



The Chartered Accountant Student

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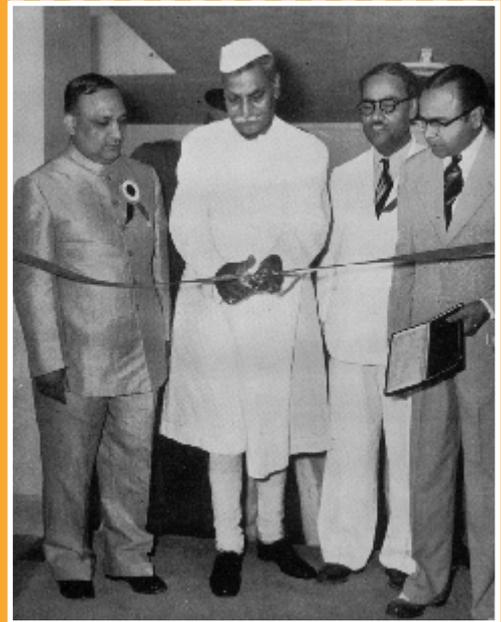
The Institute of Chartered Accountants of India
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Your Monthly Guide to the CA News, Information & Events

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Chartered Accountants' Day



President's Communication

Dear Students,

On the occasion of the Chartered Accountant's Day (July 01), I would like to wish you all the very best in your future career as Chartered Accountants. For the Chartered Accountants, it is a very memorable day to recount the glorious past and a day for introspection for the CA profession. We need to look back on the milestones achieved in the last 63 years and make fresh determinations for the future. I am sure that the Institute is at the threshold of making history for the years to come. On this wonderful occasion, I would like to urge my CA brethren to inherit the mantle and the proud traditions crafted by our ancestors and work selflessly for the betterment of the profession, the society and the nation. I would like to state that the CA profession has always played an important role in the economic development of the country and will continue to contribute towards nation building. The profession of chartered accountancy has also attained a coveted position as a result of constant pursuit for perfection, integrity, skills and knowledge.

As you know, Chartered Accountancy is a very challenging profession and a Chartered Accountant holds important positions in departments such as accounting, auditing, corporate finance, business laws, taxation and corporate governance etc. The course involves a blend of theoretical education and practical training, which equips a student with knowledge, ability, skills and other qualities required for a professional. In order to equip the students with presentation and communication skills and to enhance their overall personality, the Institute has introduced the revised GMCS Course in two parts i.e. GMCS I & II for those students who have joined practical training on or after 1st May, 2012. With a view to bringing consistency and standardization in the delivery in the revised GMCS as well as Orientation Programme, the Board of Studies has also thoroughly revised the course contents and brought out fresh reading

material. A separate Trainers' Manual has also been released wherein trainers has been advised to also conduct Assessment Tests during the currency of the Course itself. As a step forward, in this direction, the Board of Studies organized "One-Day Faculty Development Programmes" for the faculty members, who would be taking classes at GMCS Course and Orientation Programme for CA students at New Delhi, Kolkata, Kanpur, Mumbai and Chennai. I am sure that this would enable the faculty to understand course content in detail and the manner in which the course is to be taught to the students so as to make it more interesting and knowledge-enriching.

The Institute considers it of utmost importance to make our students industry ready. It is our considered view that our students need to have the right skills, the right knowledge and the right attitude to succeed at the right job. I can undoubtedly say that our system of education is aligned with the needs of the market and the economy. Our Chartered Accountants play a vital role in assisting business and industry to improve the use of their resources, increase their efficiency and achieve their objectives. The range of management advisory services rendered by Chartered Accountants reflects their expertise in diverse areas like financial management, strategic management, planning and financial policy determination, etc. Hence, our aim should be to deliver the best quality services to assist reliable and viable commercial decision making by our clients. On this auspicious occasion of the Chartered Accountants' Day, I would like to reiterate that providing the best possible services to the society, the nation and the clients and moving our standard towards achieving performance excellence should be the prime aim of all Chartered Accountants. On this occasion, we should also renew our pledge to uphold the core values of independence, integrity and excellence.

Wish you all the best

Yours sincerely,

CA. Jaydeep Narendra Shah
President, ICAI, New Delhi



Vice-President's Communication

Dear Students,

At the outset, I would like to convey my heartiest greetings to you all on the auspicious occasion of 64th Chartered Accountants' Day (1st July). I feel proud to be a member of this fraternity to celebrate this day with great enthusiasm and veneration. On this occasion, I would like to call upon you to uphold the values of the noble profession of chartered accountancy and also we all should renew our pledge to render the very best and quality services to our clients or organisations and facilitate their advancement and growth by knowledge sharing. Remember one thing; the success of our great profession largely depends upon your conscientious efforts. Chartered Accountancy has always been regarded as a highly prestigious profession.

I think that it would be appropriate for me on this occasion to share with you the importance of Chartered Accountancy course as the same being the much rewarding and sought after profession in the present economic scenario. The growth of the economy in the last two decades has significantly increased the role of Chartered Accountants in the financial side of business and industry, especially in the corporate sector. The CA profession is highly sought after as a career choice. This profession pays well and provides opportunities for fast growth within a few years after your high school education. One also has the advantage of offering competent professional services across the board. I would like to advise the budding professionals to extend your best services in your articleship training and there will be greater appreciation for your efforts. **Swami Vivekananda said "Work is worship! No work is insignificant. No work is impossible. Whoever works at a thing with his whole heart receives help from God."**

Today, Chartered Accountants occupy important strategic positions in organizations of repute. They provide trustworthy information about financial

records. This might involve them in financial reporting, taxation, auditing, forensic accounting, corporate finance, business recovery and insolvency, or accounting systems and processes. Generally, the Chartered Accountants play strategic roles by providing professional advice, aiming to maximize profitability on behalf of their clients or employer. They work in many different settings including public practice firms, industry and commerce, as well as in the not-for-profit and public sectors.

In public practice also, Chartered Accountants provide professional services to clients who might be private individuals or large commercial or public sector organizations. In commerce, industry and the not-for-profit and public sectors, they can work in treasury management, procurement, and financial management, in reporting roles and many other roles.

We can undoubtedly say that job is almost guaranteed on enrolment for the CA course and the training makes candidates career-ready even before their enrollment as members of the Institute. It is our endeavour to help the students to become outstanding and well-rounded professionals in their chosen field. The contribution of the Board of Studies towards this task is no less. The Board evolves and implements various programmes for the overall development of the students. I would like to urge you to fully utilize all the opportunities you get so that you can make use of it as you grow in the profession. Develop the habit of hard working, make yourself ready to shoulder greater responsibilities and inculcate the **"Never Say No"** attitude in your workplace. As the noted corporate trainer Robin Sharma said **"When you bring your highest talents and deepest devotion to the work you do, what you are really doing is setting yourself up for a richer, happier and more fulfilling experience of living."**

Wish you all the best

Yours sincerely

CA. Subodh Kumar Agrawal,
Vice President, ICAI, New Delhi



Chairman's Communication

My Dear Students,

July 1 is a memorable day for the Chartered Accountants fraternity. Sixty three years back, on this day, India witnessed the enactment of The Chartered Accountants Act, 1949. This Act entrusted complete autonomy on the Profession and vested the entire regulation and control in the hands of the Profession itself. It was on this day the Institute of Chartered Accountants of India was born. Since then, this day is celebrated as Chartered Accountants Day. On this auspicious occasion, I wish you a very happy Chartered Accountants Day (July 1). On this memorable day, let us reiterate our commitment to take the Profession to the pinnacle of independence, integrity and excellence.

I am happy to state that the new scheme of General Management and Communication Skills (GMCS) has been launched. The new Study Materials for GMCS I and Orientation Programme have also been published. In this regard, a series of Faculty Development Programmes is being conducted in all the Regions in which the GMCS Faculty members are being trained in the usage of standardized teaching tools and aids. I am sure the new Scheme of GMCS I and GMCS II with its contemporary courseware will help in your professional development and advancement.

The Board of Studies in its endeavour to keep students updated in various subjects of the CA course brings out a variety of publications. "Select Cases in Direct and Indirect Tax Laws- An essential reading for Final Course" is one such publication which helps the students in understanding the process of judicial decisions. The BOS has come out with the latest edition of this publication. This edition, containing a compilation of recent significant judicial decisions, which would be relevant for November 2012 examination. This, read in conjunction with the Study Material, will enable the students to appreciate the critical issues involved in interpreting and applying

the provisions of direct and indirect tax laws to practical situations.

As you are well aware National Conventions, State Level Conferences, All India Conference and International Conference for CA Students are organized by the Board of Studies every year. This year also many such events are being organized all over the country. The details of the forthcoming conventions and conferences, including the programme schedule containing *inter alia*, the topics to be dealt with there in, are being published every month in the students' journal and hosted on the Institute's website. I suggest you take active participation in these events as they help in sharpening your communication skills and promoting your overall personality development besides giving you a chance to interact with fellow CA students and build camaraderie.

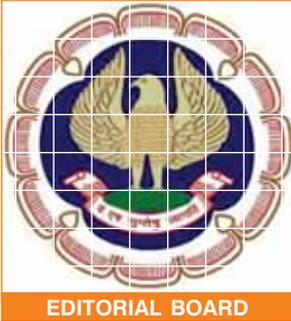
Success in CA profession calls for perseverance, hard work and an indomitable spirit to win. When we take a vow of never to be defeated in any circumstance and regard any adversity as an opportunity for development, we will surely win. Please don't allow any setback to defeat you. ***"The speed with which you move may depend on your fate or talent...but the distance you cover is decided entirely by you and your perseverance..."*** As long as you continue to persevere with invincible spirit, you will definitely taste success in all your endeavours of life.

Life is not easy for any of us. But what of that? We must have perseverance and above all, confidence in ourselves. We must believe that we are gifted for something and that this thing, at whatever cost, must be attained. – Marie Curie

With Best Wishes

Yours sincerely,

CA Nilesh S. Vikamsey
Chairman, BOS



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The Institute of Chartered Accountants of India

Set up by an Act of Parliament



ICAI, New Delhi

Joint Education Programmes with Various Indian Universities

The Institute of Chartered Accountants of India has entered into Memorandum of Understanding (MoU) with the following Indian Universities to provide an opportunity to all those students who have registered for the Chartered Accountancy course and Members of the Institute to pursue Graduate Degree / Post Graduate Degree viz. B.Com, M.Com, BBA and MBA wherein they would be given exemptions from certain papers.



IGNOU, New Delhi
Course: BCom (A&F), MCom (F&T)



Netaji Subhas Open University, Kolkata
Course: BCom



Bharathiar University, Coimbatore
Course: BCom, BBA, MCom, MBA



University of Madras, Chennai
Course: BCom, BBA, MCom, MBA

- For further details and to download the Application form visit the Official Website of the Respective University or follow the "students" icon on the Homepage of ICAI website www.icai.org
- Duly filled in application form along with the enclosures can be sent to the respective University.

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The Ever Expanding Role of a Chartered Accountant

CA. Shashidhar Jayaraman

This article examines the role of the chartered accountant and what it takes to succeed in a challenging and highly competitive corporate world.

It is quite interesting to see how the role of finance professional has morphed over the past few decades. The traditional accountant is now more at home as a solid business confidant. Business managers have started to appreciate the contribution that a finance manager would bring in to an operating role and therefore the importance of being a chartered accountant is now actually measurable”.

What has led to this transformation and the broadening of the role? There is no one factor, but a number of internal and external dynamics that has worked overtime to evolve the role and the broadening of the scope.

The starting point however is the course itself - the Chartered Accountancy course prepares young professionals like you in a thorough manner. There are some cynics who could possibly say that the Chartered Accountancy course is a finishing school. Be that as it may, it still gives a holistic understanding of a number of varied subjects, which possibly very few singular courses would offer.

Over the last few decades businesses have started to appreciate the financial acumen and business familiarity of a finance manager. A finance professional acts as the glue between all the operating functions and tries to bind the strategic and business objectives together for the achievement of the organisation’s mission. This is a vital role that every finance professional should understand, grasp and execute. As a key member of the management team, the finance professional is required to provide the business with specific outputs around the health and shape of the business, important productivity metrics and useful what if scenarios. The finance professional should also have a good understanding of the regulatory framework.

But, to build scale and stature in the organisation, it is critical for the finance professional to possess a few very vital character traits and I have tried elaborating in the following lines below:

The vital character traits

Be curious

There will be innumerable moments in our life, when we would have to move out of our comfort zone and actually do the task. In our world as finance professionals there are no boundaries as far as knowing and delivering in the work place is concerned. We need to keep looking at new things all the time – in our own functions and also across functions. You never know, when and how the next new idea would germinate.

Challenge the assumptions

I have always believed that in our profession it is extremely important to keep questioning. Today’s environment is challenging and full of uncertainties. At every stage in our professional lives while we deal with our functional colleagues, vendors, consultants and the bureaucrats it is imperative that we do not assume what is being said and we should not go with the tide. We have to look beyond the assumptions and get convinced that this is the fair way of conducting business. Let me illustrate this point further. All of us know about the two cola companies in India– a few years ago both these companies were in the thick of controversy and the issue remained in public domain for quite some time. All this while, both these organisations had famously positioned volume growth and market share gain as their only objective and therefore had limited regard to achieving the financial goals – mildly put churning profits in the Indian markets was a long term objective. This controversy made them think differently – the dwindling volumes made them restructure their financials. They started reviewing their productivity parameters and balance sheet items with a very open mindset. In some way, the controversy was a blessing in disguise and made them look at their businesses differently and suddenly in spite of all the external challenges the companies were returning monies to the shareholders.



(The author is a Member of ICAI (Mem.No.056064)

Be a solution provider

We will have enough challenging moments in our lives and it is critical that we are able to maintain our balance and are able to address the problem than living with it. I know of a very senior professional who always encouraged his subordinates to come up with alternative solutions even if it meant that they were idiotic. It is important that we let our minds wander and work overtime. As someone said “the most common cause of executive failure is inability or unwillingness to change with the demands of a new position. The executive who keeps on doing what he had been doing successfully is bound to fail.”

Constructive criticism

There will be moments in our professional lives when we make mistakes and we are constantly on a denial mode. It is important that at such times we course correct based on inputs that we receive from our peers, partners and supervisors. Accepting constructive criticism goes a long way in building our character.

The multifaceted roles

There a number of varied roles that a finance professional can exercise and play. Very few operating functions can offer a similar kind of depth and coverage. I have been in this industry for more than 2 decades and I must admit that it is fascinating to see just how many different kinds of roles that are available for a finance professional – within the same organisation or in a different industry. I have always believed that the foundation for any finance professional should be strong and well rooted – and if this were so, he would be in a position to take up any challenging assignments.

I believe that a young Chartered Accountant should start his professional innings in a line finance function – which could either be a sales accounting role or factory accounting, or an analyst or front office manager in a bank. Each of these roles are customer facing and would expose the professional to the real world around him. As the professional grows in the organization the exposure to different roles and positions become imminent. The four character traits that I have mentioned above, if used well and with a positive mind would accelerate the growth of the professional. And as the professional moves up and lateral in the organization, his maturity and his ability to deal with people around would help him develop and build on his interpersonal skills which are very critical for a professional as he moves to leadership positions.

A finance professional is very uniquely positioned in an organisation – the company believes that the finance professional is the default organiser and is expected to play the role of a coordinator, a summation expert, an advisor and the conflict resolver. And this expectation is thrust upon him irrespective of whether he is in a senior management position or in a middle management position working in a regional set up. This sense of trust that a finance manager enjoys in an organization is unique and his ability to judge and influence decision making holds him in good stead in his career and growth. Not surprising therefore that a number of mid-sized corporates in India told have a Chartered Accountant at the helm of affairs and they are very running the organisation well. The true test of a finance professional lies in his ability to maintain balance, patience, pragmatism, practicality, a good sense of the world around him and above all solid inter personal skills.

How does a finance professional grow in an organization? In a matured multinational corporation the finance professional starts in a line function and then in due course he moves on to a specialized role. The organisation would pause here and figure out the strength and the areas of improvement before positioning the professional in another line role or in a specialized role before he graduates into a leadership position. I believe that a similar career path is followed across all industries – whether in service or manufacturing. Large organisations are moving finance professionals to lateral roles in other functions and providing them with a general management experience. This is a reflection of the potential of finance professional. More and more finance professional are moving into general management roles and taking in positions of authority and leadership.

Conclusion

Finally, there will be innumerable challenges in our professional lives and it is critical that we take a balanced view and work towards pragmatic solutions to those challenges. As Martin Luther King Jr said and I quote “The ultimate measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy”.

Disclaimer: The views expressed in this article are his personal notes and do not reflect the views of the organisation that he works for or has worked in the past.) ■

The Road to Success

Shanthi J. Mahadevan

“Our greatest glory is not in never falling, but in rising every time we fall.” - This profound statement was made by the Chinese Philosopher Confucius centuries ago. But the words have a strong impetus even today. Because all of us are bound to face sometime or the other in our life a situation where our efforts have not paid off and we are clueless as to what went wrong. And in such trying times the only sustaining factor is the will to get up and get going, learning our lessons from the past but focussing on our onward journey because we are all born to be winners-undoubtedly.

The road to success is not always a smooth one. Sometimes our plans are well executed and we succeed in what we wanted to accomplish. But at other times we are not able to reach the goal despite our efforts. And at such occasions what is our response? A certain amount of despondency is sure to creep in. That is when our attitude as a person plays a vital role. A failure is as temporary as success. It is up to us to rebuild the dream and translate it to reality. Most of us fear failure because of our fear of having to face the world in the face of a failure, when we fall in our race towards success. Rest assured that even the most brilliant, the most efficient and the most capable persons whose success stories we know have sometime in their efforts have seen as much failure as any of us. The reason for their success is their determination and will to continue against all odds and their faith in themselves, in their goals. Talk of failures and the one person who come to mind is one of the most inspiring persons- Thomas Alva Edison. His ‘never give up’ approach is what resulted in such magnificent inventions that helped pave the way for the modern industrialised world. For the one who has put in efforts in the right direction with a definite purpose, success is sure to be achieved; it may be just a short distance away. In this context, we could relate to this beautiful story of a businessman who is about to quit unable to struggle any longer. He goes out into the wild and asks God,” he said. “Can you give me one good reason why I shouldn’t quit?”

The answer took him by surprise. “Look around you,” it said. “Do you see the fern and the bamboo?”

“Yes,” the man replied.

When I planted the fern and the bamboo, I took very good care of them. I gave them both equal amounts of food and water. I gave them sunlight in spring and protected them from the storms in autumn. The fern quickly grew from the earth. Its brilliant fronds soon covered the forest floor. Yet nothing came from the bamboo seed. But I did not quit on the bamboo. In the second year, the fern grew even more splendidly than before but nothing came from the bamboo seed. But I did not quit on the bamboo. In year three there was still nothing from the bamboo seed. But I would not quit. In year four, again, there was nothing from the bamboo seed. Still I would not quit. Then in the fifth year a tiny sprout emerged from the earth. Compared to the fern, it was seemingly small and insignificant. But day by day the sprout grew. First a shoot, then a seedling, and finally a cane. Within six months, the bamboo cane had risen to a height of 100 feet. It had spent the five years growing roots. Those roots made it strong and gave it what it needed to survive. I would not give any of my creations a challenge it could not handle.

Did you know that all this time you have been struggling, you have been growing? Growing the roots that you need to produce your fruit. I would not quit on the bamboo. I will not quit on you.” “Don’t compare yourself to others. All of my creations have different purposes, different journeys, and different timescales. The bamboo had a different purpose from the fern. Yet they both make the forest beautiful. Your time will come. You will rise high.

“How high should I rise?” the man asked. “How high will the bamboo rise?” asked God in return. “As high as it can?” the man questioned. “Yes,” God replied. “Give me glory by rising as high as you can.”

Although a story, every one of us can take inspiration from the message that it seeks to convey: that each one of us can realise our dreams if we will persevere. There is no common formula for success. Each individual has to identify his or her strengths and

(The author is Section Officer (Student Career Counselling), ICAI.)

weaknesses. Then build up on the strengths to such an extent that the weaknesses are not seen. Courage and Confidence are the most dependable partners in our journey towards the goal, be it an academic course of study that we have taken up or an assignment entrusted in the office or an event on the personal front. When we take up a task or a mission it is our attitude and approach that determines our success. If the path to the goal were clear and smooth, there would be no thrill no joy when we achieved it. The setbacks and the obstacles are to be thanked, because without their appearance we would never know our own potential. When encountered by them we have a choice to move forward or to stay where we are. And to move forward we need abounding enthusiasm to achieve. Swami Vivekananda's words "Arise awake stop not till the goal is reached" are powerful reminders that we just cannot stop or rest until we achieve what we have desired or dreamed. And once a goal is achieved, continue to set new tasks new goals, new dreams and work towards fulfilling them.

We could look at the following words of Dr. A P J Abdul Kalam as quoted in his autobiography.

- Before anything I wanted could happen, I had to desire it intensely and be absolutely certain it would happen.
- Are you aware of your inner signals? Do you trust them? Do you have the focus of control over your life in your own hands? Take this from me, the more decisions you can make avoiding external pressures, which will constantly try to manipulate and immobilize you, the better your life will be, the better your society will become. The entire nation will benefit from having strong, inner-directed people as their leaders.
- With faith, you can change your destiny.
- Through difficulties and problems God gives us the opportunity to grow. So when your hopes and dreams and goals are dashed, search among the wreckage, you may find a golden opportunity hidden in the ruins.
- You have to dream before your dreams can come true. Some people stride towards whatever it is that they want in life; others shuffle their feet and never get started because they do not know what they want - and do not know how to find it either.
- Happiness, satisfaction, and success in life depend on making the right choices, the winning choices. There are forces in life working for you and against you. One must distinguish the beneficial forces from the malevolent ones and choose correctly between them.
- Know where you are going. The great thing in the world is not knowing so much where we stand, as in what direction we are moving.
- To succeed in your mission, you must have single-minded devotion to your goal.

And here's the favourite one **"Dream is not the thing you see in sleep, it is the thing that which does not let you sleep"**

So if you have had a dream and faced a failure, a fall, remember it is not the end of everything. If we want to reap a rich harvest then we must sow the seeds of ideas and dreams and water them regularly with commitment and hard work. If we want to win the race then we must run with only the finishing line in mind. All obstacles on the way will vanish (that is be, overcome) if our vision is fixed only on the goal. The moment we take our eyes off the goal we lose time and begin to lack enthusiasm. To succeed we must strive constantly and untiringly.

In the words of Jean de La Bruyere: "There is no road too long to the man who advances deliberately and without undue haste; there are no honours too distant to the man who prepares himself for them with patience.

"Success is failure turns inside out-the silver tint of the clouds of doubt, And you never can tell how close you are, you may be near when it seems afar,

"So stick to the fight when you are hardest hit, when things seem worst you mustn't quit"

(The poem-"Don't Quit")

So, let us get up and get going towards our goal. There is no option but to win.

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Audit in Indirect Taxes

CA. Swati Aggarwal

Historically, the word ‘auditing’ has been derived from Latin word “audire” which means “to hear”. In conventional sense, “audit” means scrutiny and verification of documents, events and processes in order to verify facts and, draw conclusions regarding the correctness of recording of facts and the efficiency of a system under study. For Central Excise purposes “audit” means scrutiny of the records of assessee and the verification of the actual process of receipt, storage, production and clearance of goods with a view to check whether the assessee is paying the central excise duty correctly and following the central excise procedures.

In case of Direct Taxes, since 1984 there is a provision for compulsory audit vide section 44AB which has been inserted by the Finance Act 1984, with effect from 1-4-1985 but there is no such provision for compulsory audit in indirect taxes. Section 44AB of the Income Tax Act states that every person above the limit of specified turnover has to get his accounts audited. While, in indirect taxes audit is not mandatory for the assessee, it is at the discretion of department under specified circumstances to get the accounts of an assessee audited.

Since service tax is a major source of revenue to the Government and adoption of unfair practices by service tax assessee was leading to a huge loss to the Government, this emphasized the need for introduction of special audit provision in service tax. Incorrect valuation of taxable services, mis utilisation of credit and decentralised operations are the main causes for introduction of service tax audit. Hence, with the enactment of Finance Act 2012, Special Audit has been introduced in service tax law vide section 72A.

In case of Indirect taxes, audit provisions are contained in Central Excise Act and Finance Act, 1994.

Audit under Central Excise Act, 1944 provides for three types of audit, that is

- (a) Special audit for valuation purposes under section 14A,
- (b) Special audit for CENVAT credit purposes under section 14AA
- (c) Excise Audit 2000
 - Special Audit in service tax law vide section 72A.

➤ **Need for valuation audit under section 14A**

Valuation of Excisable goods needs compliance of Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 which contains a lot of rules for determination of assessable value. Lot of cases of evasion of duty are found by the department every year on the basis of wrong valuation. Most of the times it has been noticed that excisable goods are undervalued by manufacturers by adopting unfair methods like altering or tampering retail sale price of goods after removal, sale of goods to related parties at low price and non inclusion of money value of additional consideration while calculating transaction value. All these cases lead to the need of Valuation Audit in central excise.

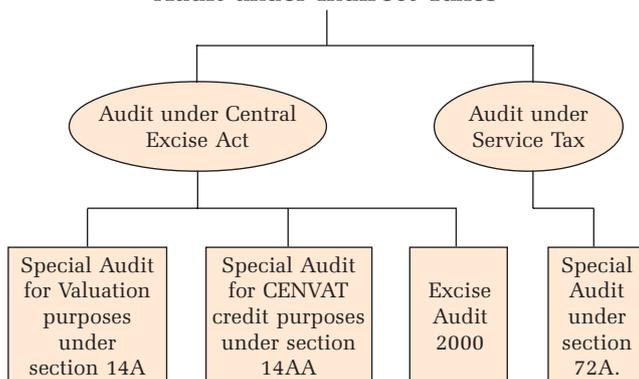
(a) **Special audit for valuation purposes under section 14A**

- 1 Valuation Audit can be ordered by any Central Excise Officer above the rank of Superintendent. He can order so if at any stage of enquiry, investigation or any other proceedings before him he thinks that the value has not been correctly declared by a manufacturer or any person.

However, for ordering such an audit he needs to get prior approval of the Chief Commissioner of Central Excise.

- 2 The manufacturer/person is directed by Central Excise Officer to get the accounts of his place of business audited by a Cost Accountant or Chartered Accountant

Audit under Indirect Taxes



The Contributor is Executive Officer, ICAI

nominated by the Chief Commissioner of Central Excise in this behalf.

- 3 The Cost Accountant or the Chartered Accountant has to submit the certified audit report within the specified period to the Central Excise Officer. Such period can be extended by the Central Excise Officer if requested by the manufacturer for material and sufficient reason. However, the maximum period of submission of audit report is 180 days from the date of receipt of the cost audit order by the manufacturer.
- 4 Such audit may be directed even if accounts have been already audited under any law.
- 5 The principle of natural justice is followed by judiciary. The manufacturer/person is given an opportunity to present his case in respect of any material which is proposed to be utilized in any proceedings.
 - Earlier only Cost Accountant could be nominated by Chief Commissioner of Central Excise for conduct of valuation audit. However, with the enactment of Finance Act, 2009 (Effective from 19.08.2009), a Chartered Accountant has also been authorized for conduct of valuation audit.

➤ **Need for CENVAT credit audit under section 14AA**

CENVAT credit reduces the burden of assessee in manifold manner as it may be utilized for payment of any duty of excise on any final product or service tax on any output service. However, lot of manipulations are made by assessee for misutilisation of CENVAT credit in order to evade the duty. Assessee generally violates the conditions for availing CENVAT credit in case of receipt of inputs, capital goods and input services. Compliance of Rule 3(7)(b) relating to utilisation of CENVAT credit is not appropriately made. It has been found that in case of removal of capital goods, payment of duty is not made as per the law. Hence, due to above falsifications made by assessee, Special audit for CENVAT credit purposes under section 14AA was introduced vide Central Excise Act.

(b) Special audit for CENVAT Credit purposes under section 14AA

- 1 The Commissioner of Central Excise is empowered to call for an audit if he has reason to believe that the credit of duty

availed of or utilized by a manufacturer of any excisable goods –

- (a) is not within the normal limits
- (b) has been availed of or utilized by reason of fraud, collusion or any willful mis-statement or suppression of facts.

- 2 The manufacturer is directed to get the accounts of his place of business, as may be specified by him, audited by a Cost Accountant or Chartered Accountant nominated by him.
- 3 The Cost Accountant or the Chartered Accountant has to submit the certified audit report to the Central Excise Officer within the period specified by the Commissioner of Central Excise.
- 4 Such audit may be directed even if accounts have been already audited under any other law.
- 5 The manufacturer is given an opportunity of being heard in case any material which has been gathered on the basis of the audit is anticipated to be utilized in any proceeding.
 - Earlier only Cost Accountant could be nominated by Commissioner of Central Excise for conduct of CENVAT Credit audit. However, with the enactment of Finance Act, 2009 (Effective from 19.08.2009), a Chartered Accountant has also been authorized for conduct of CENVAT Credit audit.

(c) Excise Audit 2000 (EA 2000)

- 1 Excise Audit 2000 is a system of audit which has been initiated from 1st December 1999.
- 2 The crucial philosophy of EA 2000 is that this audit is based on the inquiry of business records of the assessee. A prerequisite of EA 2000 is that the auditors must be thorough in their knowledge of Central Excise law and procedures, notifications, instructions and circulars issued by the Finance Ministry and the judicial decisions on issues relating to central excise laws.
- 3 This is a more methodical form of audit which requires gathering of basic information about the assessee and then its analysis by the auditor to find out susceptible areas before conducting the actual audit.

- 4 The audit is therefore more centred and thorough as compared to the traditional audit. Also the assessee is discussed with at every stage of audit. This makes EA2000 audit comprehensible.

The **process of EA 2000** starts with identification of a unit to be audited. Normally, there are a lot of assessees under the jurisdiction of a Central Excise Commissionerate. Under EA 2000, the 'risk-factors' is the basis of selection of assessee. After selection of assessee, the auditors are assigned the assessees to be audited at the commencement of the financial year. The auditors are required to accumulate the maximum information about the assessee. Since information can be gathered without interacting with the assessee, this step is known as 'desk-review'. After Desk Review, the next step taken by auditor is known as 'gathering and documenting assessee information'. For this, he writes letter to the assessee or sends him a questionnaire to obtain this information. The auditor then visits the unit of the assessee to see the actual operation of the unit, the systems that are followed for maintaining records in various sections and the method of movement of goods within the unit. This step is called 'touring of the premises' which gives the auditors a general notion about the system adopted by the assessee and the possible loopholes through which revenue leakage can take place.

'Audit Plan' is prepared by the auditor on the basis of his experiences and the information gathered about the assessee. Preparation of audit plan is one of the most significant steps of EA 2000. After preparation of audit plan, verification is carried out by auditor. The auditor visits the unit of the assessee on a planned date (informed to the assessee in advance) and carry out the search of the records of the assessee as per the audit plan. For example, the auditor may cross verify the figures of clearance of finished goods showed by the assessee in central excise return with the sales figures of the said goods in Balance Sheet, Sales Tax Returns, Bank statements etc.

After proper verification, in case the auditor finds cases of short payment of duty or non-compliance of Central excise procedures, he should converse the issue with the assessee. Subsequent to clarification provided by the assessee, if the auditor is contented that such non-tax compliance has taken place, he documents the same as an 'Audit Objection' of the 'draft audit report'. Auditor is directed not to make strict objections to sheer procedural contraventions, which do not result in any short payment of duty. At the end of the process of verification the auditor

prepares a 'Draft Audit Report' which includes all the audit objections. The draft audit report is then submitted to the higher officers for review, who examine the validity of the objections raised by the auditors. After such review, the audit report becomes final and if the disputed amount is not paid by the assessee on the spot, demand notices are issued by the department for the recoveries.

Thus, it can be concluded that EA 2000 is a new, interactive and transparent method of audit wherein the auditor proceeds with audit after becoming fully acquainted with the business of the assessee. EA 2000 is thus a participative audit.

The **frequency norms for audit of Central Excise** is currently prescribed in the Excise Audit Manual which provides that in case the amount of annual duty (in cash inclusive of CENVAT Credit) paid by assessee is above ₹ 3 crores then frequency of conducting Excise Audit 2000 is every year. However, if annual duty paid is between ₹ 1 crore and ₹ 3 crores then audit is conducted once in every two years. For annual duty between ₹ 50 lakhs and ₹ 1 crore then frequency of audit is once in every five years and if annual duty paid by assessee is less than ₹ 50 lakh then 10 per cent of the units are audited every year.

(d) Special Audit under Service tax

Till 27th May, 2012, Special Audit for CENVAT credit purposes under section 14AA was applicable to service tax vide section 83. Section 83 of Finance Act 1994 deals with applicability of provisions of the Central Excise, 1944 to service tax. However, now a separate section has been newly inserted in service tax law itself vide enactment of Finance Act 2012.

A new section 72A has been inserted vide Finance Act, 2012 to introduce provisions relating to **special audit in the service tax law** on the lines of section 14A and section 14AA of the Central Excise Act, 1944. Consequently, section 14AA is being omitted from section 83.

- 1 Section 72A provides for a special audit to be carried out by a chartered accountant or cost accountant nominated by the Commissioner of Central Excise.
- 2 The special audit is ordered where the service tax assessee has
 - failed to determine the value of taxable service or
 - has availed and utilised credit of duty or tax beyond the normal limit or

ARTICLE

- by means of, collusion or wilful mis-statement or
 - he is having operations spread out in multiple locations and it is not possible or practicable to obtain a true and complete picture of his accounts from the registered premises falling under the jurisdiction of the commissioner.
- 3 The audit report is to be submitted by the chartered accountant or the cost accountant to the Commissioner on completion of the audit.
 - 4 Such audit may be ordered even though such accounts had been audited under any other law.
 - 5 Before initiating proceedings on the basis of the report, a reasonable opportunity is given to the service tax assessee so audited to present his stand.

The guidelines of Service Tax Audit Manual, 2010 **provides frequency norms for audit of service tax assesses** which states that Taxpayers with service tax payment of above ₹ 3 crores in cash inclusive of CENVAT credit are to be audited every year. However the Taxpayers with service tax payment between ₹ 1 crore and ₹ 3 crores are to be audited once in every two years. Tax payers with service tax payment between ₹ 25 lakhs and ₹ 1 crore are to be audited once in every five years and in case of taxpayers with service tax payment upto ₹ 25 lakhs, 2 per cent of them are to be audited every year.

However, time is not far when there will be compulsory audit for each service tax assessee. Introduction of Special Audit under service tax may act as a precursor to the compulsory audit in service tax. Then, a big avenue will get opened for professionals like us. Hence the advent of compulsory audit in service tax will surely be a welcome step from the point of view of revenue, professionals as well as industry. ■

ANNOUNCEMENT

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Requests for verification/inspection/supply of copies of evaluated answer books of CA exams can be made either through handwritten applications or online from <http://icaiaexam.icaai.org> and the applicable fees can also be paid on-line, either through VISA/MASTER credit/debit card.

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Examination Department

Analysis of oil subsidies

Kishore Kumar Biswas

India's state-owned Oil Marketing Companies (OMCs) are known to be suffering from a huge financial crunch due to their high 'under-recoveries' after selling the products like petrol, diesel, kerosene and LPG. It is shown that the Government of India has to finance these 'under-recoveries' either by cash or through 'oil bonds' and this results in massive outflow of money from the central exchequer year after year. But the studies show that earning of revenue by the union government from petro-products is much higher than what it spends for 'under-recoveries' of the OMCs. In fiscal 2010-11 the union exchequer earned about ₹ 60,000 crore over and above the spending for 'under recoveries'. But a large number of economists and policy makers are of the opinion that decontrol of the prices of the petro-products should be healthy for the economy. It is also argued that the most economically vulnerable section of society and some spheres like public transport should be protected from it.

According to Government, under-recoveries of oil marketing companies would be ₹ 1, 39, 000 crore. Right now, under-recoveries in case of diesel is ₹ 14.50 per litre; in case of kerosene, it is ₹ 31.88 per litre and in case of LPG, it is ₹ 412 per cylinder of 14 kg. Is it possible to maintain this level of subsidy? According to Government, raising fuel prices would have an impact on consumers and impact already volatile inflationary situation.

Reasons behind the high prices of petroleum products

Reasons behind the high prices of petroleum products can be explained in terms of forces of demand and supply. Since demand for them is outstripping their supply, their prices are rising. However, it may be mentioned that prices of petroleum products, at present, are decreasing to some extent. Considering supply constrain we can recall an article of Dr Anup Sinha, Professor, IIM, Calcutta, published in Money and Finance, April, 2012. He shows there are increased geopolitical risks in oil supply. The impact of a possible disruption of oil supply from Iran could be

large since the estimates of buffer stocks and spare capacity are not very optimistic. Saudi Arabia is the only economy with significant buffers, but it is believed that the economy's production of oil is already at a 30 years peak for the past few years. There are disputes over a pipeline in South Sudan, embargoes on Syria, Lebanon disputes and strikes in the oil field of Yemen, and North-Sea oil rigs have been closed for repairs. A quick estimate of supply reduction is to the tune of 1.2 million barrels per day.

But global demand for oil products is expected to be lower in the present fiscal as a result of global economic slowdown for the last few months and this is expected to be continued in the coming months. Here the most crucial is the crises of euro zone economies. It can further be mentioned that the IMF has projected a fall in crude oil prices for 2012 made possible due to demand factors. On the other hand the supply side risks are too immediate to ignore.

Abolishing the Administrative Pricing Mechanism (APM)? India abolished the APM in April 2002 with view to deciding the domestic prices of the petroleum products through the market mechanism. Under APM, the price of petroleum products was administered directly by the union government. But under the new regime OMCs would be free to set the prices of products, under the supervision of a petroleum sector regulator. At that time several private players emerged in the market.

It was expected that the prices of petrol and diesel would then fluctuate according to the market law. For other two products LPG and kerosene subsidies would be phased out between 2005 and 2007. But the experience is different when one comes to the actual situation. The ups and downs of petro-products in the Indian market from April 2002 to April 2009 can give the real picture. It has been noticed that other than petrol, decontrol of prices of other products was hardly experienced.

(The contributor is a Kolkata based Resource person)

Net revenue from petro- products

If available data for the last 3 Financial Years on the net contribution to Central Exchequer by the petroleum products the picture will be clear.

(₹ in crores)

	2008-9	09-10	10-11
Contribution to the central exchequer due to tax/duties on petroleum products	71,190	78,433	1,03,580
Payout by government to OMCs			
a) oil bond/cash to OMCs under-recoveries	71,292	2,770	41,000
b) subsidy on PDS (kerosene) & domestic LPG	2,688	2,770	2,904
c) freight subsidy on PDS & domestic LPG	22	22	22
d) gas subsidy for north-east	142	159	445
Total payout to OMCs	74,144	28,951	44,371
Net contribution to central exchequer	- 2954	49,492	59,209

Here state governments' earnings are not included. If we add those, the total contribution would be much higher.

The year 2008-09 had been a special case for negative net contribution of the central exchequer as the global economic downturn had started at that time. By June, the Central Government had brought excise tax on petrol down from 26% ad valorem plus ₹ 7.5 per litre to a flat rate of ₹ 13.35 and diesel from 20% ad valorem to 2.5%. The customs duty on imported crude oil had been reduced to nil. All had been done as measures to rescue the Indian economy from the global financial crisis.

Possibility of imports on the back of exponential rising cost?

Recently, the finance minister raised doubts over the possibility of importing oil according to our target. According to him, "The question is whether the country would be in a position to import 170 million tonnes, if the prices go up unchecked," he said. India imports about 170 million tonnes, while domestic production is about 37-38 million tonnes. Finance minister also said that he had asked oil experts and Chairman of Prime Minister's Economic Advisory Council (PMEAC) to find out if the country could reduce its oil import requirement.

Fixation of prices of diesel and kerosene is a very sensitive issue in our country from the political standpoint. The kerosene price has been unchanged at ₹ 9.23 since 2002. The rural poor households use 3.5 liter on the average per month and they would spend 2% of their total expenditure on this. The last

Expert Group on Petroleum Prices thought an increase of ₹ 6 per litre of kerosene would keep the expenditure on it of the rural poor households same as in 2002. The committee also recommended that "the distribution of PDS kerosene across States should be rationalized" in 2010. The price of kerosene in India is less than 1/3rd of other neighboring countries. This leads to huge smuggling of kerosene in neighboring countries and diversion to adulterate diesel.

For diesel the consumers are agriculture (12%), passenger cars (15%), trucks (37%), buses (12%), industry (20%), power generators (8%) and railways (6%). But the first two items have no cascading effect as diesels cars are generally used by richer section and the Commission of Agricultural Costs and Prices takes into account the cost of diesel while fixing minimum support prices for agricultural products. So there will be no additional burden on the farmers when diesel prices increases. On the other hand higher diesel price will encourage farmers to use water and diesel efficiently and freight movements by railways instead of trucks as the power consumption by trucks is about 5 times more than that of railways. Does rise in oil prices lead to Inflation in the long run? It is widely thought that escalation in prices of petroleum products, particularly at the present situation, stokes inflation. But a section of economists do not accept this fully. According to them it is true that if prices of petro- products are raised inflation will be higher. But that is a one off-case. Gradually the situation will be changing and the tendency of the prices to rise will be minimized. Inflation is considered not as a stationary high price level but as rising price levels.

As higher price is faced by the consumers from their own pockets, instead of subsidy allotted from the central exchequer, inflationary impact will dry out in due course. This is because money will not be injected from outside. On the other hand higher subsidy means injection of a higher amount of money outside the present circulation. Another strong point supported by the economic theory is that if the price of a commodity is kept artificially low, there must be a tendency of consuming more and more of such goods (to establish marginal utility=price) than what should be otherwise. In this situation administered pricing leads to distortion of the market rule and that subsequently leads to artificially higher consumption. This should be checked by rising prices of petroleum

products, in this particular case, as this product is not a renewable thing.

Conclusion

Minimization of subsidy in petroleum products is to be achieved seriously to control misuse of fuel-intensive goods and services, irrespective of whether the government is actually benefited, financially, or not in dealing with petroleum products. This will help investment in the energy sector and in R&D for reducing the economy's oil intensity.

Disclaimer: The views expressed in this article is that of the author and it has no bearing or influence on the Institute.

ANNOUNCEMENT

Articles invited for Students' Journal

The Board of Studies is planning to bring out theme based Special Issues of the Chartered Accountant Students' Journal in the upcoming months. We invite articles from members, academicians, students and others as follows:-

S.No	Month	Theme
1.	August 2012	Direct Tax - Tax Audit
2.	September 2012	Corporate Social Responsibility
3.	October 2012	Corporate Governance- Role of Independent Directors/ Audit Committee
4.	November 2012	Limited Liability Partnership
5.	December 2012	Corporate Law
6.	January 2013	Information Technology
7.	February 2013	Accounting & Social Audit

The theme-based articles should be received at the Board of Studies latest by 10th of the preceding month in which the article is to be published. The article should comprise 1600 to 2400 words only. The authors are advised to enclose the following along with the articles:-

1. A formal & signed undertaking in the form of a letter stating that the article is original in all respects and does not infringe any copyright and has not been published elsewhere or has been sent for publication.
2. A latest passport size colour photograph (with full name and registration number written on the back).
3. A soft copy of the article with complete communication and E-mail address. Articles received without the details/ enclosures specified above will not be considered.

An honorarium of ₹2500/- will be paid if the article is published. All correspondence in this regard should be made to **The Director, Board of Studies, ICAI Bhawan A-29, Sector-62, Noida - 201 309** with the full name, complete address and the membership/ registration number if applicable.

New Base Rate System : 360° Analysis of New Interest Rate Regime

Lipi Goyal



The Reserve Bank of India constituted a Working Group on Benchmark Prime Lending Rate (BPLR) in Annual policy statement 2009-10, under the chairmanship of Shri Deepak Mohanty to review the then BPLR system of credit pricing and to suggest the necessary changes to make the loan pricing system more transparent. As recommended by the working Group, RBI decided that banks will shift from the BPLR System to the Base rate system from 1st July, 2010.

The base rate system is aimed at enhancing the transparency in the credit pricing mechanism of the banks and in a better assessment of transmission of monetary policies.

Deregulation of Lending Rates – Introduction of BPLR

Till the late 1980s, the interest rate structure in India was closely regulated in nature. Different borrowers were charged different rates for the same loan amount, thereby distorting the structure of lending rates. With the initiation of financial sector reforms in early 1990's, efforts were made to deregulate the lending rates of commercial banks. An important step in this direction was the introduction of Prime Lending Rate System (PLR) in October 1994. Later in order to ensure maximum utilisation of bank credit, the RBI relaxed the requirement of PLR being the floor rate for loans above 2lakhs and with this from April 2001, commercial banks were allowed to lend at sub- PLR rates for loans above 2lakhs. However this resulted in divergence of PLRs among banks and it turned out to be a rigid interest rate system. In order to address this issue, a BPLR system was introduced in April 2003.

Why A Need For Shift- BPLR to Base Rate?

The ultimate objective of bank lending is to promote nation's economic growth by channelizing the resources in proper and well structured productive uses. Thus it is necessary that the lending rates should be appropriate from the point of view of both the lending institution and the borrower. The interest rates should neither be too high or too low and not synchronised with realistic credit pricing which could have disastrous impacts on the financial stability of an economy. The rates should also respond well to the changes in the monetary policy for fulfilling its objective. The main reasons for failure of BPLR are:-

1. **Lack of transparency** – The BPLR system, introduced in 2003, fell short of its main objective to bring transparency

(The author is a student of BA Economics (Hons) Lady Shriram College for Women, New Delhi)

What is Base Rate?

Base rate is the minimum rate of interest that a bank is allowed to charge from its customers except in certain cases as exempted by the government.

What is Benchmark Prime Lending Rate (BPLR)?

BPLR is the interest rate that a bank charges its most creditworthy borrower. Banks are free to decide the BPLR but their interest rates have to have a reference to the BPLR fixed.

What is Sub-BPLR?

Sub-BPLR is the interest rate (lower than BPLR) at which banks provides loans and advances to customers with high credit worthiness.

What is Cash Reserve Ratio (CRR)?

Cash Reserve Ratio is the amount of money that the banks have to necessarily park with the RBI. The base of this is the total of the deposits that a bank has. The RBI pays the bank interest on the amount parked with it.

What is Statutory Liquidity Ratio?

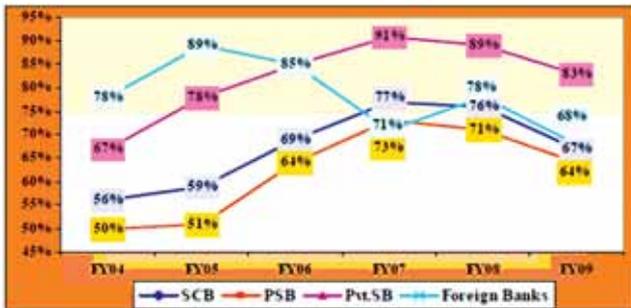
Refers to the amount that the commercial banks require to maintain in the form of cash, or gold or govt. approved securities before providing credit to the customers

What is Repo Rate?

Whenever the banks have any shortage of funds they can borrow it from RBI. Repo rate is the rate at which our banks borrow rupees from RBI.

to the lending rates by banks. The banks, due to sheer competitiveness and to capture a larger market, started giving out loans on sub-BPLR rates. On an average, 67% of the total loans and Advances of banks was on sub-BPLR. For Private banks, the figure was even higher at 83%. Housing, agriculture, and corporate segments were the major beneficiaries of sub BLPRL lending.

Sub-BPLR lending as percentage of total lending by SCBs



Source : RBI

A study of BPLR and actual lending rates of the banks show that as on Sep'2009, against a BPLR in the range of 11-13.5% for public sector banks, actual lending rates were in the range of 4.2-18%. For private banks, actual lending rates were 3-29.5% against BPLR of 12.5-16.7%.

Hence BPLR had lost its significance as a reference rate. Such risky lending to not so credit worthy borrowers is the main reason for the disaster in USA financial sector. Thus, sub-PLR loans became the strength of those borrowers, who in the name of competition could intimidate banks, usually public sector enterprises, into sanctioning loans at sub-BPLR rates. In all this, the medium and the small scale enterprises became the worst sufferers who had to bear higher rate of interest to subsidise large corporate borrowers.

- Lack of responsiveness to the changes in monetary policies** - Under the old system, BPLR being just the reference rate, didn't reflect any variation with the change in the monetary policy. RBI observed that whenever RBI raised policy rates and reserve ratios, banks are quick to increase their loan rates. But, when RBI reduces policy rates and reserve ratios, banks respond very slowly effecting decreased lending rates with a considerable time lag. Such a phenomenon is called downward stickiness in rates. This adversely impacted the monetary transmission mechanism in the banking system.

Introduction of Base Rate System

The base rate system replaced the BPLR system from 1st July 2010. Base rate include all those elements of

lending rates that are common to all the borrowers. Under the new system, RBI has asked the banks to ensure the transparency in the computation of the base rate that has become the floor rate for loans. The banks will take into account, the total cost of funds (deposits), the incurred losses in keeping the required reserves with the RBI of Cash Credit Ratio (CRR) and Statutory Liquidity Ratio (SLR), the overheads/administrative costs and the profit margin. For example, SBI took costs of its 6-month deposits into account while calculating its BR, which it has fixed at 7.5%. The actual lending rates will be base rate plus sum additional borrower specific charges. Thus, with the proposed base rate system, there will be no need by the banks to lend below base rate as it will represent the bare minimum rate below which it will not be commercially viable for banks to lend.

Banks may choose any benchmark arrive at the base rate for a specific tenor that may be disclosed transparently. In order to give time to banks to stabilise the new base rate system calculations, banks were permitted to change the benchmark and methodology any time during the initial six month period i.e. end-December 2010.

The new reference rate for country's largest bank SBI is 10 per cent. Most of the other public sector banks have the base rate at 10.75 per cent. These include, IDBI Bank, Indian Bank, Bank of Baroda, Allahabad Bank and Punjab National bank. HDFC Bank has set the rate at 10.75%.

The main features of the system are as follows:

- The actual lending rates charged may be transparent and consistent and be made available for supervisory scrutiny, as and when required.
- The banks are required to review the base rate at least once in a quarter with the approval of the Board. Changes in the Base Rate should also be conveyed to the general public from time to time through appropriate channels.
- The Base Rate system would be applicable for all new loans and for those old loans that come up for renewal.
- In case existing borrowers want to switch to the new system, before expiry of the existing contracts, an option may be given to them, on mutually agreed terms. Banks, however, should not charge any fee for such switch-over.

Advantages of Base Rate System

One of the biggest benefit of the Base Rate System is that it will help the Reserve Bank of India to transmit the changes in policy rates (Repo and Reverse Repo under LAF) in a better manner. With the base rate

system in operation, it covers all the borrowers and will truly reflect the interest rate changes arising out of changes in monetary policy. For instance, with the recent hike in the repo rates, the base rate of most banks is expected to rise.

For the Banks – The base rate system gives complete freedom to banks in their loan pricing decisions while ensuring transparency. It is expected that the base rate system will show greater flexibility and strengthen both the interest rate and credit channels of monetary transmission. The new system gives the freedom to banks to choose other market related benchmarks besides their base rates for pricing floating rate products. This could promote development of market benchmarks. It is unlikely to impact the overall profitability of the banking system, while it will enhance competition in the short-term lending space.

For the borrowers – Though there are some apprehensions that base rate may rise the cost of borrowings but this is unlikely since borrowers have access to multiple lending institutions and by comparing the base rates of different banks which are available publicly, borrowers might end up having a greater negotiating power. Small and Medium enterprises will be able to negotiate a better price for themselves. Hence loan pricing will be determined by market competition.

For the economy as a whole – The base rate system leads to deregulation of lending rates and this leads to efficient allocation process by banks. It will lead to higher transparency and responsible lending practices by the banks. The base rates of banks will show up relative efficiency and cost structure of the banks. As a result, the overall lending rates in the economy will come down over a longer term.

Also the deregulation of lending rates will promote financial inclusion with greater credit flow to agriculture and small business at lower interest rates. This will help such borrowers to come closer to the formal financial sector and facilitate better credit penetration.

Drawbacks of Base Rate System

In order to create a level playing fields for all stakeholders in money market and make sure that borrowers are able to access funds with fair, equitable and effective delivery mechanism, there are few drawback areas for the RBI to improve upon-

1. The base rate does not cover the fixed interest rate segment, presently under the benchmark prime lending rate (BPLR) segment.
2. Banking industry has re-structured and rehabilitated a large number of viable units where

concessional rates or even the funding of over-dues have been considered at substantially low rates of interest as enshrined in respective rehabilitation policies of banks. The present base rate regime is totally silent and would hit this portfolio and borrowers perceptively.

3. The present base rate also makes no mention of it's applicability on non-banking financial companies (NBFCs), Regional Rural Banks (RRBs) and Co-operative Banks which continue to have different set of guidelines, heavily loaded against the borrowers.
4. The government is the biggest borrower in the market and is often responsible for interest rate swings. The base rate does not appear to cover the government borrowings. The role played by the government while making huge amount of borrowings influences interest rates and base rate regime clarity is needed in this regard.
5. The present arrangement of banks for funding against letter of credit (LCs) and bill discount which invariably is at substantially reduced rate due to guaranteed payments will be severely affected and therefore, needs to be addressed on priority.

Impact of Base Rate System

Impact on Corporate borrowers – Under the BPLR system, large corporates who enjoyed rates as low as 4-6% will be hit since now no bank can lend at rates below BR. However, there is a chance that some corporates, with low-risk profile, would still get a lower rate as under the BR regime banks are expected to take into consideration the risk levels of the borrower.

Impact on Retail customers – The Base Rate regime will have minimal impact on the fixed rate home loan customer apart from the fact that at the time of signing up for the loan he will know the bank's Base Rate and the associated spread. The greater transparency will help him in taking a more informed decision.

The impact of the Base Rate will be clearly understood by the floating rate customer. A revision in the interest rates (upward/downward) will impact the Base Rate, the spread remaining constant and the final lending rate to the consumer will change by the amount of increase/decrease in the Base Rate.

Say for e.g. the interest rate was 10% at the time of signing up for the loan (Base Rate: 8% + other charges 2%). Say the Base Rate changes by 50 bps due to an upward swing in the deposit rates which means now the new interest rate will be 10.5% for the customer

(Base Rate 8.5% + other charges 2%). A similar computation if the rates have a downward swing. This will address issues of “downward stickiness” of rates in case of the BPLR regime.

Impact on existing customers – For an existing borrower having a loan which is based on the BPLR system there will be no change in the EMI payable. However if he wishes, he can shift his existing loan to the new Base Rate system at no additional cost before the expiry of his loan. If an existing borrower wishes to take any top-up loan then the new loan interest rate will be based on the new “Base Rate” system.

Impact on Bank’s profitability - The introduction of base rate system is likely to increase the

competitiveness in the short term lending space. However, competitive pressure is unlikely to impact the overall profitability of the banks. The base rate system is also expected to enable banks to respond more efficiently to monetary policies.

The base rate does turn the credit pricing system transparent but it doesn’t necessarily mean lower lending rates for all. The efficacy of this system which depends upon how well the monetary transmission mechanism works is yet to be seen in the times to come.

References:

Report and Notification of RBI on BPLR
www.moneybol.com ■

ANNOUNCEMENT

STATUS OF INTERVENING HOLIDAYS DURING CA EXAMINATION

The Council of the Institute recently considered the issue regarding status of intervening holidays during CA Examinations and decided that the break in between examination days, though not holidays, be treated as period actually served under articles.

The Council further decided that if an articulated assistant appears for one group, all intervening break for any reason, from the day of commencement of CA examination till the day of last examination of the concerned group and similarly, if an articulated assistant appears for both groups then all intervening break for any reason from the day of commencement of CA Examination and completion of both groups of the examination be treated as part of the training and the articulated assistants be deemed to be on duty accordingly.

Accordingly, all intervening holidays or break due to any reason, falling in between the day of commencement of CA Examination till its completion as above explained will be treated as part of the training i.e the articulated assistants be deemed to be on duty.

Secretary

June 13, 2012

CROSSWORD

June, 2012

Solution

					¹ R	E	² P	O	³ R	T		
	⁴ M	⁵ O	U	S	E		E		E		⁶ C	
		P			L				⁷ L	⁸ I	R	A
	⁹ S	E	¹⁰ N	S	I	T	I	V	I	T	Y	
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	R		¹³ N	R	I		¹⁴ P	U	B	L	I	¹⁵ C
	V		E		¹⁶ O	I	L		L			O
	I				U		¹⁷ A	G	E	¹⁸ N	C	Y
¹⁹ S	C	B	²⁰ A		S		N			P		
	E		K			²¹ S	T	O	²² R	A	²³ G	E
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Viswanathan Anand: An Inspirational Icon

Viswanathan Anand, India's torch-bearer in the world of chess for more than two decades, took another giant step that should only reaffirm his status as the greatest sportsman from an individual sporting discipline in the country. Anand's 5th success in the World Chess Championship- the fourth time in succession- came after he stopped challenger Boris Gelfand of Israel by winning the decisive game in the best-of-four rapid tie-break games in Moscow in May 2012. By winning the world chess title for the fifth time, Viswanathan Anand has firmed up his place among the greats of the game. In his own assessment, the victory over Boris Gelfand was the toughest of his world-title battles.

Viswanathan Anand is the real great hero and had been consistent over the last 20- 25 years. He is a real role model for all the youngsters due to his humble and honest attitude, tremendous hard work, dedication and motivation that he had demonstrated through out to reach up to the level of World Champion. You have to be at a different level to do it 5 times extending from 2000 to 2012 and consistently achieving these milestones. He also has inspired and motivated so many chess players in India and other countries across the globe as well. Viswanathan Anand and his support team proved that Indians are second to none in their Brainpower.

From the early 1980s, the country's chess fraternity looked to one rare teen talent- Viswanathan Anand- to put India firmly on the world chess map. Immensely gifted, Anand had caught the imagination of one and all with his ability to analyze a given position over the board and the speed at which he found the right continuation. This is a clear evidence that Anand lived up to expectations, constantly raised the bar, set fresh goals and achieved them in due course. Having won the World Junior Championship in August 1987, Anand ended India's long wait for its first grand master in December. There after, the country's chess fraternity hoped to see Anand bring the world title home. Of course, he has not disappointed any one. With his fifth victory in the world championship, Viswanathan Anand re-affirmed his status as the World Chess Champion- "**The Monarch of World Chess**".

Anand received a hero's welcome when he arrived in his hometown, Chennai. During his interaction with the public and the media, the 42-year-old chess wizard charmed the gathering with his wit and self-effacing manner as he dealt with a torrent of questions.



The five-time world champion spoke about his hunger for success, Russian President Vladimir Putin's knowledge of chess, and the support from his family. While confirming he had no plans to retire anytime soon, Anand also had a dig at ex- world champion Garry Kasparov's remarks that the former was "sliding downhill."

The triumph in Moscow, where Anand has a matching number of admirers and critics, was also significant for another reason. For years, the Russian chess fraternity, in particular, has belittled Anand's achievements. Even in the days leading to the clash against the Belarus-born Gelfand, there was criticism in the regional media which said that Anand lacked hunger and his game had weakened in the recent past. But the genial Indian's triumph in every format — knockout, round-robin, classical and now in a rapid tie-break finish — should silence the cynics. Surely, Anand's consistency has been second to none. He has stayed in the world's top 10 since 1991 and he is one among seven players ever to hold the topmost ranking in 40 years. Considering that every Anand maneuver over the board has been clinically analyzed by the best chess brains, mostly from the erstwhile Soviet Union and Europe, for 25 years, it is truly commendable how he has managed to stay a step ahead. His longevity as a performing champion is the result of his uncompromising nature when it comes to discipline and training. His conduct remains spotless and his popularity keeps growing with every success; yet, his humility appears ever more pronounced. No wonder, Anand is an icon and an inspiration to a generation of sportspersons of all disciplines. ■

(Compiled by Board of Studies, ICAI)

“AAKAAR”

There is no identity of clay per se. Only after it has been molded by a potter, does it gain its existence. Its essence is defined and determined by its Aakar...

Aakaar is a word taken from Hindi language which means the shape, the design of anything. The aesthetic value of a thing is defined by its design, its make.

Students are just like clay. All they require is an efficient potter to mould their personalities. And Centre of Excellence has been that perfect citadel, where we 46 students, from different geographies, and different cultures came together to be structured by world renowned faculties.

The day we arrived here, all of us were very naïve, unknown to the ways of world. But as time went by; our stage fright turned into confidence and strangers turned into the best of the friends. Centre of Excellence gave us a chance to have a face-off with ourselves. We discovered our talents, which we never knew we even had.

Few activities, like The Devil’s Advocate, Academic Presentations, various team games, beautified our personalities and brought out the team spirit in us.

Coming close to each other, we realized that even though we belonged to different backgrounds and different cultures, all of us had a singular aim; that was to collect as many shells of knowledge as possible so that they may be converted into diamonds of wisdom tomorrow.

Having spent all the time here, under the guidance of the best of mentors, we realize that we have come a long way. Be it facing interviews or tackling group discussions; we are surer of ourselves now. We now have the belief that comes what may, we can make every climb and reach the pinnacle.

But why this name Aakaar? Actually the day all of us sat to give ourselves a name, a lot of creative names popped up. Some were boring, some very creative; but this one really struck the cord.

Initially it had some resistance, but the name echoed its real intend on the day of The Devil’s Advocate, when we stood in opposition to ourselves. Brawny speeches, impending personalities; the flight that our confidence took that day was unprecedented. It was only the beginning; our personalities were opened and soon the charisma in us overtook our fear. The



grooming went on and today we are ready with a sturdy personality and an exquisite AAKAAR.
 "New faces, new personalities, it always was a game
 Some bold, some quiet, but all wanted to create a name.
 It all started with motivation and inspiration

And we soon became alighted 'Devil' illumination.
 The days we spent here were not just an occurrence
 We brand them as our Life Changing Experience!!"
 (Contributed by the participants of 13th batch of Residential Programme on Professional Skills Development at Centre of Excellence, Hyderabad.) ■

EXAMINATION

Applicability of relevant Amendments/Circulars/Notifications/Regulations etc. relating to Integrated Professional Competency Course (IPCC) - November 2012, Examination

**PCC Paper 3: Laws, Ethics and Communication
 IPCC Paper 2: Business Laws, Ethics and communication**

Business Laws

SUBJECT	AMENDMENT	CONTENT
The Negotiable Instruments Act, 1881	Reduction in validity period of Cheques/ Pay Orders/Banker's Cheques	The Reserve Bank of India vide Notification No. RBI/2011-12/251DBOD.AML BC.No.47/14.01.001/2011-12, dated 4th November, 2011 directed that the validity of Cheques/Pay Orders/Banker's Cheques will be reduced from the period of six months to three months from the date of such instruments with effect from 1st April,2012.

II. Non-Applicability

S.No.	Subject Matter	CONTENT
1.	The Companies Bill, 2011	Not Applicable

ANNOUNCEMENT

RECOGNITION OF CHARTERED ACCOUNTANCY QUALIFICATION IN THE UNIVERSITY SYSTEM

The Chartered Accountancy qualification has been recognised in the University System particularly for pursuing Doctorate of Philosophy (Ph.D). The Association of Indian Universities (AIU) vide letter EV/II(56-A)/83 dated 20th March 1984 has recognised CA Course as equivalent to post graduate course in Commerce for registration to Ph.D Programme by passing the following resolution –

“Resolved that the graduates having passed their final examination of the Institute of Chartered Accountants of India, New Delhi be treated to have completed a post graduate degree in Commerce or allied discipline for purpose of registration to Ph.D.”

With constant follow-up with various Universities and Indian Institute(s) of Management, the Board of Studies has been successful in obtaining recognition from 84 Universities and 6 IIMs for members of the Institute to pursue Ph.D.

Recently, we are in receipt of letter from University Grants Commission (UGC) stating that the threshold limit of 55% marks in post graduate examination is not applicable in case of the Chartered Accountants for enrollment to Ph.D Programme.

For further details kindly follow the “Members” icon on the Home page of ICAI website www.icai.org

Director, Board of Studies

C.G. State Level CA Students Conference - Bhilai

Date: 28th & 29th of July 2012

Venue : Kochar Auditorium, ICAI Bhawan, Near Andhra Bank, Civic Centre, Bhilai (C.G)

Organised By : Board of Studies, ICAI

Hosted By: Bhilai, Raipur & Bilaspur Branches of CIRC of the ICAI & Bhilai, Raipur & Bilaspur Branches of CICASA of the ICAI

Theme : "CA Profession – Ethics & Pride"

PROGRAMME SCHEDULE

Day I : Saturday 28/7/2012

Time	Event
09.00 AM – 10.00 AM	Registration & Breakfast
10.00 AM – 11.00 AM	Inaugural Session
11.00 AM – 01.00 PM	Technical Session I – Audit & Accounts Topics : 1. Audit Planning – Materiality Concept 2. Concept of Revised Schedule VI: Raising Presentation Level by Indian Corporate.
01.00 PM – 02.00 PM	Lunch Break
02.00 PM – 03.00 PM	Special Session I – Interaction with Board of Studies By CA Nilesh Vikamsey, Chairman, BOS By Shri Vijay Kapur, Director, BOS
03.00 PM – 05.00 PM	Technical Session II – Indirect Taxation Topics : 1. Negative List under Service Tax 2. Point of Taxation Rules
06.30 PM – 09.00 PM	Cultural Nite "Dine & Dance"
09.00 PM – 10.00 PM	Grand Dinner

Day II : Sunday 29/7/2012

Time	Event
09.00 AM – 10.00 AM	Breakfast
10.00 AM – 12.00 PM	Technical Session III – Power of Information Technology Topics : 1. Technology – As a partner in Growth 2. E-filing of IT Return
12.00 PM – 01.00 PM	Special Session II – CA Profession – Ethics & Pride with Exam Tips By CA Vinod Gupta
01.00 PM – 02.00 PM	Lunch Break
02.00 PM – 04.00 PM	Technical Session IV – Direct Taxation Topics : 1. TDS Provisions 2. Deemed Dividend
04.00 PM – 05.00 PM	Valedictory Session
05.00 PM – 05.30 PM	Hi Tea

Students are hereby requested to register for the Conference latest by 25th July, 2012. The details for registration are as follows:-

Registration Fees: Rs. 200/- Per Delegate on or before 15th July'2012; Rs. 300/- Per Delegate after 15th July'2012 ; Rs. 200/- Per Delegate for Accommodation, if required at Agrasna Bhawan, Sector-6, Bhilai (C.G) (Distance from Venue is approx. 0.5 Km). Individual floor for Boys & Girls will be available.

Delegate fee may be paid either in cash or by an Account Payee Cheque / Demand Draft in the name of "Bhilai Branch of CIRC of ICAI" payable at Bhilai and can be sent to Bhilai/Raipur/ Bilaspur Branch of CIRC of ICAI.

For registration queries please contact:

- The Convener**, Bhilai Branch of CIRC of ICAI, ICAI Bhawan, Near Andhra Bank, Bhilai-490006.
Tel No. 0788-2228613, E-mail: bhilai@icai.org, Web: www.icai-bhilai.org
- The Jt. Convener**, Raipur Branch Of CIRC of ICAI, A-21, First Floor, Mahavir Gaushala Complex, K.K. Road, Raipur-492001.
Tel No. 0771-4030937, E-mail: icairaipur@yahoo.com, Web : www.icairaipur.org
- The Jt. Convener**, Bilaspur Branch Of CIRC of ICAI, Khanduja Chambers, Rajendra Nagar Chowk, Near Park Avenue, Bilaspur-495001. Tel No. 07752-428611, E-mail: bilaspur_branch_circ@yahoo.co.in, Web : www.icaibilaspur.org

Students interested in submitting paper can email the following details latest by **10th July' 2012** and Students interested to participate in cultural evening are requested to register upto **15th July' 2012**. For further details please refer the website www.icai.org.

CA Mahavir S. Jain

Conference Convener & Chairman,
Bhilai Branch of CICASA 094252-35007

CA Suraj J Jhannwar,

Jt. Conference Convener & Chairman,
Raipur Branch of CICASA 093001-88940

CA Nitin Vyas

Jt. Co-ordinator & CICASA Chairman of
CIRC of ICAI 098290-14461

CA Sachendra Kumar Jain

Jt. Conference Convener & Chairman,
Bilaspur Branch of CICASA 094255-30249

CA Nilesh Vikamsey

Chief Co-ordinator &
Chairman, Board of Studies

State level CA Students' Conference - Visakhapatnam

Dates : 7th and 8th July 2012

Venue: "Darshini Hall", Hotel Daspalla, Jagadamba Junction, Visakhapatnam

Organized by: Board of Studies, ICAI

Hosted by: SICASA of SIRC of ICAI, Visakhapatnam Branch of SICASA

Visakhapatnam Branch of SIRC of ICAI

Theme: "Jnana Vahini"

PROGRAMME DETAILS

Day-1 Date: 7th July 2012

Timings	Particulars of the session
9.30am to 10.00 am	Inaugural Session Chief Guest: CA T.N. Manoharan, Past President ICAI
10.00 am to 11.15 am	Special session on Transcending Challenges CA T.N. Manoharan, Past President ICAI
11.30 am to 1.00 pm	First Technical session- Direct Taxes 1. International taxation-Transfer pricing, 2. Provisions of TDS Chairman of the session: CA T.N. Manoharan, Past President of ICAI
2.00 pm to 3.15 pm	Second Technical session - Indirect Taxes 1. Service tax-recent developments 2. The concepts of manufacture, movement of goods and marketability under Central excise law Chairman of the session: CA Madhukar Narayan Hiragange, Chairman- Indirect Taxes committee and Vice-Chairman- Board of Studies, ICAI
3.30 pm to 5.00pm	Third Technical session - Indian Financial market 1. Foreign exchange exposure and risk management, 2. Indian capital market Chairman of the session: CA B. Sekkizhar, Bombay

Day-2 Date: 8th July 2012

Timings	Particulars of the session
9.30 am to 10.30 am	Tips on "How to become a successful chartered accountant" By CA Madhukar Narayan Hiragange, Vice-Chairman Board of Studies
10.45 am to 12.15 pm	Fourth Technical session-Accountancy 1. Concept of revised schedule VI and raising financial presentation by Indian corporate 2. Critical accounting standards CA C.V.Ramana Rao, Visakhapatnam
12.15 pm to 1.30 pm	Fifth Technical session -Information Technology 1. Networking – network security, 2. MS-Excel-an effective audit tool CA K.Rama Koteswara Rao, Visakhapatnam
2.30 pm to 4.00 pm	Sixth Technical session - Audit 1. Risk based internal audit, 2. Corporate auditing – Expectations of stake holders Chairman of the session: CA V.S.N. Murthy, Visakhapatnam
4.15 pm to 5.00 pm 5.00 pm to 5.30 pm	Special session on communication skills and motivation Validictory Session

Students are requested to register for the Conference at the earliest as per details as under:-

Registration fees	Rs.300/- per student	Accommodation (if required)	Contact Visakhapatnam Branch of SICASA
Payment Mode	Cash/DD/Cheque are to be drawn in favour of "Visakhapatnam Branch of SICASA", payable at "Visakhapatnam".		

For registration queries contact:-

Visakhapatnam Branch of ICAI at D.No.9-36-22/2,Pithapuram colony,Visakhapatnam-530003.

Phone 0891-2755019 & Email visakhapatnam@icai.org, Website: www. Icaivisakhapatnam.org

Convention Coordinators/ Conveners

CA Naresh Chandra Gelli

Chairman-SICASA

Phone no. 9849165491

CA D. Prasanna kumar

Vice-Chairman-SIRC of ICAI

Phone no. 9848192636

CA M.K.Kumar

Chairman, Vsp. Br. of SIRC of ICAI

Phone no. 9849667748

CA A.V.S. Lalitha Sundari

Chairperson-Vsp Br. of SICASA

Phone no. 9603204776

National Convention for CA Students - Kolkata

Dates : 14th & 15th July 2012

Venue: Calcutta University College Street Campus

Organized by: Board of Studies, ICAI

Hosted by: EIRC & EICASA

Theme: "Changing Dynamics Of CA Profession"

PROGRAMME DETAILS

Time	Particulars
14th July 2012 :	
10 AM – 11.30 AM : Inaugural Session	Address by Chief Guest, President, Vice President, ICAI, Chairman, BOS and other Council Members
11.30 AM – 12.45 PM : Tech Session 1	Financial Accounting & Reporting : 4 Selected Paper Presentations by students
12.45 PM – 2 PM : Special Session 1	"Success is a Journey, Not a Destination" – Motivational Talk by Choti Guruma
2 PM – 3 PM	Lunch Break
3 PM – 4 PM : Special Session 2	Interaction with Chairman & Director, BOS
4 PM – 5.15 PM : Technical Session 2	Taxation : 4 Selected Paper Presentations by students
5.15 PM onwards	Cultural Programme by students followed by dinner
15th July 2012 :	
10 AM – 11.15 AM : Tech Session 3	Auditing And Auditors' Role : 4 Selected Paper Presentations by Students
11.15 AM – 12.30 PM : Technical Session 4	Corporate Law And Information Technology : 4 Selected Paper Presentations by students
12.30 PM – 1.30 PM	Panel Discussion By Rank Holders : " Perceive- Believe – Achieve"
1.30 PM – 2.30 PM	Lunch Break
2.30 – 4.30 PM : Special Session 3	"Rise And Shine" – Motivational Talk by Akash Gautam
4.30 PM onwards	Valedictory Session followed by Distribution Of Certificates

Students are hereby requested to register for the convention at the earliest. The details for registration are as follows:-

Registration fees	Rs 500 per student	Accommodation (if required)	Rs.200 per day per student
Payment Mode	Cash/DD		To be drawn in favour of "ICAI, EIRC", payable at Kolkata.

For registration queries contact:-

Mr Ankit Bidasaria / Mr Ankit Rathi / Mr Yash Agarwal
EIRC Branch of the ICAI

Phone (033) 30211129 & Email : eicasa.kolkata@gmail.com Website: www.nationalconvention2012.in
Mobile: 9051054351 (Mr Ankit Bidasaria) / 9903084026 (Mr Yash Agarwal)

Convention coordinator(s) :

- 1) Name: CA Prasun Kumar Bhattacharyya, Chairman, EIRC, Mob : 9830056571
- 2) CA Ranjeet Kumar Agarwal, Vice Chairman, EIRC & Chairman, EICASA, Phone/Mobile 9830140211

CA. Nilesh S. Vikamsey

Convention Chairman & Chairman, Board of Studies

National Convention for CA Students-Guwahati

Dates: 29th & 30th Aug 2012
 Venue: Hotel Viswaratana, A T Road, Guwahati
 Organized by: Board of Studies, ICAI
 Hosted by: Guwahati Branch of EIRC of ICAI Jointly with Guwahati Branch of EICASA

Theme: "CA Profession-Turning Vision into Action"

Program Details

Time	Particulars
29 th Aug 2012 Inaugural Session:- 9.30 am to 10.30 am	CA. Jaydeep Narendra Shah, President, ICAI CA. Subodh Kumar Agrawal, Vice President, ICAI CA. Nilesh Vikamsey, Chairman, Board of Studies, ICAI
1 st Technical Session- 10.45 am to 12.45 pm	"DIRECT TAXES" TDS under Income Tax Act, 1961 Taxation of Capital Gains
Special Session 1.00 pm to 2.00 PM	Interaction with Board of Studies CA Nilesh Vikamsey, Chairman, Board of Studies Shri Vijay Kapur, Director, Board of Studies
2 nd Technical Session 3.00 pm to 5.00 pm	CORPORATE LAWS & ACCOUNTING Schedule VI of the Companies act 1956- Accounting Compliances Transition from AAs to SA
"Cultural Evening" 30 th Aug 2012	7.00 PM TO 9.00 PM
3 rd Technical Session (9.30 AM to 11.30 AM)	INDIRECT TAX Goods & Service Tax- Concept & Impact Impact of introduction of point of taxation rules, 2011
4 th Technical Session (11.45 AM to 1.45 PM)	ECONOMY AND A CA Financial & Economic policies- If I were the FM of India CA as a complete business solution provider
5 th Technical Session (2.45 PM to 4.45 AM)	INFORMATION TECHNOLOGY Excelling in Excel Technology in CA Education- E- Learning, Satellite Learning, Social Networking Sites
Valedictory Session 5.00 Pm to 5.30 PM	

Students are hereby requested to register for the convention at the earliest. The details for registration are as follows:-

Registration fees	₹ 1500 per Student	Accommodation (if required)	
Payment Mode	Cash/DD/Cheque		To be drawn in favour of "Guwahati Branch of EIRC of ICAI", payable at Guwahati

For registration queries contact:-
 Guwahati Branch of EIRC of the ICAI
 ICAI Bhawan, 2nd Bye Lane, Manik Nagar, R G Baruah Road, Guwahati-781005
 Phone: 0361-2207660 & Email: icai.guwahati@gmail.com
 Mobile: 9706078491

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical Sessions and submit for approval a soft copy of the Paper at icai.guwahati@gmail.com by 31st July 2012 and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the Guwahati Branch of ICAI at ICAI Bhawan, 2nd Bye Lane, Manik Nagar, R G Baruah Road, Guwahati-5.

Outstation students selected for "Paper Presentation" shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc.

Students who are interested to participate in the cultural program are requested to register before 15th August 2012 at icai.guwahati@gmail.com or contact CA Kaberi Bhuyan, Vice Chairman, Guwahati Branch at 98640-95563

Convention Coordinators

- CA Naveen Garg
Chairman, Guwahati Branch
Mobile 9864035670
- CA Bikash Agarwala,
Chairman, EICASA, Guwahati Branch
Mobile :9435064691

CA. Nilesh S. Vikamsey
Convention Chairman &
Chairman, Board of Studies

National Convention for CA Students-Siliguri

Saturday & Sunday on 4th & 5th August 2012

Venue: Savin Kingdom, Siliguri,
Dist. Darjeeling

Organised by:
Board of Studies, ICAI

Hosted By: Siliguri Branch of EIRC & EICASA of ICAI

Theme: CA Professional - Challenge to Change

Day 1 : Saturday, 04/08/2012
(Registration : 9 AM – 10 AM)

Inaugural Session :
10 AM – 11.30 AM

CA .Jaydeep Narendra Shah , President, ICAI
CA .Subodh Kumar Agarwal , Vice President, ICAI
CA .Nilesh S. Vikamsey, Chairman, Board of Studies, ICAI
CA. Prasun Kumar Bhattacharjee, Chairman EIRC

Technical Session 1
11.30 AM – 1:30 PM

Development in Financial Reporting & Auditing:
Topics :

- 1) Revised Schedule VI – Raising presentation level by Indian Corporate
- 2) Auditor's Responsibility in the ERA of Corporate Fraud

1:30 PM – 2:30 PM Lunch

Special Session 1
2:30 PM – 3:30 PM

Interaction with Board of Studies

CA. Nilesh S. Vikamsey, Chairman, Board of Studies
Shri Vijay Kapur, Director, Board of Studies

Technical Session 2
3:30 PM – 5:30 PM

Information Technology & Issues in Financial Market
Topics :

- 1) Cyber Laws – A Professional Opportunity
- 2) Globalisation of Capital Market – Emerging Trends

5:30 PM – 6:00 PM Tea & Snacks

Cultural Programme
6:00 PM – 8:30 PM

By the Students & Members

8:30 PM – 9:30 PM Dinner

DAY 2 : Sunday, 05/08/2012

Technical Session 3

10.00 AM – 12:30 PM

Direct & Indirect Taxation

Topics :

- 1) Taxation of Capital Gains
- 2) Service Tax – Recent Developments

Special Session 2

12:30 PM – 1:30 PM

Special Session

1.30 PM – 2.30 PM Lunch

Technical Session 4

2.30 PM – 4.30 PM

Laws & Economics – Some Aspects :

Topics :

- 1) Is bailout a right solution in free market economy
- 2) Green initiatives in the Corporate Governance – Paperless compliances

4.30 PM onwards

Valedictory Session followed by Best Paper Award for paper submitted in each Technical Sessions

Registration Fee: ₹600 per student. Registration fees can be paid in Cash/Demand Draft at Siliguri Branch of EIRC office during office hours on working days.

Fees for outstation delegates are Delegate fee plus ₹750 per day for accommodation.

Outstation delegates are requested to confirm their participation latest by 4th July, 2012 for accommodation arrangement.

Outstation candidates are to make and send Demand Draft drawn in favor of "Siliguri Branch of ICAI", payable at 'Siliguri'.

Students are invited to contribute papers for the four technical sessions. Two papers on each topic will be selected. Selected paper writers will be exempted from payment of registration fee. All selected paper-writers of the National Convention will be reimbursed to and from AC 2 tier railway fare by the shortest route in trains / Express on production of necessary proof (both ways ticket) and also be paid an allowance of ₹1,500/- per day (upto 3 days) to meet expenses (deducting expenses for stay on actual basis).

Students interested to submit a paper can do so by sending soft copies (MS – Word format, 12 points typing, not exceeding 10 pages) to siliguri@icai.org & conventionsiliguri@gmail.com, clearly mentioning registration number, course of study, complete postal address for communication, phone no. (Landline & mobile), e-mail id and a scanned passport size photograph within July 4, 2012. One student cannot submit more than one paper.

Students who are interested to participate in the Cultural Programme are requested to register before 4th July, 2012

Students joining the programme would get their delegate certificate at the end of the Convention.

All correspondence relating to registration may be addressed to:

The Chairman, Siliguri Branch of EIRC, ICAI, Teenbatti More, Siliguri, West Bengal, Phone: 0353 - 2560445; Mobile No. 9832061298, E-mail: siliguri@icai.org, conventionsiliguri@gmail.com Website: www.icai.org / www.icaisiliguri.org

CA. Dinesh Goyal
Chairman, Siliguri Branch of EICASA
Mobile: 9434806937

CA. Sanjeev Agarwal
Chairman, Siliguri Branch of EIRC
Mobile: 9832061298

CA. Nilesh S. Vikamsey
Convention Chairman
& Chairman, Board of Studies

CA. Manish Goyal
Convener
Mobile: 9832062449 & 9434039003

CA. Alok Roy & CA. Aditya Kumar Maheshwari
Coordinator
Mobile: 9434046426 & 9733044550

National Convention for CA Students - Jaipur

Dates: 9th & 10th July 2012

Venue: Birla Auditorium, Jaipur

Organized by: Board of Studies, ICAI

Hosted by: CICASA, Jaipur & Jaipur Branch of CIRC of ICAI

Theme: CA Profession – Changing Dimensions

Programme Details

Time	Particulars
9 th July 2012 8.00 AM – 8.30 AM	Day 1 Registration
Inaugural Session 8.30 AM – 9.30 AM	CA. Jaydeep Narendra Shah, President, ICAI CA. Subodh Kumar Agarwal, Vice-President, ICAI CA. Nilesh S. Vikamsey, Chairman, Board of Studies, ICAI CA. Madhukar N Hiregange, Vice-Chairman, Board of Studies, ICAI
Technical Session I 9.30 AM – 12.30 PM	Accounting & Financial Reporting 1. Foreign Exchange – Fundamental Analysis : CA. Vivek Gupta 2. Accounting Standards – Practical Orientation : CA. Yagnesh Desai 3. Two Student Speakers
Special Interactive Session 1.30 PM – 2.30 PM	CA. Nilesh Vikamsey, Chairman, Board of Studies, ICAI Shri Vijay Kapur, Director, Board of Studies, ICAI
Technical Session II 2.30 PM – 5.30 PM	Taxation 1. Direct Tax – An Overview : Dr. Girish Ahuja 2. Indirect Taxes – An Overview : CA. Madhukar N Hiregange, Vice Chairman, Board of Studies, ICAI 3. Two Student Speakers
7.00 PM-9.00PM	Cultural Programme
10 th July 2012	Day-2
Technical Session III 9.30 AM – 12.30 PM	Auditing and Information Technology 1. Audit & Documentation– Practical Orientation : CA. P R Ramesh 2. Information Technology – the Language of Connectivity : CA. Nishith- Seth 3. Two Student Speakers
Technical Session IV 1.30 PM – 4.30 PM	Personality Development and Goal Setting 1. Challenges in Effective Communication : Dr. Suresh Chari 2. How to Face CA Exam : CA. S B Zaware 3. Two Student Speakers
Open House & Valedictory Session 4.30 PM – 5.30 PM	1. Valedictory Address 2. Best Paper Award for paper submitted in each technical session

Students are hereby requested to register for the convention at the earliest. The details for registration are as follows:-

Registration fees	₹ 500 per Student upto 5 th July, 2012 ₹ 700 per student after 5 th July, 2012	Accommodation (if required)	Contact Jaipur Branch
Payment Mode	DD/Cheque		To be drawn in favour of "Jaipur Branch of CIRC of ICAI", payable at Jaipur.

For registration queries contact:-

Jaipur Branch Of Circ Of Icai

Icai Bhawan, D-1 Institutional Area, Jhalana Doongari, Jaipur – 302004

www.icaijaipur.org ; email: Jaipur@icai.org ; Jaipur@icai.in

Branch Telephone Nos: 0141-3044200 / 3044214 / 3044206 / 9667555214 / 9667555065

Outstation students shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc.

Chairman- Jaipur Branch CA. Ram Manohar 96675-55211	Convention Director CA. Vijay Garg 94140-41872 / 93145-03871	Convention Chairman CA. Nilesh S Vikamsey
Chairman CICASA- Jaipur CA. C.L.Yadav 98292-91148	Convenor CA. Pramod Kr. Boob 98290-15993	Co-ordinator CA. Ashok Sawa 99297-75111

International Conference for CA Students- Nagpur

(ICON 2012)

13th & 14th July 2012

Venue: Vasant Rao Deshpande Hall, Civil Lines, Nagpur

Organized by: Board of Studies, ICAI

Hosted by: Nagpur Branch of WICASA & Nagpur Branch of WIRC of ICAI

Theme: "Interact to Innovate"

Programme Details

Time	Particulars
Day I: Friday 13/07/2012 08.00 AM – 09.00 AM	Registration
09:00 AM – 10:30 AM	Inaugural Session Chief Guest : Dr. M. Veerappa Moily, Hon Union Minister for Corporate Affairs Guest of Honor : CA. Jayadeep Shah, President, ICAI CA. Subodh Kumar Agrawal, Vice President, ICAI
Technical Session I 10:30 AM – 12:30 PM	International Financial Reporting and Taxation 1. IFRS - A step towards Global Compatibility 2. DTAA Chairman : CA. Manoj Fadnis , Central Council Member
Technical Session II 01.30 PM – 03.30 PM	Accountability in Public Domain and Corporate Governance 1. Sarbanes Oxley 2. Corporate Social Responsibility – Role of Chartered Accountants Chairman : CA Murali V., Central Council Member
Special Session 03.30 PM – 05.00 PM	CA Nilesh Vikamsey, Chairman, Board of Studies, ICAI Shri Vijay Kapur, Director, Board of Studies, ICAI
06.30 PM – 09.00 PM	International Cultural Evening
Day II: Saturday 14/07/2012	
Technical Session III 09:30 AM – 11.30 AM	Legal, Technical and Communication Skills 1. Presentation and Communication Skills – complementing the Intelligence 2. Art of Legal Drafting – make the difference Chairman : CA Madhukar Hiregange, Vice Chairman, Board of Studies, ICAI
Technical Session IV 11.30 PM – 01.30 PM	Emerging Opportunities 1. Cloud Computing 2. Green Audits Chairman : CA Sumatra Guha , Central Council Member
Special Session 02.30 PM – 04.00 PM	"Interact to Innovate" CA Charanjot Singh Nanda , Central Council Member
04.00 PM – 05.00 PM	Valedictory Session Chief Guest : Shri Kishor Biyani, MD, Future Group Guest of Honour : CA. Nilesh Vikamsey, Chairman, BOS, ICAI

Students are hereby requested to register for the convention latest by June 30, 2012. The details for registration are as follows:-

Registration fees	₹ 500 per Student upto 5 th July, 2012	Accommodation (if required) @ Rs. 200/- per day per head
Payment Mode	DD/Cheque/Cash	To be drawn in favour of ICAI Nagpur ICON 2012 payable at Nagpur.

For registration queries contact:-
The Convener, International Conference for CA Students
Nagpur Branch of WIRC of ICAI
ICAI Bhawan, 20/1, Dhantoli, Nagpur - 440012.
Tel No. 0712 - 2443968, 2441196 Fax no. 0712 - 2454166
E-mail: nagpuricon@gmail.com
Web: www.nagpuricai.org

Convener Chief Co-ordinator
CA Satish Sardar
Chairman, Nagpur Branch of WICASA
Mob. No. 0-9822229601

Shri Vijay Kapur
Conference Director & Director,
Board of Studies

CA Abhijit Kelkar
Chairman, Nagpur Branch of WIRC
Mob. No. 0-9422126890

CA. Madhukar N. Hiregange
Conference Vice- Chairman &
Vice-Chairman, Board of Studies

CA. Nilesh Vikamsey
Conference Chairman &
Chairman, Board Studies

All India CA Students' Conference-Baroda

Friday & Saturday, July 6 & 7, 2012

Venue : Sir Sayajirao Nagar Gruh, Akota, Baroda, Gujarat

Organized by - Board of Studies, ICAI

Hosted by – Baroda Branch of WIRC of ICAI & Baroda Branch of WICASA

Theme : "TAMSO MA JYOTIR GAMAYA"
.....Lead Me, From Darkness to Light

Programme Details

Time	Particulars
Day - I: Friday: 6 th July, 2012	
08:00 am – 09:00 am	Registration
Inaugural Session "Lighting the Lamp"	Chief Guest: Padma Vibhushan Shri Ratan Tata*, Chairman, TATA Group of companies Guest of Honor: CA Jaydeep Narendra Shah, Hon'ble, President ICAI Guest of Honor: CA Subodh Kumar Agrawal, Hon'ble Vice-President, ICAI
Technical Session I	Direct Taxes Chairman of the Session Dr. Girish Ahuja, New Delhi
Special Session I	Interaction with Board of Studies, ICAI CA. Nilesh Vikamsey, Chairman, Board of Studies, ICAI Shri Vijay Kapur, Director, Board of Studies, ICAI
Technical Session II	Accounts & Audit Chairman of Session CA. Nilesh Vikamsey, Chairman, Board of Studies, ICAI
Special Session II	Enlightening thyself – on Motivation & Organization Building Shri Vinayak Lohani, I.I.T & I.I.M, Kolkata, Founder of "PARIVAAR"
07:00 pm – 09:30 pm	Cultural Evening & Fashion March
Day - II: Saturday: 7 th July, 2012	
Technical Session III	Finance Chairman of the Session Dr. P. T. Giridharan
Technical Session IV	Information Technology (i-Power) Chairman of the Session CA. Atul Bheda, Central Council Member, ICAI
Special Session III	"Tamso Ma Jyotir Gamaya" CA. Charanjot Singh Nanda, Central Council Member, ICAI
01:00 pm – 02:00 pm	Lunch Break
Technical Session V	Indirect Taxes Chairman of Session CA. Rajiv Luthia, Mumbai
04:00 pm – 06:00 pm	Valedictory Session

For registration queries contact:-

CA. Ashish Parikh

Conference Convener

Mobile: 098252 31545

CA. Nilesh S. Vikamsey, Conference Chairman & Chairman, Board of Studies, ICAI

CA. Nayan Kothari
Registration Committee Head
09824433445

Mr. Sharukh Pathan
Joint Conference Convener
089050 94384

Ms. Hiral Jethva
Registration Committee Member
09714778552

National Convention for CA Students - Indore

21st and 22nd July 2012

Venue: ICAI Auditorium, Scheme No. 78, Indore

Organized by: Board Of Studies, ICAI

Hosted by: Indore Branch Of CIRC of ICAI

Theme: "NOVUS"

"Enhancing Knowledge, Setting New Benchmarks"

Day 1 – 21st July 2012, Saturday

Time	Particulars
8.00 am – 9.30 am	Registration
9.30 am – 11.00 am	Inaugural Session
11.00 am – 01.00 pm Technical Session 1	Glimpse of Law 1. Corporate Social Responsibility and Social Hazards. 2. Right to Information Act 2005
01.00 pm – 2.15 pm Special Interactive Session	Special Address by C.A. Nilesh S Vikamsey, Chairman, BOS, ICAI & Shri Vijay kapur, Director, Board of Studies
3.30 pm – 5.30 pm Technical Session 2	Twists of Finance with Concepts of Accounting Standards and Amplify I.T. Possibilities 1. Role of CFO's - Integrating Strategy and Finance. 2. Deficit Financing in the Segment of Indian Corporate World. 3. Digital Preservation - Issue and Challenges.
5.30 pm – 6.30 pm Special Interactive Session	Special Address by Shri S B Zaware, Central Council Member

Day 2 – 22nd July 2012, Sunday

9.00 am – 11.30 am Technical Session 3	Versatility of IDTL with Uniqueness of Code of Conduct 1. Service tax - recent developments 2. Goods and service tax - Concept and Impact 3. Code of conduct for CA students
11.30 am – 12.30 pm Special Interactive Session	CA. Charanjot Singh Nanda, Central Council Member
1.30 pm – 3.30 pm Technical Session 4	Novelty Of DTC with Crux of Auditing 1. Standard on auditing 315 & 330 2. Auditor's responsibility in ERA of corporate frauds. 3. Due diligence
3.30 pm – 4.30 pm	Special Interaction Session
4.30 pm – 5.30 pm	Valedictory Session
6.00 pm – 9.00 pm	Cultural Evening

Students are requested to register for the Conference at the earliest as per details as under:-

Registration fees	Rs.500 till 16 th July, Rs.600 after 16 th July	Accommodation (if required)	Contact Indore Branch
Payment mode	DD/Cheque/Cash are to be drawn in favour of : "Indore Branch of CIRC of ICAI", payable at Indore		

For registration queries and other details contact:-

Indore Branch of CIRC of ICAI

ICAI Bhawan, scheme no 78, Part II, Indore

Telephone: - 0731-4298198, 3254900, Email: cicasa_indore@icai.org, indore@icai.org

website: www.indore-icai.org

Students are invited to contribute papers for presentation (**1500-2000 words**) for topics in technical session and submit for approval a soft copy of the paper at indore@icai.org by **5th July 2012** and a hard copy of the same along with student's photograph (with his/her name on the back of the photograph), registration number, course pursuing, complete postal address, mobile number, landline number and email id be also sent to the Indore Branch.

Outstation students shall be reimbursed actual travelling expenses equivalent to Two Tier AC and DA @ **Rs 1500 per day** for lodging and other expenses.

Student who are interested to participate in the cultural program are requested to register before **30th June 2012** at the Indore branch of ICAI.

CA. Nilesh S Vikamsey
Convention Chairman,
Chairman, Board of studies

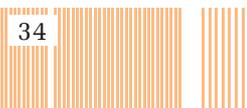
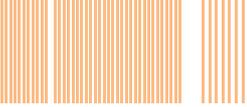
CA. Manoj Fadnis
Convention Director

CA Sheetal Jain
Con. Co-Chairperson

CA. Sunil Maheshwari
Convention Secretary

CA. Nitin Vyas
Regional Coordinator

CA. Vijesh Khandelwal
Convention Coordinator





Bhoomi Pujan of Aurangabad Branch of WIRC of ICAI. Seen in picture, CA. Jaydeep Narendra Shah, President, ICAI, Mrs. Harsha Shah, CA. Rajkumar S. Adukia, Central Council Member, CA. Durgesh Kabra, Chairman, WIRC, CA. Nikhil G. Gramle, Chairman, Aurangabad Branch, CA. Julfesh Shah and CA. Mangesh P. Kinare, Regional Council Members.



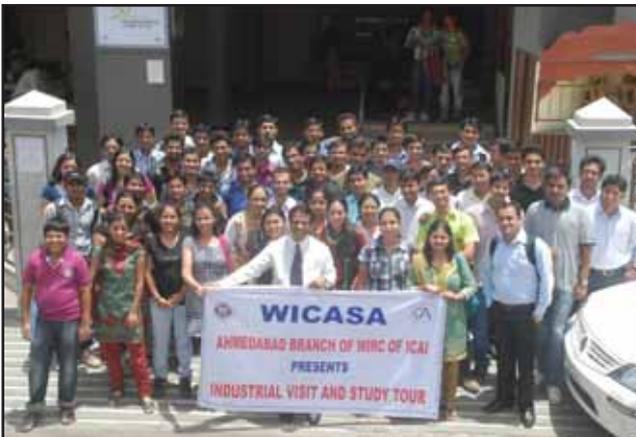
CA. Jaydeep Narendra Shah, President, ICAI, addressing a seminar on Career in Chartered Accountancy organized jointly by Aurangabad Branch of ICAI and Lokmat in Aurangabad.



CA. Subodh Kumar Agrawal, Vice President, ICAI being offered a flower Bouquet at the Students' Meet organized by EIRC of ICAI in Kolkata.



CA. Nilesh Vikamsey, Chairman, Board of Studies, ICAI addressing the Students at a function organized by the Coimbatore Branch of ICAI. CA. K. Jalapathi, Chairman, Coimbatore Branch, CA. N.N. Shanmuga Vadivel, Chairman Coimbatore branch of SICASA also seen in picture.



A group photo of the Industrial Visit cum Study Tour organized by the Ahmedabad Branch of WICASA.



CA. Devaraja Reddy M, Central Council Member and CA. J. Venkateswarlu, Central Council member with the participants of the 12th and 13th batch of the Residential Programme on Professional Skills Development at Centre of Excellence, Hyderabad.

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◀ CROSSWORD

ACROSS

3. A contractual agreement between two parties to exchange future payment streams of interests.
7. _____ assets provide benefits to a business over a period of time.
8. A programming language statement which allows code to be repeatedly executed.
10. _____ Fixed cost can never be zero.
13. A ___ is an autonomous unit, small enough to be flexible and large enough to exercise control over most of the factors affecting its long-term performance.
14. An asset's _____ minus its estimated salvage value is referred to as the asset's depreciable cost.
17. New clause (23BBH) has been inserted to exempt income of _____.
19. State-owned construction company which was recently in news.
20. An indicator of company's profitability.
22. ___ describes the outsourcing of core business activities.
23. The conversion of _____ into common stock is considered to be a non-cash transaction.
24. No CENVAT _____ is allowed in case service tax refund is claimed in respect of specified services used for export of goods.

DOWN

1. No tax is to be collected at source on sale of _____, if the buyer gives a declaration that they are to be used, inter alia, for the purpose of generation of power.
2. _____ describes the volatility of an asset in relation to the volatility of its benchmark asset.
4. A telecommunication network that covers a broad area (e.g. metropolitan, regional, or national boundaries).
5. _____ is a reference interest rate used by banks.
6. The input device used mostly for computer games is _____.
9. TCS provisions would be applicable on cash sale of _____ exceeding Rs. 2 lakh.
10. _____ is defined as a small program that runs within an application.
11. Wildlife century in Gujrat.
12. _____ is a device that converts images (such as photographs) into digital form so that they can be stored and manipulated on computers.
15. _____ is a piece of middleware software that allows programmers to make program calls from one computer to another via a network.
16. Government owned company dealing mainly in bulk international trade.
18. _____ is a unit of signaling speed.
21. _____ in case of the service receiver, who is required to pay service tax under reverse charge mechanism, is the date of payment.