI for the first time in 2004 and thereafter in 2007. He is holding the Chair of all the three standing committees- executive, finance and examination of ICAI. He also holds Chair of Board of Discipline, Representation Committee, ICAI-ICWAI-ICSI Co-ordination Committee, Infrastructure Committee, Diamond Jubilee Committee, International Affairs Committee and High Powered Committee. He is the Editor of monthly Journal The Chartered Accountant. He is the Chairman & Director on board of ICAI Accounting Research Foundation — a research wing of ICAI, Chairman of Chartered Accountants' Benevolent Fund, Chartered Accountants' Students Benevolent Fund and the S. Vaidyanathan Aiyer Memorial Fund and is a Member of virtually all Non-Standing Committees of ICAI.

He is a member of the National Advisory Committee on Accounting Standards constituted by the Ministry of Corporate Affairs, Government of India. He is a member of the Audit Advisory Board and the Government Accounting Standards Advisory Board – both constituted by the Comptroller and Auditor General of India. He is a member on the Committee on Internal Audit constituted by the Office of Controller General of Accounts, Government of India. He is a member on the Board of Insurance Regulatory and Development Authority (IRDA), member on the Board of Tariff Advisory Committee of IRDA and also a member of Standing Committee on Accounting Issues (SCAI) constituted by IRDA. He is a member of the High Level Steering Committee for implementation of XBRL based data submission by Banks constituted by the

Reserve Bank of India. He is a member of Sub-Committee (Audit) of the Board for Financial Supervision of Reserve Bank of India (RBI). He is a member of Advisory Body (Ad-hoc Task Force [ATF]) for finalizing the MoU between Administrative Ministries and the Managements of the PSEs constituted by the Ministry of Heavy Industries and Public Enterprises. He is a member of SEBI Committee on Disclosures and Accounting Standards (SCODA). He is member of the executive committee of Indian Merchants Chamber (IMC).

He is a Technical Advisor to the Board of International Federation of Accountants (IFAC), Developing Nations Committee (DNC) of IFAC as well as of the Small and Medium Practices Committee (SMP) of IFAC. He is also a member of India-UK (Indo-UK) Task force on Corporate Affairs and the Task Force of Department of Public Enterprises (DPE), Government of India, to provide professional and technical support to the DPE in the process of finalization of MoU documents.

Besides this, he holds Directorship in various companies for a number of years, with various professional and social associations. Articles on various matters of interest and importance to the profession have been contributed by him and published in leading Journals. He has been instrumental in organizing mega conferences and series of 'Professional Excellence' Seminars throughout the country and has chaired many technical sessions and presented various technical papers on varied topics. He is 'Master of Ceremonies', Coordinator, Convener of various conferences, seminars, symposiums, workshops and brainstorming sessions. He has played a key role in initiating and organizing mega event – ICAI's Corporate Forum comprising four concurrent events viz. Career Ascent, Capital Advantage, FinSummit and the CA Corporate Leader Exact Awards.

He has been Technical Advisor and resource person for various International conferences held at New York, Bangladesh, Nepal and Pakistan.

What has been exemplary in his life is the single-minded devotion and relentless pursuit for welfare of everybody, which has brought him at a higher pedestal in social circles.

OUR NEW VICE-PRESIDENT



CA. AMARJIT CHOPRA has been elected as the Vice-President of the Institute of Chartered Accountants of India. Born in June 1952 and having post-graduated from Delhi University in the year 1973, he qualified as a Chartered Accountant in the year 1975. Since then, he has been in the profession as a partner

of M/s. GSA & Associates, formerly, known as M/s. Surendar K. Jain & Company. He was actively involved in the Northern India Regional Council for two terms, 1985-88 and 1988-91. He was the Chairman of the NIRC for the year 1988-89.

He was elected to the Central Council of the Institute of Chartered Accountants of India for the first time for the term 1998-2001 and presently is in fourth consecutive term to end in February 2010. During his tenure in the Central Council, he has been the Chairman of Accounting Standard Board, Auditing and Assurance Standards Board, and Corporate Laws Committee for two years each and has been the Chairman of Expert Advisory Committee, Financial Reporting Review Board, Committee on Corporate Governance and Committee on Internal Audit for one year each. He has also been the Vice-Chairman of Electoral Reforms Committee, Ethical Standard Board, Accounting Standards Board, Professional Development Committee in various years. He has also been a member of non-standing committees, namely, Professional Development Committee, Peer Review Board, Committee on Trade Laws and WTO, International Affairs, Ethical Standards Board, Editorial Board etc. In his first term as Central Council Member, he was a member of all the three Standing Committees, namely, Executive Committee, Disciplinary Committee and Examination Committee.

He was nominated by the Institute to various committees of SAFA, namely, Committee on Corporate Governance, Committee on Information Technology and Quality Control Committee. He was also nominated by the Central Government of India in the Group to revise MAOCARO and various other groups including group for Revision of schedule XIV to the Companies Act, 1956. He was also nominated for two years as a member of National Advisory Committee on Corporate Laws.

He was nominated by the Punjab Government on the

Committee for fixing the fee for the medical institutions.

He was nominated by ICAI as member on Secretarial Standards Board of ICSI, Project Implementation Committee of Ministry of Surface & Road Transport, Cost Accounting Standards Board of ICWAI, Task Force for Cost Accounting Standards on Arms Length, Banking and Financial Services Sectional Committee -MSD -7, Group initiated by Ministry of Corporate Affairs to review existing Cost Accounting Standards, on the business sub-group on XBRL and the Working Group for addressing implementation issues and formulation of operational guidelines relating to Accounting Standard on Financial Instruments : AS 30 by Banks and Financial institutions constituted by the RBI.

Recently he was nominated to the Consultancy Syndicate of the MOU TASK FORCE for 2008-09 constituted by the Department of Public Enterprises. For the year 2009-10, he has been nominated to Energy Syndicate II.

He has represented the ICAI in the National Standards setters meeting on IAASB in London and Brussels as well as Accounting Standards issues before IASB and UK Accounting Standards Board at London. He has been speaker in International Conference on Quality Control of Audit and Corporate Governance at Dubai, Karachi & Sri Lanka.

He has been contributing papers and delivering lectures on matters of professional interest in various programmes organized by the Institute, Regional Councils and their Branches and the study circles. He has also been actively involved in seminars and conferences organized by various Chambers of Commerce.

He was actively involved in teaching for more than 20 years at Delhi University and he is presently visiting faculty to various management institutes. He has been delivering lectures and organizing training programmes at various banking institutions and CAG Office.

He is on the Board of various reputed companies including RICO Auto Ltd. He is a Central Government nominee on the Board of Bank of Baroda wherein he is also the Chairman of the Audit Committee. In the earlier years, he was also nominated to certain companies by banks and financial institutions.

His other areas of interest include sports, debate, music, etc.





THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

announces

| **Sunday, March 22nd, 2009** |



Start and End Point: Goregaon Sports Club

Length of Run: 6 km

Chase a Dream... Run for a Cause

The Institute of Chartered Accountants of India, in its Diamond Jubilee Year, is presenting the Planet Alert campaign and has pledged to take various initiatives to highlight the crisis of Climate Change to the global community through a series of activities such as Go Green Run, Showcasing a Documentary Film, Live Concert and Seminars during the course of the year.

The Institute is doing this campaign, since Chartered Accountants are now playing an increasing role in the accounting, compliance and reporting requirements of Corporate Social Responsibility. The campaign to combat global warming, aims to synergise the role of Corporate Social Responsibility between Chartered Accountants and the industry.

This event celebrates the spirit of our country to run for a greener tomorrow, uniting people from all walks of life. Over 15,000 decision-makers, corporates, academicians, social workers, celebrities, senior citizens and students will come together, put their stamina to the test to show that it is not about winning...it is about uniting for a better future.

All Members and Students are requested to participate in this go green run and register themselves at any of the websites mentioned below or please contact:

TIMINGS

Contingent Gathering (Meeting) Time: 6:00 am to 6:45 am
(Participants who have not registered will have to fill up their forms at the Form Filling Counter during this time period).

Registration, Collection of Merchandise and Entry into Holding Area: 6:45 am to 7:15 am

Run begins at: 7:30 am

Run ends at: 8:45 am

REGISTRATION AND GO GREEN RUN PROCEDURE

- Whether you are participating in a group or individually, each person is required to fill this registration form.
- Enter Goregaon Sports Club between 6:00 am to 6:45 am with your Registration Form if you have pre-registered.
- Spot registration can be done in the assembly area on the day of the event, upto 7:30 am.
- Please fill up the mandatory details and sign the waiver as it is compulsory for you to get entry into the Run.
- The original form has to be handed over at the Registration counters when passing through from the assembly area to the holding area and obtain your merchandise.
- In the Holding area, you can wear your merchandise over your existing clothing and get ready for the Run. Also, if you have carried stickers of your company, NGO or college, you can affix them on your T-Shirts.
- Wait till the gates open for the Run. Once opened, make your way towards the Start Point.
- If a member from the Medical Team requests you to stop running, kindly do so without arguments. You will appreciate that it is being done in your best interests.
- Once you have completed the Run and reach the finish point, kindly make your way to Goregaon Sports Club once again where snacks and refreshments are kept for you.

LATE RUNNERS

Runners who arrive later than 7:15 am IST will not be allowed to enter the Green Run

SLOW RUNNERS

Slow runners are advised to place themselves at the back of the line-up. This is to ensure that runners who wish to run or jog fast can take a lead.

If you cannot finish the run by 8:45 am and are determined to reach the Finish Line, kindly take care of the traffic and your personal safety. Our team will be glad to welcome you at your arrival until 9:00 am.

POST RACE

Once the race is over, there will be snacks and refreshment served to people at the Goregaon Sports Club Stadium. Kindly make necessary arrangement to reunite with your contingent there.

FACILITIES AVAILABLE

- Water Junctions (Every 1 km)
- Mobile Toilets (Every 1 km)
- Emergency Medical Staff
- Medical Stations (Every 2 km)

Mr. Sahil Bhagat
M: (0) 9820433731

For further guidelines, route maps,
parking lots, updates and forms, visit:
www.icaa.org www.wirc-icaa.org
www.planet-alert.com

RISK BASED AUDIT OF BANK

Aniket V. Khapre



I. INTRODUCTION

The internal audit is one of the areas where a number of Chartered Accountants have already made their way through. There is no doubt that traditional internal audit shops have some valuable strength. However, many tend to remain largely focused on what they have been doing rather than what is the expectation in the changed scenario. Also, most current functions do not encompass enough of the expertise or the range of risk-based information and financial analysis that today's banks require to thrive in fiercely fought market. The ability to manage these risks is often the key differentiator between the organization that survives and indeed thrives, and the one that flounders or, at worst, fails. The risk based audit is getting increasingly outsourced. This is the virgin area for the practising Chartered Accountants. Here in my concept paper I am stating the Risk Based Internal Audit in Bank. There are no longer traditional internal or concurrent audits but the Risk Based Internal Audits where the various risks run by the bank are identified, analyzed and mitigants suggested to the management.



Risk Based Internal Audit in Banks

With the progressive deregulation and liberalization of the Indian financial sector, banks are increasingly exposed to various kinds of risk – both financial and non-financial. Efficiency of every bank depends on how effectively it is managing the risks and ensuring a competitive risk adjusted return on capital. For this it is essential to have in place effective risk management and internal control systems, which are crucial to the conduct of banking business not only to lead the bank more profitably but also in compliance of prudential guidelines, for which a professional approach in risk management is called for. The evolvement of financial instruments and markets has enabled banks to undertake varied risk exposures. In line with the developments in the international financial markets and the progressive deregulation and liberalization of the Indian financial sector, the Reserve Bank of India has been advising the banks to adopt the emerging best practices in banking and finance and the need for having in place effective risk management and internal control systems. Initially, in February 1999 certain guidelines were issued to banks on Asset-Liability Management, which were followed by

detailed guidelines in October 1999 on the broad framework of risk management. In October 2002, additional guidelines were released on the specific areas of Credit Risk and Market Risk Management. Taking into account these guidelines, and keeping in view that the primary responsibility of protecting 'depositors' interest and the interest of other stake holders through corporate governance is that of bank's own management, each bank is required to set up proper risk management system, which should be regularly monitored at the highest level.

A robust risk management system is also essential in view of the proposed Basel II Accord on Capital Adequacy. Under the proposed Accord, a Three Pillar Approach is to be adopted for assessment of Capital.

Three Pillar Approach

The **first pillar** deals with the minimum capital and heavily relies on the risk assessment in the areas of credit, market and operational risks in banks. Under the **second pillar**, the supervisor is required to review the risk management processes in the banks in order to satisfy itself that the capital maintained by the banks is in relation to the risks being taken by them.

Lastly, the **third pillar** proposes to bring in market discipline on banks by introducing more and more disclosure and transparency.

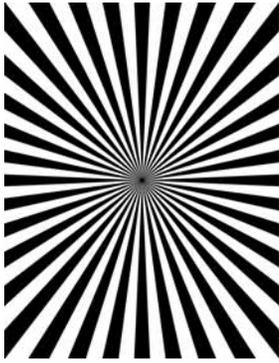
Thus, when the banks are required to adopt risk management system in all areas of their working, a supervisor also looks up to the systems and practice in banks in assessing, managing and controlling risks. This has led to the need for adoption of Risk Based Supervisory (RBS), wherein the supervisory resources will be directed towards the areas of greater risk to the supervisory objectives which aim at protecting the interest of depositors, stability of the banking system and development of banks as agents of economic growth. Under the RBS approach, the supervisory process would seek to leverage the work done by internal auditors of banks. In this regard, RBI had brought out in August 2001 a discussion paper on 'Move towards risk-based supervision of banks'. Part II of the discussion paper identified five significant areas for action on the part of banks, including putting in place **Risk Based Internal Audit (RBIA)** system. RBIA needs special attention at this juncture

II. RBIA-FOCUS

A sound internal audit function plays an important role in contributing to the effectiveness of the internal control system. It should provide the management with accurate information

The author is a student of ICAI. Registration No. WRO040448
aniketkhapre@rediffmail.com, aniketkhapre_07@rediffmail.com

on the effectiveness of risk management and internal controls including regulatory compliance by the bank. At present, there are various types of internal audit, which basically adopt the methodology of transaction testing, testing of accuracy and reliability of accounting records and financial reports, integrity, reliability and timeliness of control reports, and adherence to legal and regulatory requirements. However, all these do not provide any opinion on the qualitative dimension of business management, including risk management. As such, there is a need for redefining and redirecting the scope of audit so as to take care of the adoption of modern tools of risk management, adequacy and effectiveness of such tools, as well as to assist the business units to mitigate the risks.



- The above paradigm shift in the focus of internal audit can be achieved by modifying the approach towards audit, making it risk based. Towards this end, RBI had issued to banks in December 2002 broad guidelines on RBIA, which are expected to undertake an evaluation of the risk management systems and control procedures prevailing in branches as well as in other functional areas. While focusing on effective risk management and controls, RBIA would not only offer suggestions for mitigating current risks but also anticipate areas of potential risks and play an important role in protecting the bank from various risks. Thus, the focus of the proposed RBIA will be on risk identification, prioritization of audit areas and allocation of audit resources in accordance with the risk assessment. This also includes a certain amount of transaction testing to confirm or modify the pre-audit risk assessment. Incidentally, adoption of RBIA is one of the items of bank-level preparedness for introduction of Risk Based Supervision by the RBI. The guidance note on RBIA issued by the RBI in December 2002 deals with the broad contours of the risk based approach towards audit. According to the plan of action put forward by the RBI, banks are expected to take various steps to introduce RBIA.

III. STAGES IN RISK BASED INTERNAL AUDIT

1. **Policy formulation:** Banks are required to bring out a clear-cut policy on adoption of risk based approach. Such a policy, approved by the bank's Board of Directors, should contain the methodology for risk assessment selection of branches, functions which should be subjected to risk based assessment and a checklist for risk mitigation.
2. **Conduct of RBIA:** Once the policy is in place, the bank should draw up a roadmap for implementa-

tion of RBIA. The roadmap should outline the arrangements for developing the risk profile and the sources thereof, classification of the branch / function into low, medium and high risk and the periodicity of audit and the quantum of transaction testing. The risk profile prepared earlier should be subject to periodic updating & incorporating the findings of audit.

3. **Audit report – preparation and follow-up:** Risk based internal audit findings are to be recorded in a specific format to enable the responsible persons to follow-up the findings in order to correct any deviations. The RBIA will serve its purpose only when there is a Monitorable Action Plan (MAP), which has to be implemented timely.
4. **Organisational aspects:** For implementation of the roadmap for RBIA, there should be a proper organisational set up, which may consist of a Task Force of senior officers. The Task Force should identify the transitional and change management issues. Steps should also be taken to address any issues in manpower management, re-skill the staff and bring about an all-round awareness on risk management. The availability of skilled auditors / inspectors has to be assessed on an ongoing basis so that audit resources can be re-allocated and where necessary training can be imparted to the officers and other staff. Essentially, all concerned should be well aware of the risk management system in the bank. This also calls for robust technological support, not only for drawing up risk profile and risk matrix, but also for prompt detection and correction of any deviations.



IV. KEY AUDIT DECISION OF RISK-BASED INTERNAL AUDIT

RBIA is an important tool in aiding the management decision in relation to the following aspects of internal audit function.

- **Frequency of Audit:** After analyzing & categorizing the audit unit into the high, medium & low parameters the management will decide the frequency of the audit. For example the unit with the high risk profile subjecting to more frequent audit than the units that exhibit low risk profile.
- **Scope of Audit:** Scope of the audit refers to the extent to which the testing of internal control in an internal audit assignment should be undertaken. The units with the high risk profile subject to 100% checking and the test basis can be adopted in the case of low risk profile. However the wordings of the AAS-15 on Audit Sampling should also be taken into consideration.
- **Timing of Internal Audit:** It is known fact that no internal audit function has the resources to audit the entire auditable unit simultaneously. Hence the management

should adopt three types of policy namely, fixed timing policy (whereby the less risky units are subject to internal audit at the known fixed interval), random timing policy (where in the case of high risky unit the frequency and the timing of audits is unpredictable) & lastly in the case of middle risky units conditional based timing policy should be adopted.

- **Size of the internal audit team:** RBIA assist the management (where the internal audit function is in-



house) and the audit firm (where the internal audit function is outsourced) in determination of the size of the internal audit team. If risk factors reflect the management concerns, then they can be used as basis for

establishing the size of the internal audit team appropriate to address the most important audit units.

V. ADVANTAGE OF RISK BASED INTERNAL AUDIT

- It appropriately defines the audit universe and identifies the auditable unit within the entity for which these analyses would be carried out.
- It assists the management in identification of appropriate risk factor to reflect the management's concern.

- It results in development of an appropriate format for evaluating risk factors, so that the more important risk factors play a more prominent role in the risk assessment process than less important risk factors.
- It develops a combination rule for each audit unit, which will properly reflect its riskiness over several risk factors that have been identified and a method of setting up audit priorities for the audit units.
- It results in appropriate audit coverage plan, which provides a roadmap for the management of internal audit staff skills so that they are available to carry out audit of the appropriate scope when they are needed the most.
- This risk based internal audit results in a process oriented audit with a risk management perspective, which gives advice to management on the steps to be taken for effective risk management on a bank-wide basis.

VI. CONCLUSION

Thus, it is found that the banks in India would like to carry out RBIA along with traditional internal audit inspection for the time being. As it is a fairly new exercise for most of the Indian banks, a gradual but effective approach would be necessary for its implementation. There are a few success stories on implementation of RBIA. But most of the banks expect further guidelines from RBI on various aspects of RBIA. Towards this end, it is suggested that there should be continuous dialogue

SCHOLARSHIP ANNOUNCEMENT

Availability of Merit, Merit-cum-Need, Need Based and Weaker Sections and Endowment Scholarships w.e.f. 1st April, 2009

Sl. No.	Name of Scholarship	No. of Scholarship	Amount (p.m)	Eligibility
1	Merit	30	1,250	Students whose names appear at Sl.No.1-10 of Merit lists of CPT/PCC/PE-II/CPT of Nov. 08/Dec.08 Exam.
2	Merit-cum-Need	30	1,250	Rank holders of CPT/PCC/PE-II of Nov. 08/Dec.08 Exam.
3	Need Based and Weaker Sections	50	1,000	Students of PCC/Final.
4	J.S.Lodha Memorial Scholarship	1	300	Students of PCC/Final.

Notes:

(1)The annual income of parents/guardians for Merit-cum-Need should not exceed Rs.1, 50,000 and Rs.1, 00,000 for Need Based and Weaker Sections/Endowment Scholarships.

(2)Applicants for grant of above scholarships should be registered students of PCC/Final. Students of PCC/Final Course will be paid scholarship for maximum period of 18/30 months or balance period of articleship.

(3) For SC/ST/OBC category students, an additional amount of Rs.100/-p.m. be paid in Need Based and Weaker Section category of scholarship.

(4) Two scholarships are reserved for physically handicapped students in Need Based and Weaker Sections category.

The duly completed application in the prescribed form should reach the Director (BOS), The Institute of Chartered Accountants of India, ICAI- Bhawan, A-94/4, Sector-58, NOIDA -201301 latest by 31st March 09. Application form can be downloaded from the web site of the Institute namely www.icai.org

VAT AUDIT

Chirag Patel



Statutory provisions relating to Audit under the MVAT Act can be found under Sec.61 of the Act. As per Sec.61, following dealers/persons are liable to get their accounts audited.

WHO IS LIABLE FOR VAT AUDIT:

- (a) The dealer whose turnover of sales or purchases exceeds Rs 40,00,000 (Forty Lakhs) in any year.
- (b) A dealer/person who holds licence in :-
 - (i) Form P.L.L under the Maharashtra Distillation of Spirit and Manufacture of Potable Liquor Rules, 1966, or.
 - (ii) Form B-RL under the Maharashtra Manufacture of Beer and Wine Rules, 1966, or
 - (iii) Form E under the Special Permits and Licence Rules, 1952, or
 - (iv) Forms FL-I-, FL-II, FL-III, FL-IV under the Bombay Foreign Liquor Rules, 1953, or
 - (v) Forms CL-I, CL-II, CL-III, CL/FL/TOD-III under the Maharashtra Country Liquor Rules, 1973.

The Audit should be conducted by a Chartered Accountant only.

The Audit Report to be submitted in prescribed form i.e. Form No.704 (prescribed by Rule 65) within eight months from the completion of financial year (Rule 66). If the Audit report under Sec.61 is not filed within the prescribed time limit, penalty would be, one tenth percent of the total sales or purchases or Rs 1 Lakh, whichever is less.

There is a proviso that if dealer furnishes the audit report within one month of the end of prescribed time period & gives satisfactory reason for the delay, penalty can be waived off.

Limit of turnover: The Section -61 (i) (a) lay down the limit of turnover i.e. Rs. 40 Lakhs for a person to be held liable to get his accounts audited. It is very pertinent and important to find out as to what is to be included in the limit of turnover and

what is to be excluded.

WHAT CONSTITUTE TURNOVER?

- 1) Turnover of Sales or purchase of exempted goods as specified in Schedule A is required to be considered for calculating the turnover.
- 2) Purchases of items debited to profit & loss account, movable capital goods, etc. are required to be considered for calculating the turnover.
- 3) Sale of scrap, movable capital good's, etc. are to be considered for calculating the turnover.
- 4) Effect of Discounts given/received: The discount given is generally shown in the invoices. In such cases turnover to be considered for audit purposes will be the net turnover. However, some pre-determined discounts for example quantity discount, turnover discount, etc. are given after the achievement of particular target of sales. In such cases also, the turnover to be considered shall be the net turnover.
- 5) Effect of Debit notes/credit notes: Debit notes and credit notes are issued to give any effect to change in purchase or sale price then, the turnover shall be the net turnover. The ultimate effect may be an increase or a decrease in the total turnover of either sale or purchase.
- 6) Cost of Freight or delivery: Cost for transportation of goods including cartage and similar expenses incurred by seller before delivery of goods to customers shall form part of sale price.
- 7) Additional Place of Business: If the dealer is having single R.C. and additional business places, then, the total turnover of all such places, shall be clubbed together. But if the additional place of business is in other State then such turnover shall not to be clubbed for this purpose.
- 8) Job Work/Labour Charges: Cost of labour charges charged by the dealer will not form part of turnover, because the tax is payable on the sale of goods. In job work there is no sale of goods, only services are provided to the customer. If the dealers have shown the same in the turnover, then the same shall be excluded and then only the limit is to be applied.
- 9) Tax Amount: The tax paid on purchases or collected on sales are not to be considered for determination of turnover of dealer. Definition of Sale price / Purchase price 2(20).
- 10) CST sales: Turnover of CST sales is to be considered for

The author is a student of ICAI. Registration No. WRO 0229885
nandhpatel@gmail.com

determination of turnover of dealer; the turnover of such sale is to be determined as per the Central Sales Tax Act, 1956.

VAT Audit is an onerous duty cast on the auditor to certify the correctness of return, quantify the Tax Liability, verify the correct rate of VAT Tax, verify the deductions, forms etc. unlike Income Tax Audit Report which is filed along with the return, the VAT audit report is after the returns are filed. VAT audit report may result in the auditor advising the assessee to file revised return.

CERTIFICATION AND VERIFICATION

Obtaining the copies of return: The first thing the auditor should do is to obtain the copies of the return & verify the correctness of the same. Form No.704 itself starts with certification about correctness and completeness of the sales Tax returns. If copies of the returns filed are not available then the same can be obtained from Sales tax department on request, or else auditor should give appropriate disclosure that in the absence of the return in the dealer's possession the report is based on statement of accounts & registers provided.

CERTIFICATION:

The Audit report is in Form of Certification subject to the observations and comments about non compliance, short comings, deficiencies in the returns filed by the dealer as given in part 2 of the audit report. This certificate presumes existence of non-compliance, shortcomings & deficiencies. Any shortcomings, deficiencies which has a direct Impact on Tax and Compliance of the Act & Rules should be reported. For example if a person signing a 'C' Form is not authorised to sign the 'C' Form or for that matter even return, the auditor will have to comment upon that and also advise the dealer to file prescribed form for authorizing the said person.

PART-I OF THE AUDIT REPORT

The certification prescribed in part I of Form 704 is nothing but summary of verification in part 2 of Form 704.



(1) The first certification refers to view of the auditor about the maintenance of books of accounts and other Sales Tax related records and registers by the dealers. The auditor has to certify that such records maintained are sufficient for verification of correctness and completeness of returns.

(2) The Second Certification is very important and risky too. The auditor is required to certify that the gross turnover of sales declared in the return includes all the transactions of sales concluded during the period under review. It includes all types of sales, works contract, lease, capital assets, scrap sales, etc. The gross turnover of sales would also include disposal of goods, tangible or intangible, works contract including RMC contracts, recovery of meal charges from employees, supply of materials to contractors, rental

received on leased goods. Gross Turnover of Sales should be reconciled with the figures in P&L Account.

- (3) The Third Certification requires that the Gross Turnover of Purchases declared in the returns includes all the transactions of purchases made during the year. The Gross Turnover of Purchases for the purpose of VAT would include not only purchases of raw materials, Packing Materials (i.e. Normal goods) but also Purchases of Miscellaneous goods debited to P&L A/c and also purchases of capital goods. Like sales, Gross Turnover of Purchases must also be reconciled with the purchase declared in the P&L A/c with various heads of Expenses.
- (4) The Fourth Certification requires the auditor to confirm that the adjustments to turnover of sales and purchases recorded in the books of accounts is based on entries made in the books of account during period under review. done. This adjustment in turnover in books of accounts could be by way of discounts, price reduction, debit notes, credit notes, or as per provisions of law specifically section 63(5) & 63(6).
- (5) The Fifth Certification relates to certifying the deductions from gross turnover of sales including deduction on account of goods returned, etc, are in conformity with provisions of the Act. There are two types of deductions. One, deductions from gross turnover of sales for normal sales and second, deductions from the works contract sale. The deduction for goods return is prescribed under Rule 3 articles within six months time. The deductions for the works contract are in Rule 57 and 58 i.e. the deduction of tax included in the return, the deduction about goods purchased from backward area unit etc. The standard deductions provided for various types of works contract are under Rule 58(1). Rule 59 of the Act permits deduction for the purpose of determination of taxable turnover of sales by residential hotels charging composite sum for lodging and boarding.
- (6) The Sixth Certification requires the correctness of classification of goods and rate of tax applicable as also verification of computation of sales tax payable as per return. To verify the correct classification of goods the expertise in VAT comes into play. This certificate is a summary of VAT Audit in the sense that whether the dealer has charged the correct rate of tax on sales of the goods which is expected by the law from him while doing so, the auditor will have to take abundant precaution and has to go through the Judicial pronouncements at various levels e.g. D.D.Q, Tribunal or higher court decisions. The auditor may have to take help of customs and tariffs as also the Harmonised System of Nomenclature (HSN). In this certification auditor will have to take his own view. At times, the dispute about rate of tax may be pending at the appeal level. The auditor will have to report about the same.
- (7) The Seventh Certification is about the correct computation of set off i.e. Input credit in the respect of purchases made by the dealer. To certify the correctness of Input credit auditor requires thorough knowledge about the Input credit rules. To certify the Input credit is

really an onerous & difficult task. The auditors will have to verify the followings, amongst other points:

- (i) Whether the opening stock as on 01-04-07 is sold before 31-12-08 in case of traders & whether reported in stock statement
 - (ii) Whether any capital assets sold reported in the opening stock i.e. stock statement.
 - (iii) The different types of set-off calculations in light of Rule 53 for reduction of set-off
 - (iv) Verify whether any set-off is claimed from the negative list enumerated in Rule 54.
 - (v) The different types of set-off calculation for works contract.
- (8) The Eighth Certification is regarding certifying the calculation of CQB (Cumulative Quantum of Benefit), In these cases the auditor will have to go in to detailed study of the provisions, the scheme adopted by the dealer, refund claim. The auditor should go through the various judicial pronouncement & circulars issued by the Commissioners from time to time.
- (9) The last Certification is about the other Information required to be given in return. This other Information can be related to Tax free goods purchased or sold, imports, goods purchased from backward area purchases from URD are shown correctly in the returns or not. The other information may also include the refund claimed by the dealer whether the claim as required in form 501 filed or not.

DOCUMENTS TO BE RELIED ON FOR VERIFICATION

Listing of the documents verified in support of deductions and concessions should be given with due care and meticulously. The other details required to be mentioned in this part of the report is in regard to relying on statutory report, internal audit report, judicial pronouncements, experts opinion, circulars, notifications, etc.

PART –II OF THE AUDIT REPORT

Part-II of the Audit report is again bifurcated in to different sections A to V. We shall deal with the important aspects in brief.

Section A: This section deals with the general in-formation.

Section B: This section deals with the business related information.

Section C: Consolidation of Returns filed under MVAT Act:-



Under this the auditor is suppose to give details of the consolidated returns filed by the dealer. The auditor should verify the consolidated summary submitted by the dealer. In case the dealer has filed revised returns for any

period than for the purpose of consolidation, latest revised returns are to be considered. At this stage auditor is not

required to reconcile the figures with books. It is simply a summary of returns for the year.

Comments: In my view column 8 is not designed properly. In the return there is a provision to show Tax free purchases whereas there is no column to show Tax free purchases in this section. How to show & where to show is not clarified.

Section D: Consolidation of Return for those dealers who have opted for composition scheme. The auditor has to verify whether the dealer has opted for composition scheme & whether the correct return form has been filed 222.

Section E: Consolidation of Returns under CST Act. Under Section E, consolidated information of returns filed under Central Sales Tax Act is required to be given. For instance, information about gross turnover of sales including branch transfers, sale in course of imports under section 5(1) and sale under section 5(3) of the said Act, sales exempted under section 6(2) etc., is to be compiled. However, verification of compiled information from books of accounts is not required.

Section F: Filing of Returns & Payment of Tax:

The auditor should verify the challans of each month or period along with date of payment.

Comments: In column 2 only due date & date of filing the returns are to be given. The amount of tax paid is not to be shown. However in column three auditor has to comment on the short payment of Tax or non payment. How to show & where to show is not clarified.

Section G: Verification of sales:

The detail required under this part of the report is as per books tallied with Profit & Loss Account. In section C to F it was only extraction of returns. In this section not only auditor has to give figures but the verification of books of accounts & observations on the same with suitable remarks. The auditor should verify the following details to complete this section.

- i) Determine Gross turnover sales by verifying the sales registers, debit notes, credit notes, Branch Transfer registers, etc. Electronic record of Bill / CM is permitted u/s 86(5) as amended on 20-6-2006 w.e.f 1-4-2005.
- ii) For Branch Transfer, check particularly Method of valuation. Important for Pharma companies.
- iii) Report Tax free sales & verify whether they are really tax free or not.
- iv) Tax amount whether shown separately or as per Rule 57 determine the same.
- v) Breakup of sales under sec 8 is to be given.
- vi) Works contract & Lease Transactions are to be verified with reference to with in state, outside state or Inter-state.
- vii) The Contract given to sub-contractor should be shown separately. Verify the contract properly. The deduction



should be supported by form 407. & 408 And 406 & 409 Principal.

viii) The most Important is the determination of Tax liability with classification of goods including schedule Entry no & rate of Tax. The auditor is required to take utmost care while reporting on the same.

Section H: Verification of turnover of Purchases and sales tax set off claimed in the return.

Section H of part 2 of the Report is in relation to verification of purchases and set off claimed in the return by dealer other than composition dealers. In my view the figures to be given in this part should be of books and not return. Thereafter, the auditor has to comment as to whether set off claimed in the letter is more or less. In this section the most important factor is the computation of set off as per various rules.

Section I: Verification of computation of C.Q.B: Computation of Cumulative Quantum of Benefits (CQB) This section applies to dealer enjoying benefit under Packages Scheme of Incentives (PSI). In order to monitor availment of incentives under PSI, Cumulative Quantum of Benefits (CQB) availed in each return period is required to be calculated. The VAT auditor is advised to inquire and ascertain from the dealer some basic facts beforehand to enable him to appropriately calculate the CQB and fill in other information required under this section of Form 704-Part 2.

Section J, K, L, M & N: deals with the dealers who have opted for composition scheme.

Section O: Verification of returns under the Central Sales Tax Act.

Again this section deals with verification of C.S.T. returns. It presupposes that the figure to be filled is under various items are to be cross-tallied with the returns filed under the Act. However, in my opinion to determine the correct liability under C.S.T. Act, the final audited figures should be taken into consideration and then difference, if any, to be commented in main report.

Section P: Details of purchases on Form 'C' in contravention of 'C' Form. This part of the verification is very crucial and risky. The goods, which are not listed in C.S.T. registration certificate, cannot be matched and the auditor has to be careful about the same.

Section Q: Details of purchases from unregistered dealer above Rs. 10,000/-.

The auditor has to verify the total purchases. In my view, since the URD Purchases details are to be given bill wise therefore it is implied that the information is in relation to each purchase and not the purchases aggregate or purchases from one party during the year. The details of OMS Purchases

Section R: Tax deduction at Source:

The auditor has to verify whether the Tax deducted on works contract is proper i.e. 2%, 4% or not. Whether the payments are made in time & whether the requisite certificate in

prescribed form has been given in form 402. The most important is clause (9) of verification where in Auditor is supposed to report the transaction above Rs.5 Lakhs on which TDS is deductible but has not been deducted by the dealer.

Section S: Details of Sales without declaration forms.

Under this section only those non-receipt of forms are to be reported on the basis of which tax is calculated or charged or paid but forms are not yet obtained by the dealer or available with the dealer but expected to be received as on the date of verification or signing of the audit report.

As per amended Rule 12 of Central Sales Tax (Registration & Turnover) Rules, 1957 effective from 1-10-2005, these forms are required to be collected within 3 months from the end of the quarter in which transaction took place (F-Form within 3 months from the transaction month and submitted to the sales tax department.) However, Trade Circular No.28 T dt.24-10-2005, issued by Commissioner of Sales Tax that in Maharashtra, the dealers shall furnish a list of declaration forms not received within prescribed period shall furnish a list of declaration forms not received within prescribed period, alongwith a request for further time instead of submitting original forms.

Section T: Consignment and Branch Transfers not supported by Form F.

In order to obtain exemption from tax, consignment and branch transfers must be supported by Form F. Wherever Form F is not available, reporting should be done in the prescribed format given in the clause, and the transfer will be deemed to be interstate sales & Tax will be levied accordingly. The VAT auditor is required to report the branch transfers and consignment transfer of goods.

This should be verified from stock transfer register & documents for transfer of goods. The VAT auditor should consider all 'F' forms received till date of audit and only balance non-receipts is to be reported. The auditor should also verify the list submitted to the department of the forms received.

Section U: Stock account of declarations collected and utilized during the period of review.

The dealer is required to give the account of such form under this section as opening stock, Declaration collected during the year, Declaration utilized during the year and closing balance. The auditor should verify the use of these forms.

Section V: Other Observations, if any, not specifically covered hereinbefore.

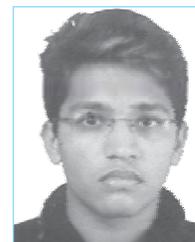
DEALER'S RESPONSIBILITY:

Once the Audit report in Form No.704 is completed the dealer has to fill in Form No.710 & Submit the Audit report in Form No. 704 along with the Form No.710.



HOW TO READ THE BUDGET PRESENTED BY THE GOVERNMENT OF INDIA

Rishabh R. Adukia



A budget is an itemized summary of probable expenses and income for a given period. References to budget can be found in Kautilya's Arthashastra. It states that the Chancellor should first estimate revenue from each place and sphere of activity under different heads of accounts and then arrive at a grand total.

The term 'budget' has been derived from the old French word 'bougette', which means a leather bag or wallet. The first use of the term 'budget' may date back to 1733 financial statement by Walpole as Prime Minister and Chancellor of the Exchequer. A cartoon of him opening a patent medicine seller's wares was published at the time, as a satirical comment with the caption 'The Budget Opened'. ('Budget' is an old word for a bag or small case).

Initially, "budget" referred solely to the Chancellor's annual speech on the nation's finances. Now, the term is used for an annual financial statement of income and expenditure of a government.

INDIAN BUDGET PROCESS

As per Article 112 of the Indian Constitution, the Union Finance Minister has been made responsible by the President of India to prepare the 'Annual Financial Statement' or the Budget, and present it in the Parliament every year on 28th February or the last working day of February.

Budget was earlier being presented at 5 pm on the last working day of February, but since 1999 the General Budget is being presented at 11 am on the last working day of February, i.e. about a month before the commencement of the financial year except in the year when general elections to Lok Sabha are held.

Normally, the budget-making process starts in the third quarter of the financial year. The budget has four stages viz., (1) estimates of expenditures and revenues, (2) first estimate of deficit, (3) narrowing of deficit and (4) presentation and approval of budget.

When signed by the President, the Bill becomes an Act.

The budget is prepared by the Finance Minister with the assistance of number of advisors and bureaucrats. The Finance Minister seeks the view of the industry captains and economists prior to preparation. Various accounting and finance related organisations send in their opinions and suggestions.

India's first Finance Minister Sir R.K. Shanmukham Chetty, an economist, presented the first budget of Independent India on November 26, 1947. Actually, it was a review of the economy and no new taxes were proposed as the Budget day for 1948-49 was just 95 days away. Chetty resigned in 1949 over differences with Nehru.

BUDGET DOCUMENTS

The Union Budget comprises various documents. The first one is the speech of the Finance Minister, which he reads in the Lok Sabha. The Budget speech provides the direction in which the government wishes to move in the coming financial year, the growth targets and the major thrust areas. The other important documents are:

1. Key to Budget - This document provides an understanding of the budget documents.
2. Budget Highlights - This statement gives the key features of the budget.
3. Annual Financial Statement - Annual Financial statement is the main document. This statement shows the receipts and payments of the government under the three parts in which government accounts are kept.
Statement I- Consolidated Fund of India- Resources raised by the government through taxes, loans, dividends from PSUs and banks form the Consolidated Fund.
Statement I A- Disbursements "charged" on the Consolidated Fund of India
Statement II- Contingency Fund of India- It is imprest at the government's disposal to meet unforeseen expenditure.
Statement III- Public Account of India- The amount collected by the government acting as a banker .e.g. PF, small savings collections.
4. Finance Bill - When the Annual Financial Statement is presented before Parliament, a Finance Bill is also presented to fulfill the requirement of Article 110 (1)(a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in

The author is a student of ICAI. Registration No. WRO254490
rishfca@gmail.com

the Budget. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution. The Finance Bill consists of 8 Chapters and 9 Schedules in addition to which we have Statements, Notes & Memorandum explaining the provisions included in it.

5. Memorandum - Explanatory Memorandum provides a quick overview of tax provisions contained in the Finance Bill.
6. Budget at a Glance - Budget at a Glance provides an overview of government finances. It is more like a balance-sheet of the Union.
7. Expenditure Budget - Expenditure Budget Volume I and II explain the provisions made. Volume I explains the provisions ministry-wise, Volume II analyses expenditure trend over the years with regard to Plan and non-Plan expenditure.
8. Receipts Budget - Receipts Budget gives details of revenue receipts and capital receipts and explains the estimates so as to make them intelligible to an ordinary citizen. It also include trend of receipts over the years and details of external assistance.
9. Customs & Central Excise - This document gives the customs and excise notifications.
10. Implementation of Budget Announcements - This contains status of implementation on initiatives announced by the Finance Minister in the Budget Speech.
11. The Macro Economic Framework Statement - The Macro-economic Framework Statement, as enjoined by the Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act), contains an assessment of the growth prospects of the economy with specific underlying assumptions. It contains assessment regarding the GDP growth rate, fiscal balance of the Central Government and the external sector balance of the economy.
12. The Medium Term Fiscal Policy Statement - The Medium-term Fiscal Policy Statement, as enjoined by the FRBM Act, 2003 sets forth a three year rolling target for specific fiscal indicators along with underlying assumptions. The statement includes an assessment of sustain-ability relating to balance between revenue receipts and revenue expenditure and the use of capital receipts including market borrowings for generation of productive assets.
13. The Fiscal Policy Strategy Statement - The Fiscal Policy Strategy Statement, as enjoined by the FRBM Act, 2003 contains the policies of the Central Government for the ensuing financial year relating to taxation, expenditure, lending and investments, administered pricing, borrowings and guarantees. It outlines the strategic priorities of the Government in the fiscal area, how the current policies are in conformity with sound fiscal management principles and rationale for any major deviation in key fiscal measures.

OTHER BUDGETS

The Indian Railways, the largest public-sector enterprise, and

the Department of Posts and Telegraph have their own budgets, funds, and accounts.

STATE BUDGETS

Each State Government maintains its own budget, prepared by the State's Minister of Finance in consultation with appropriate officials of the central Government.



CONCLUSION

The budget documents express an enormous volume of information. Scrutinising them, one can understand the intention of the government, its priorities, its policies, and its allocation of financial resources, among different regions, sectors, industries which create a sea change in the lives of the people affected by it.

Form IV (See Rule 8)

1. Place of publication: New Delhi
2. Periodicity of the Publication : Monthly
3. Printer's Name: CA. R. Devarajan
whether citizen of India? : Yes
(If foreigner, state the country of origin)
Address : Director, Board of Studies
The Institute of Chartered
Accountants of India,
Post Box No. 7100,
Indraprastha Marg,
New Delhi - 110104.
4. Publisher's Name : CA. R. Devarajan
whether citizen of India? : Yes
(If foreigner, state the country of origin)
Address : Director, Board of Studies
The Institute of Chartered
Accountants of India,
Post Box No. 7100,
Indraprastha Marg,
New Delhi - 110104.
5. Editor's Name : Jaydeep Narendra Shah
whether Citizen of India? : Yes
(If foreigner, state the country of origin)
Address : Chairman Board of Studies,
The Institute of Chartered
Accountants of India,
Post Box No. 7100,
Indraprastha Marg,
New Delhi - 110104.
6. Name and addresses of : Council of the Institute
individuals of Chartered
who own the newspapers and Accountants of India
partners or the shareholders constituted under
holding more than one per cent the Chartered Accountants
(Act XXXVIII of 1949) Act, 1949
of the total capital There is no share capital

I, CA. R. Devarajan, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/-

Dated : February 23, 2009

Signature of Publisher

NOTIFICATION

6th February 2009

No. 13-CA (EXAM)/2009: - In pursuance of Regulation 22 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India is pleased to notify that the Professional Education –II, Professional Competence Course (PCE) and Final (Old and New course) examinations will be held on the dates given below at the following centres provided that sufficient number of candidates offer themselves to appear from each centre.

Similarly Post Qualification Courses in Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations will also be held on the dates given below at the following centres (centres in India only) in terms of provisions as contained in Schedule "C", "D", "E", "G" and "H" of the Chartered Accountants Regulations, 1988 respectively, provided that sufficient number of candidates offer themselves to appear from each centre.

PROFESSIONAL EDUCATION – II EXAMINATION

[As per syllabus contained in the scheme notified by the Council under Regulation 28-B (5) of the Chartered Accountants Regulations, 1988.] **AND**

PROFESSIONAL COMPETENCE COURSE EXAMINATION (PCE)

[As per syllabus contained in the scheme notified by the Council under Regulation 28 C (3) of the Chartered Accountants Regulations, 1988]

Group-I: 2nd, 4th and 6th June, 2009

Group-II: 8th, 10th and 12th June, 2009

(Afternoon Session – 1.00 p.m. to 4.00 p.m.) (IST)

FINAL (OLD AND NEW COURSE) EXAMINATIONS:

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (2) since revised as Regulation 31 (i) of the Chartered Accountants Regulations, 1988.]

Group -I: 1st , 3rd , 5th and 7th June, 2009

Group -II: 9th ,11th ,13th, and 15th June, 2009

(Afternoon Session – 1.00 p.m. to 4.00 p.m.) (IST)

MANAGEMENT ACCOUNTANCY COURSE (MAC PART-I), CORPORATE MANAGEMENT COURSE (CMC PART-I), TAX MANAGEMENT COURSE (TMC PART-I) EXAMINATIONS:

[As per provision contained in "Schedule C", "D" and "E" of Chartered Accountants Regulations, 1988]

Group-I: 9th and 11th June, 2009

Group-II: 13th and 15th June, 2009

(Afternoon Session – 1.00 p.m. to 4.00 p.m.) (IST)

INSURANCE AND RISK MANAGEMENT (IRM) COURSE EXAMINATION:

[As per provisions contained in "Schedule G" of Chartered Accountants Regulations, 1988]

Modules I to IV 9th, 11th ,13th and 15th June, 2009

(Afternoon Session – 1.00 p.m. to 4.00 p.m.) (IST)

INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL&WTO) COURSE EXAMINATION:

[As per provisions contained in "Schedule H" of Chartered Accountants Regulations, 1988]

Group A 2nd, 4th and 6th June, 2009

Group B 8th , 10th and 12th June, 2009

(Afternoon Session – 1.00 p.m. to 4.00 p.m.) (IST)

EXAMINATION CENTRES: (FOR ALL EXAMINATIONS)**CENTRES IN INDIA:**

1	AGRA	43	HUBLI
2	AHMEDABAD	44	HYDERABAD
3	AHMEDNAGAR	45	INDORE
4	AJMER	46	JABALPUR
5	AKOLA	47	JAIPUR
6	ALAPPUZHA	48	JALANDHAR
7	ALLAHABAD	49	JALGAON
8	ALWAR	50	JAMMU
9	AMBALA	51	JAMNAGAR
10	AMRAVATI	52	JAMSHEDPUR
11	AMRITSAR	53	JODHPUR
12	ASANSOL	54	KANPUR
13	AURANGABAD	55	KOLLAM
14	BANGALORE	56	KOLHAPUR
15	BAREILLY	57	KOLKATA
16	BATHINDA	58	KOTA
17	BEAWAR	59	KOTTAYAM
18	BELGAUM	60	KOZHICODE
19	BELLARY	61	KUMBakonam
20	BHILWARA	62	LATUR
21	BHOPAL	63	LUCKNOW
22	BHUBANESWAR	64	LUDHIANA
23	BIKANER	65	MADURAI
24	CHANDIGARH	66	MANGALORE
25	CHENNAI	67	MATHURA
26	COIMBATORE	68	MEERUT
27	CUTTACK	69	MORADABAD
28	DEHRADUN	70	MUMBAI
29	DELHI/ NEW DELHI	71	MUZAFFARNAGAR
30	DHANBAD	72	MYSORE
31	DURG	73	NAGPUR
32	ERNAKULAM	74	NASHIK
33	ERODE	75	NOIDA
34	FARIDABAD	76	PALGHAT
35	GHAZIABAD	77	PALI MARWAR
36	GOA	78	PANIPAT
37	GORAKHPUR	79	PATNA
38	GUNTUR	80	PATIALA
39	GURGAON	81	PIMPRI-CHINCHWAD
40	GUWAHATI	82	PONDICHERRY
41	GWALIOR	83	PUNE
42	HISAR	84	RAIPUR

85	RAJKOT	98	THIRUVANANTHA-PURAM
86	RANCHI	99	THRISSUR
87	ROHTAK	100	TIRUCHIRAPALLI
88	ROURKELA	101	TUTICORIN
89	SAHARANPUR	102	UDAIPUR
90	SALEM	103	UDUPI
91	SANGLI	104	UJJAIN
92	SHIMLA	105	VADODARA
93	SILIGURI	106	VARANASI
94	SOLAPUR	107	VELLORE
95	SONEPAT	108	VIJAYAWADA
96	SURAT	109	VISAKHAPATNAM
97	THANE	110	YAMUNANAGAR

OVERSEAS CENTRES: (FOR PROFESSIONAL EDUCATION-II, PROFESSIONAL COMPETENCE COURSE (PCE) AND FINAL EXAMINATIONS ONLY)

- 1) DUBAI (UAE) 2) KATHMANDU (NEPAL)
3) ABU DHABI (UAE)

Payment of fees for the examinations should be made by Demand Draft only. The Demand Drafts may be of any Scheduled Bank and should be drawn in favour of the Secretary, The Institute of Chartered Accountants of India, payable at New Delhi only.

The Council reserves the right to withdraw any centre at any stage without assigning any reason.

Applications for admission to these examinations are required to be made on the relevant prescribed form, copies of which may be obtained from the Additional Secretary (Examinations), The Institute of Chartered Accountants of India, ICAI BHAWAN, Indraprastha Marg, New Delhi – 110 002 on payment of Rs.100/- per application form in respect of Professional Education –II, Professional Competence Course and Final Examinations. The cost of Examination application forms for Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations is Rs. 100/- per application form. The forms shall also be made available in the Regional and Branch Offices of the Institute and can be obtained therefrom on cash payment on or from **27th February 2009**.

Applications together with the prescribed fee by Demand Draft of any Scheduled Bank may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than **20th March 2009**. However, applications will also be received direct by Delhi Office after **20th March 2009** and up to **27th March 2009** with late fee of Rs. 500/-. Applications received after **27th March 2009** shall not be entertained under any circumstances. Applications for the students' examinations only duly filled in will also be received by hand delivery at the office of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Delhi, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune up to **27th March 2009**. Candidates residing in these cities are advised to take advantage of this facility. However, application forms duly completed for the Post Qualification Course examinations viz: Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I), Insurance and Risk Management (IRM) examinations and International Trade Laws and World Trade Organisation

(ITL&WTO) examinations will be received only at the New Delhi office of the Institute.

Alternatively the candidate may fill up the examination application form online at <http://icaiexam.icai.org> from **27th February, 2009** to **27th March, 2009** and remit the fee online by using credit card, either VISA or Master Card.

The fees payable for the various examinations are as under: -

PROFESSIONAL EDUCATION – II EXAMINATION AND PROFESSIONAL COMPETENCE COURSE EXAMINATION

For Both the Groups Rs. 1600/-
For one of the Groups Rs. 1000/-

FINAL EXAMINATION

For Both the Groups Rs. 2250/-
For one of the Groups Rs. 1250/-

MANAGEMENT ACCOUNTANCY COURSE (MAC PART-I), CORPORATE MANAGEMENT COURSE (CMC PART-I) AND TAX MANAGEMENT COURSE (TMC PART-I) EXAMINATIONS

For Both the Groups Rs. 400/-
For one of the Groups Rs. 200/-

INSURANCE & RISK MANAGEMENT (IRM) EXAMINATION:

Rs. 1000/-

INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL&WTO) EXAMINATION:

For Both the Groups Rs. 2000/-
For one of the Groups Rs. 1000/-

Candidates of Professional Education – II or Professional Competence Course (PCE) and Final examinations opting for Dubai/Abu Dhabi Centre are required to remit, US\$ 350 and US\$ 400 respectively or its equivalent Indian Currency irrespective of whether the candidates appear in a group or in both the groups.

Candidates of Professional Education – II or Professional Competence Course (PCE) and Final Examinations opting for Kathmandu centre are required to remit Indian Rs. 2250/- and Rs. 3000/- respectively or its equivalent relevant foreign currency irrespective of whether the candidates appear in a group or in both the groups.

OPTION TO ANSWER PAPERS IN HINDI:

Candidates of Professional Education – II, Professional Competence Course (PCE) and Final Examinations will be allowed to opt for Hindi medium for answering papers. Detailed information will be found printed in the Information sheets attached to the relevant application form. However the medium of Examinations will be only English in respect of Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) Examinations.

Sd/-

(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMS.)

Branch Offices of the Institute and can be obtained there from on cash payment on or from 6th April, 2009.

Common Proficiency Test application forms duly filled in may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than 27th April, 2009. Applications received after 27th April, 2009 shall not be entertained under any circumstances. Applications duly filled in will be received by hand delivery at the offices of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto 27th April, 2009. Candidates residing in these cities are advised to take advantage of this facility. It may be noted that there is no provision for acceptance of application forms after 27th April, 2009 with late fee.

Alternatively the candidate may fill up the examination application form online at <http://icaiaexam.icaai.org> from 6th April, 2009 (10:00 hrs) to 27th April, 2009 (17:30hrs) and remit the fee online by using credit card, either VISA or Master Card.

Common Proficiency Test (CPT) is open only to those students who are already registered with the Institute of Chartered Accountants of India for the said course on or before 1st April, 2009 and fulfill the requisite eligibility conditions.

QUESTION PAPER BOOKLET LANGUAGE:

Common Proficiency Test will be an objective type multiple choice questions based examination. Candidates will be allowed to opt for Hindi medium Question Paper Booklet for answering the questions. Detailed information will be found given in the Information brochure.

(II) ONLINE CPT:

Apart from the above, it is also hereby notified that the Council of the Institute has decided to hold the Common Proficiency Test (CPT) Online for the candidates who would be willing to take the Test Online. The Online CPT will be conducted on 28th and 29th March, 2009 at Ahmedabad, Bangalore, Chennai, Delhi/New Delhi, Kanpur, Kolkata, Mumbai, Jaipur, Hyderabad, Nagpur and Pune ONLY , on 25th and 26th April, 2009 at Ahmedabad, Bangalore, Chennai, Delhi/New Delhi, Kanpur, Kolkata, Mumbai, Jaipur, Hyderabad, Nagpur , Pune , Vadodara, Chandigarh, Coimbatore, Ernakulam, Guntur, Indore, Lucknow, Raipur, Surat, Thiruvananthapuram, Udaipur and Visakhapatnam Only, and on 23rd and 24th May, 2009 at Ahmedabad, Bangalore, Chennai, Delhi/New Delhi, Kanpur, Kolkata, Mumbai, Jaipur, Hyderabad, Nagpur , Pune , Vadodara, Chandigarh, Coimbatore, Ernakulam, Guntur, Indore, Lucknow, Raipur, Surat, Thiruvananthapuram, Udaipur and Visakhapatnam Only . Candidates intending to appear in Online CPT from the above cities will be required to fill up examination form Online at <http://icaiaexam.icaai.org> and option once exercised shall be treated as final and no change to Paper-Pencil mode Test will be allowed at a later stage under any circumstances.

The candidates intending to take the CPT Online Test shall be required to fill in the Online examination application form with requisite fees and the facility for Online filling up of examination form would be made available as indicated below:-

Date of Examination	28th-29th March, 2009	25th-26th April, 2009	23rd-24th May, 2009
Eligibility (registered in CPT Course or before)	1st January, 2009	1st February, 2009	1st March, 2009
Commencement of online Registration	20th February, 2009 (From 10 :00 hrs)	13th March, 2009 (From 10 :00 hrs)	9th April, 2009 (From 10 :00 hrs)
Last Date	12th March, 2009* (upto 17:30 hrs)	3rd April, 2009* (upto 17:30 hrs)	29th April, 2009* (upto 17:30 hrs)

* or till the seats are full.

In case the number of candidates opting for taking CPT Online in a particular city is more than the availability of seats for Online Test in that particular city, such excess candidates shall be allowed to appear ONLY in the Paper-Pencil mode Test to be held on 28th June, 2009 from one of the centres in the respective city opted for by such candidates.

It is also notified that due to the availability of limited number of seats for online CPT, a candidate shall have to opt for either one of the online CPT to be held in March/ April/ May, 2009 or Paper-Pencil Mode Test to be held in June, 2009 depending on the conduct of Online CPT in the said city opted and/or availability of seats in the centre etc. The decision of the Institute to admit a candidate to either Online Test in March/ April/ May 2009 or Paper-Pencil Mode Test in June-2009 is final and no correspondence for change of Test / Centre etc. will be entertained under any circumstances. The medium of Test for Online CPT would be ENGLISH only.

Sd/-

(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMS.)

ANNOUNCEMENT

Requirement of Articled Assistants for the office of the Official Liquidator, New Delhi.

The Official Liquidator, New Delhi attached to the Hon'ble High Court of Delhi has requested to have the services of Articled Assistants for the examination of the books of accounts etc. in the matter of M/s. Daewoo Motors Ltd. [In Liquidation] in pursuance of the directions of Hon'ble High Court, Delhi in Crl. O (Co.) No. 5/2008 in C. P. No. 66/2003.

Interested articled assistants may send their bio-data at the following address so as to reach on or before 20th March, 2009:-

Shri A. K. Chaturvedi

Official Liquidator
Government of India
Ministry of Corporate Affairs
Office of the Official Liquidator
High Court of Delhi

A-2, W-2, Curzon Road Barracks,
Kasturba Gandhi Marg, New Delhi – 110 001
Tel. No.: 011-23389996 (Direct) 23073392, 23388405

It is clarified there is no prescribed form and for any further details / clarifications, the office of Official Liquidator can be contacted at the above telephone numbers.

(T. Karthikeyan)

Secretary

23.02.2009

ANNOUNCEMENT

6th February, 2009

The Professional Education – II, Professional Competence Course (PCE) and Final Examinations of the Institute will be held from **1st to 15th June, 2009** at the following centres :

1) Centres in India – Agra, Ahmedabad, Ahmednagar, Ajmer, Akola, Alappuzha, Allahabad, Alwar, Ambala, Amravati, Amritsar, Asansol, Aurangabad, Bangalore, Bareilly, Bathinda, Beawar, Belgaum, Bellary, Bhilwara, Bhopal, Bhubaneswar, Bikaner, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi/New Delhi, Dhanbad, Durg, Ernakulam, Erode, Faridabad, Ghaziabad, Goa, Gorakhpur, Guntur, Gurgaon, Guwahati, Gwalior, Hisar, Hubli, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jalgaon, Jammu, Jamnagar, Jamshedpur, Jodhpur, Kanpur, Kollam, Kolhapur, Kolkata, Kota, Kottayam, Kozhikode, Kumbakonam, Latur, Lucknow, Ludhiana, Madurai, Mangalore, Mathura, Meerut, Moradabad, Mumbai, Muzaffarnagar, Mysore, Nagpur, Nashik, Noida, Palghat, Panipat, Pali- Marwar, Patna, Patiala, Pimpri-Chinchwad, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Rohtak, Rourkela, Saharanpur, Salem, Sangli, Shimla, Siliguri, Solapur, Sonapat, Surat, Thane, Thiruvananthapuram, Thrissur, Tiruchirapalli, Tuticorin, Udaipur, Udipi, Ujjain, Vadodara, Varanasi, Vellore, Vijayawada, Visakhapatnam and Yamunanagar.

2) Overseas Centres :- Abu Dhabi (UAE) and Dubai (UAE) and at Kathmandu (Nepal) [ONLY FOR PE-II, PCE AND FINAL EXAMINATIONS].

Applications for admission to Professional Education –II, Professional Competence Course (PCE) and Final Examinations are required to be made in the prescribed forms. The application forms are priced at Rs. 100/- per application form and will be available for sale from **27th February, 2009**. The candidates requiring forms by post may please send their requisition to the Additional Secretary (Examinations), The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi – 110002, along with a remittance of Rs. 100/- per application form by Demand Draft/ Indian Postal Order, drawn in favour of the “Secretary, The Institute of Chartered Accountants of India”, payable at New Delhi giving clearly the address where the application form is required to be sent together with postal stamps worth Rs. 15/-. Alternatively the candidate may fill up the examination application form online at <http://icaiaexam.icaai.org> from **27th February, 2009** to **27th March, 2009** and remit the fee online by using credit card, either VISA or Master Card.

Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I) Insurance and Risk Management (IRM) examinations will be held from **9th June, 2009** and International Trade Laws and World Trade Organisation (ITL&WTO) Examination will also be held at the centres mentioned above (except Abu Dhabi, Dubai and Kathmandu) from **2nd June, 2009**. For application forms for these examinations, please write to the Additional Secretary (Examinations), ICAI, New Delhi –110002 along with a postal order/Demand Draft for Rs.100/- drawn in favour of the Secretary, ICAI, New Delhi or obtain the same against the cash payment from Regional and Branch offices of the Institute from **27th February, 2009**. The Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I), Insurance and Risk Management Course (IRM) and International Trade Laws and World Trade Organisation (ITL & WTO) Examinations are open only to Members of the Institute.

The name of examination i.e. Professional Education – II, Professional Competence Course (PCE), Final, Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) examinations for which the form is required should specifically be mentioned in the requisition letter. The examination forms will be sent by ordinary post. No responsibility is taken for non/ late delivery of forms by post. The forms will also be available against cash payment for personal collection at the offices of the Institute at New Delhi and its Regional and Branch Offices from **27th February, 2009**. Details of date schedule of examinations will be found printed in the relevant application forms.

The Examinations will be held in ONE SESSION ONLY between 01.00 P.M. to 04.00 P.M. (IST) in respect of Professional Education – II, Professional Competence course (PCE), Final, International Trade Laws and World Trade Organisation (ITL&WTO), Management Accountancy Course (MAC Part-I), Corporate Management Course (CMC Part-I), Tax Management Course (TMC Part-I) and Insurance and Risk Management (IRM) Examinations. Details of Examination timing/session, dates of examinations, venue and sequence of papers pertaining to each examination will be found printed on the Admit Card. **There will be no change in the examination schedule in the event of any day of the examination being declared a Public Holiday by the Central Government or any State Government.**

The last dates for receipt of application forms are 20th March, 2009 (without late fee) and 27th March, 2009 (with late fee of Rs. 500/).

Candidates of the Professional Education – II, Professional Competence Course (PCE) and Final Examinations will be allowed to opt for Hindi medium for answering questions. Further details will be available in the information sheets attached to relevant application forms.

COMMITTEE ON INFORMATION TECHNOLOGY

ERP Course on Microsoft Dynamics NAV

The Committee has started offering ERP Courses for members and students (final/ article ship completed) of the Institute to enable them to offer value added services in the field of ERP Consulting as Functional Consultants in the finance domain considering their rich experience in accounting/ finance/ business/ legal requirements, which are in increasing demand today. These courses are also suitable for Members in Industry where ERP applications are implemented/ being implemented.

This ERP Initiative includes, training programmes on SAP (Financial Accounting and Management Accounting), Microsoft **NAV Dynamics**. These courses are being offered through OEM vendors giving twin benefits of convenient timing and discounted course fees. Further details are available on the Institute website at www.icaai.org under Members → Courses.

Please contact +91(11)-30210619/ 621 or erp@icaai.org for further details/ clarifications/ registration.

The next Common Proficiency Test (CPT) (Paper-Pencil Mode) of the Institute will be held on 28th June, 2009 at the following centres :

1) Centres in India - Agra, Ahmedabad, Ahmednagar, Ajmer, Akola, Alappuzha, Aligarh, Allahabad, Alwar, Ambala, Amravati, Amritsar, Anand, Asansol, Aurangabad, Bangalore, Bareilly, Bathinda, Beawar, Belgaum, Bellary, Bhilwara, Bhopal, Bhubaneswar, Bilaspur, Bikaner, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi/New Delhi, Dhanbad, Durg, Ernakulam, Erode, Faridabad, Ghaziabad, Goa, Gorakhpur, Guntur, Gurgaon, Guwahati, Gwalior, Hisar, Hubli, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jalgaon, Jammu, Jamnagar, Jamshedpur, Jodhpur, Kanpur, Karnal, Kolhapur, Kolkata, Kollam, Kota, Kottayam, Kozhikode, Kumbakonam, Latur, Lucknow, Ludhiana, Madurai, Mangalore, Mathura, Meerut, Moradabad, Mumbai, Muzaffarnagar, Mysore, Nagpur, Nashik, Noida, Palghat, Pali Marwar, Panipat, Patiala, Patna, Pimpri-Chinchwad, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Rohtak, Rourkela, Saharanpur, Salem, Sangli, Shimla, Siliguri, Solapur, Sonapat, Surat, Thane, Thiruvananthapuram, Thrissur, Tiruchirapalli, Tirupur, Tuticorin, Udaipur, Udupi, Ujjain, Vadodara, Varanasi, Vellore, Vijayawada, Visakhapatnam and Yamunanagar.

2) Overseas Centres – Abu Dhabi, Dubai, Bahrain and Kathmandu (Nepal) .

Applications for admission to Common Proficiency Test (Paper-Pencil Mode) is required to be made on the relevant prescribed form as contained in the Information Brochure, which may be obtained from the Additional Secretary (Examinations), The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi – 110 002 on payment of Rs. 600/- (Rs.500/- towards examination fee and Rs. 100/- towards cost of application form and Information brochure) per application form. The fee for candidates opting for Abu Dhabi, Duabi and Bahrain centres will be US \$160 (US \$ 150 towards examination fee and US \$ 10 towards cost of application form and information brochure) or its equivalent Indian Currency. The fee for the candidates opting for Kathmandu (Nepal) centre are required to remit INR.950/- (INR 850/- towards examination fee and INR 100/- towards the cost of application form and information brochure) or its equivalent foreign Currency. Since the cost of Information brochure containing Common Proficiency Test application form includes the examination fee, no separate fee is required to be remitted at the time of submitting the filled in application form. The Information brochure containing Common Proficiency Test application form will also be available in the Regional and Branch Offices of the Institute and can be obtained there from on cash payment on or from 6th April, 2009.

Common Proficiency Test application forms duly filled in may be sent so as to reach the Additional Secretary (Examinations) at New Delhi not later than 27th April, 2009. Applications received after 27th April, 2009 shall not be entertained under any circumstances. Applications duly filled in will be received by hand delivery at the offices of Institute at New Delhi and at the Decentralised Offices of the Institute at Mumbai, Chennai, Kolkata, Kanpur, Ahmedabad, Bangalore, Hyderabad, Jaipur and Pune upto 27th April, 2009. Candidates residing in these cities are advised to take advantage of this facility. It may be noted that there is no provision for acceptance of application forms after 27th April, 2009 with late fee.

Alternatively the candidate may fill up the examination application form online at <http://icaiaexam.icaai.org> from 6th April, 2009 (10:00 hrs) to 27th April, 2009 (17:30hrs) and remit the fee online by using credit card, either VISA or Master Card.

Candidates will be allowed to opt for Hindi question paper booklets for the said CPT(Paper-Pencil Mode). Further details will be available in the Information Brochure containing the application form.

Common Proficiency Test (Paper-Pencil Mode) is open only to those students who are already registered with the Institute of Chartered Accountants of India for the said course on or before 1st April, 2009 and fulfill the requisite eligibility conditions.

ONLINE CPT :

Apart from the above, it is also hereby notified that the Council of the Institute has decided to hold the Common Proficiency Test (CPT) Online for the candidates who would be willing to take the Test Online. The Online CPT will be conducted on 28th and 29th March, 2009 at Ahmedabad, Bangalore, Chennai, Delhi/New Delhi, Kanpur, Kolkata, Mumbai, Jaipur, Hyderabad, Nagpur and Pune ONLY, on 25th and 26th April, 2009 at Ahmedabad, Bangalore, Chennai, Delhi/New Delhi, Kanpur, Kolkata, Mumbai, Jaipur, Hyderabad, Nagpur, Pune, Vadodara, Chandigarh, Coimbatore, Ernakulam, Guntur, Indore, Lucknow, Raipur, Surat, Thiruvananthapuram, Udaipur and Visakhapatnam Only and on 23rd and 24th May, 2009 at Ahmedabad, Bangalore, Chennai, Delhi/New Delhi, Kanpur, Kolkata, Mumbai, Jaipur, Hyderabad, Nagpur, Pune, Vadodara, Chandigarh, Coimbatore, Ernakulam, Guntur, Indore, Lucknow, Raipur, Surat, Thiruvananthapuram, Udaipur and Visakhapatnam Only. Candidates intending to appear in Online CPT from the above cities will be required to fill up examination form Online at <http://icaiaexam.icaai.org> and option once exercised shall be treated as final and no change to Paper-Pencil mode Test will be allowed at a later stage under any circumstances. The medium of test for Online CPT would be ENGLISH only.

The candidates intending to take the CPT Online Test shall be required to fill in the Online examination application form with requisite fees and the facility for Online filling up of examination form would be made available as indicated below:-

Date of Examination	28th-29th March, 2009	25th-26th April, 2009	23rd-24th May, 2009
Eligibility (registered in CPT Course or before)	1st January, 2009	1st February, 2009	1st March, 2009
Commencement of online Registration	20th February, 2009 (From 10 :00 hrs)	13th March, 2009 (From 10 :00 hrs)	9th April, 2009 (From 10 :00 hrs)
Last Date	12th March, 2009* (upto 17:30 hrs)	3rd April, 2009* (upto 17:30 hrs)	29th April, 2009* (upto 17:30 hrs)

* or till the seats are full.

The decision of the Institute to admit a candidate to either Online Test in March/ April/ May 2009 or Paper-Pencil Mode Test in June-2009 is final and no correspondence for change of Test / Centre etc. will be entertained under any circumstances. The medium of Test for Online CPT would be ENGLISH only.

RNI No. 66180/97

REGISTERED: DL- (C)-01/1280/09-11

LICENSED TO POST WITHOUT PREPAYMENT U(C)-208/2006-2008

POSTED AT N.D.P.S.O. ON 26th, 27th and 28th FEBRUARY, 2009

Check your Address : All students should check their mailing address printed here. In case, there is any change or the PIN Code (Postal Index Code) is either missing or incorrect, kindly inform immediately the concerned Regional Office giving full particulars of your address along with correct PIN Code. This would enable us to ensure smooth and prompt delivery of the Newsletter.

Printed and published by CA. R. Devarajan, on behalf of The Institute of Chartered Accountants of India, New Delhi. Published at the Institute's Office at Indraprastha Marg, New Delhi and printed at Aravali Printers & Publishers Pvt. Ltd., W-30, Okhla Industrial Area, Phase-II, New Delhi-11 0020.

If undelivered, please return to:
The Institute of Chartered Accountants of India
ICAI Bhawan, Indraprastha,
Marg New Delhi -110 104.