



The

Chartered Accountant

Student

Your Monthly Guide to the CA News, Information & Events

STUDENTS' JOURNAL

September 2012 Vol SJ3 Issue 9

Pages 36

Price ₹ 50

The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)



**Corporate Social Responsibility Capacity  
Building for Sustainable Livelihoods**

**Environmental Corporate Social Responsibility  
for Achieving 'Green Goals'**



## President's Communication

Dear Students,

I am glad to inform you that as per the new scheme of Direct Entry to CA course, a Graduate/Post Graduate with minimum prescribed percentage of marks can register for the Intermediate (Integrated Professional Competence) Course and commence articleship training. Such students shall be eligible to appear in the examination after the completion of nine months of articleship training. Similarly, Intermediate level examination passed students of The Institute of Cost Accountants of India and The Institute of Company Secretaries of India will also be exempted from qualifying CPT. I hope maximum number of students are benefitted by this scheme.

Dr A.P.J. Abdul Kalam great Indian scientist and former President of India said '**A student spends 25,000 hours in the campus. The school must have the best of teachers who have the ability to teach, love teaching and build moral qualities**'. Lessons learned from teachers remain with the students throughout their life. These lessons break down the barriers and reach into the souls of the young students. We should respect our teachers. Teachers need encouragement and support from the community to feel that their devotion to students is appreciated. We celebrate 5th September as Teachers' day which is the birthday of a great teacher Dr. Sarvapalli Radhakrishnan, the first Vice-President and second President of our nation. On this occasion, I convey my greetings to the teaching community, particularly to the faculty of the Board of Studies.

As you would be aware the results of the examinations of the Professional Competence Course (PCC) and the Integrated Professional Competence Course (IPCC) held in May 2012 have been declared. Nitish Jain from Delhi and Nikhil Kumar from Jaipur got the first rank in PCC and IPCC examinations with 75.67 and 86.43 per cent respectively, while Hetalben Vinubhai Jikadara from Surat and Anil Babu Kunapareddy from Wollapalem got the second and third place in PCC examinations, and Nikhil Agrawal from Mathura and Jagravi D. Shah from Ahmedabad got the second and third place in IPCC examinations. 14.76 per cent and 19.39 per cent students passed in Both Group category in PCC and IPCC examinations respectively. Pass

percentage in IPCC examinations in Both Group category has increased.

For the students who would be appearing in the next examinations, I would like to advice that they should formulate pragmatic strategies. Prepare well by making optimum use of various educational inputs provided by the Institute. As you know, learning is a continuous process and to assimilate the various topics in the course of chartered accountancy you need to put in your untiring efforts and have a strong grip over different topics and prepare for the examinations.

Extra mileage can be attained by the students who take their articleship seriously and are able to mix theoretical education with it. Articleship provides you practical insight to the various theoretical concepts. Presently, when half yearly closing for the listed companies is round the corner, the students should make efforts to learn about the preparation half yearly financial statements.

Lessons learnt and experiences gained during the articleship training will not only help you to pass examination but can also help in your future professional lives. Broadly, the Chartered Accountants have three career options: to start own practice, to join a CA firm, or, to join a corporate house. You need to make careful choices once you become Chartered Accountant. In case you choose employment, do not switch jobs frequently to quicken the process of growth. While shifting from an existing job for better prospects is a natural process, there is flip side that you must consider, especially, in the initial stages of your professional lives. Apart from the noble reasons of returning back to the organisations who have invested heavily in you, there are strong reasons for your personal benefit. Frequent job changers are perceived as unreliable and costly. It also reflects badly on your loyalty and commitment as an employee.

I hope that the varied initiatives of the Institute are beneficial to the students at large and enable smooth sailing through the various stages of student's life and them to have an edge over others.

Wish you all the best

Yours sincerely,

CA. Jaydeep Narendra Shah  
President, ICAI, New Delhi



## Vice-President's Communication

Dear Students,

The results of Integrated Professional Competence Examination and Professional Competence Examination

have been declared recently. At the outset, I heartily congratulate all the successful students for their indomitable efforts. Rank-holders and toppers deserve special compliments for their achievements. The chartered accountancy, being a professional course, requires concerted and untiring efforts on the part of the students. Now without wasting even a single day, start your preparation for the final examinations. It would be my sincere wish that you clear the next stage at the first available opportunity.

Chartered Accountancy examinations are not that difficult as they are perceived to be by some of the students. More than the hard work, you need positive attitude. Believe in yourself. Also make full use of educational inputs such as study materials, suggested answers, revision test papers provided by the Board of studies.

Before going any further, I would like to extend my warm greetings and felicitation to the teaching community on the occasion of Teachers' Day (5th September). We have great faith and devotion towards our teachers. It has been said, "**A good teacher is like a candle - it consumes itself to light the way for others**". Teachers are important pillars of our society. They shape-up the present generation to take challenges of life and reach the pinnacles of success.

Chartered Accountancy is a highly successful profession which has been at the forefront through the period of liberalization and globalization. It is not only dynamic, and demanding, but also highly rewarding. Considering the career opportunities, a large number of young career seekers join this course. The student base of the Chartered Accountancy course at present is about one million which is an enviable milestone. The Institute treasures its students and it endeavors to provide them the high quality educational opportunities that would hone their skills and shape them into sound professionals.

There is a huge demand for Chartered Accountants in almost all the sectors. Today, the various business entities, both national and multinationals recognize their knowledge and skill-sets. From **traditional bean counters, the CAs have transformed into complete business solutions** providers. We have progressed a lot. The area of expertise of chartered accountants include accounting and financial reporting, auditing and assurance, management of risks, corporate finance, management accounting, information systems audit, corporate law, direct tax, indirect tax, arbitration, feasibility studies, valuation of businesses, strategic management and so on. The list is endless. It would not be a misnomer to state that today the chartered accountants play a crucial role in almost all aspects of business world. They possess strong virtues to understand critical business operations and manage them effectively.

Accordingly, the chartered accountants who have chosen jobs as career are not only doing very well but are quickly rising in the hierarchy. Today, we have many Chief Finance Officers and Chief Executive Officers who are members of ICAI. Another career option available to you after you become a chartered accountant is to start your own practice. It is a careful choice that needs to be made. If you choose to practice you will have a lot of autonomy as you will be your own boss. It is a challenging option as you will get wide a variety of assignments. There are opportunities in the area of audit, tax, management consultancy and so on.

To succeed in your life, you should have passion for whatever you are doing. Having made the decision on the course you wish to pursue, it is important for you do it with all seriousness and sincerity. With proper approach and planning, success will be yours.

Wish you all the best

Yours sincerely

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



## Chairman's Communication

### My Dear Students,

The results of Integrated Professional Course (IPCC) and Professional Competence Course (PCC) were recently declared. I am happy to note that in IPCC

around 20 per cent students passed in Both Groups, around 30 per cent passed in Group I and 27 per cent in Group II. Similarly, in PCC, around 15 per cent passed in Both Groups, 32 per cent passed in Group I and 31 per cent passed in Group II of PCC. My heartiest congratulations to all IPCC/PCC students who have passed out with flying colours. So you have crossed another important milestone of your life. You must be feeling great. Those students who could not get through this time should not get disheartened. Pull up your socks and start afresh. Do not let any feeling of discouragement come your way and I am certain in the end you are sure to succeed. It is aptly stated by Winston Churchill that **"Success is walking from failure to failure with no loss of enthusiasm."**

I am happy to tell you that the entry norms to the CA profession have been eased. Starting from 1st August, 2012 graduates and post graduates with prescribed percentage of marks and intermediate level examination passed students of the Institute of Company Secretaries of India (ICSI) and the Institute of Cost Accountants of India are exempt from Common Proficiency Test. These students can straight away register for Intermediate (Integrated Professional Competence) Course. Graduates and Post Graduates, who fulfill the criteria of prescribed percentage of marks, can start their articled training after completing Information Technology Training (ITT) and Orientation Course. They can appear for the Intermediate (IPC) Examination after completing nine months of Articled training which includes concurrent study course for a period of eight months. Students coming from ICSI and Costing Institute gateway shall be eligible for admission to three years of Articled training only after passing 1st Group or Both Groups of Intermediate (IPC) Examination or Accounting Technician Examination and completing ITT and Orientation Course. Such students can appear for the Intermediate (IPC) Examination after undergoing a study course for a period of eight months from the date of registration to the course. Even students who are pursuing the final year of graduation can register for the Intermediate (IPC) Course provisionally. Such students would be required to submit satisfactory proof of having passed the graduation examination with the specified percentage of marks within six months from the day of commencement of the final year of graduation examination. In their case, the Articled training shall commence only after their becoming graduates with specified percentage of marks. Such students can appear in the Intermediate Examination (IPC) on completion of nine months of Articled training. The Council, in order to mitigate the hardships being faced by the students registering under Direct Entry Scheme to

the CA course up to 30th September, 2012, has relaxed the eligibility criteria as a onetime dispensation. Such students shall be eligible to appear in the Intermediate (IPC) Examination in May, 2013 on completion of 7 months of Articled training and 7 months of Study course (instead of 9 months and 8 months respectively). Such students are required to complete Orientation Course and ITT before 31st March 2013. For details regarding the registration formalities, transitional scheme and Fee structure, please see the Institute's web site [www.icaai.org](http://www.icaai.org)

Perhaps you are aware that the Board of Studies provides the facility for pursuing the articleship through its On Line Articles Placement Portal. The Articles Placement Portal has been providing a platform to the firms of Chartered Accountants having vacancies for Articled Assistants to select eligible students as articled assistants and the candidates who are eligible for undergoing articled training. Both eligible CA firms and candidates who are willing to avail of this facility shall have to register themselves online through the articles placement portal at <http://bosapp.icaai.org>. Do take advantage of this facility and get benefitted.

A number of National Conventions, State Conventions and Conferences took place at various places throughout the country in August, 2012. The overwhelming response of students was very heartening. I admire the students who took great efforts in assimilating information, writing papers and presenting them. These efforts would go a long way in shaping your personality. It is my earnest wish that you should attend these events in greater number as they are very refreshing and invigorating and infuse fresh energy in you.

September 5 is a great day for the teaching fraternity. This day is observed as Teacher's day in India as a mark of respect to Dr. Sarvepalli Radhakrishnan, the second President of India, whose birth day falls on this day. Dr. Radhakrishnan was a philosopher, a scholar and above all a great teacher. I extend my best wishes to the teaching fraternity on this auspicious occasion. After parents, it is the teacher who plays a great role in the life of a person. Teachers carve out your inherent personality. They impart quality education and help you become capable citizens of the country. As a tribute to your teachers you should do your best to do them proud.

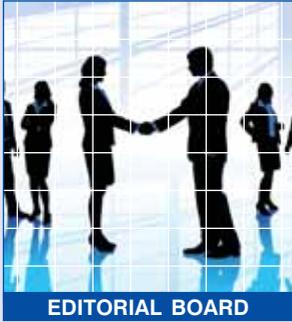
**In Times Of Difficulty  
Some People Breakdown  
While Some Break RECORDS..!!"**

**Performers are Born In Difficult Situations & Not In Comfort Zones**

Wishing You All the Best

Yours sincerely,

**CA Nilesh S. Vikamsey  
Chairman, BOS**



President and Editor-in-Chief  
**CA. Jaydeep Narendra Shah, Nagpur**  
 Vice- President  
**CA. Subodh K. Agrawal, Kolkata**  
 Chairman and Editor  
**CA. Nilesh S. Vikamsey, Mumbai**  
 Vice- Chairman  
**CA. Madhukar N. Hiregange, Bangalore**  
 Members  
**CA. Abhijit Bandyopadhyay, Kolkata**  
**CA. Amarjit Chopra, New Delhi**  
**CA. Anuj Goyal, Ghaziabad**  
**CA. Charanjot Singh Nanda, New Delhi**  
**CA. Dhinal A Shah, Ahmedabad**  
**CA. J. Venkateswarlu, Hyderabad**  
**CA. Manoj Fadnis, Indore**  
**CA. M. Devaraja Reddy, Hyderabad**  
**CA. Pankaj I. Jain, Mumbai**  
**CA. Pankaj Tyagee, New Delhi**  
**CA. Ravi Holani, Gwalior**  
**CA. Sanjeev K. Maheshwari, Mumbai**  
**CA. S. Santhanakrishnan, Chennai**  
**CA. Sumantra Guha, Kolkata**  
**CA. Vinod Jain, New Delhi**  
**CA. V. Murali, Chennai**  
**Shri Anil K. Agarwal, New Delhi**  
**Shri Deepak Narain, New Delhi**  
**Shri Manoj Kumar, New Delhi**  
**Shri Prithvi Haldea, New Delhi**  
**Shri Sidharth Kumar Birla, New Delhi**  
 Co-opted Members  
**CA. Anil Jindal**  
**CA. A. Rafeq**  
**CA. J. Subramanian**  
**CA. Kundra Lochan**  
**CA. Nanu Mallaya**  
**CA. Paresh Harikant Clerk**  
**CA. Praveen Kumar**  
**CA. Sharad Bhutra**

Director – Board of Studies  
**Shri Vijay Kapur**

Editorial Support  
**Prem Bhutani, Deputy Director**  
**K. Sudhakaran, Assistant Director**

Office

**Board of Studies**

The Institute of Chartered Accountants of India,  
 ICAI Bhawan, A-29, Sector-62, Noida-201 309.  
**Phone : 0120-3045938**

Correspondence with regard to subscription,  
 advertising and writing articles  
**Email : writesj@icai.org**

Non-receipt of Students' Journal  
**Email : nosj@icai.org**

**Head Office**

The Institute of Chartered Accountants of India, ICAI  
 Bhawan, Indraprastha Marg, New Delhi - 110 104.  
**http://www.icai.org**

# Inside

## September

2. Message - President
3. Message - Vice President
4. Message - Chairman, Board of Studies
6. Corporate Social Responsibility Capacity Building for Sustainable Livelihoods
10. Environmental Corporate Social Responsibility for Achieving 'Green Goals'
12. Filling the Tax Audit Report - Important Points to Remember
20. Insider Trading
22. The Journey of a "Bill" To "Act"
24. How to Improve English Language Skills
26. Interview
28. Academic Update
30. Announcements

**Annual Subscription Rates:**

CA Students	:	₹ 200
Members & Others	:	₹ 500
Overseas	:	US \$ 100

**Total Circulation:**  
2,16,104

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

**Editor: CA. Nilesh S. Vikamsey**

**Printed and published by Shri Vijay Kapur, on behalf of The Institute of Chartered Accountants of India, New Delhi. Published at the Institute's Office at Indraprastha Marg, New Delhi and printed at International Print-O-Pac Ltd., B-204, 205, Okhla Industrial Area, Phase-1, New Delhi.**

*Date of Publication: 26-08-2012*

*The views and opinions expressed or implied in THE CHARTERED ACCOUNTANT STUDENT are those of the authors and do not necessarily reflect those of ICAI. Unsolicited articles and transparencies are sent at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of ICAI.*

**DISCLAIMER:** The ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Journal.

# Corporate Social Responsibility Capacity Building for Sustainable Livelihoods

Tarini Bansal

## Origin

The history of social and environmental concern about business is as old as trade and business itself and therefore CSR is not a new concept but can be traced back to almost 5000 years. What gave birth to this concept is the industrial impact on society and the environment and assumed an entirely new dimension.



Early roots of corporate social responsibility can be found in the actual business practices of successful companies since the eighteenth century.

If you have read Christmas Carol by Charles Dickens you will find that the social dimension within CSR has a long tradition. Driven by the Christian roots of the society, Christmas was not only at the end of the year. It was at the end of the harvest period (field, cattle, and game), a cold, wet and dark weather period. To share some of the goods between middle class and people in the main streets and backyards and their families, became a tradition to say "thank you", but also to ask for next year's commitment.

## Meaning

CSR identifies the needs and values of the stakeholders and helps in decision making process. Further, it is operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

A notable example is the Cadbury chocolate makers in the UK that prospered in the 1870s and moved in 1879 to a green field site which came to be called Bournville village for the benefit of its workforce. The Cadbury family introduced social responsibility practices including works committees, a medical department, pension funds and education and training for employees. In the 1900s they built "a successful business in a successful community".

In particular, this could include how organizations interact with their employees, suppliers, customers

Corporate social responsibility (CSR) is also known as corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business. The MCA issued Voluntary Guidelines on CSR in 2009 with a view to strengthen the framework of corporate social responsibility. Later, the Ministry issued National Voluntary Guidelines on Socio- Economic and Environmental Responsibilities of Business as a refinement over the Voluntary Guidelines on CSR.

and the communities in which they operate, as well as the extent they attempt to protect the environment.

Basically, CSR means that a company's business model should be socially responsible and environmentally sustainable. By socially responsible, it means that the company's activities should benefit the society and by environmentally sustainable it means that the activities of the company should not harm the environment.

In the Kodak case, the founder George Eastman is renowned for his remarkable foresight into the building of his business. In 1919, Eastman gave one-third of his own holdings of company to his employees and later fulfilled what he felt was a responsibility to employees with the establishment of retirement annuity, life insurance, and disability benefit plans. He fostered music, endowed learning, science in its researches and teaching, promoted health, helping the needy and made his own city a centre of the arts.

Companies need to answer to two aspects of their operations.

1. The quality of their management - both in terms of people and processes (the inner circle).
2. The nature and quantity of their impact on society in the various areas (the outer circle).

Outside stakeholders are taking an increasing interest in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused - as well as past financial performance - on quality of management as an indicator of likely future performance.

*(The author is a student of ICAI. Reg.No.CRO0288232)*

In the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes while what is practiced in Europe is much more focused on operating the core business in a socially responsible way, complemented by investment in communities. I believe this model is more sustainable because it forms an integral part of wealth creation process which leads to maximisation of wealth creation to society.

CSR comprises of three terms:

- ☑ **Corporate-** organized business
- ☑ **Social-** people / society
- ☑ **Responsibility-** accountability between the above two

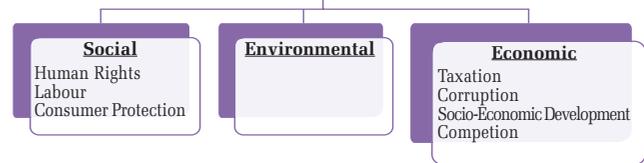
**Crisis management** Johnson & Johnson's transparent handling of the crisis facing its Tylenol brand in 1982 is widely heralded as the model case in the area of crisis management. J&J went far and above what had previously been expected of corporations in such situations, instigating a \$100 million re-call of 31 million bottles of the drug following a suspected poisoning / product tampering incident. In acting in the way it did, J&J saved the Tylenol brand, enabling it to remain a strong revenue earner for the company to this day.

There is an old saying that "if you don't know where you're going, there's little chance you're ever going to get there." This is as true for CSR as it is with any other business approach. Following a CSR strategy helps to ensure that a firm builds, maintains and continually strengthens its identity, its market, and its relationships. Importantly, it provides the framework for a coherent business strategy based on the issues that it and its stakeholders consider material.

### Importance of CSR

CSR is an important business strategy because, wherever possible, consumers want to buy products from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGOs, increasingly, want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of these stakeholder groups allows companies to maximize their commitment to another important stakeholder group—their investors, who benefit most when the needs of these other stakeholder groups are being met.

## CORE AREAS OF CSR



### Why CSR?

In terms of morality CSR is needed as businesses rely on the society within which they operate and cannot exist in isolation. They have an obligation to contribute as well as draw from the community, on which they rely so heavily. All the business groups should strive to add value and make people's life better.

In economic terms, CSR covers all aspects of a business' day-to-day operations. The goal of any economic system should be to further the general social welfare.

### What has led to the development of CSR?

- ✓ *Sustainable development*
- ✓ *Globalization*
- ✓ *Governance*
- ✓ *Consistency & Community*
- ✓ *Leadership*

### 1. The shrinking role of government

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

### 2. Demands for greater disclosure

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

### Brand insurance

NIKE has emerged as one of the most progressive global corporations in terms of CSR because it has learned from its past mistakes and attacks by NGOs. As one of the first corporations to have a Vice-President for Corporate Responsibility and to publish an annual CSR Report, the company has done a lot to mitigate public opinion, establish its brand as representative of a much more committed corporate citizen, and 'insure' itself against any repeat of the consumer boycotts it faced in the mid-1990s.

### 3. Increased customer interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

### 4. Growing investor pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns.

### 5. Competitive labour markets

Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

### 6. Supplier relations

As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation.

“Social Responsibility is much bigger than supporting worthy causes, it includes anything that impacts people and their lives”

–William Ford Jr.  
–Executive Chairman,  
Ford Motors.

### How to Implement CSR?



### CSR Reporting Frameworks

Some of the Reporting guidelines or standards for social accounting, auditing and reporting are:

#### ☑ AA1000

**Developed by** – The Institute of Social and Ethical Accountability.

**Purpose** – It provides standard for social and ethical accounting, auditing and reporting, including mandatory external verification and stakeholder engagement. This is based on **John Elkington's triple bottom line (3BL) reporting.**

#### ☑ Social Accountability - SA8000

**Initiated by** – Council on Economic Priority Accreditation Agency (CEPAA)

**Purpose** – It seeks to provide transparent, measureable and verifiable performance standards in the areas of child labor, health and safety. Compensation; working hours; discrimination; discipline; free association and collective bargaining; and management systems.

#### ☑ ISO 26000

**Purpose** – It is intended to assist organizations in contributing to sustainable development and to encourage them to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility.

#### ☑ The Good Corporation

**Developed by** – The Institute of Business Ethics

**Purpose** – this covers fairness to employees, suppliers, customers and providers of finance; contribution to the community; and protection to the environment.

#### ☑ The United Nations Global Compact

**Purpose** – This requires companies to **communicate on their progress** and to describe the company's implementation of the Compact's ten universal principles.

#### ☑ Global Reporting Initiative

**Formed by** – United States based non-profits organization and Tellus Institute, with the support of the United Nations Environment Programme (UNEP)

**Purpose** – This report is an organizational report that gives information about economic, environmental, social and governance performance.

### Criticism

The results of CSR compliance are generally viewed as a good thing by most companies. Challenges lie in allocating time and resources necessary to develop a CSR approach that meets governmental and social standards and achieves compliance with informal CSR guidelines related to social and environmental responsibility.

#### Some of the Indian Companies that have implemented CSR

- Tata Steel
- Nestle
- ITC
- Mahindra
- Gail
- Wipro
- Infosys.

**For Example** – if company X invests part of its resources to take care of its communities and the environment and company Y does not, then company Y retains its resources, including money, for other business pursuits. Therefore, some companies argue that they cannot fall behind by putting money into CSR programs.

### Conclusion

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome.

A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

There is increasing recognition of the importance of public-private partnerships in CSR. Private enterprise is beginning to reach out to other members of civil society such as non-governmental organizations, the

United Nations, and national and regional governments.

Management training plays an important role in implementation of CSR strategies, and there are a growing number of conferences and courses available on the subject. Organizations that provide such training include Global Responsibility, Business for Social Responsibility and the Corporate Social Responsibility Forum. Incorporating CSR hand-in-hand with sustainable practices will ensure that your company remains competitive in today's consumer savvy market.

### To conclude a quote from Paul Hawken:

*"The future belongs to those who understand that doing more with less is compassionate, prosperous, and enduring, and thus more intelligent, even competitive."*

### References:

www.accountability.org  
www.csrquest.net  
en.wikipedia.org  
www.iisd.org ■

## ANNOUNCEMENT

### Increase in fee for Duplicate Certificate of Membership and Certificate of Practice as an Associate or Fellow - Amendment to the Regulation 184 of the Chartered Accountants Regulations, 1988

This is to inform all concerned that with the issuance of the Notification No.1-CA (7)/145/2012 on August 1, 2012, the fee for Duplicate Certificate of Membership as an Associate or Fellow as well as Certificate of Practice as an Associate or Fellow respectively has been increased to Five Hundred rupees and fee for any other duplicate certificate issued under these regulations has also been increased to Two Hundred Rupees with effect from August 1, 2012.

The said notification is available on the Institute's website [www.icai.org](http://www.icai.org) at the link <http://220.227.161.86/27508notification17036.pdf> for information of all concerned.

In case of loss/damage of original script certificate of membership or certificate of practice as an associate or fellow, members may file **an affidavit** to the concerned Regional office of ICAI in the prescribed format available on the Institute's website [www.icai.org](http://www.icai.org) at the link [http://220.227.161.86/8604onfo\\_faidsd.doc](http://220.227.161.86/8604onfo_faidsd.doc) along with application for issuance of duplicate certificate and amount of aforesaid fees which is payable by cheque (in the case of local members) and by demand draft, in favour of The Secretary, The Institute of Chartered Accountants of India, New Delhi or the Decentralized office to which the members belongs. It is clarified that an affidavit is not required to be executed if the original mutilated, torn or damaged certificate is returned to ICAI.

Secretary

August 21, 2012

## Corrigendum

### IPCC Paper 4 Taxation Study Material & Select Cases in Direct & Indirect Tax Laws for Final Course

IPCC students may note that in the July 2012 reprint of Volume 1 of the IPCC Paper 4: Taxation Study Material, in pages 3.17 and 3.18 of Chapter-3: Payment of Service Tax and Filing of Returns of Part II: Service tax & VAT, under para 2.4, ₹ 2,000 should be read as ₹ 20,000.

Final students may note that in the June 2012 print of the publication "Select Cases in Direct and Indirect Tax Laws" relevant for November 2012 Final Examination, the words "section 194C" in the question raised in case law no.2 reported in page 51 should be read as "section 192".

# Environmental Corporate Social Responsibility for Achieving 'Green Goals'

Nisha Gupta

**C**orporate Social Responsibilities(CSR) is budding as a new business discipline in the corporate world. It is exposed to various differing interpretations. CSR is a belief that is adopted by many faction such as Partnership, Companies, Charities, State Bodies etc. The word 'Corporate' is generally used to refer to incorporated bodies/companies, whereas the word 'Responsibility' in reference to term 'corporate' means the corporation responsible for some environmental calamity. The word 'Social' in reference to CSR consist to relate to the life, welfare and relations of human being in the community. Thus, CSR as a whole, positions businesses as an active partaker in the wider communities and recognize the fact that companies do not exist in isolation but are instead part of 'nexus of contracts' between an ample range of different stakeholders. This means that anything done by a business will have an outpouring upshot on the surrounding community.

## Environmental Responsibilities under Corporate Social Responsibilities

In today's scenario environmental issues have come forward as a global issue and thus appropriate conservation and sustainable development strategies are adopted by the government to be followed by all the organizations. This climate change science has become so apparent over the years, that government asked many businesses and corporations to accept this and get on with their businesses. Thus companies / corporations have become environmentally conscious and started running the business intelligently by the use of the green initiatives leading to cost savings. It is complementary approach of the organizations to become eco-friendly.

This article is an effort to spot the magnitude of environmental responsibilities of a business leading to green initiatives within the venture and its linkage with the accessible business, meeting targets and to ensure their functioning in achieving of their "green" goals.

There are various forms of responsibilities that might pertain to a business under Corporate Social Responsibility. It catches a glimpse of responsibilities in the following areas – in an economy, environment, in the local community, towards an employees and human rights, governance, in product safety and quality, in the supply chain, in endorsement or support of particular causes etc.

The environmental facet of CSR is perchance the most widely appreciated concept among all. The day today discussion on global warming has made us to catch more sight of aware of our impact on the environment, and in tandem the businesses are subjected to drive a new legislation and guidelines on pollution, recycling and other environmental issues. Usual environmental issues within CSR comprises of diminishing packaging, wasting and energy manipulating, as well as sourcing materials and goods for sale close to the point of manufacture or sale so as to minimize associated carbon costs. For example, many organizations have been using the teleconferencing to address this issue. In this way, they are reducing their influence on the environment and making their product or services naturally 'greener' and also acting economically by saving the costs allied with travel and transporting.

Some business dynamically encourage environmental issues through their marketing and their promotional materials on their sites. For example, plainly using recycled materials. The businesses that uphold the fact that they manage to restrict their impact on the environment also need to contemplate the way in which they are resourcing their products and raw materials, and their impact on the communities. Thus leading to deforestation, monoculture and food poverty in the countries.

Most inventiveness in the area of environmental sustainability is that it has both a business and moral base. Cut back on waste, packaging , travel, transportation and energy will accumulate money as well as save the globe. Further marketing the idea of the company as a responsible firm that uses cast-off materials and identifies with green issues will increase market share and enhance the name and reputation of the business. Overall, environmental issues should be well supported by both business and moral arguments.

## Necessity of Green Initiatives for achievement of Green Goals

Any business firms or corporates depend on the environment or the natural resources for their energy, material resources and waste disposal and that environment in turn is effected by the commercial

*(The Contributor is Executive Officer, ICAI)*

activities of business firms . For example use of paper mode in compliance of documentary formalities may lead to vanishing of the forest, the greenery and thus disconcerting the whole ecological system. These business corporate must emphasize on the ecological ethics which is based on the idea that the environment should be protected not only for the sake of human beings but also for its own sake. So the continuous use of natural resources in unlimited amount may lead to its diminution and may weaken the beneficial qualities of the products .

Green initiatives have become the requirement of today's world to combat the environmental issues at the global level. Its benefits is to put away costs, convene compliance requirements, reuse resources and, also help to create brand recognition among customers. Wherever, it is seen that any organization that is responsive to the environment and concerned about their environmental marks, creates a vision of care. But more important is the ability to save money by lowering the exercise of power and energy treatment. For businesses, this provides the benefit of awareness as well as resonance.

### Green Initiatives and the legislation in India

Not only in India but all over the world, there is mounting increase of social responsibility and ethical norms in all orb of human activities; be it public activities, business or environment and ethical concerns with respect to the interest of stakeholders and also that of the community. This provides wellbeing for the workers at workplace, concern for their health, reducing pollution and incorporating environmental values in governance.

In order to keep up balance in ecosystem, the Ministry of Corporate Affairs ("MCA") has started "Green Initiative in Corporate Governance" in the corporate world by adopting for paperless compliances by companies through electronic mode. MCA has passed series of Circulars in 2011, whereby companies can now transact their business by sending the documents and other notices to shareholders/ members through electronic mode there by restricting the use of paper that is by protecting the forest and the ecological balance and fulfilling their environmental responsibilities.

Earlier Section 53 of the Companies Act, 1956 says of service of documents on the members of the company. It may be done by either delivering in person, or by sending the document/notice by post to their registered address with the company and if no registered address ,then by sending to the address supplied by him to the company for giving of notices to him.

These provisions have been amended by inclusion of green initiatives in compliance of section 53 of the Companies Act, 1956 by MCA.

Following measures of green initiatives in the working of corporate has been made-

- (1) Service of documents by e-mode instead of Under Posting Certificate (**General Circulars No. 17/2011 dated 21.04.2011**)
- (2) Sending of copies of Balance Sheets and Auditors Reports etc. to the members of the Company as required under section 219 of the Companies Act, 1956 through Electronic mode (**General Circulars No. 18/2011 dated 29.04.2011**)
- (3) Approval of MCA for appointment of agency for providing electronic platform for electronic voting under the Companies Act,1956 (**General Circulars No.21/2011 dated 02.05.2011**)
- (4) Participation by shareholders in general meetings under the Companies Act, 1956 through electronic mode (**General Circulars No.27/2011 dated 20.05.2011**)
- (5) Participation by directors in meetings of board/ committee of directors under the Companies Act, 1956 through electronic mode (**General Circulars No.28/2011 dated 20.05.2011**)
- (6) Issue of Certificate by Digital Signature (**General Circulars No.29/2011 dated 20.05.2011**)
- (7) Participation by shareholders or directors in meetings under the Companies Act,1956 through electronic mode (For further clarification of the earlier issued General Circulars No. 27/2011 and 28/2011 dated 20.05.2011, Ministry issued **General Circulars No.35/2011 dated 06.07.2011**)
- (8) Issue of Certificates by Digital Signature (For further clarification of earlier issued General Circulars No. 29/2011 dated 20.05.2011, Ministry issued **General Circulars No.39/2011 dated 21.07.2011**)
- (9) Participation by shareholders or directors in meetings under the Companies Act, 1956 through electronic mode authorization regarding e-voting (**General Circular No. 72/2011 dated 27.12.2011**)

### Conclusion

Businesses must therefore make environmental ethic a fundamental part of their corporate goal, taking care that their practices, processes, and products conserve energy and resources and have a minimum impact on ecosystems by emphasizing on the environmental responsibility.

Industries that are based on natural resources, like minerals, timber, fibre, and foodstuffs, etc. should have a special environmental responsibility and should be major area of concern under CSR. This environmental mayhem can be put up by complying with following exercises:

1. Adopting practices that have built-in environmental consideration,
2. Introducing processes that minimize the use of natural resources and energy, reduce waste, and prevent pollution,
3. Making products that are “environment-friendly”,

with minimum impact on people and ecosystem.

There is no doubt that with the public opinion moving towards accountable socio-economic structures, ethical and eco-friendly business practices would be standard corporate norms.

This adoption of certain measures of green initiatives in the corporate governance by the Ministry of Corporate Affairs is helping the corporate world in India to achieve the green goals upto certain level and by benefitting themselves and by protecting the surroundings. ■

## ANNOUNCEMENT

## Articles invited for Students' Journal

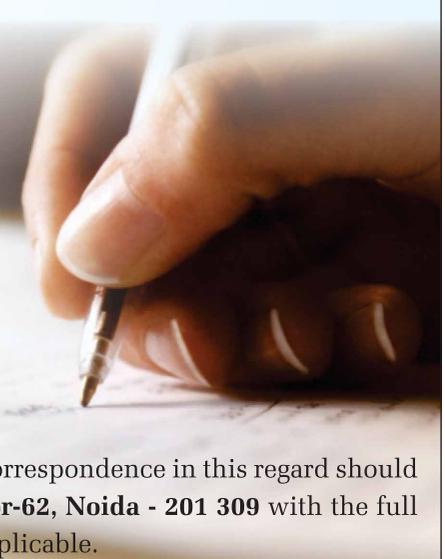
The Board of Studies is planning to bring out theme based Special Issues of the Chartered Accountant Students' Journal in the upcoming months. We invite articles from members, academicians, students and others as follows:-

S.No	Month	Theme
1.	October 2012	Corporate Governance- Role of Independent Directors/ Audit Committee
2.	November 2012	Limited Liability Partnership
3.	December 2012	Corporate Law
4.	January 2013	Information Technology
5.	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.



# Filling the Tax Audit Report -Important Points to Remember

In the August 2012 issue of the Students Journal, an effort to make the students familiar with the technicalities involved in filling the tax audit report Form was made. However, that issue could cover only Form No. 3CA, 3CB and 12 clauses of Form No.3CD. The remaining clauses are being dealt with in this issue of the Students' Journal. It may be mentioned that an attempt has been made to cover the important aspects in respect of each clause of the Tax audit report, as laid down in the Guidance Note on tax audit under section 44AB of the Income-tax Act, 1961.

## Clause 13: Items of income not credited to the profit & loss account

- ⇒ Particular of items falling within the scope of sec 28 of the Income-tax Act, 1961 which are not credited to the P&L A/c is to be reported;
- ⇒ Tax auditor should examine all relevant correspondence, records and evidences, in respect of pro forma credits, drawbacks, refunds of customs duty, excise duty, or sales tax, to determine whether any particular refund/ claim has been admitted as due and accepted during the relevant financial year. While verifying the particulars of such refunds, the auditor should scrutinize the relevant files and also obtain an appropriate management representation;
- ⇒ Escalation claims accepted during the relevant previous year but not credited to the P&L A/c and the system of accounting followed in respect of such claims should be reported;
- ⇒ Any other item which the tax auditor considers as an income of the assessee based on his verification of records but which has not been credited to the P&L A/c, are to be reported;
- ⇒ Capital receipts, if any, have to be reported in this clause. For reporting the auditor should use his professional expertise and judgement in determining whether the receipt is capital or revenue in nature. The tax auditor may also indicate various judicial pronouncements on which he has relied; Loans and borrowings are not required to be stated.

## Clause 14: Particulars of Depreciation

- ⇒ The tax auditor should examine the classification of the assets into various blocks and should also ensure that classification is in consonance with legal principals. In case of any doubt or controversy, the fact has to be indicated in the report by way of suitable qualification.
- ⇒ After classification, rates of depreciation should be checked properly as per the Income-tax Rules, 1962, relevant clarification and judicial decisions;
- ⇒ In respect of existing assets, auditor should state the opening WDV of the assets, taken from the relevant income tax records. The auditor should mention that he has relied on such income tax records of the assessee for classification and computing WDV.
- ⇒ Where any addition was made, the date on which the asset was put to use has to be mentioned. Further, in case of deductions, the sale value of the assets disposed of along with dates should be mentioned. The tax auditor should check the working regarding the calculation of depreciation allowable as per the provisions of the Act.
- ⇒ The correctness of apportionment of depreciation in cases like succession, amalgamation, demerger etc. has been also to be checked.
- ⇒ Adjustments on account of three factors has to be given:
  - Tax auditor should to examine the details of assets acquired on or after 1.03.1994 and the details of CENVAT credit claimed and allowed in respect of those assets. Further, whether the amount of CENVAT credit deducted from cost of capital goods tallies with the credit availed on this account should also be verified;
  - The auditor has to verify that the adjustments in the cost of fixed assets on account of change in the rate of exchange of currency in the schedule of fixed assets prepared for computation of depreciation as per Income-tax Rules are in accordance with the provisions of section 43A and that

*(Compiled by CA. Mukta K. Verma, Asst. Secretary & CA. Sheetal Ahuja Executive Officer, ICAI)*

information about such adjustment is to be stated in clause 14(d) by the tax auditor;

- The tax auditor should examine the subsidy covered within the scope of Explanation 10 to sec 43(1) in respect of asset acquired in any earlier year(s) and received during the year has to be deducted from the written down value of such assets in the year of receipt.

⇒ Thereafter, the amount of depreciation allowable and the WDV at year end have to be stated. Verification of claim of additional depreciation should not be missed out.

**Clause 15: Deduction u/s 35AB, 35ABA, 35AC, 35, 35ABB, 35AC, 35 CCA, 35CCB, 35D and 35E**

- ⇒ A reference may be made of the report separately obtained by the assessee for claiming deductions under any of the abovementioned secs 35AB - 35E;
- ⇒ The tax auditor should indicate the amount debited in the P&L A/c and the amount actually admissible in accordance with the concerned provisions of law separately for each section.
- ⇒ The amount not debited to the P&L A/c but admissible under aforesaid sections, have to be stated;

**Clause 16: Bonus, Commission, PF recoveries, etc.**

- ⇒ Under this clause, the auditor is required to mention the amount of any sum paid to an employee as bonus or commission for services rendered, where such sum would not have been otherwise payable to him as profit or dividend. It may be noted that the auditor is not expected to express his opinion about its allowability or otherwise;
- ⇒ Tax auditor may verify the contract with the employees so as to ascertain the nature of payments being made to them.
- ⇒ The tax auditor should get a list of various contributions recovered from the employees towards contributions to any provident fund or superannuation fund or any other fund mentioned in section 2(24)(x). Further, the due dates for payment and the actual date of payment to the concerned authorities under section 36(1)(va) should also be verified.
- ⇒ Test checks and compliance tests may be applied by the auditor to satisfy himself that the system of recovery and remittance is proper;

**Clause 17: Amount debited to the P&L A/c, being**

**(a) Expenditure of capital nature;**

- ⇒ Items of capital expenditure which are otherwise fully deductible in computing the total income of the assessee under the Act should be separately indicated in this sub-clause;
- ⇒ The capital expenditure, if any, debited to the profit and loss account should be disclosed in a classified manner stating the amount on various heads separately.

**(b) Expenditure of personal nature;**

- ⇒ Personal expenses are not deductible in the computation of total income u/s 37, thus if debited to the profit and loss account, are to be specified under this sub-clause;
- ⇒ For detailed format in which particulars may be furnished, please refer to the Guidance Note on audit under section 44AB of the Income tax Act

**(c) Expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party;**

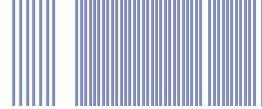
- ⇒ As per sec 37(2B) of Income-tax Act, no deduction is allowed in respect of above mentioned expenditure incurred by an assessee. Thus, such expenditures have to be segregated and reported by the tax auditor in this sub-clause;

**(d) Expenditure incurred at clubs as entrance fees and subscription; and as cost for club services and facilities used;**

- ⇒ In case of companies, such payments made for directors and other employees are to be reported and in other cases, payments for partners or proprietors are to be reported;
- ⇒ Auditor should ascertain whether the expense has been incurred in course of business or in personal nature. The expenses incurred in personal nature are to be reported separately under sub-clause (b) of clause 17;
- ⇒ For detailed format in which particulars may be furnished, please refer to the Guidance Note on audit under section 44AB of the Income tax Act.

**(e) Expenditure by way of penalty or fine**

- ⇒ The tax auditor should obtain in writing from the assessee, the details of all payments made by way of penalty or fine for violation of any law incurred during the relevant previous year;
- ⇒ Expenditure incurred by an assessee for any



purpose which is an offence or which is prohibited by law is also required to be mentioned under this sub-clause.

- ⇒ The auditor is not required to express any opinion as to the allowability of the amount of penalty or fine for violation of law;
- ⇒ Any payment made for contractual breach or for redressal of contractual wrongs is not covered in this clause. The concept of materiality is to be duly considered.
- ⇒ If the amount is debited to the P&L A/c then the same is to be disclosed, irrespective of the fact that, assessee is contesting against the order of penalty before higher authorities;

**(f) Amounts inadmissible under section 40(a);**

- ⇒ Sec 40(a) specifies certain amounts which are not allowed to be deducted while computing the income chargeable under PGBP. Tax auditor should obtain in writing from the assessee the details of all payments of the nature referred to in this section and debited to the P&L A/c;
- ⇒ With specific reference to amount inadmissible u/s 40a(ia), the tax auditor is required to ensure that the TDS provisions have been complied. The accounts and TDS returns pertaining to such payments should also be examined.
- ⇒ Where an overseas remittance made without deducting tax at source, the tax auditor may rely upon certificates from chartered accountants based upon which such remittances have been made. The tax auditor is required to report under this clause only if there is difference in opinion on the issue;
- ⇒ The tax auditor may rely upon the judicial pronouncements while taking any particular view. In case of difference of opinion between the tax auditor and the assessee, the tax auditor should state both the view points.
- ⇒ Test checks and compliance tests may be applied by the auditor to verify the information to be provided in this clause;

**(g) Interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof;**

- ⇒ Inadmissibility of the above-mentioned expenditure determined in accordance with the provisions of section 40(b)/40(ba), is required to be stated;
- ⇒ For determining the inadmissible amounts u/s

40(b), the tax auditor should obtain the computation of total income from the assessee.

**(h)(A) whether a certificate has been obtained from the assessee regarding payments relating to any expenditure covered under section 40A(3) that the payments were made by account payee cheques drawn on a bank or account payee bank draft, as the case may be, [Yes/No]**

**(B) Amount inadmissible under section 40A(3), read with rule 6DD [with break-up of inadmissible amounts];**

- ⇒ The certificate as mentioned in sub-clause (h)(A) above should form part of audit working papers file;
- ⇒ The auditor has to verify only the payments made otherwise than by an account payee cheque drawn on a bank or an account payee bank draft regarding expenditure allowed for any earlier year and report the same in sub-para (B) of para 17(h);
- ⇒ If no proper evidence for the verification of the payment by the crossed/account payee cheque or draft is available, such a fact could be brought out by appropriate comments.

**(i) Provision for payment of gratuity not allowable under section 40A(7);**

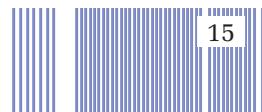
- ⇒ The tax auditor should verify the order of the CIT granting approval to the gratuity fund, the date from which it is effective and also verify whether the provision has been made as provided in the trust deed;
- ⇒ Where the said provision is not allowable u/s 40A(7), the same is to be stated under this sub-clause.

**(j) Any sum paid by the assessee as an employer not allowable under section 40A(9);**

- ⇒ The tax auditor should furnish the details of payments which are not allowable u/s 40A(9) i.e. payment made by an employer towards setting up/formation of or as contribution to any fund, trust, company, association of persons, body of individuals, society registered under the Societies Registration Act, 1860, or other institutions (other than contributions to recognized provident fund or approved superannuation fund or approved gratuity fund).

**(k) Particulars of any liability of a contingent nature;**

- ⇒ In order to ascertain the details of contingent liabilities debited to the P&L A/c detailed scrutiny of various accounts heads eg o/s Liabilities,



provisions etc is to be made. Accounting policy followed and disclosed may be helpful in ascertaining and verifying details;

- ⇒ On the basis of the scrutiny of records, expenses relating to disputed claims may be revealed;

In case of non-availability of particulars relating to contingent liabilities, a suitable note may be given by the tax auditor;

**(l) Amount of deduction inadmissible in terms of section 14A in respect of the expenditure incurred in relation to income which does not form part of the total income;**

- ⇒ The tax auditor has to verify the details of abovementioned expenditure as furnished by the assessee and should satisfy himself that the inadmissible amounts have been worked out correctly;

- ⇒ Tax auditor has to make a proper disclaimer/qualification, where assessee claims that no expenditure has been incurred by him in relation to income which does not form part of the total income under the Act and does not furnish the necessary particulars for the purpose of ascertaining the inadmissible expenditure under section 14A.

**(m) Amount inadmissible under the proviso to section 36(1)(iii).**

- ⇒ The assessee has to furnish the details of amount inadmissible under the proviso to section 36(1)(iii). The tax auditor has to verify the correctness of the particulars furnished by the assessee with the documentary evidence.

**Clause 17A: Interest inadmissible u/s 23 of Micro, Small and Medium Enterprises Development Act, 2006**

- ⇒ Section 23 of the MSME Act lays down that an interest payable or paid by the buyer, under or in accordance with the provisions of this Act, shall not be allowed as deduction for the purposes of the computation of income under the Income-tax Act, 1961;

- ⇒ The tax auditor should obtain information whether the assessee is covered under the MSME Act, 2006. If the information is available the same should be reported, if not, the auditor should mention the same in the Form No.3CD.

- ⇒ Further, auditor is required to review the list of suppliers obtained from assessee which falls within the purview of the definition of "Supplier"

defined in MSME Act, 2006; verify from the books of account whether any interest payable or paid to the buyer in terms provisions of the MSME Act has been debited or provided for in the books of account;

- ⇒ While issuing Form No.3CB, the auditor should verify that the financial statements audited by him contain the information as prescribed u/s 22 of the MSME Act. If no disclosures were made in the financial statements, tax auditor should give an appropriate qualification in Form No.3CB, in addition to the reporting requirement under this clause;

**Clause 18: Payments to persons specified u/s 40A(2)(b)**

- ⇒ Full list of specified persons as contemplated in sec 40A(2)(b), is to be obtained;

- ⇒ Details of expenditure/payments made to the specified persons, is to be obtained and verified;

- ⇒ Verify all contracts or agreements entered into by the assessee with the specified persons and also ledger accounts to identify such dealing;

- ⇒ If due to voluminous data, it is not possible to verify the list of persons covered by this section, the auditor may rely on the information supplied by the assessee. It would be advisable to make an appropriate mention of the same in the report.

**Clause 19: Deemed profits u/s 33AB/33ABA/33AC**

- ⇒ The tax auditor is required to report and verify the amount withdrawn from the deposit account for purposes other than specified purposes mentioned in the respective sections.

**Clause 20: Profits chargeable u/s 41**

- ⇒ The tax auditor is required to obtain a list containing all the amounts chargeable u/s 41 along with accompanying evidences, correspondences, etc;

- ⇒ Past records should be examined to satisfy about the correctness of the information provided by the assessee;

- ⇒ The auditor is required to disclose the profit chargeable to tax u/s 41, irrespective of the fact whether the relevant amount has been credited to the profit and loss account or not. If the amount has already been credited to the P&L A/c, the tax auditor should mention the fact. The computation of the profit chargeable under this clause is also to be stated.

**Clause 21: Payments u/s 43B**

- ⇒ In the case the assessee is following mercantile basis of accounting, the tax auditor should verify the particulars from the books of account for the previous year as well as for immediately succeeding assessment year so that the information about the aforesaid payments made in the subsequent year can be furnished. The tax auditor is also required to clearly distinguish the liability incurred during the previous year in respect of all the specified sums referred to in clauses (a) to (f) from the liability that pre-existed on the first day of the relevant previous year so that allowable deduction u/s 43B is capable of being verified;
- ⇒ Payments incurred under clauses (a) to (f) of sec 43B will be allowable to the extent they are paid by the assessee on or before the due date for furnishing the return of income under section 139(1). Such disclosure is to be made in sub para (B) of this clause.
- ⇒ Leave encashment payments made by the assessee during the previous year which had been disallowed in earlier previous years but were allowed during the previous year under audit, are to be clearly stated in the report;
- ⇒ Disclosure of particulars in this clause has to be made irrespective of the fact whether they have been debited to the P&L A/c or not. Further, the tax auditor is not required to determine any admissible or inadmissible amount;
- ⇒ For detailed format in which particulars may be furnished, please refer to the Guidance Note on audit under section 44AB of the Income tax Act;
- ⇒ In case of voluminous nature of the nature of information, test checks and compliance tests may be applied by the auditor;

**Clause 22: CENVAT credits and Prior period expenditure**

- ⇒ Tax auditor is required to check relevant statutory records maintained under the Central Excise Rules, 1944 and CENVAT Credit Rules, 2004 and ascertain therefrom the amount of credit on inputs availed and utilized during the previous year;
- ⇒ The tax auditor should verify that there is a proper reconciliation between balance of CENVAT credit in the accounts and relevant excise records. The tax auditor should report the amount of CENVAT availed and utilised under this sub-clause;

- ⇒ Opening and closing balances of CENVAT is also to be made in the report; For detailed format in which particulars may be furnished, please refer to the Guidance Note on audit under section 44AB of the Income tax Act.
- ⇒ The information in respect of prior period income/expenditure would be relevant only in those cases where the assessee follows mercantile system of accounting. In such cases, the auditor should obtain the particulars of income/expenditure of any earlier year credited/ debited to the P&L A/c of the relevant previous year.
- ⇒ Tax auditor is required to ascertain the circumstances under which a particular expenditure has been or has not been considered as a prior period expenditure. After conducting enquiries if he concludes that a particular item has to be treated as prior period expenditure, the same should be disclosed.

**Clause 23: Hundi loans**

- ⇒ Details of amount borrowed (along with interest on such amount) on Hundi and amount repaid otherwise than by an account payee cheque, are required to be disclosed under this clause.
- ⇒ List of borrowings and repayments of hundi loans otherwise than by account payee cheques is to be obtained by the tax auditor and verification is to be done with the books of accounts. The same may be verified with reference to the evidences made available to the auditor. In the absence of conclusive or satisfactory evidence, a suitable comment may be made in his report.

**Clause 24: Particulars of loans/ Deposits accepted/ repaid under sections 269SS/ 269T**

- ⇒ Tax auditor should obtain the details of each loan or deposit exceeding the specified limit u/s 269SS from the assessee and verify the same from the records. In absence of satisfactory evidence a suitable comment may be made.
- ⇒ The provision of sec 269SS is not applicable to certain persons like, Government, Government company u/s 617 of the Companies Act, 1956, banking company, etc. Thus information about loans/deposits taken/accepted by these entities is not required to be reported under this sub-clause.
- ⇒ The tax should verify all repayments made to any person where the loan/deposit along with interest is ₹20,000 or more, even though the amount of repayment may be less than ₹20,000 and report the same.

- ⇒ Transactions made electronically through internet or mail transfer or telegraphic transfers are also to be verified, the tax auditor is not required to report such cases in this clause but should give an appropriate note in the tax audit report stating that such type of transactions have not been reported.
- ⇒ The tax auditor has to state whether a certificate has been obtained from the assessee regarding taking or accepting loan or deposit, or repayment of the same through an account payee cheque or an account payee bank draft.

#### Clause 25: Brought forward loss/depreciation

- ⇒ Quantification of amount is to be done on the basis of return and assessment orders.
- ⇒ Information should be separately mentioned under each head of income under which the loss/depreciation has remained unabsorbed and in the remarks column information about the pending assessment or appellate proceedings or about delay in filing loss returns should be given;
- ⇒ Pendency of any assessment/ rectification/ revision/ appeal proceedings, at the time of tax audit, has to be disclosed in the remarks column.
- ⇒ The comparison of the composition of the shareholding is to be done with reference to the last day of the current previous year and the last day of every previous year in which the loss was incurred. The carry forward of the loss incurred in respect of different previous years is to be determined with respect to the individual previous years. This can be done by referring to the Register of Members.

#### Clause 26: Deductions under Chapter VIA

- ⇒ The reporting under this clause is restricted to the items appearing in the books of accounts audited by the tax auditor. In case of branch/unit audit, auditor has to examine the particulars relating to deductions admissible under Chapter VIA with reference to the books of account of the branch/ unit audited by him only. Further, in case of tax audit of the head office, he has to consider the particulars of deductions admissible under Chapter VIA with reference to the particulars given by the tax auditor of other branches/units and also particulars of such deductions from books of the head office;
- ⇒ Tax auditor has to ascertain the admissibility of each deduction on the basis of conditions specified in the particular section of the Income-

tax Act. To express opinion on the same, necessary evidence may be taken into account.

- ⇒ Claiming deductions u/s 80IA, 80IB etc. require separate audit report or certificate, thus, in such cases the tax auditor is required to refer to those audit reports while giving information with regard to income covered by these sections.

#### Clause 27: Tax deducted at Source

- ⇒ Tax auditor is required to exercise his judgement in accordance with the applicable laws and report accordingly about the compliance of provision of Chapter XVII-B regarding deduction of tax at source and payment thereof to the credit of the Central Government. Reliance may be placed upon judicial pronouncements while taking any particular view;
- ⇒ In case of difference of opinion between the tax auditor and the assessee, both view points are to be reported;
- ⇒ As it is difficult to verify each and every transaction, the tax auditor can apply the concepts of materiality and test checks;
- ⇒ Satisfaction or non-satisfaction regarding the compliance with the provisions of Chapter XVII-B may be reported suitably by appropriate comments;
- ⇒ The details are to be provided in the format given under this clause.

#### Clause 28: Quantitative details of a trading/manufacturing concern

- ⇒ Certificate should be obtained, in case of trading concern, from assessee in respect of the principal items of goods traded, the balance of the opening stock, purchases, sales and closing stock and the extent of shortage/ excess/damage along with the reasons for the same.
- ⇒ Quantitative details of the principal items of raw materials, finished products and by-products, in case of manufacturing concern, is to be given under this clause on the basis of the records maintained by the assessee. Where the records were either not maintained or were inadequate, the same is to be indicated;
- ⇒ Classification of 'principal item' will differ depending upon the facts of the case. Normally, items which constitute more than 10% of the aggregate value of purchases, consumption or turnover may be classified as principal items.

- ⇒ Information regarding 'yield', 'percentage of yield', and 'shortages/ excess' is to be given only to the extent such information is available in the records of the business.

### Clause 29: Tax on distributed profits

- ⇒ Tax auditor is required to report in this clause the amount of profits distributed during the financial year, tax worked out on such distributed profits at the prescribed rate plus surcharge at the applicable rate on the tax and the educational cess thereon;
- ⇒ Dividend distributed u/s 2(22)(e) is not to be reported;

### Clause 30: Cost Audit Report

- ⇒ Ascertain whether cost audit was carried out. If yes, the copy is to be enclosed. Where such audit has been ordered but the same has not been carried out, tax auditor is not required to express any opinion;
- ⇒ Where the excise audit which have been ordered but not completed by the time the tax auditor gives his report, he has to mention the same in this report.

### Clause 31: Excise Audit Report

- ⇒ Tax auditor is required to obtain the report of audit conducted under the Central Excise Act, 1944 and enclose the copy of such audit. Where such audit has been ordered but the same has not been carried out, tax auditor is not required to express any opinion;
- ⇒ Where the excise audit which have been ordered but not completed by the time the tax auditor gives his report, he has to mention the same in this report;
- ⇒ In case the time period of excise audit report falls within the relevant previous year, information is to be mentioned in this regard;

### Clause 32: Accounting ratios

- ⇒ This clause is applicable to assessees engaged in manufacturing or trading activities. The ratios have to be computed for the business as a whole and not product wise. Further, the ratio of Material consumed /Finished goods produced need not be given for trading concern;
- ⇒ **Gross Profit:** Excess of the proceeds of goods sold and services rendered during a period over their cost, before taking into account administration, selling, distribution and financing expenses.

When the result of this computation is negative it is referred to as gross loss;

- ⇒ **Turnover:** Aggregate amount for sales effected or services rendered. The term gross turnover and net turnover (or gross sales and net sales) are sometimes used to distinguish the sales aggregate before and after deduction of returns and trade discounts;
- ⇒ **Net Profit:** Excess of revenue over expenses during a particular accounting period. When the result of this computation is negative, it is referred to as net loss. The term net profit is used for net profit before tax;
- ⇒ Only Closing stock is to be considered for calculating the ratio mentioned in sub-clause (c).
- ⇒ Computation of various components is required to be stated under this clause, if any component is mentioned in the financial statements themselves, then a reference to the same may be made. Inconsistency, if any, between numerator and the denominator should be pointed out.

### ANNEXURE TO FORM NO. 3CD

- ⇒ Annexure to Form 3CD must be duly filled in, otherwise the Form 3CD will be considered as incomplete;

The annexure to Form 3CD consists of two parts, i.e., Part A & Part B. "Part A" requires particulars of the assessee to be furnished similar to the information already furnished in clause 1 to 6 of the Form No.3CD. While "Part B" requires reporting of Nature of business of the assessee which is in accordance with the clause 8 of Form 3CD. In addition to this, it also contains reporting of basic financial information, for current year as well as for preceding year, on the basis of financial statements of the assessee for the ready reference of the Assessing officer to determine the tax liability of the assessee.

In this write up, the clause-wise requirements to be taken care of while filling up tax audit report has been dealt with in some detail. We hope that this would help the students to have a broad understanding of the specific requirements under the various clauses of the different forms relating to tax audit. For a detailed understanding, students are advised to refer the Guidance Note on Tax Audit under section 44AB of the Income-tax Act, 1961 published by ICAI. ■

# Insider Trading

CA. Hemali Deepak Thakkar

**I**nsider Trading, simply put, is the trading of a company's shares and stock by 'insiders', i.e. people who are in some way associated with a company, and have access to such information that is not publically available. Thus, in a nutshell, Insider Trading is the act of buying, selling, or in any other way dealing with securities of a company, by its director, managerial person, personnel or any such related person, such as auditors, counsels, consultants etc., who has knowledge of material information that is not available with the general public.

A person indulging in insider trading uses non-publicly available data that has been obtained during the performance of his duties, in breach of fiduciary duties, where such data has been misappropriated for personal benefits. Investors generally lose confidence in securities market, as they believe that market is manipulated and mocked up, and profits are made only by those closely involved with such company. Thus arises the need to prevent insider trading.

Insider trading is prohibited to ensure smooth operational movement and healthy growth of securities in the stock market. This helps stir confidence and faith in the minds of investors, bringing about a level playing field.

In India, activities in the securities market is observed by the Securities and Exchange Board of India (SEBI). In other words, SEBI is the watchdog of all stock exchanges in India. It is vested with the duty to protect the interest of investors in the securities market and to regulate the stock market through such other regulations as it deems fit. It takes all precautionary measures in order to repose the confidence of the investors who are investing in the market. Insider Trading in India is prohibited under the SEBI (Prohibition of Insider Trading) Regulations, 1992. These regulations emphasize on three important aspects:

1. **Insider:** An insider is defined as any person who is, or was connected with the company, or is deemed to be connected, and who has either received or has had access to such price sensitive data which is unpublished and is not publically available.
2. **Connected Person:** Connected person is one who is a director of such company, or occupies a position involving professional/ business relationship, and who may reasonably be expected to have access to unpublished price sensitive data.

3. **Price Sensitive Data:** Here, price sensitive data has been defined to mean any data which relates directly/ indirectly to a company, and which if published, is likely to materially affect the price of such security.



SEBI further intensified the Regulations in February 2002 by including within its ambit a definition of 'temporary insiders' like lawyers, accountants, investment bankers etc. Also, now directors and substantial shareholders have to disclose their holding to the company on a periodic basis. Insiders have been differentiated as 'Primary' and 'Secondary' insiders. Primary insiders are those who are directly connected with the company, whereas Secondary insiders are those who may have unfair information advantage due to any relationship with the company.

Regulation 3 of SEBI (Prohibition of Insider Trading) Regulations, 1992 specifically seeks to prohibit dealing, communicating or counseling on matters relating to insider information of a company. It lays down any person who has access to such insider information, not available with the general public, and which if leaked can affect prices on securities, should abstain from dealing in such securities. He is also restrained from communicating such information unless as required in the ordinary course of business, profession, employment or under the requisite applicable laws.

In order to ensure total wipe out of illegal and unauthenticated information leak, companies are to follow the below mentioned:

- Every company to follow strictly provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992
- To appoint senior level employee as 'Compliance Officer', to ensure compliance with the Regulations
- To set up a code of conduct to be adequately followed by all employees
- To identify price sensitive information and take requisite steps to maintain its confidentiality

SEBI imposes a penalty of Rs. 25 crores, or three times the amount of profits made/ derived out of insider

*The contributor is a Member of ICAI (M. No. 141126)*

trading, whichever is higher. Besides, SEBI may initiate criminal proceedings, and may refrain an insider from dealing in shares of such company. SEBI may also declare transactions with an illegal intent caused of insider trading, as void.

The SEBI has proposed a 'Code of Business Principles' which is a company's statement of values and represents the standard of conduct by which all the employees are expected to meet in their business functionalities. This code of business is also reflects the ethical and moral standards which the employees are expected to follow in the course of discharging their duties. The commitment of the company to promote a healthy climate of transparency, and fairness is reflected in this code of conduct.

The SEBI (Prohibition of Insider Trading) Regulations has also regulated such respective prohibitive measures by bringing about a 'Share Dealing Code.' This code The Code restricts the Directors of the Company and other certain specified employees to deal in the securities of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company. The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors and employees. A copy of the Share Dealing Code of the Company is made available to all the employees of the Company and the compliance of the same is to be ensured.

To establish that there is leakage of unpublished price sensitive information, the following two conditions must be satisfied:

1. That there has been a disclosure/ divergence of the price sensitive information concerning the said issuer company
2. The person who dealt in shares on basis of such information was either a person in a position of trust, or was prompted of such information by a person holding a position of trust.

### **An Indian Case Laws Worthy of Knowledge: Hindustan Lever Limited V/s. SEBI**

- Hindustan Lever Limited ('HLL'), subsidiary of Unilever Limited, was to merge with Broke Bond Lipton India Limited ('BBL').
- HLL seemed to buy out eight lac shares of BBL about two weeks prior to the public announcement of such merger.
- Suspecting foul play, SEBI issued a show cause notice, demanding why penalty for insider trading should not be charged upon the Chairman, Executive directors and the company secretary of HLL.

- SEBI carried out an extensive research and analysis. Thereafter, it proceeded to charge HLL of insider trading and demanded a compensation of Rs. 3.4 crores, alongwith criminal proceedings against five common directors between HLL and BBL.

- According to HLL, though it was deemed to be connected to BBLIL, and though it knew about the merger before it bought BBL's shares, it received the information only because it was one of the parties to the merger itself and not merely because of its connection to BBL. According to HLL this distinction was important because, to be considered an insider, HLL should have received the information "by virtue of such connection" to the other company.

- HLL's defense revolved around the fact that as an initiator and also the transferee, it was the 'primary party' to the merger. One of the directors of HLL said, "Nowhere in the world is the primary party to a merger considered to be an insider from the point of view of insider-trading."

- HLL defended itself by pointing out that SEBI had to establish the financial benefit from the transaction in order to prove an insider trading charge. It pointed out that though establishing "financial benefit" was not explicit in the law, it was implied, because the act said that it should be taken into account when levying penalties. Said Justice Bhagwati, "though the SEBI regulations did not contain any specific requirement of the presence of any element of making profit or avoiding loss, this factor is inherent in the offence of insider trading"...

- It was then held that HLL was not guilty, as the proposal was widely known. The Appellate Authority cited 21 news reports to support the contention that the prospect of a merger between HLL and BBLIL was widely known.

- The charge against HLL had brought to the fore the debate over SEBI's role as a watchdog of the Indian Capital market and its ability to control financial crimes such as insider trading. It also highlighted the inability of the legal machinery to handle such cases.

In India, SEBI has the central objective to protect the interest of investors and regulating the stocks market. In this era of globalization, there is a heavy inflow of funds in India by way of foreign investment. With this incremental participation in securities markets, burden on the SEBI incessantly increases to act as an efficient regulator and keep a good check on any illegal activities taking place. This by itself demands stricter implementation to the regulations laid down in the country, along with reduction of ambiguity in such laws framed. ■

# The Journey of a "Bill" To "Act"

CA. Rinkesh Shah

The students pursuing Chartered Accountancy, Company Secretary or Cost & Works Accountancy courses come across the word "ACT" many times in a day. But only a few students know that how "ACT" is getting birth. It is generally noticed that as citizen of India or even as student of a professional course, we do not come to know the procedures that take place in the Parliament. We just see the Parliament House only through Media. We always think that whatever is shown by the media, is the only picture of the Parliament. As professional students, we must know / understand any event from every angle / perspective. This is an attempt made by me to give an idea to students that how "ACT" gets birth in India which is one of the prime function of the Parliament.

A Bill is the draft of a legislative proposal. It has to pass through various stages before it becomes an Act of Parliament.

## First Reading

The legislative process starts with the introduction of a Bill in either House of Parliament-Lok Sabha or Rajya Sabha. A Bill can be introduced either by a Minister or by a private member. In the former case it is known as a Government Bill and in the latter case it is known as a Private Member's Bill.

It is necessary for a member-in-charge of the Bill to ask for leave to introduce the Bill. If leave is granted by the House, the Bill is introduced. This stage is known as the 'First Reading' of the Bill. If the motion for leave to introduce a Bill is opposed, the Speaker may, in his discretion, allow brief explanatory statement to be made by the member who opposes the motion and the member-in-charge who moved the motion. Where a motion for leave to introduce a Bill is opposed on the ground that the Bill initiates legislation outside the legislative competence of the House, the Speaker may permit a full discussion thereon. Thereafter, the question is put to the vote of the House. However, the motion for leave to introduce a Finance Bill or an Appropriation Bill is forthwith put to the vote of the House.

## Publication in Gazette

After a Bill has been introduced, it is published in the

Official Gazette. Even before introduction, a Bill, with the permission of the Speaker may be published in the Gazette.

In such cases, leave to introduce the Bill in the House is not asked for and the Bill is straightaway introduced.



## Reference of Bill to Standing Committee

After a Bill has been introduced, Presiding Officer of the concerned House can refer the Bill to the concerned Standing Committee for examination and make report thereon.

If a Bill is referred to Standing Committee, the Committee shall consider the general principles and clauses of the Bill referred to them and make report thereon. The Committee can also take expert opinion or the public opinion who are interested in the measure. After the Bill has thus been considered, the Committee submits its report to the House. The report of the Committee, being of persuasive value shall be treated as considered advice given by the Committees.

## Second Reading

The Second Reading consists of consideration of the Bill which is in two stages.

**First Stage:** The first stage consists of general discussion on the Bill as a whole where the principle underlying in the Bill is discussed. At this stage it is open to the House to refer the Bill to a Select Committee of the House or a Joint Committee of the two Houses or to circulate it for the purpose of elicit opinion thereon, or straightaway take it into consideration.

If a Bill is referred to a Select/Joint Committee, the Committee considers the Bill clause-by-clause just as the House does. Amendments can be moved to the various clauses by members of the Committee. The Committee can also take advices of associations, public bodies or experts who are interested in the measure. After the Bill has thus been considered, the

*(The author is a Member of ICAI. (Mem.No.131783))*

Committee submits its report to the House which considers the Bill again as reported by the Committee. If a Bill is circulated for the purpose of elicit public opinion thereon, such opinions are obtained through the Governments of the States and Union Territories. Opinions so received are laid on the Table of the House and the next motion in regard to the Bill must be for its reference to a Select/Joint Committee. It is not ordinarily permissible at this stage to move the motion for consideration of the Bill.

**Second Stage:** The second stage of the Second Reading consists of clause-by-clause consideration of the Bill as introduced or as reported by Select/Joint Committee.

Discussion takes place on each clause of the Bill and amendments to clauses can be moved at this stage. Amendments to a clause have been moved but not withdrawn are put to the vote of the House before the relevant clause is disposed of by the House. The amendments become part of the Bill if they are accepted by a majority of members present and voting. After the clauses, the Schedules if any, clause 1, the Enacting Formula and the Long Title of the Bill have been adopted by the House, the Second Reading is deemed to be over.

### Third Reading

Thereafter, the member-in-charge can move that the Bill be passed. This stage is known as the Third Reading of the Bill. At this stage the debate is confined to arguments either in support or rejection of the Bill without referring to the details thereof further than that are absolutely necessary. Only formal, verbal or consequential amendments are allowed to be moved at this stage. In passing an ordinary Bill, a simple majority of members present and voting is necessary. But in the case of a Bill to amend the Constitution, a majority of the total membership of the House and a

majority of not less than two-thirds of the members present and voting is required in each House of Parliament.

### Bill in the other House

After the Bill is passed by one House, it is sent to the other House for concurrence with a message to that effect, and there also it goes through the same stages as discussed, except the introduction stage.

### Money Bills

Bills, which exclusively contain provisions for imposition and abolition of taxes, for appropriation of moneys out of the Consolidated Fund, etc., are certified as Money Bills. Money Bills can be introduced only in Lok Sabha. Rajya Sabha cannot make amendments in a Money Bill passed by Lok Sabha and transmitted to it. It can, however, recommend amendments in a Money Bill, but must return all Money Bills to Lok Sabha within fourteen days from the date of their receipt. It is open to Lok Sabha to accept or reject any or all of the recommendations of Rajya Sabha with regard to a Money Bill. If Lok Sabha accepts any of the recommendations of Rajya Sabha, the Money Bill is deemed to have been passed by both Houses with amendments recommended by Rajya Sabha and accepted by Lok Sabha and if Lok Sabha does not accept any of the recommendations of Rajya Sabha, Money Bill is deemed to have been passed by both Houses in the form in which it was passed by Lok Sabha without any of the amendments recommended by Rajya Sabha. If a Money Bill passed by Lok Sabha and transmitted to Rajya Sabha for its recommendations is not returned to Lok Sabha within the said period of fourteen days, it is deemed to have been passed by both Houses at the expiration of the said period in the form in which it was passed by Lok Sabha. ■

## ANNOUNCEMENT FOR GMCS-I COURSE

The General Management & Communication Skills (GMCS) Course, presently being organized for 15 days for the CA students shall be organized twice during the period of articulated training as under:

(i) GMCS-I	(15 days)	- during 1st year of articulated training
(ii) GMCS-II	(15 days)	- after completion of 18 months of training but before completion of articulated training

In view of the above, students, who have registered for Articled Training on or after 1st May, 2012 are required to undergo GMCS-I Course during the 1st year of articulated training.

The eligible students are required to register for GMCS-I Course at the respective Regional Council and Branch, since it is a regulatory requirement and part of the articulated training.

**(Vijay Kapur)**  
Director, Board of Studies

# How to Improve English Language Skills

V.Venkateswaraprasad

## 1. Read pictorial books for easy understanding through visualisation.

Children all over the world are fond of studying pictorial books. They provide a rich source of knowledge. "Swami Vivekananda Pictorial" has a universal appeal in it. Similarly, children love Tin Tin, Laurel and Hardy, etc. At the tender age, it is easy to relate the picture and the corresponding message written over the pictorial character. What words cannot describe, a picture does and vice-versa. Stories of Tenali Raman and Birbal are time tested and build moral character in children and youth.

## 2. Read English dailies everyday.

The advantages of reading a Newspaper are many. Some of them are listed below\_

- Getting to know new words.
- Understanding the usage of such new word(s) in sentences.
- Updating current affairs and general knowledge.
- Developing comprehension skills.
- Getting to know the art of writing.

## 3. Listen to the Radio / watch Television News in English regularly.

To start with, listen to the Radio News as there will be more concentration in listening. After a considerable experience in listening and understanding what the News is about, switch on the Television and watch the TV News. These two are excellent sources for enhancing grasping and listening capacity. Note down rise tone, fall tone and fall-rise tone when listening to the News next time. Reading aloud before our near and dear ones helps. This gives confidence to speak.

## 4. Enrich your vocabulary base daily by conscious reading and repetition.

At the preliminary level, one is expected to know at least 1500 words. Start from today to add more words to the existing vocabulary base. Vocabulary refers to known words and usage thereof. Widen the vocabulary base by the following technique. 'Form a group of five (minimum) and have a circle formation.' Let one student say to the group a word, say, "Observation." The student next to him will pick the last letter from 'Observation,' namely "N" and will tell the group a word starting with "N" say, "Noble." The third student will start with "E" saying "Elementary" and so on. If we do 10

such rounds the group gains fifty words in no time. This game is called word ending game. Get enriched everyday.

## 5. Refer to a Dictionary along with a Thesaurus for finding about the words.

"A **dictionary** is a book that lists the words of a language in alphabetical order and gives their meaning."

"A **thesaurus** is a book that lists words in groups of synonyms and related concepts."

## 6. Refer to a Dictionary on pronunciation.

"According to the dictionary meaning **pronunciation** means "the way in which a word is pronounced."

Some examples:

Inaugurate, effulgence, miscellaneous, ophthalmologists.

## 7. Speak in English without any hesitation/inhibition.

A child has no inhibition. It just talks as it comes. Over the years, it develops communication skills. If you have crossed the childhood stage, it doesn't matter. Begin with a positive frame of mind. Speak to your teacher(s), friends, etc. Even if you commit mistakes, don't hesitate to speak and please continue to speak in English. During our initial days of speaking English, we may be conscious of committing mistakes. Keep it aside and get over it later.

Let this initial step of speaking take you a long way in becoming a good speaker one day.

## 8. Use one or two standard books on English Grammar.

Use one standard grammar book in English. Having gained the nuances of grammar, go for another grammar book of higher standard. To choose the right grammar book to suit the pupil concerned, please take the help of your respective English teacher. If we go through the initial pages of a grammar book, it tells us how to go about. Reading the instructions is a must. Don't memorize, understand the nuances and continue learning grammar.

## 9. Initially take up simple sentences and analyse their grammatical aspects.

First, take a simple sentence and analyse the

*The contributor is a student of ICAI (Reg. No. SRO0060979)*



grammatical aspects.

**(a) Hari likes football.**

Hari / likes / football.

Subject / Verb / Object. This is the simplest sentence one can think of. (SVO).

Let us take another sentence and analyse.

**(b) Ganesh helps Kumar.**

The above sentence is in Active Voice.

Analysis: Ganesh (the person denoted by the subject) does something.

The verb 'helps' is said to be in the Active Voice.

'Kumar' is the object. The sentence is SVO.

**10. Synchronise your thinking with the speaking / writing process.**

Coordinate or match your thinking with your speech or writing process. This enhances clarity in speech or writing. Dissipation of actual thought process can be minimized. Though, it is a bit difficult to match the speed of thinking with speech or writing, by practice it is possible.

**11. Form a small group, discuss a chosen topic and converse in English.**

Form a small group of 3 or 5. Choose for instance, 'sports' as the topic of discussion. Frame small sentence(s) mentally. Speak in English among friends by turn. For e.g.,

**Student 1:** Cricket is a popular game.

**Student 2:** Yes. How many players get selected to the National team?

**Student 3:** Only 15 persons get selected to represent our Nation.

Keep rolling based on the above fashion. Discuss at greater length.

**12. Learn to pronounce English words correctly.**

We learn words only to use them appropriately. For this, we need to pronounce the words

correctly. This is done to ensure the person who listens, understands the words in the intended manner.

Let us see some words which require the help of pronouncing dictionary.

- a. Entrepreneur
- b. Pharmaceutical
- c. Deputy
- d. Superintendent
- e. Oblique
- f. Queue

**13. Welcome constructive criticism with due respect.**

Assume that one has spoken on a subject, say, Science. The jurists are of the opinion, "The presentation is not up to the mark." Don't take it to heart. Revise it next time and bring it to required standard.

In another instance, someone says "Far short of expectation." Again, one need not get disheartened. Instead, try to understand what could be their expectation with respect to the presentation and meet it. Buy some time in order to fulfil the same.

If we take criticisms as constructive criticisms, it will actually helps us to propel further in life. Therefore, welcome it.

**14. Seek an expert's guidance to correct mistakes, if any.**

Let us analyse this sentence which has no grammatical mistake. "I read an English daily daily." An expert in the subject will immediately say 'elegance' is missing in this sentence. Instead we write, "I read an English daily everyday."

Here, we have written a lengthy sentence. "Listening is the first step in the process of Communication." An expert would instantly guide us to write, "Communication starts from listening."

Take the guidance of an expert and scale new heights. ■

## ANNOUNCEMENT

**Eligibility of a paid assistant working with a firm of chartered accountants for the purpose of engagement of articulated assistants – Amendment to the Regulation 43 of the Chartered Accountants Regulations, 1988**

This is to inform all concerned that with the issuance of the Notification No.1-CA (7)/145/2012 on August 1, 2012, the period of employment of a paid assistant with the same firm of Chartered Accountants for the purpose of engagement of articulated assistants has been increased from twelve months to three years with effect from August 1, 2012.

The said notification is available on the Institute's website at the link <http://220.227.161.86/27508notification17036.pdf> for information of all concerned.

Secretary

August 9, 2012

## TOPPERS SPEAK...

*A set of questions were asked to the first three rank holders of CA Final Examination- May 2012. The questions and their responses are included in these pages.*



**Abhishek Gupta**  
Kolkata,  
First Rank- CA Final  
May 2012

**Q. How does it feel to be at the top?**

**Ans.** Its a very great feeling and something very different. Honestly I had not expected it.

**Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam?**

**Ans.** For me, the key factors to success are hardwork and self belief. Apart from my own efforts, my parents, my friends, my teachers and everyone around me played some role in my success. I would specially thank my parents who always motivated me and never let me lose any hope.

**Q. What strategy/study plan did you follow while preparing for the exam?**

**Ans.** I always tried to balance all the subjects and not to over-emphasise any one subject. Even in a day, I always preferred a theory subject along with a practical subject. Apart from this, I always tried to make small schedules for study so that I could finish my syllabus on time.

**Q. How have been the inputs provided by the Institute contributed to your success in the examinations?**

**Ans.** The practice manuals and RTPs have been of great help. There were few questions which were quite similar to the questions given in the RTPs. I would suggest everyone to at least go through the practice manuals and RTPs.

**Q. What are your aspirations for the future? Do you have any specific career choice?**

**Ans.** I want to excel in my professional field in the future. Speaking about career choice, presently I don't have any specific choice.

**Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?**

**Ans.** It definitely is a gateway. A student after doing all the hard work and undergoing 3 years of articleship achieves a different level of professional knowledge and subsequently achieves new heights of excellence in his profession.

**Q. How would you motivate the youngsters joining the CA course?**

**Ans.** I would just say that always aim big in life and always believe in yourself. These are the key to success not only for CA course but at all phases in one's life.



**Divyang Bhandari**  
Chennai  
Second Rank- CA Final  
May 2012

**Q. How does it feel to be at the top?**

**Ans.** It takes a little time to come to terms with it. Its only when the whole world around you changes and makes note of you, the magnitude of this success dawns upon oneself. I feel good for my mother who has toiled all along with me and my father whose support and guidance was there all the time. The happiness I see in their eyes and the smile on their faces is my biggest reward.

**Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.**

**Ans.** The support at home is of extreme importance. There was never any pressure from either of my parents right from the beginning. They were all along supportive and allowed me to be my natural self. This, in fact, is one of the major factors. The fact that my grandfather, my father, and my brother are Chartered Accountants did build an environment which had an overall impact. Another important factor were the inputs provided by my various tutors. The company of friends also mattered, all of them were keen to achieve and this set an environment of healthy competition.

**Q. What strategy/study plan did you follow while preparing for the exam?**

**Ans.** I decided to take up one subject at a time and set pre-determined targets for completion of each subject. My plan was to do one complete reading, two revisions and appear for model exams. Another important strategy was to get good sleep and adequate breaks at proper intervals to ensure that the I could stay focused on the goal. I had also decided the inputs which I would be using in advance so that while preparing I wouldn't have to go hunting around for textbooks in the last minute. I made it a point to practice in subjects such as Financial Reporting, Strategic Financial Management and Advanced Management Accounting. Making notes for other subjects helped me a lot, especially in Direct and Indirect Tax Laws. I made it a point to concentrate on small chapters in all subjects.

**Q. How have been the inputs provided by the Institute contributed to your success in the examinations?**

**Ans.** The Institute's publications have contributed in a large way to my success. The aids brought out by the Institute in the form of practice manuals, revision test papers and supplementary study papers have helped me immensely in my preparation. I don't think I would have been able to achieve what I have if it weren't for the various inputs and updates provided

by the Institute. I think one's preparation is incomplete without them.

**Q. What are your aspirations for the future? Do you have any specific career choice?**

**Ans.** At this moment, I feel I need to have good work exposure and also continue with my academic pursuits. I'm looking to work overseas so that I get the right amount of confidence and exposure to grow in the Global market. I would like to specialize in Direct Taxation, Financial Management and Consultancy.

**Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?**

**Ans.** Yes, the Chartered Accountancy Course is a comprehensive course. The course is well structured to maintain an optimum balance between work and studies. It enables one to get a good amount of exposure in fields of Auditing, General Business Laws, Direct and Indirect Taxation, Financial Management and Information Technology. I think the CA course would produce a person who would be a one stop solution to every business's problem. It would also enable one to easily deal with day to day issues the business world faces.

**Q. How would you motivate the youngsters joining the CA course?**

**Ans.** I would first ask them to drop the fear complex which the entire student populace has in their minds. One has to go through this course in its entirety and not just read for exams. I think proper training and understanding of the basic concepts is the only requirement of the course. If this course is seen in the same light as their School Board Exams or College Exams I think one would have won half the battle. The CA course promises a bright future, I hope many more people are attracted to it. If it was possible by me, it is possible for others too. No panic, no pressure then one would realize that this course is a pleasure.



**Shruti Sodhani**  
Bangalore  
Third Rank- CA Final  
May 2012

**Q. How does it feel to be at the top?**

**Ans.** It feels great. It is more like a dream come true! The fact that I have done my family and friends proud has increased my happiness manifold.

**Q. According to you, what are the intrinsic and external factors contributing to your outstanding success in the final exam.**

**Ans.** As regards intrinsic factors, mental strength, confidence, self-motivation and positive attitude hold the key to succeeding in this exam. Approaching this course strategically will give the best results.

As far as external factors are concerned, my articleship has given me hands-on experience which helped me gain a better understanding of the subjects included in our syllabus. Also, this success is not the result of an individual effort but a collective one. My family and friends have been extremely supportive and encouraging throughout. I owe a large part of this success to them.

**Q. What strategy/study plan did you follow while preparing for the exam?**

**Ans.** My strategy was simple – to read and keep revising. During my period of study leave, I had scheduled my studies keeping in mind the limited timeframe within which I had to complete my syllabus. I was mentally prepared for it. The exams test our conceptual clarity of the topics by posing such questions that require us to extrapolate our analytical understanding. I undertook my studies systematically: reading topics one by one; understanding concepts; making notes; revising. Also, I would make a serious effort to ensure that the time gap between reading a particular topic once and its revision later did not exceed 6 weeks.

**Q. How have been the inputs provided by the Institute contributed to your success in the examinations?**

**Ans.** The institute study materials are of key importance as they provide an in-depth and comprehensive knowledge about the respective subjects. The frequent academic updates on the institute website kept me abreast of the latest developments in professional world which I could apply academically. Reading the practice manual and suggested answers is indispensable as it helps in assessing our deficiencies beforehand and taking corrective measures.

**Q. What are your aspirations for the future? Do you have any specific career choice?**

**Ans.** At present, I am continuing my employment with the firm where I did my articleship. Currently, I am evaluating career options available and will take a decision accordingly.

**Q. Do you think the Chartered Accountancy Course is the gateway to achieving professional excellence?**

**Ans.** Yes, I definitely think that Chartered Accountancy is a gateway to achieving professional excellence. It is a highly competitive body of study. It is the epitome in the field of commerce in India today. The course gives an overall vision to a student about the various spheres. Introduction of practical training in our course is a boon as it helps us to enhance our theoretical understanding.

**Q. How would you motivate the youngsters joining the CA course?**

**Ans.** It is important to set a goal and to work incessantly and diligently towards achieving it. To succeed at every step, hard work and motivation are a must. As we do not have an on-campus education format, we need to keep ourselves self-motivated. To carry oneself through these pulls and pushes of this course, one needs strong inner motivation and aspiration. And, of course, there is absolutely no substitute for hard work and perseverance. Also, make an honest effort to learn as much as you can during articleship. The amount of exposure and finesse that a student receives during this period is incomparable as we learn practical aspect of the coin.

“Do the best that you can and then pray to God to fill in the blank.” ■

## TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS

### IPCC Examination, May-2012



**Nikhil Kumar**  
First Rank  
Jaipur



**Nikhil Agrawal**  
Second Rank  
Mathura



**Jagravi D. Shah**  
Third Rank  
Ahmedabad

### PCC Examination, May-2012



**Nitish Jain**  
First Rank  
Delhi



**Hetalben Vinubhai Jikadara**  
Second Rank  
Surat



**Anil Babu Kunapareddy**  
Third Rank  
Woollapalem

## TOWS Matrix

Through SWOT analysis organisations identify their strengths, weaknesses, opportunities and threats. While conducting the SWOT Analysis managers are often not able to come to terms with the strategic choices that the outcomes demand. Heinz Weirich developed a matrix called TOWS matrix by matching strengths and weaknesses of an organization with the external opportunities and threats. The incremental benefit of the TOWS matrix lies in systematically identifying relationships between these factors and selecting strategies on their basis. Thus TOWS matrix has a wider scope when compared to SWOT analysis. TOWS analysis is an action tool whereas SWOT analysis is a planning tool. The matrix is outlined below:

Internal elements External Elements	Organizational Strengths	Organizational Weaknesses
	Strategic Options	
Environmental opportunities (and risks)	SO : Maxi - Maxi	WO : Mini - Maxi
Environmental threats	ST : Maxi - Mini	WT : Mini - Mini

**Figure: The TOWS Matrix (Source: Weirich, H)**

The TOWS Matrix is a relatively simple tool for generating strategic options. Through TOWS matrix four distinct alternative kinds of strategic choices can be identified.

**SO(Maxi-Maxi):** SO is a position that any firm would like to achieve. The strengths can be used to capitalize or build upon existing or emerging opportunities. Such firms can take lead from their strengths and utilize the resources to take the competitive advantage.

**ST(Maxi-Mini):** ST is a position in which a firm strives to minimize existing or emerging threats through its strengths.

**WO(Mini-Maxi):** The strategies developed need to overcome organizational weaknesses if existing or emerging opportunities are to be exploited to maximum.

**WT(Mini-Mini):** WT is a position that any firm will try to avoid. An organization facing external threats and internal weaknesses may have to struggle for its survival. WT strategy is a strategy which is pursued to minimize or overcome weaknesses and as far as possible, cope with existing or emerging threats.

By using TOWS Matrix, one can look intelligently at how one can best take advantage of the opportunities open to him, at the same time that one can minimize the impact of weaknesses and protect oneself against threats. Used after detailed analysis of threats,

opportunities, strength and weaknesses, it helps one to consider how to use the external environment to strategic advantage, and so one can identify some of the strategic options that are available.

## General Electric Model [“Stop-Light” Strategy Model]

This model has been used by General Electric Company (developed by GE with the assistance of the consulting firm McKinsey & Company) known as “Stop-Light” Strategy Model. This model is also known as Business Planning Matrix, GE Nine-Cell Matrix and GE Model. The strategic planning approach in this model has been inspired from traffic control lights. The lights that are used at crossings to manage traffic are: green for go, amber or yellow for caution, and red for stop. This model uses two factors while taking strategic decisions: Business Strength and Market Attractiveness. The vertical axis indicates market attractiveness and the horizontal axis shows the business strength in the industry. The market attractiveness is measured by a number of factors like:

- Size of the market.
- Market growth rate.
- Industry profitability.
- Competitive intensity.
- Availability of Technology.
- Pricing trends.
- Overall risk of returns in the industry.
- Opportunity for differentiation of products and services.
- Demand variability.
- Segmentation.
- Distribution structure (e.g. retail, direct, wholesale) etc.

Business strength is measured by considering the typical drivers like:

- Market share.
- Market share growth rate.
- Profit margin.
- Distribution efficiency.
- Brand image.
- Ability to compete on price and quality.
- Customer loyalty.

- Production capacity.
- Technological capability.
- Relative cost position.
- Management caliber, etc.

		Business Strength		
		Strong	Average	Weak
Market Attractiveness	High			
	Medium			
	Low			

Figure : The GE Portfolio Matrix

Zone	Strategic Signals
Green	Invest/Expand
Yellow	Select/Earn
Red	Harvest/Divest

If a product falls in the green section, the business is at advantageous position. To reap the benefits, the strategic decision can be to expand, to invest and grow. If a product is in the amber or yellow zone, it needs caution and managerial discretion is called for making the strategic choices. If a product is in the red zone, it will eventually lead to losses that would make things difficult for organisations. In such cases, the appropriate strategy should be retrenchment, divestment or liquidation.

This model is similar to the BCG growth-share matrix. However, there are differences. Firstly, market attractiveness replaces market growth as the dimension of industry attractiveness, and includes a broader range of factors other than just the market growth rate. Secondly, competitive strength replaces market share as the dimension by which the competitive position of each SBU is assessed.

*(Contributed by Shaleen Suneja, Dr. Ruchi Gupta, BoS)*

## Important Announcement

BoS/Announcement/227/12 (1)

Date: 16<sup>th</sup> August, 2012

### Sub: Direct admission to the Chartered Accountancy Course - Exemption from passing Common Proficiency Test (CPT) to certain categories of students.

Pursuant to Notification No. 1-CA(7)/145/2012 dated 1<sup>st</sup> August, 2012 published in the Gazette of India notifying amendments made to the Chartered Accountants Regulations, 1988, the following categories of students shall be exempted from passing the Common Proficiency Test (CPT) and such students with effect from 1<sup>st</sup> August, 2012 shall be eligible for direct admission to the Chartered Accountancy Course. Applicants who fulfil the requirements, as given below, may register for the **Intermediate (Integrated Professional Competence) Course** by downloading "**Registration Form for admission to the Intermediate (Integrated Professional Competence) Course under Direct Entry Scheme**" by submitting the filled-in applications to respective Offices of the ICAI as mentioned in the application form.

#### 1. Direct Entry to Chartered Accountancy Course:

##### Exempted Categories:

The following categories of students shall be exempted from passing the Common Proficiency Test (CPT):-

- (A) Graduates or Post Graduates in Commerce having secured in aggregate a minimum of 55% of the total marks or its equivalent grade in the examination conducted by any recognised University (including Open University) by studying any three papers of 100 marks each out of Accounting, Auditing, Mercantile Laws, Corporate Laws, Economics, Management (including Financial Management), Taxation (including Direct Tax Laws and Indirect Tax Laws), Costing, Business Administration or Management Accounting;

OR

Graduates or Post Graduates other than those falling under Commerce stream mentioned above having secured in aggregate a minimum of 60% of the total marks or its equivalent grade in the examination conducted by any recognised University (including Open University).

##### Explanation:

- (a) for calculating the percentage of marks, the marks secured in subjects in which a person is required by the University (including Open University) to obtain only pass marks and for which no special credit is given for higher marks, shall be ignored; and
- (b) *any fraction of half or more shall be rounded up to the next whole number*

**Provisional Registration:** Students who are pursuing the Final year of Graduation Course shall be eligible for provisional registration to the Intermediate (Integrated Professional Competence) Course. Such students would be required to submit satisfactory proof of having passed the graduation examination with the specified percentage of marks within six months, from the date of appearance in the final year graduation examination (i.e. from the day of commencement of the examination). During the period of provisional registration, a student can undergo and complete Information Technology Training (ITT) and Orientation Course. It is clarified that in their case, the practical training shall commence only on becoming a Graduate with specified percentage of marks. Such students shall be eligible for appearing in the Intermediate (Integrated Professional Competence) Examination on completion of nine months of practical training. If such students fail to produce the proof within the aforesaid period, his provisional registration shall stand cancelled and the registration and other fees, as the case may be, paid by him shall not be refunded/ adjusted and no credit shall also be given for the theoretical education undergone.

OR

- (B) Candidates who have passed the Intermediate level examination or its equivalent examination by whatever name called conducted by The Institute of Cost Accountants of India or by The Institute of Company Secretaries of India.

#### 2. Admission to Practical Training (Articled Training):

- (i) Students covered under the category mentioned at (A) above, i.e. Commerce Graduates or Post Graduates or Non-Commerce Graduates or Post Graduates with specified percentage of marks shall be eligible for admission to three years articled training, on completion of -

(a) Information Technology Training;

and

(b) Orientation Course

- (ii) Students covered under category (B) above, i.e. those who have passed Intermediate level examination of The Institute of Cost Accountants of India or The Institute of Company Secretaries of India shall be eligible for admission to three years articled training on -

(a) Passing of 1<sup>st</sup> Group or Both Groups of Intermediate (Integrated Professional Competence) Examination; or Accounting Technician level Examination;

(b) Completion of Information Technology Training; and

(c) Completion of Orientation Course

#### 3. Eligibility to appear in the Intermediate (Integrated Professional Competence) Examination:

- (i) **Applicable for students falling under Category (A) above**

A candidate shall be eligible for admission to the Intermediate (Integrated Professional Competence) Examination if he -

(a) is registered for the Intermediate (Integrated Professional Competence) Course; and

(b) has completed nine months of practical training (including study course for a period of eight months which shall commence from the date of registration to the Course).

- (ii) **Applicable for students falling under Category (B) above**

A candidate shall be eligible for admission to the Intermediate (Integrated Professional Competence) Examination if he -

(a) is registered for the Intermediate (Integrated Professional Competence) Course; and

(b) has undergone a study course for a period of eight months commencing from the date of registration to the Course.

**Director, Board of Studies**

## Important Announcement

BoS/Announcement/227/12 (2)

Date: 16<sup>th</sup> August, 2012

**Sub: Relaxation in Eligibility Criteria for students registering upto 30<sup>th</sup> September, 2012 under the Direct Entry Scheme – Eligible to appear in Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.**

The Council, in order to mitigate the hardships being faced by the students registering under Direct Entry Scheme to Chartered Accountancy Course upto 30<sup>th</sup> September, 2012, has relaxed the eligibility criteria as a one time dispensation, as under, so as to be eligible to appear in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

**“The Council has resolved as under -**

By virtue of powers vested under Regulation 205 of the Chartered Accountants Regulations, 1988, the Council of The Institute of Chartered Accountants of India hereby resolves that the eligibility requirement(s), inter alia, for the students registering under the Direct Entry Scheme for the Intermediate (IPC) Course till 30<sup>th</sup> September, 2012, shall be as under, so as to become eligible to appear in the Intermediate (IPC) Examination to be held in May, 2013:-

- **Students registered for the articulated training till 30<sup>th</sup> September, 2012 and have also completed Orientation Course and Information Technology Training (ITT) latest by 31<sup>st</sup> March, 2013.**
- **Such students shall be eligible to appear in the Intermediate (IPC) Examination to be held in May, 2013 by completing 7 months of articulated training and study course concurrently, instead of 9 months of articulated training and 8 months of study course respectively.**
- **Students registered for Intermediate (IPC) Course by passing Intermediate level examination of The Institute of Cost Accountants of India/The Institute of Company Secretaries of India shall have to undergo 7 months of study course instead of 8 months as prescribed under Regulations, so as to become eligible to appear in the May, 2013 Examination”.**

The eligibility criteria including fee structure for the fresh students registering and existing CPT/ IPCC/ PE-II/ PCC students converting (under the transition scheme), as the case may be, under the Direct Entry Scheme are given below for the information of students:

### Direct Entry Scheme (for Fresh Students) – Eligibility criteria and Fee Structure

Sl. No.	Fresh Registration	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure (in ₹)		
					Particulars	Fee (₹)	Fee (\$)
1.	Graduates/Post Graduates with prescribed percentage of marks i.e. 55 or 60% or Provisional Registration*.	Register for Both Groups	Eligible for admission to three years articulated training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	Registration fee for Both Groups	9000	550
					Articled Registration Fee	2000	120
					ATC (Optional) Fee	1000	60
					<b>Payable for undergoing the course:</b>		
					Orientation Course Fee	3000	180
					IT Training Course Fee	4000	250
2.	Intermediate level Examination passed students of The Institute of Cost Accountants of India/ The Institute of Company Secretaries of India	Register for either 1 <sup>st</sup> Group or Both Groups	(a) On passing either Both Groups/ 1 <sup>st</sup> Group of Intermediate (IPC) Examination; (b) Completion of Information Technology Training (ITT); and (c) Completion of Orientation Course	After undergoing a study course for a period of eight months which shall commence from the date of registration to the Course.	Registration fee for Both Groups OR	9000	550
					Registration fee for 1 <sup>st</sup> Group	8000	500
					ATC (Optional) Fee	1000	60
					<b>Payable for joining the Articled training:</b>		
					Articled Registration Fee	2000	120
					<b>Payable for undergoing the course:</b>		
					Orientation Course Fee	3000	180
IT Training Course Fee	4000	250					

\* Provisional Registration: Students who are pursuing the Final year of Graduation Course shall be eligible for provisional registration to the Intermediate (Integrated Professional Competence) Course. Such students would be required to submit satisfactory proof of having passed the Graduation examination with the specified percentage of marks within six months from the date of appearance in the final year Graduation examination (i.e. from the date of commencement of the examination). During the period of provisional registration, a student can undergo IT Training and Orientation Course. It is clarified that in their case, the practical training can commence only on becoming a Graduate with specified percentage of marks. Such students shall be eligible for appearing in the

## ANNOUNCEMENT

Intermediate (Integrated Professional Competence) Examination on completion of nine months of practical training. If such students fail to produce the proof within the aforesaid period, his provisional registration shall be cancelled and the registration and other fees, as the case may be, paid by him shall not be refunded/ adjusted and no credit shall be given for the theoretical education undergone.

**Note: Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.**

### Direct Entry Scheme (Existing Students) – Transition Provisions, Eligibility Criteria and Fee Structure

#### i) Existing CPT Students:

Sl. No.	Situation	Requirement of registration	Requirement to undergo articled training	Examination Eligibility	Fee payable as per existing fee structure – (in ₹)		
					Particulars	Fee (₹)	Fee (\$)
1.	CPT students who are Graduates/ Post Graduates with 55 or 60% marks.	Register for Both Groups	Eligible for admission to three years articled training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	Conversion Fee	500	30
					Registration fee for Both Groups	9000	550
					Articled Registration Fee	2000	120
					ATC (Optional) Fee	1000	60
					<b>Payable for undergoing the course:</b>		
					Orientation Course Fee	3000	180
					IT Training Course Fee	4000	250
2.	CPT students who have qualified Intermediate level of ICWAI/ICSI	Register for Group 1 or Both Groups	(a) On passing either Both Groups/ 1 <sup>st</sup> Group of Intermediate (IPC) Examination; (b) Completion of Information Technology Training (ITT); and (c) Completion of Orientation Course	After undergoing a study course for a period of eight months which shall commence from the date of registration to the Course.	Conversion Fee	500	30
					Registration fee for Both Groups OR	9000	550
					Registration fee for 1 <sup>st</sup> Group	8000	500
					ATC (Optional) Fee	1000	60
					<b>Payable for joining the Articled training:</b>		
					Articled Registration Fee	2000	120
					<b>Payable for undergoing the course:</b>		
					Orientation Course Fee	3000	180
IT Training Course Fee	4000	250					

**Note: Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.**

#### ii) Existing IPCC Students:

Sl. No.	Situation	Requirement of registration	Requirement to undergo articled training	Examination Eligibility	Fee payable as per existing fee structure – (in ₹)		
					Particulars	Fee (₹)	Fee (\$)
1.	Students registered in IPCC after passing Entrance/ Foundation/ PE-I/ CPT and are Graduates/ Post Graduates with 55 or 60% marks but not passed any of the Groups	If already registered for one group then register for other group (If already registered for Both Groups, pay only conversion fee and articled registration fee, if not paid earlier)	Eligible for admission to three years articled training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	Conversion Fee	500	30
					Registration fee for Both Groups OR	9000	550
					Registration fee for 1 <sup>st</sup> Group	8000	500
					ATC (Optional) Fee	1000	60
					<b>Payable for joining the Articled training:</b>		
					Articled Registration Fee	2000	120
					<b>Payable for undergoing the course:</b>		
					Orientation Course Fee	3000	180
IT Training Course Fee	4000	250					

**ANNOUNCEMENT**

Sl. No.	Situation	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure – (in ₹)		
2.	IPCC students who are Graduates/Post Graduates with 55 or 60% marks and have passed Group II of the IPCE	Register for 1 <sup>st</sup> Group if not registered for Both Groups	Eligible for admission to three years articulated training, on completion of - (a) Information Technology Training (ITT); and (b) Orientation Course	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course)	<b>Particulars</b>	<b>Fee (₹)</b>	<b>Fee (\$)</b>
					<b>Conversion Fee</b>	<b>500</b>	<b>30</b>
					Registration fee for 1 <sup>st</sup> Group, if not paid earlier	7000	430
					Articled Registration Fee, if not paid earlier	2000	120
					ATC (Optional) Fee	1000	60
					<b>Payable for undergoing the course:</b>		
					Orientation Course fee	3000	180
					IT Training Course Fee	4000	250

**Note:** Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

**iii) PE-II Stream Students/ Erstwhile Intermediate students not converted to PCC/ IPCC:**

Sl. No.	Situation	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure – (in ₹)		
1.	PE-II/ Erstwhile Intermediate stream students not converted to PCC/ IPCC and have not passed either of the Groups but opts for Intermediate (IPC) Course under Direct Entry Scheme by fulfilling the requirement of 55 or 60% marks in Graduate/ Post Graduates.	Register for Both Groups by paying conversion fee and articulated registration fee	Eligible for three years articulated training, on completion of - (a) Computer Training Programme or Information Technology Training, if not completed earlier; (Orientation Course is exempted for this category of students)	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).	<b>Particulars</b>	<b>Fee (₹)</b>	<b>Fee (\$)</b>
					<b>Conversion Fee (including Study Material)</b>	<b>500</b>	<b>30</b>
					ATC (Optional) Fee	1000	60
					Articled Registration Fee	2000	120
					<b>Payable for undergoing the IT Training, if not completed earlier:</b>		
					IT Training Course Fee	4000	250

**Note:** Students registered for Intermediate (IPC) Course and Articled Training upto 30th September, 2012 are advised to also refer above Important Announcement No. BoS/Announcement/227/12 (2) dated 16th August, 2012 for relaxation in the eligibility criteria for appearing in the Intermediate (Integrated Professional Competence) Examination to be held in May, 2013.

**iv) Existing PCC Students:**

Sl. No.	Situation	Requirement of registration	Requirement to undergo articulated training	Examination Eligibility	Fee payable as per existing fee structure – (in ₹)		
1.	PCC students who opts for Intermediate (IPC) Course. Students may continue to appear in the last Professional Competence Examination (PCE) to be held in November, 2012 and thereafter shall be required to shift to Intermediate (IPC) Course in order to appear in Intermediate (IPC) Examination to be held from May, 2013 onwards.	Register for Both Groups	Complete Computer Training Programme or Information Technology Training, if not completed earlier.  Complete remaining period of practical training of three and half years. If terminated then re-register.  (Orientation Course is exempted for this category of students.)	On completion of nine months of practical training (which include study course for a period of eight months concurrently commences from the date of registration to the Course).  <b>It is clarified that students who have already fulfilled the above requirement shall be eligible to appear in the May, 2013 examination. Those students who have not fulfilled the above requirement shall be required to re-register for articulated training and fulfil the above requirement so as to become eligible for appearing in the said examination.</b>	<b>Particulars</b>	<b>Fee (₹)</b>	<b>Fee (\$)</b>
					<b>Conversion Fee (including Study Material)</b>	<b>500</b>	<b>30</b>
					ATC (Optional) Fee	1000	60
					<b>Payable for undergoing the IT Training, if not completed earlier:</b>		
					IT Training Course Fee	4000	250

**Director, Board of Studies**

## Scholarships for CA Students

The Board of Studies awards following Scholarships to students twice a year i.e. in the month of April and October:

Sr. No.	Scholarship Name	No. of Scholarships	Amount (p.m.)	Eligibility Criteria
1.	<b>Merit</b>	As per eligibility criteria	₹ 1500/- for IPCC Students & ₹ 2000/- for Final Students	Awarded to students whose names appear at Sl. No. 1-10 of Merit lists of CPT/PCC/ IPCC of May/ June 2012 Exam. In case the Rank at Sl. No.10 continues to Sl. No. 11 or 12 or so on, then all such rank holders securing the same marks in a particular rank shall be covered.
2.	<b>Merit-cum-Need</b>	30	₹1500/-	Rank holders (other than covered under Merit category at Sr. No.1) of CPT/PCC/IPCC May/June 2012 Exam provided their parents/guardians total annual income does not exceed ₹1,50,000/-
3.	<b>Need Based and Weaker Sections</b>	100	₹1250/-	Students of PCC/IPCC/Final provided their parents/guardians total annual income does not exceed ₹ 1,00,000/-
4.	<b>Sri Dhanraj Kanhaiyalal Dudharia Scholarship</b>	3	₹1250/-	Students of IPCC/Final from Karnataka State under Need Based & Weaker Sections criteria
5.	<b>J.S. Lodha Memorial Scholarships</b>	2	₹1250/-	Students of PCC/IPCC/Final under Need Based & Weaker Sections criteria
6.	<b>R. K. Khanna Memorial Scholarships</b>	2	₹1250/-	Students of PCC/IPCC/Final under Need Based & Weaker Sections criteria
7.	<b>Out of Joint Corpus formed by Donors</b>	2	₹1250/-	Student of PCC/IPCC/Final under Need Based & Weaker Sections criteria

Merit Scholarships under Serial No. 1 are automatically awarded to the eligible students hence they are not required to apply.

With regard to Scholarship from Sl. No. 2 to 7, applications are invited for grant of scholarship to be paid from Oct. 1, 2012.

The detailed guidelines along with the requisite application forms are available on the Institute's Website ([www.icai.org](http://www.icai.org)) (link: [http://icai.org/post.html?post\\_id=6486](http://icai.org/post.html?post_id=6486) ).

### Notes:

- Applicants should be registered students of PCC/IPCC or Final Course.
- Scholarship will be paid to IPCC/ PCC and Final students for a maximum period of 18 months and 30 months respectively or balance period of their articleship.
- An additional amount of ₹ 100/- p.m. will be paid to SC/ ST/ OBC students, under Need-based and Weaker Sections Category. They shall have to enclose a certificate/ documentary proof duly attested by a gazetted officer or a member of the Institute.
- One scholarship under the Need-Based and Weaker Section Category is reserved for a Physically Challenged student.

Duly completed and signed Application Forms in the prescribed formats (Form Number 3 & Form Number 4) should reach the Director, Board of Studies, The Institute of Chartered Accountants of India, ICAI Bhawan, A-29, Sector-62, NOIDA-201309 **latest by 30<sup>th</sup> September, 2012.**

In case of any clarification, please contact the Board of Studies, ICAI Bhawan, A-29, Sector-62, Noida-201309, Tel. No. 0120-3045930/931; email: [bos@icai.org](mailto:bos@icai.org).

**Director, Board of Studies**



**National Convention for CA Students - Aurangabad**

ICAI Past President, CA. T.N. Manoharan lights the lamp in the august presence of Board of Studies Chairman, CA. Nilesh S Vikamsey, Central Council Members, CA. S.B. Zaware, CA. Pankaj Jain, Board of Studies Director, Shri Vijay Kapur , WIRC Chairman, CA. Durgesh Kabra , Branch Chairman, CA. Nikhil Gramle and others.



**C.G. State level Convention for CA students - Bhilai**

ICAI Vice President CA. Subodh Kumar Agrawal addressing the function in the presence of Central Council Member CA. Manoj Fadnis, CIRC Chairman, CA. Mukesh Singh Kushwah, CIGASA Bhilai Branch Chairman, CA. Mahavir S. Jain and other dignitaries



**National Convention for CA Students - Siliguri**

ICAI Vice President CA. Subodh Kumar Agrawal lights the lamp in the august presence of Board of Studies Vice Chairman, CA Madhukar N Hiregange, Central Council Member CA. Sumantra Guha, Board of Studies Director, Shri Vijay Kapur, EIRC Chairman, CA. Prasun Kr. Bhattacharjee, Vice Chairman, CA. Ranjeet Kr. Agarwal, Siliguri Branch Chairman CA. Sanjeev Agarwal and Mrs Gangotri Dutta, Mayor, Siliguri Municipal Corporation.



**National Convention for CA Students - Surat**

Board of Studies Chairman CA. Nilesh S Vikamsey, Colonel. Charanjeet Singh Sarma, WIRC Chairman, CA. Durgesh Kabra , Regional Council Members, CA. Shruti Shah, CA. Ajit Jay Chhaira and other dignitaries at the inaugural function.



**National Convention for CA Students - Lucknow**

Uttar Pradesh Chief Minister, Shri Akhilesh Yadav, ICAI Vice President, CA. Subodh Kumar Agrawal, Board of Studies Chairman, CA. Nilesh S Vikamsey and other dignitaries paying Respect to the ICAI Motto .



**National Convention for CA Students - Lucknow**

Board of Studies Director, Shri Vijay Kapur among other dignitaries at the inaugural ceremony.



**National Convention for CA Students - Indore**

*ICAI President, CA. Jaydeep Narendra Shah addressing the inaugural function. Central Council Member, CA. Manoj Fadnis, CIRC Chairman, CA. Mukesh Singh Kushwah, CICASA Chairman, CA. Vijesh Khandelwal, Chairperson Indore Branch, CA. Sheetal Jain among others seen in Dias.*

*ICAI President, CA. Jaydeep Narendra Shah lights the lamp in the august presence of Central Council Member CA. Manoj Fadnis, Board of Studies Director, Shri Vijay Kapur and other dignitaries.*



**National Convention for CA Students - Bhopal**



**Sub-Regional Conference for CA Students - Ernakulam**

*ICAI President, CA. Jaydeep Narendra Shah lights the lamp in the august presence of Central Council Member, CA. Rajendra Kumar P, SIRC Chairman, CA. K. Viswanath, Regional Council Members, CA. Babu Kallivayalil, CA. Shanmuga Sundaram K and other dignitaries.*

*ICAI Past President, CA.T.N. Manoharan, Central Council Member, CA.Venkateswarlu J and other dignitaries at the inaugural function*



**National Convention for CA Students - Vijayawada**