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The Chartered Accountant Student

Your Monthly Guide to the CA News, Information & Events

STUDENTS' JOURNAL

March 2013 Vol SJ4 Issue 3 Pages 36

Key Budget Terms

Pension Reforms... Economic Hardship in Indian Perspective

Listening for Business

President's Communication

Dear Budding Professionals,

My warm greetings to all of you!

This is my first communiqué to my students as the President of this august Institute. I pray to the Almighty to give me the wisdom and strength to come up to the expectations of all the stakeholders of the profession. I sincerely hope that I would be able to take the legacy of the profession a step forward bestowed upon me by my esteemed predecessors.

Education brings forth the treasure of life's inherent dignity. Education and learning forms the foundation of a capable professional. Without education, the training of the human minds is incomplete. Since its inception, the ICAI has consistently been endeavoring to provide best possible quality education to its students by constantly working for their all-round development. While aiming to maintain the consistency in putting in the efforts, this year we are planning to lay emphasis on anyplace and anytime learning through e-learning modules, e-library, ICAI TV channel, webinars, video lectures in both online & offline mode, imparting of education in satellite mode, etc. We also intend to encourage networking among the students and members in the areas of professional relevance, facilitate online submission and status tracking of various forms, etc. The complete action plan for the year 2013-14 is accessible on the ICAI's website. We will also be using the social media to reach out to our students and members. Very soon, we will be launching the official page of ICAI on facebook.

The Indian Chartered Accountants (CAs) are valued and respected globally because of their high competency and professional capability. What separates CAs from others is the practical training which enhances the skills of the CA students and gives them experience of real life application of theoretical knowledge. Logical and practical grip over the fundamentals backed with thorough and strong base of theory can only help us beat all odds of twists and turns in the real time professional assignments. I definitely understand that the life of an article assistant is highly demanding. Even I have been through with it while pursuing this course. But all I can say is that the practical lessons learnt by me during my articleship have helped me in a big way in my professional journey.

It is rightly said that we should never underestimate the power of our attitude. Its roots are inward, but its fruits are outward. It is our best friend, or our worst enemy. The most important aspect of my personality which I developed during my articleship is my attitude towards the issues which come across when one actually practices as a Chartered Accountant and applies the theoretical lessons into real life assignments.

Another principle that I have learned from life is that we can tackle any problem when we deal with it without any inhibitions or fear. Chanakya said - '***As soon as fear approaches near, attack and destroy it***'. We must believe in our abilities and inculcate the virtue of confidence in ourselves.

Before concluding I would once again reiterate my concerns and invite your focus on strengthening of the practical training system. During professional practice, there are times and events when we get stuck up while dealing with our clients and accomplishing the assignments. But I can emphatically say that this practical training brings familiarity with the corporate world & industry and contributes enormously to the experience & skill sets required to deliver the results.

Best Wishes

CA. Subodh Kumar Agrawal
President, ICAI

Vice President's Communication

Dear Students,

It is my pleasure to write this message to you as Vice President of the Institute. I am fully aware that the present role is much wider and bigger in terms of responsibilities. I hope and believe that with the active participation and sincere support of our esteemed members, our Institute will be able to set new milestones of towering success in times to follow. I am fully aware that you are at the threshold of your career, where you can make important decisions to mould your career. In the emerging highly competitive world, there is obvious need to produce dynamic minds that can adapt to the changing scenario and complex situations and are innovative enough to face the diverse challenges effectively. In this context and direction, I am quite satisfied with the multifarious activities and steps initiated by the Board of Studies, which are aimed at exploring your potential.

In the era of globalization, the perception of a Chartered Accountant has totally changed. The chartered accountants of today are expected by the society to provide total business solutions. Now a chartered accountant is not confined to the corridors of accounting. He has moved into the realm of general management and it is not surprising to see that many chartered accountants adorn the position of Chief Executive Officer. Therefore, I should congratulate you for your wise decision to take up this extremely prestigious professional course.

Being the budding CA professional, a great onus lies on our strong shoulders. I know that you are capable enough to live up to our expectations and hence completely gear up to work in the changing environment and will be able to meet all the deadlines. For achieving all-round excellence in the personal and professional ring, our Institute offers latest professional courses that provide numerous opportunities of professional enhancement and at the same time, whet your personal and professional skills. I am confident that you will take an earnest note of the social and economic development and contribute your share with an exemplary way so that our motherland will be able to illuminate the rest of the world with its crowning glory of knowledge and wisdom.

The Institute is fully aware of its onerous responsibilities to provide highest form of professional education to its students. The Board of Studies is continuously engaged in evolving and implementing a number of proactive measures for the benefit of students. The four weeks Residential Programme at the Centre of Excellence, Hyderabad has been appreciated by the student community. The course has been successful in developing the soft skills of the students. They have become much more management oriented, have learnt the art of working as a team and have considerably improved their communication skills. In this critical time of economic doldrums, students are expected to work earnestly on acquiring multifarious skills.

The young Chartered Accountants will have to work in a seamless, manner to acquire holistic knowledge. In a global environment, professionals must learn to create synergy in cross-cultural working relationship. In the changed world order, the emphasis has shifted from process to outcome. So, you need to gear up your focus and work on your strengths and try to convert your weaknesses into strength.

There is no shortcut for success except hard work. But hard work should be correlated with smart work. Positive thinking, self confidence, enthusiasm, elevated spirits and persistent efforts are the integral parts of a successful professional life. The word success appears to be very simple to pronounce and spell out but contrary to this, it requires lots of painstaking and persistent efforts to make it worth meaning and enjoyable. I know that you are brimmed up with lots of potentials, so acknowledge and unleash your skills in the overall development of your personality.

Wishing you all, a very wonderful and cheerful Holi festival.

Yours sincerely

CA. K. Raghu
Vice President, ICAI, New Delhi

Chairman's Communication

My Dear Student Friends,

I am happy to communicate with you as the new Chairman of the Board of Studies. At the outset, I put on record my sincere thanks to President CA Subodh Agrawal, Vice President CA K Raghu and all the Council members for reposing confidence in me and conferring responsibility of Board of Studies on me. I am sure that under the leadership of our charismatic and dynamic President CA Subodh Agrawal and Vice President CA K Raghu, I shall be able to fulfill my responsibilities. I am sure with the active support of my energetic Vice Chairman - CA V. Murli and all the members of the Board of Studies, we will take further initiatives for the benefit of our students.

The Board of Studies (BOS) as you know is the educational wing of the ICAI. It carries out a multitude of activities for students. Apart from scripting and regularly revising study material of all the subjects of Chartered Accountancy curriculum, it prepares Suggested Answers, Revision Test Papers, Practice Manuals, and Model Test Papers. It also organizes Students Seminars, Conferences, Conventions and Quiz and Elocution contests at Regional, National and International level to ensure that our students not only remain aware of contemporary professional issues but also participate actively in these events and exchange views with their fellow counterparts. These events go a long way in improving the oratory and presentation skills of our students.

The BOS is well aware of the importance of extracurricular activities in the overall development of a student. To fulfill this objective, we organize sport events and youth festivals from time to time with the help of our Regional offices and Branches. All these events ensure that the distant learning mode of ICAI is in no way a handicap to the overall growth of our students.

Another recent initiative of BOS, which will alleviate the drawbacks of correspondence mode of education, is the launch of e-learning programme at the levels of Common Proficiency Test (CPT) and Intermediate (Integrated Professional Competence) Course of the ICAI. To start with, under this programme, e-lectures in the form of Power Point Presentations (along with audio) on all the topics of CPT and Intermediate (IPC) course have been uploaded. Students can download these e-lectures anywhere by the click of a button and study at their own convenience. Not only this, they can also take self assessment tests uploaded along with the e-lectures and know their progress. Very soon, e-learning programme for Final course would also be initiated.

In today's world if you're a good communicator, you have better chances of success. Understanding the need of time, the BOS has introduced General Management and Communication Skills (GMCS) Course II in addition to GMCS I. As such, students registering for Practical Training on or after 1st May 2012, will be required to undergo, GMCS I during the first year of the Practical Training and GMCS II during the 19-36th month of the Practical Training.

Information technology (IT) has become a vital and integral part of every business plan and every profession. Keeping the interest of students uppermost in its mind, the BOS has, in addition to already existing 100 hours IT Training, introduced Advanced ITT. The students registering on or after 1st August, 2012 are required to do Advanced ITT during the third year of practical training.

For the benefit of its students, the BOS also brings out Students' Journal - The Chartered Accountant Student which provides students an unmatched opportunity to learn beyond the classroom. It provides a forum for the scholarly discussion of issues relevant for CA profession.

I am sure most of you would be gearing yourselves to prepare for the forthcoming examinations to be held in May 2013. The BOS on its part to assist students in their preparation for the examination is going to bring out the revised version of the booklets "How to Face CA Examination" and "How to Face CPT". These booklets give detailed guidance as to how to approach different papers and how to present answers in the exams. Do make sure to grab a copy of these free publications from your respective regional office/ branch and read them carefully for your own benefit. Another measure which BOS takes in this direction is holding of Mock Tests. Two Mock Tests are being prepared by the BOS and our Regional offices and Branches will be organizing them, one in beginning of March 2013 and the second in April 2013. I advise that you appear for both these tests and find out not only the extent of your preparation but also your weak areas where you need to improve upon.

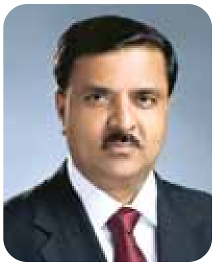
Before I sign off, I would like to wish you all happiness and prosperity on the occasion of Holi!

Wishing You All the Best,

Yours sincerely,

CA. Vijay Kumar Garg
Chairman, BOS

Our New President



CA. Subodh Kumar Agrawal
President, ICAI

A combination of erudition, foresight and professional excellence, CA. Subodh Kumar Agrawal has become the supreme torch-bearer of Indian accountancy profession as the President of the Institute of Chartered Accountants of India (ICAI) for the year 2013-14. A fellow member of the ICAI with 24 years of standing, he was elected as the President by the 22nd Council of the Institute on February 12, 2013. He was the Vice President of the ICAI for the Council Year 2012-13. An altruistic hard-worker bestowed with exceptional organisational, networking, administrative and leadership skills, he has been serving as Central Council member for two terms since 2007. An illustrious and versatile accountancy professional since 1988, who is known for his passion for professional uplift, CA. Agrawal was elected to the ICAI Council for third term with unparalleled success and support of the membership, claiming 56% of the votes polled that is a record in itself.

CA. Subodh Kumar Agrawal has shown his professional skills and acumen in all tasks and responsibilities assigned to him both at the Council, national and international levels. Hailing from Kolkata, he has specialisation in the area of Audit of Private and Public Sector Entities. He has also been providing Consultancy Services in the fields of Accounting & Auditing, Corporate Laws, Corporate Governance, Restructuring of Business, Mergers, Amalgamations, Demergers, Securities and Exchange Board of India, etc.

An ardent proponent of 'brand Indian CA' and accountancy profession globally, he has passionately represented Indian accountancy profession on the international front. He has recently been appointed as member of SMP (Small and Medium Practices) Committee of International Federation of Accountants (IFAC) for the year 2013-15, and he has also been appointed as Vice President of South Asian Federation of Accountants (SAFA) for the year 2013. Earlier, he had also served on the 'Committee on Professional Ethics and Independence, Committee for Improvement in Transparency, Accountability and Governance, Committee on Professional Accountants in Business and Committee on Quality Control Review of SAFA. He has also put forward Indian accountancy profession's views in various meetings and programmes of IFAC, SAFA, Confederation of Asian and Pacific Accountants (CAPA) and many other international bodies.

An outstanding facilitator of ICAI and accountancy profession as a leading partner in nation building at national level, he represents the ICAI in the 'Insurance Advisory Committee' constituted by the Insurance Regulatory and Development Authority (IRDA), and in 'High Level Steering Committee for Implementation of XBRL-based Data Submission by Banks' besides being the Chairman of XBRL India. He has also served as a member in Working Group to review the existing prudential guidelines on restructuring of advances by banks/financial institutions constituted by RBI. He also represents ICAI in the 'Standing Committee on Accounting Issues' constituted by Insurance Regulatory and Development Authority. In 2008, he was appointed as Task force Member by Department of Public Enterprises for MoU in Mining and Metal Sector and in the year 2009 for Petroleum Sector. He has also commendably performed as member of Banking and Financial Services Sectional Committee - MSD 7 constituted by Bureau of Indian Standards. He is also Independent Director in various companies and 'Accounting and Research Foundation' (ARF) of the ICAI.

A seasoned professional with a futuristic vision, CA. Agrawal, in his illustrious inning in the Council, has served on important positions in both Standing and Non Standing Committees of the ICAI. He has been actively involved with the functioning of the Central Council of the Institute in various capacities, viz. as Vice President and Chairmen, Vice-Chairmen and member of its various Committees. As President, he is the chairmen of all the standing committees of the ICAI viz. Examination Committee, Finance Committee and Executive Committee besides being Presiding Officer of the Board of Discipline (Under Section 21-A), Disciplinary Committee (Under Section 21-B) and chairman Disciplinary Committee (under section 21D). He is the ex-officio Member in all the Non-Standing Committees of ICAI and Editor of The Chartered Accountant journal. As the Vice President of the ICAI, he was the Vice-Chairman of all the Standing Committees and also the Member ex-officio in all Non-Standing Committees of ICAI and Joint Editor of *The Chartered Accountant journal*.

He has made noteworthy contributions as Chairman Public Finance Committee (2008 and 2009), Audit Committee (2008-09), 'Committee for Members in Industry (2010-11), Ethical Standards Board (2011-12), and as a member of Executive Committee of ICAI (2007). He has also distinctly served as Convener of the group for Satyam Report - High Powered Committee (2010-12). During the period in ICAI Council, he has also remarkably contributed as Member in various Non-Standing Committees such as Accounting Standards Board, Auditing and Assurance Standards Board, Direct Taxes, Indirect Taxes, International Taxation, etc.

Before his election to the Central Council of the ICAI, CA. Agrawal had also made notable contributions in Eastern India Regional Council as he became the Secretary of the EIRC of ICAI in 2004, Vice Chairman in 2005 and Chairman in 2006. Under his dynamic Chairmanship, the Eastern India Regional Council was honoured with 'Best Regional Council Award' in the year 2006.

Known for his hard work and selfless services to the accountancy profession, CA. Agrawal is also a prolific speaker and has addressed various seminars, symposia and conferences at national, regional councils, branches and ICAI Study Circles level across the country on various issues of professional interest. He has also addressed programmes of many other organisations of national and international repute.

Having been a brilliant student, CA. Agrawal secured 10th rank in Final Examination of Chartered Accountancy in the year 1988. He did B.Com from Kanpur University.

His other areas of interest include sports and reading management and professional books.

Our New Vice President

CA. K. Raghu
Vice President, ICAI

A man of information technology, efficiency, and professional discipline, having firm belief in inclusive as well as exclusive growth of the profession of accountancy, CA. K Raghu is the new Vice President of The Institute of Chartered Accountants of India for the term 2013-14. He was elected as the Vice President by the 22nd Council of the ICAI on 12th February 2013. He is the second person from Karnataka to occupy this prestigious position.

With a fellowship of the Institute and with more than two decades of professional standing and of constant and dedicated service to the cause of accountancy profession, he has always dazzled his fellow members with his deep and visionary understanding of Information Technology, and brilliant and uninterrupted service to the profession that he has been serving since 1990 with an inextinguishable enthusiasm. He has been continuously associated with ICAI for the last 21 years in various capacities and is widely known for his pioneering and far-reaching initiatives of webcasting, e-learning and ICAI Web TV. He specialises in Taxation, Business and Technology Consulting.

A resident of Bangalore, CA. K. Raghu started his journey in the Central Council of the ICAI with his election to this supreme body of accountancy profession in 2007 to which he was again re-elected in 2010 and then again for a third term in 2012. Demonstrating the trust bestowed in him by the members, he has every time been elected to Central Council with highly impressive victory margins. An illustrious and versatile professional, CA. K Raghu, belongs to a family of Chartered Accountants. His father CA. K R Kumar had been the Chairman of the SIRC of the ICAI.

CA. K. Raghu, a commerce graduate from the University of Bangalore and a student of St. Joseph's College of Commerce, qualified as a Chartered Accountant in 1990 and is practising in Bangalore.

Before his election to the Central Council, he had recorded his magnetic presence in the Southern India Regional Council of the Institute as its Chairman during 2003-04. He has served as the Vice Chairman and Secretary of the SIRC in its Golden Jubilee Year during which the SIRC was adjudged as the 'Best Regional Council' of the Institute. During 1996-97, he was the Chairman of the Bangalore Branch of SIRC of ICAI during which the Branch was adjudged the Most Active Branch of the Region. He also served as the Secretary and Vice-Chairman of the Branch and was the Chairman of the Southern India Chartered Accountants Students Association during 1991-92.

CA. Raghu has shown his professional skills and acumen in all tasks and responsibilities assigned to him both at national as well as international level. Presently, as the Vice President of the ICAI, he is the Vice-Chairman of all the Standing Committees of the ICAI and also the Member ex-officio in all Non-Standing Committees of the the ICAI and Joint Editor of The Chartered Accountant journal.

In the Central Council of the Institute, he has been actively involved with the functioning of the Central Council of the Institute in various capacities, viz. as Chairman, Vice-Chairman and member of its various Committees. He played a distinguished role as a member of the Executive Committee of the ICAI in his first year in the Council in 2007-2008. He outstandingly served as the Chairman CPE Committee in 2008-09, and as Chairman of the IT Committee, and Peer Review Board in 2009-10.

He proactively worked as Member Disciplinary Committee in 2010-11. He also won accolades of the profession as the Chairman of CMII, during which tenure he is particularly known for launch of ICAI Web TV (www.icaitv.com) and launch of ICAI Connect - Membership Revival Campaign. He was also a Vice Chairman of the Peer Review Board in 2011-12. He also served as Chairman Ethical Standards Board (ESB) and Vice Chairman of Financial Reporting Review Board in Council Year 2012-13.

He has also left an indelible mark in the service of the profession as a member of the Accounting Standards Board, Auditing and Assurance Standards Board, Corporate Governance Committee, Professional Development Committee, Public Finance Committee, Management Accounting Committee, Editorial Board, Financial Markets and Investor Protection Committee, International Trade Laws and WTO Committee, Committee for Capacity Building of CA Firms and Small and Medium Practitioners and International Affairs Committee.

Known for his technology driven initiatives for ICAI as partner in nation building, CA. K. Raghu has earlier been elected to the Membership Development Committee of XBRL International and also appointed as Director of XBRL India (Section 25 Company) as a nominee of ICAI to promote the use of XBRL (Extensible Business Reporting Language) in India. XBRL India is a member of XBRL International, a consortium of 650 organisations worldwide. He had also been nominated as ICAI representative on the MCA 21 Stakeholders Committee constituted by Ministry of Corporate Affairs for ensuring continuous improvement in service delivery under MCA 21.

Also acknowledged for his international outlook and drive to promote brand 'Indian CA' globally, CA. K.Raghu was nominated as the Mentor for the New York Chapter of the Institute of Chartered Accountants of India for the year 2008-09. In the capacity of the Chairman of the Ethical Standards Board of ICAI, he also effectively put forth ICAI vision in the International Ethical Standards Board meeting held in New York.

As an avid academic and an orator of excellence, CA. Raghu has attended and contributed to numerous national and international seminars and conferences on the issues of professional interest. He visited Japan as a representative of the Institute in the ISO Conference conducted at Kyoto and also the Japanese Institute of Certified Public Accountants in Tokyo. He has presented papers on various subjects of professional interest in the all India, Regional and State Conferences and Seminars of the Institute of Chartered Accountants of India, commendably demonstrating his passion for the profession and its core concerns.

During 1997-98, he was the Chairman of the Economic Affairs Committee of the Federation of Karnataka Chambers of Commerce and Industry, Bangalore. He is a life member of the Bombay Chartered Accountants Society, Karnataka State Chartered Accountants Association and Bangalore Management Association. He has recently been nominated as a member of the RBI Regional Monitoring Committee of NBFC's for Karnataka State.

Having a penchant and inclination for social service, CA. K Raghu is also an active Rotarian. He was the President of Rotary Club of Bangalore Peenya (RI District 3190) during 2002-03 and was awarded the "Best President Award" by RI District 3190 for conducting the 6th Mega Jaipur Foot Camp where more than 2350 patients were provided with artificial foot, calipers, crutches and wheel chairs free of cost. He is also a Paul Harris fellow of Rotary Foundation of Rotary International.

Our New Chairman

CA. Vijay Kumar Garg
Chairman, Board of Studies

A professional of strong interpersonal skills and a vibrant personality, CA Vijay Kumar Garg, is the new Chairman of the Board of Studies (BOS) for the term 2013-14. With a fellowship and professional experience spanning over a period of 16 years in areas of Tax, Audits, Finance, Corporate Laws and Management Consultancy, CA Vijay Kumar Garg is an innovative man who enjoys challenges.

Academic Background: CA Vijay Kumar Garg is a Bachelor of Law from Rajasthan University. He is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and also a holder of PGDD from University of Rajasthan. He is a Practicing Chartered Accountant in Jaipur.

Positions Held in the ICAI: CA Vijay Kumar Garg is an elected Central Council Member of ICAI. He has been elected to the Central Council for three terms in successions for the periods 2007-10, 2010-13 and 2013-17. Presently apart from being the Chairman of BOS, he is a Member of Accounting Standard Board, Audit Committee, Committee on Banking, Insurance and Pension, Committee on Co-operatives and NPO Sectors, Corporate Laws and Corporate Governance Committee, Committee on Management Accounting, Peer Review Board, Professional Development Committee and Research Committee. In 2012-13, he was the Chairman of Committee for Cooperatives and NPO Sector and Vice Chairman of Committee of Capacity Building of CA Firms & Small and Medium Practitioners and Member of, Accounting Standard Board, Financial Review Reporting Board, Public Interest Advisory Committee, Continuing Professional Education Committee, International Affairs Committee, Committee on International Taxation, Committee on Management Accounting, Committee for Members in Entrepreneurship & Public Services, Vision & Perspective Planning Committee, Committee on Financial Markets and Investors Protection and Indirect Tax Committee. He attended the National Society of Accountants for Cooperatives 2012 Tax and Accounting Conference held during 5th - 8th August 2012 at Las Vegas, USA. Besides, he also attended IIN Sydney Conference held during 18th - 20th Feb 2013 and gave a Presentation on REACHING OUT TO MEMBERS - THE ICAI WAY. The presentation gave an overview of ICAI's various initiatives in reaching out to members - in public practice, in employment, in entrepreneurship and public service and ICAI's social responsibility initiatives.

In 2011-12, he was the Chairman of CCBCAF and SMP Committee and Member of Quality Review Board, Accounting Standard Board, Financial Review Reporting Board, Public Interest Advisory Committee, Audit Committee, Auditing and Assurance Standard Board, Committee on Banking Insurance and Pension, Continuing Professional Education Committee, Internal Auditing Standard Board, International Affairs Committee, Committee on International Taxation, Committee on Management Accounting and Committee for Members in Entrepreneurship & Public Services. He was also the Member of Ethical Standard Committee of South Asian Federation of Accountants (2009-2010) and Member of Executive Committee (2008-11). Earlier also, he had been Chairman, Vice Chairman and Member of various Committees of the Institute. Before being elevated to the Central Council, he was elected to the CIRC of ICAI. He was the Chairman of CIRC in 2006-07 and Secretary of CIRC for 2004-06 and Secretary of Jaipur Branch of CIRC in 2001-02.

Memberships held outside ICAI: Since 2011 CA Vijay Kumar Garg has been a Member of Quality Review Board of the Ministry of Corporate Affairs, GOI. He is also a Member of, Advisory Board of the Ministry of Micro, Small and Medium Enterprises, GOI, Regional Advisory Committee of the Reserve Bank of India, Jaipur, Regional Advisory Committee of Central Excise and Commissionerate, Jaipur-II and Committee for Improvement in Transparency, Accountability and Governance of SAFA-an apex body of SAARC. He had been nominated as the Member of Regional Level Monitoring Committee of RBI, Rajasthan for 2008-10 and has been nominated for the same for 2011-13 also. Previously, he had served as a, Member in Service Tax (Central Excise) Committee, Rajasthan (2005-2007 & 2009-12), Consultant of RKVIB (2002-2004) and Consultant of DACON (Registered with World Bank, USA). He has also been appointed as non-official Director in the Oriental Insurance Company Ltd.

Achievements in Social field: CA Vijay Kumar Garg is a very active social worker. He has been the Chief Planner of Vishwakarma Industrial Rural Development Institution (VIRDI) since 2001, President of, Rajasthan Professional Corporate Consultancy and Welfare Society, and Jaipur Youth Club since 2000, Advisor to Rajasthan Gram Udyog Sangh since 2007, Jaipur Hast kala Vikas Sahakari Samiti Limited, various Educational and Social Non Government organizations at district and state level and Chief Advisor of Professional News paper "Professional News.", Spokeperson of Rajasthan Chartered Accountant Association Society since 2003 and Secretary of Shastri Siksha Samiti since 2003. He was awarded as Rajasthan Gaurav in 2008 by Sanskriti Organisation, Jaipur.

Besides these, he is a Member of Flagship & Monitoring Committee, Rajasthan, PCC and Co- convener of Intellectual Cell, Rajasthan. He had been an active Member of various other organizations related to the development in Rajasthan. He is actively involved in organizing not only a number of profession related programmes like National and International Conferences, Seminars, Workshops, Training programmes covering various academic topics relating to Tax Audits, Social Audits, Internal Audits, Audit Tools and control, E Audits, Bank Audits, Both Direct and Indirect Taxation, International Law, Project Financing, Social awareness, Environment awareness etc. but also various social development programmes like employment generation, women education, village and cottage industry development, providing home to homeless, children education, blood donation, drinking water, Tree plantation etc.

Our New Vice-Chairman

CA. V. Murali
Vice Chairman,
Board of Studies

ACADEMIC BACKGROUND

V. Murali is a Bachelor of Commerce from Madras University. He is a Fellow Member of the Institute of Chartered Accountants of India and an Associate member of the Institute of Cost & Works Accountants of India. He is a Practicing Chartered Accountant in Chennai. His Professional experience spans over a period of Thirty years.

POSITIONS HELD IN THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

V. Murali is an elected Central Council Member of ICAI. He has been elected to the Central Council of ICAI for Four terms in succession for the periods 2004-2007, 2007-2010, 2010-2013 and 2013-2016. For the year 2013-2014 he has been nominated as Vice Chairman Board of Studies, member of 2 standing committees viz., Executive Committee and Disciplinary Committee of The Institute of Chartered Accountants of India. He has been Chairman Board of Studies for the year 2011-12 and was Chairman, Board of Studies and Career Counselling for the year 2006-2007. He has been the Vice Chairman of Board of Studies for the years 2008-2009 and 2010-2011. He has held all the important positions in the SIRC of ICAI viz. SICASA Chairman, Treasurer, Secretary, Vice-Chairman and Chairman.

NOMINATION OF V. MURALI TO OUTSIDE BODIES BY GOVERNMENT / REGULATORS

The Ministry of Coal, Government of India has appointed V.Murali as a Director on the Board of Neyveli Lignite Corporation Limited for a period of three years. The Ministry of Labour and Employment, Govt. of India has nominated V.Murali as a member of the Innovation Council to prepare a roadmap for innovation 2010-2020. The Ministry of Finance, Government of India had nominated V.Murali as a Director on the Board of State Bank of Hyderabad for a period of three years. He had been the Chairman, Audit Committee and Executive Committee Member on the Board of State Bank of Hyderabad. The Ministry of Information & Broadcasting, Government of India has nominated V.Murali as Member of the Central Board of Film Certification for a term of two years. The Comptroller & Auditor General of India had nominated V.Murali to the Audit Board of Power Finance Corporation Limited and Rural Electrification Corporation Ltd as 'Technical Expert'. The Securities and Exchange Board of India (SEBI) has nominated V.Murali as a Public Representative Director on the Board of MSE Financial Services Limited. V.Murali has been nominated as a Member of the Regional Advisory Committee for Small Scale Sector of the Central Excise Commissionerate for the year 2012-2013. The Reserve Bank of India has nominated V.Murali as a Member of the Co-Ordination Committee for Non Banking Finance Companies (NBFCs) and unincorporated bodies. V.Murali has been nominated as Member of the Task Force of the Confederation of Asian and Pacific Accountants (CAPA) in the Environmental Accounting and Corporate Social Responsibility Project. Nominated to the Task Force constituted by South Asian Federation of Accountants (SAFA) to perform Advisory Role to facilitate Mutual Recognition Agreements (MRAs) between its member bodies. Nominated to the International Innovation Network (IIN) representing ICAI and attended IIN Conference at London hosted by The Institute of Chartered Accountants of England and Wales (ICAEW). Nominated as member of the prestigious National Society of Accountants for Cooperatives, United States of America. He has also been nominated to the ICAI - ICWAI - ICSI Co-ordination Committee. He was a member of the special Committee constituted by the Department of Company Affairs to consider the suggestions for amendment of the Companies Act and Rules. V.Murali is an independent director on the Board of various listed and unlisted companies.

NOMINATION OF V. MURALI TO EDUCATIONAL INSTITUTIONS

Under his Chairmanship, Board of Studies of ICAI has entered into Memorandum of Understanding with various universities including Madras University and Bharathiar University. V.Murali has been nominated to The Education, Education Services, Sectional Committee Msd9 of Bureau of Indian Standards, Government of India. Nominated to the UNCTAD IAESB Accountancy Education Forum at Palais Des Nations, Geneva and represented ICAI at the Forum. V.Murali is the founder trustee of the CHARTERED ACCOUNTANTS STUDENTS BENEVOLENT FUND (CASBF). V.Murali was the convenor of the Group to formulate and revise the Course content and study materials of the General Management and Communications Skills Course (GMCS) for CA students. V.Murali has been appointed by the University of Madras as Member on the Board of Studies for a period of 3 years. He is the honorary Member of Curriculum Advisory Committee, School of Management Studies, University of Hyderabad and Academic Council Member of few colleges in Chennai

POSITIONS HELD IN CHAMBERS OF COMMERCE & INDUSTRY

V.Murali is the elected Vice-President of the Hindustan Chamber of Commerce for the years 2010-2011, 2011-2012 and 2012-13. He has the unique distinction of being simultaneously elected to the Executive Committee of all the prominent Chambers of Commerce & Industry at Chennai. Presently, V.Murali is the elected Executive Committee Member of the following Chambers of Commerce & Industry for the year 2012-2013 and has been an elected Committee member from 2006-2007 till date: The Madras Chamber of Commerce & Industry, Andhra Chamber of Commerce and The Tamil Chamber of Commerce.

BOOK AUTHORED / ARTICLES PUBLISHED

A motivational writer, V.Murali authored a book titled 'Passion with Compassion - Empathy not Apathy', which has been released recently. V. Murali has Co-Authored a Book named "Practical Auditing". He has authored a Book on "Conveyancing & Real Estate Transactions", Guidance Books on "Computation of Capital Gains - A Ready Referencer" and "Computation of Taxable Income-A Ready Referencer". Authored a book on "The Impact of Globalisation on the Indian Economy", a book on "Role of Intelligentsia in the Upliftment of Society", a Reference guide on "How to become a Successful Entrepreneur". He has authored 3 Books on Interpersonal skills namely "Strategies for Success in Life", "Winning Communication Skills" and "Public Relations and Positive Thinking."

POSITIONS HELD IN SOCIAL ORGANISATIONS, PROFESSIONAL BODIES AND ASSOCIATIONS

V.Murali is the Honorary Secretary, All India Tax Payers Association. He is the elected President of Citizen Awareness Forum of India (CAFI). V.Murali has been elected as President of the Film Fans' Association (FFA) for the years 2010-2011 and 2011-12 and its President in its Diamond Jubilee Year. He is the President of Southern India Investors' Association (SIIA) and was the Management Committee Member of Tamilnadu Investors' Association (TIA) for the term 2010-2012. He is Vice President of Triplicane Cultural Academy, Kasturi Srinivasan Public Library, Chennai and Mylapore Arts Academy. He is the Honorary Treasurer, Bharathiar Sangam. V. Murali is the Life Member All India Management Association (AIMA) and Madras Management Association (MMA). V.Murali is a prominent social worker dedicated to public causes and connected with various Professional, Cultural, Social, Voluntary, Non-Profit Organisations, NGOs, Public Charitable and Welfare Organisations.

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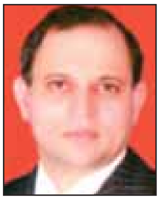
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Key Budget Terms

Every year the Government of India presents Union Budget in the Parliament. Students may not understand many terms used in the Budget. For their benefit, in this write up, key Budget terms are explained in simple terms.

Budget: A budget is a financial document used to project future income and expenses. The budgeting process may be carried out by individuals, companies or government to estimate whether they can continue to operate with its projected income and expenses. In India, the Union Government and the State Governments have their separate budgets. While Union Budget is the financial plan for the country as a whole, the state budgets are for the individual states. As such, the government presents a statement of estimated receipts, expenditure and a detailed plan that is presented for every financial year that is from 1st of April to 31st March of each year.

Annual Financial Statement (AFS): Annual Financial Statement (AFS) is actually the annual budget. It shows estimated receipts and expenditure of the Government of India for present year (say 2013-14) in relation to estimates for the previous year (2012-13) as also expenditure for the year before (2011-12). The receipts and disbursements are shown under the three parts, in which Government Accounts are kept viz., (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Consolidated Fund: - This fund is made of all revenues received by the government, loans raised by it, and also its receipts from recoveries of loans granted by it. All expenditures of the government are incurred from the Consolidated Fund and no amount can be withdrawn from the Fund without authorisation from Parliament.

Contingency Fund: It is a fund kept for meeting contingencies. It is at the disposal of the President and is used by the government to incur all its urgent and unforeseen expenditure. The corpus of the Contingency Fund as authorized by Parliament presently stands at ₹ 500 crore.

Public Account: This account holds money borrowed by the government from the public in the form of government schemes such as provident fund, small savings scheme to name a few. Since this money does not actually belong to the government and represents public money which has to be returned, there is no need for parliamentary approval for making payments.

Under the Constitution, Annual Financial Statement distinguishes expenditure on revenue account from other expenditure. The Government Budget, therefore, comprises Revenue Budget and Capital Budget.

Revenue Budget: It consists of the revenue receipts of the government (which is tax revenues plus other revenues) and the expenditure met from these revenues. It has two components: Revenue Receipt and Revenue Expenditure.

Revenue Receipt: It includes proceeds of taxes and other duties levied by the Centre, interest and dividend on investments made by the government, fees and other receipts for services rendered by the government

Revenue Expenditure: It is meant for the normal running of government departments and various services, interest charges on debt incurred by the government and subsidies. Broadly speaking, expenditure, which does not result in creation of assets, is treated as revenue expenditure. All grants given to state governments and other parties are also treated as revenue expenditure even though some of the grants may be for creation of assets.

Revenue Deficit: It refers to the excess of revenue expenditure over revenue receipts.

Capital Budget: Capital budget consists of capital receipts and capital payments.

Capital Receipts: The capital receipts are loans raised by Government from public, called market loans, borrowings by Government from Reserve Bank and other parties through sale of Treasury Bills, loans received from foreign Governments and bodies, disinvestment receipts and recoveries of loans from State and Union Territory Governments and other parties.

Capital Expenditure: The total expenditure by the government on acquiring any asset that may include investment in shares, machinery, building or land. The scope of capital expenditure extends to payments, advancements or loans that are approved or sanctioned to the State governments, union territories, and public sector undertakings by the Central government.

Demand for Grants: The Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement. The Demands for Grants is a statement of estimates of expenditure from the Consolidated Fund and required to be voted by the Lok Sabha. The expenditure could be planned expenditure or Non-Planned expenditure.

Plan Expenditure: Plan expenditure forms a sizeable proportion of the total expenditure of the Central Government. The Demands for Grants of the various Ministries show the Plan expenditure under each head separately from the Non-Plan expenditure. Plan expenditure includes both revenue and capital expenditure of the government on the Central Plan (such as agriculture, rural development, irrigation and flood control, energy, industry and minerals, transport, communications, science and technology and environment, social services and others) and Central assistance to state and union territory plans.

Central Plan Outlay: It refers to the government's budgetary support to the Plan. It is the division of monetary resources among different sectors in the economy and ministries of the government.

Non-Plan Expenditure: Non-Plan expenditure is a generic term, which is used to cover all expenditure of Government not included in the Plan. It may either be revenue expenditure or capital expenditure. Part of the expenditure is obligatory in nature e.g. interest payments, pensionary charges and statutory transfers to State and Union Territory Governments. A part of the expenditure relates to essential functions of the State, e.g. defence, internal security, external affairs and revenue collection. Subsidies, postal deficit, police, pensions, economic services, loans to public enterprises and loans as well as grants to state governments, union territory governments and foreign governments are included here.

Budget Deficit: Budget deficit is the difference between total receipts and total expenditure (revenue plus capital). It treats government borrowings from the market or raising the funds from the public as receipts. Since it does not give a true picture of the financial health of the government, the practice of showing it the budget statement was given up.

Fiscal Deficit: Fiscal Deficit is budgetary deficit plus market borrowings and other liabilities of the GOI. It can also be calculated as the difference between the revenue receipts plus certain non-debt capital receipts and the total expenditure. This indicates the total borrowing requirements of the government from all sources and thus gives an idea of the financial health of the government.

Monetized Deficit: It is amount by which fiscal deficit is going to be financed by printing of currency. It measures the level of support the RBI provides to the Centre's borrowing program.

Budget Estimates: It is an estimate of Fiscal Deficit and Revenue Deficit for the year. The term is associated with estimates of the Center's spending during the financial year and income received as proceeds of tax revenues.

Finance Bill: - At the time of presentation of the Annual Financial Statement before Parliament, a Finance Bill is also presented to fulfill the requirement of the Constitution. It gives details about the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget.

Source: http://indiabudget.nic.in

(Compiled by Prem J. Bhutani, BoS)

Corrigendum: Intermediate (Integrated Professional Competence) Course Paper 4 Taxation Study Material

Intermediate (Integrated Professional Competence) Course students may note that following topic of Volume III of IPCC Paper 4: Taxation Study Material [November 2012 edition] is not relevant for May, 2013 and November, 2013 examinations:-

"Rule 2C of the Valuation Rules- Determination of value of service portion involved in supply of food or any other article of human consumption or any drink in a restaurant or as outdoor catering, as contained in pages 3.3 and 3.4 of Chapter-3: Value of Taxable Service"

Pension Reforms –A universal remedy to bang economic hardship in Indian Perspective

Nisha Gupta

World wide the pension systems and their reforms were in a continuous state of fluctuation motivated by off and on changing objectives, reform needs, and a change as necessitated by prevailing environment. The growth of pension funds and retirement savings over the last three decades have come out as a huge global hunk of capital that has radically changed the effect that pension investment practices have on the global economy. This "lemming" conduct play a role to the extremity of economic booms. It has also shattered long-term economic value, transferred capital from younger to older pension fund participants and raised questions about compliance with the fiduciary duty of impartiality. Thus the continuing worldwide financial crisis inspired the federation for an adaptation of "new normal" scheme resulting the future pension systems to differ from the previous ones.

The approach on global pension systems and their reforms since the early 1990s has changed markedly in the mean time, the re-evaluation can be done by the ongoing global financial crisis and its implications for funded and unfunded pensions. After the fall of the Iron Curtain and the move in Central and Eastern Europe from central planning to market economies, the future for pension systems by some experts and policy makers emerged bright and fairly certain, once the early crisis is surmounted by conveying the retirement income provisions from the public sector to the private sector (i) to deal with the fiscal un-sustainability and anticipated further population aging, and (ii) to accelerate financial market development which expected to generate higher economic growth.

Outcome of the Global Financial Crisis on the Pension System

The financial, economic, and the budgetary crisis that started in 2008 provides some serious thoughts for introducing reformed pension systems which gradually translated into policy actions. Three perspective that stand out in particular were:

- The fall in GDP track and in pension fund asset prices which were not yet fully recovered, made a major cavity in the financial situation of mandated pension schemes and individual benefit level, whether unfunded or funded. The crisis impacts were more upshot by those associated with future population aging and the population effect was particularly strong in the former transition economies. More efforts were assumed to focus on population aging and its effect on retirement schemes and public budgets if a future meltdown of pension systems was to be prevented (*IMF Report 2011).*
- The budgetary consequences of the financial crisis provided the financing of transition costs for a newly established funded pillar(pension system) to be more difficult. The financing issues were used by some countries as an excuse to legally (e.g., Argentina) or virtually (e.g., Hungary and Slovakia) end the funded pillar and to divert the pension fund assets for public debt reduction purposes. Some countries have implemented temporary (e.g., Estonia and Latvia) or permanent (e.g., Poland) reductions in the contribution rate to the funded pillar at the benefit of the unfunded pillar to reduce public deficit and debt *(World Bank Report 2009)*.

  While all reform countries were informed about the fiscal implications of a systemic pension reform, very few had a well thought-out plan for normal economic situations.
- The temporary fall in asset prices and portfolio composition gave opponents of the systemic reform approach by the supporters to review some of the designed components and to propose improvements, such as lifecycle portfolios (i.e., a mandated move from an aggressive to a more conservative portfolio as an individual approaches retirement, as is done in Chile), and more flexibility around mandated income to avoid a locking-in of losses *(World Bank Report 2008)*.

Thus, the debates on social security and pension reforms became central theme and emerged as one of the most critical policy issues in developed and emerging countries.

In India, the ageing and social change were the desirable concern for introducing of pension reforms in the unorganised sector, whereas fiscal stress of the defined benefit pension system was the major issue that urged pension reforms for employees in the organised public sector i.e., Government employees.

There were sequence of Budget announcements starting from 2001-2002 to 2011-2012 emphasizing need for pension reforms for both Central Government and for unorganised sector with a prospect that a new

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The contributor is Executive Officer, ICAI

pension system will provide a wider coverage, decrease the burden on the Government, and also provide better returns and sufficient retirement wealth through a funded system.

As a result New Pension System (NPS), was introduced with effect from January 2004 as a mandatory contributory system for central government employees, and which was subsequently widened to include employees from State Governments.

Regulation of New Pension System in India

Poverty and unemployment were the two main factors that prevented to provide a tax financed state pension arrangement for each and every citizen attaining old age. Therefore, in the organised sector (excluding the Government servants) a pension policy has been adopted based on financing through employer and employee participation. In India, the pension policy has mainly been based on financing through employer and employee participation. As a result, the coverage has been restricted to the organized sector and therefore a mass of the workforce in the unorganized sector has been deprived of access to formal channels of old age financial support. About 12 per cent of the working population in India is covered by some form of retirement benefit scheme. Moreover of this limited coverage, the existing mandatory and voluntary private pension system is represented by limitations like fragmented regulatory framework, lack of individual choice and portability and lack of uniform standards. This high rate of administrative cost and low genuine rate of returns gave a picture of a system, which were untenable.

This un-sustainability of the pension system gave an apparent increase in the financial burden on the Government and the other employers on account of pension liabilities.

The Government introduced the New Pension System (NPS) from 1st January, 2004 through a notification dated 22nd December, 2003 for new entrants to Central Government services. To regulate the system, government formed an interim regulator, the Interim Pension Fund Regulatory and Development Authority (PFRDA). The features of the New Pension System (NPS) were self-sustainability, scalability, individual choice, maximising outreach, low-cost and thus far efficient based on sound regulation.

A complete pension system has 3 basic pillars. Pillar I shield every citizen of the country through a standardized, state-run pension system, which offers basic coverage and is primarily focused on reducing poverty. Pillar II is mandatory occupational pension system where employee and employer contribute towards their pension. Pillar III is a voluntary, private funded system, including individual savings plans, insurance, etc.

India is positioned in relation to this internationally accepted principle of providing income security after retirement. Pillar I i.e. State-financed pension has very limited coverage in our country- it covers indigent persons above 65 years for poor and elderly persons employed by the Government through the traditional pay-as-you-go(PAYG) scheme or the defined benefit(DB) scheme. Pillar II covers workers in the organised sector through a defined contribution –cum- defined benefit(DC-cum-DB) scheme. Pillar III i.e. purely voluntary schemes is present in a very restrictive form through public provident fund(PPF), superannuation schemes and personal pension plans through annuity providers.

Civil Servants' Pension (CSP) which is a traditional defined benefit scheme which runs on the basis of pay-as-you-go system. It is an unfunded scheme for employees of Central Government who were recruited up to 31st December, 2003 and employees of State Governments recruited up to the effective date mentioned in notifications issued by those governments. CSP scheme is an indicator to wages and inflation. A modified 'one rank one wage' principle applies to it wherein all retired employees of a certain rank get the same pension. Pension payments are revised periodically to reveal the growth in wages and consumer price index. Growth in pension benefits in old age is usually higher than inflation.

The main setback of CSP is that of monetary stress as this pension scheme was calculated on the pattern of life expectancy, where most of the employees who retired at the age of 60 were expected to live up to the age of 68 or so. The value of the pension that have been fixed in the CSP has gone up due to elongation of mortality in the recent years.

There are other voluntary pension schemes accessible for general public. These schemes cover a very small section of the total population. Life Insurance Companies and Mutual funds are offering these plans. These are essentially defined contribution(DC) schemes. Personal Pension Plans and Group Pension Products offered by the life insurers are being supervised by the Insurance Regulatory and Development Authority (IRDA). Schemes offered by the Mutual Funds are regulated by the Securities and Exchange Board of India (SEBI). Tax benefits up to a specific amount are being offered to investors buying these pension plans. Total coverage under these pension plans is around 1.6 million.

The other popular scheme is Public Provident Fund (PPF) which is also a defined contribution scheme. Government is managing this scheme. A fixed rate of return is offered under the scheme. In addition, tax benefits are being offered for making investment in the Public Provident Fund account. Coverage under the Public Provident Fund is around 3.5 million.

Pension reforms and its impact on the Market in India

In 2001, Government of India appointed experts to study the various aspects of developing an organized system of pension to the unorganized sector. The group submitted its report in October 2001. According to this report, the pension market (which includes pensions, provident funds and other small savings i.e. NSC, NSS) would grow to about ₹4064 billion by 2025. The growth would largely be due to normal growth of economy in terms of growth in income and population and does not reflect on the significant increase in coverage that would arise by reforms in the insurance and pension sectors. A more conservative estimate is made that the pension market will be worth about ₹1808 billion by 2025.

The prior system of pensions which leaves more than 88 percent of Indian workforce uncovered is unlikely to act as a social security umbrella for the ageing Indians. Improvement in healthcare facilities leading to increase in life expectancy, evolution of nuclear family systems and rising expectations due to increase in per capita income, education etc. are some of the factors likely to compound the problem in future.

The new pension system (NPS), based on defined contribution and funded liability is a significant step in this direction for overcoming this problem. Spread of NPS is seen by many as the direction in which the pension reforms need to move to find a viable and sustainable solution to the problem of old-age income security.

How the capital market in India will be benefitted from the pension market

In recent years, the Indian capital market has come across with incredible revolution in trade, technology and infrastructure. Due to tough economic ground rules since 2003, the stockmarket has risen sharply accounting for about 40% of the Indian GDP, while capital markets (bonds and shares) account for about 130% of the country's GDP.

The development of the pension market will further increase institutional participation in capital markets and support to enhance the market. Further, it will also sustain the mutual funds industry, which is a fast-growing industry in India. And the presence of pension regulatory body (PFRDA) will also strengthen the existing regulatory mechanism to support the healthy growth of the pension market.

This prospective vision of India's pension sector is expected to be a robust, well-ordered and mature pension business in the coming years with all the pension and PF streams today in the country to converge. It is expected the costs to go down dramatically due to competition and economies of scale and rule-based regulations to give way to risk-based supervision.

Conclusion

Over the last two decades, the global reforms in the pension system has led to a number of redirections and innovations throughout the world, including the introduction or strengthening of basic protection for the helpless elderly; the move towards funded and unfunded mandated DC (Defined contributory) schemes; and increased pushing by governments to encourage benefit coverage and "top-ups" under voluntary and funded provisions.

The move towards pre-funded old age income provisions were under review as fallout of the financial crisis/recession/borderline depression. The areas of concern included the fall in asset prices, the high fluctuations in the rates of return, and the possibility of lower real risk-adjusted rates of return as the "new normal." These crisis have come out with certain straightforward and easy to implement notions, such as the move towards lifecycle funds. Whereas with other thoughts and ideas which were more difficult to deal with were, such as the outlook to lower rates of return plus higher return rate volatility.

Such an evaluation suspected to end the pre-funded old age pensions for the reason that the fiscal conditions after the crisis and the fiscal implications of the expected further aging of populations limit both the capacity and the willingness of governments to withdraw or reduce retirement income. To overcome this situation, providers of funded provisions work hard to re-establish confidence and released what was promised to keep their share in the retirement income market.

Thus the reform process in the pension sector involving the setting up of the PFRDA as a Statutory regulatory body for managing the NPS was an urgent necessity mainly on account of growing fiscal stress of pension payments on the Central and State revenues and the need to provide a viable alternative to the populace at large to save for old age income security.

This introduction of the New Pension System for new recruits of the Central Government/ State Governments was a positive step in the direction of reforming the pension sector in India.

Further, in the foreseeable future savings generated through NPS will provide depth and stability to the capital market and enhance appetite for Government and corporate bonds. Pension savings will also provide the much needed funds for infrastructure development. At the same time, pension reforms will help the Governments to fund their pension liabilities. Most importantly, NPS will provide an opportunity to every citizen to save for retirement in a regulated environment and thus help in promoting overall growth.

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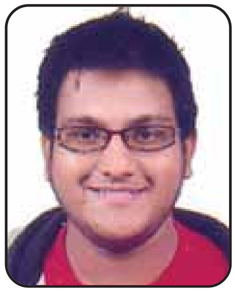
Corporate Social Responsibility– A Corporate Endeavor to Societal Success

Samay Kala

The Global Financial Crisis, massive lay-offs, record corporate profits, unethical means to profiteering, illegal appropriation of income, financially-selfish use of tax havens, scarcity of resources, child labor, unethical methods of production; these are just a few examples, you might have heard of under the topic of sustainability, business ethics, or Corporate Social Responsibility (CSR). Corporate Social Responsibility, in it's very essence, describes how the corporate world delivers to the society it functions in. Though the practice of being socially responsible has been an inherent part of most functioning enterprises, the term "Corporate Social Responsibility" was brought into limelight in the late 1960s and early 1970s after many corporations realized that their activities have an impact on a rather large group of people, termed as "stakeholders" as against their erstwhile presumption that only the shareholders of a corporation are affected by it's activities. "Stakeholders" are "those groups without whose support the organization would cease to exist", a theory which was championed by R. Edward Freeman in the 1980s. Stakeholders of a corporation generally include, the Government, it's employees, customers, suppliers, creditors, community, trade unions, owners, investors etc. The corporate world has realized that it is no longer feasible to focus solely on profiteering monetarily while using destructive and unethical practices. It is, instead acknowledged that social responsibility, today, forms a part of the equation which results into an organization's overall profitability. As has been mentioned by Mukesh Ambani on various occassions "The businesses should be measured on social returns together with financial returns".

Corporate Social Responsibility, essentially means, that an enterprise should serve the society it functions in, for the betterment of the society and the enterprises' own environment. Take an example: a paper manufacturer cannot expect to manufacture paper continually into the distant future, without replanting the trees it destroys during the production process. If the manufacturer decides to replant the trees itself, or pays for their replantation, the manufacturer is essentially displaying a socially responsible behavior, a trait of sustainability. Likewise, industrial waste discharged into nearby rivers by factories is treated before such discharge, because the river would only be able to accommodate so much of the discharge, and beyond a certain limit, the natural equilibrium of the river would be challenged and the river would be rendered unusable, thereby, adversely affecting the production processes of the nearby industries themselves and hence their profitability. The inherent implication of Corporate Social Responsibility therefore lies in the fact that, organizations cannot function into eternity by continually reaping resources from the environment without their replacement of any sort, be it in any form, because their own existence relies on the proper functioning of the society they operate in. The above logic dictates that, Corporate Social Responsibility, may very well, in fact be a selfish trait that organizations depict to ensure their own survival into the distant future, because without the existence of the society, an organization will have no environment to exist in. Therefore, it can be said that "the business of business is business", a view which acknowledges that an enterprise must be socially responsible, thereby rendering the society as the indirect beneficiary of market capitalism, even if it is in the interest of the organization.



We know that the profitable growth of our company depends on the economic, environmental, and social sustainability of our communities across the world. And we know it is in our best interests to contribute to the sustainability of those communities – Travis Engen, CEO, Alcan

Until recently, Corporate Social Responsibility was a concept which was voluntarily embraced by organizations, suited to their own individual and specific needs. Most organizations only displayed socially responsible behavior in areas required by law, or in areas where the organization believed social advancement was necessary for it's own benefit. The concept of CSR is not new to India. Companies like the Tata Group and the Aditya Birla Group have long been involved in various CSR activities like financial grants for the needy. Legal requirements in India, underpinning the requirement for social responsibility

The contributor is a student of ICAI (Reg.No. CRO0355645) for corporates have been minimal, at best. However, the Government and the general public have come to a consensual understanding that, today, business organizations' acitivities have far-reaching impacts on the society as a whole, and if not aligned with the interest's of the larger world, the effect of corporate activities can be largely detrimental to the society. In view of the above, the Government has decided to take an overdue stance on the issue, and it has decided to make stricter laws regarding the social responsibility of the corporate world. For example, while The Companies Act, 1956 had no specific provisions regarding the Corporate Social Responsibility of the corporate world, the new Companies Bill, 2012, which has been passed by the Lok Sabha, seeks to make CSR policies a notch closer to mandatory. By virtue of Clause 135, every company having a net worth of ₹ 500 Crores or more, or a turnover of ₹1000 Crores or more or a net profit of ₹5 Crores or more, during any financial year is required to constitute a "CSR Committee of the Board" consisting of at least 3 Directors including an independent director. The CSR Committee will formulate a Corporate Social Responsibility Policy. Such companies would be required to spend at least 2% of the average net profits made by the Company during the three immediately preceding financial years, in pursuance to it's Corporate Social Responsibility Policy. Should the Company fail to spend the required amount, the Board shall distinctly state the reasons because of which such contributions were not made.The clause further focuses on the fact that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities. As general logic dictates, social responsibility should be a voluntary act. Therefore, the Clause in the new Companies Bill, 2012, does not make any such spending mandatory, but it encourages such spending by formulating a more stringent regulatory framework, which holds the Company accountable to a larger extent, thereby encouraging the Companies to become more socially responsible.

Whilst most companies have made their fair share of contribution towards the society, we will talk about four Indian Companies which have been framed by the Economic Times to be the greatest contributor's to the Indian society.

1. Mahindra & Mahindra

What is its CSR Philosophy?

"We operate in society. And since we make profits, we believe we should give something back as well, to the extent that we can. Not just because it's the right thing to do or that it creates goodwill for the Company, but it also creates a "brand connect" with our stakeholders."- Rajeev Dubey, Chairman-CSR Council, Mahindra & Mahindra

What it does?

Mahindra and Mahindra has spent 5 Crores rupees on education, with a focus on girls and disadvantaged youth. It has provided free education to 4569 girls, awarded 563 scholarships, including 53 for post-graduation studies. By way of it's ambitious effort, M&M has also provided 1452 students with livelihood training to secure a safer future for them. On the environment front, the Company has planted 1.2 million trees, and has reduced it's energy consumption by 17.1%(over 2008-09), water consumption by 13.5% and greenhouse gases and carbon dioxide emissions by 22.6%, as has been mentioned in it's Annual Reports. M&M has also shared it's concern regarding public health and has provided medical treatments to 4,429 patients at it's medical camps. Overall, Mahindra and Mahindra has spent almost 72 Crore Rupees on CSR activities.

2. Vedanta Group

What is its CSR philosophy?

"To secure our future, we must make sure that no child in India is malnourished and deprived of basic amenities, health, education and nutrition. Moreover, whatever you have earned, a portion of it should go back to society." - Anil Agarwal, Chairman, Vedanta Group

What it does?

Vedanta Group's core belief lies in the fact that India should have a secure future. In it's attempt to provide Indians with such security, the Group's focus has been on India's future; it's children. Vedanta runs 5500 Anganwadi centres to improve nutrition to an astonishing 225,000 rural, underpriviledged children aged from 2-6 years old. The Group has also provided momentum to it's core belief by adopting 92 schools in Rajasthan, alone, and has spent an estimated 3.35 Crore Rupees on their development. It also runs computer literacy programes in 5350 schools and 250 vocational education centres. Vedanta also believes in the empowerment of Women. Such belief is warranted by the fact that it runs 2100 self-help groups, with 290,000 rural and tribal women as it's members. The Group also expects to run a 350 Crore Rupee, 350-bed cancer hospital in Raipur, Chhattisgarh, in 2013-14, as a part of it's contribution to the society. The Group has spent a whopping 230 Crore Rupees on it's CSR activities.

3. Ambuja Cement

What is its CSR Philosophy?

"Our vision is to be the most sustainable and competitive company in our Industry. At the same time, we want to create value for all our stakeholders like our customers, employees, shareholders and of course, society in general" – BL Taparia, Director, Ambuja Cement

What it does?

As a part of it's efforts in manufacturing cement more sustainably, Ambuja Cement conserves water in project areas by constructing, check dams, recharging wells, creating water storage tanks and employing micro-irrigation systems. The company has also helped 54,804 farmers with horticultural plantations, drip and sprinkler irrigation, cattle health camps and the like. Like Vedanta, the Cement Company also believes in Women Empowerment, and displays it by running 790 self-help groups, which reaches out to 9790 women. In it's endeavor to return to the society what it has reaped, Ambuja Cement has spent approximately 32.5 Crore Rupees on CSR activities.

4. ITC

What is its CSR Philosophy?

"ITC has consciously strived to deliver societal development in the context of its businesss through inclusive value chains that encompass the most disadvantaged sections of the society. This approach has fostered innovative business models and an enduring engagement with rural communities" - YC Deveshwar, Chairman, ITC.

What it does?

ITC has about 98,000 hectares of land under soil and moisture conservation. ITC also facilates 3845 water-harvesting structures, which is justified by the fact that the Company has now been water positive for 10 years in a row. ITC has helped almost 400,000 farmers by way of making their agri-production base stronger. As a part of it's contribution to the society, ITC provides 300,000 students with primary education aimed at increasing enrolments and minimizing drop-outs. The Company also provides 1069 Government schools with basic infrastructure support. ITC has expended almost 88 Crore Rupees on societal development.

The role of Corporates in the society is inexplicably dominant. As has been stated above, the ability of business organizations to mark a significant difference in the society has been clearly proven by the corporates. Business organizations have been given a license by the society to put the society's resources to productive use, and hence, this poses a counter-responsibility on the Corporates to return to the society. CSR, by it's very nature, is subjective. Individual corporates have the right to construct their own CSR policies, and should be given the right to choose the arena in which they prefer to contribute. The end result, is however, the same. Individual corporates when put together, collectively encompass nearly all parts of life. If each business organization chooses to contribute to the section it functions in, the whole world would be rendered as a beneficiary of all such contributions, collectively made by the Corporates. It is my personal belief that with time, the Corporate world would realize that their, initially reluctant note on CSR activities has been proven wrong, and that in fact, their contribution has led to societal success.

References:

1. Corporate Social Responsibility in Indian Organisations- Dr. Mohammad Khalil Ahmed
2. India's top corporate social responsibility spenders – Labonita Ghosh(Economic Times)
3. The Companies Bill, 2012.

CROSSWORD

January, 2013

Solution

1 C	A	2 P	3 I	4 T	5 A	L		6 F		7 T	A	8 B
O		9 C	G	H	S		10 T	I	M	E	L	Y
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12 M	S	H	A	R	E		13 T	E	N		14 A	
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20 I	21 R	R					O		22 O	23 T	I	24 S
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30 I	T	T			31 R	O	32 Y	33 A	34 L	T	Y	
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38 N	I	N	E	T	Y		39 N	O		40 H	U	F

February, 2013

Solution

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Listening for Business

Dr. N. K. Ranjan

Listening has been one of the most ignored skills in the history of business communications. Surveys indicate that listening skill is one of those that are put to test most of the time in business, i.e. profession. Executives, who think they can listen to their speakers well, do not consider it as an activity which should be paid attention to individually. Surprisingly, organizational research, our own professional experiences, etc., suggest that listening comprehension is a distinct mental process and this has to be nurtured and developed with undivided attention. David Stauffer quotes a professional[1]: *a manager in any situation is going to be more effective by listening than by talking*.

While we may receive messages if we have a healthy auditory and nervous system, we may or may not listen to them despite that, since we forget to do so.

Globalization as a force has added listening to the list of existing problems of organizations, which includes leadership, teamwork, negotiations, persuasion, introducing and implementing a plan, personality encounters, and so on, apart from the tangible and more apparent problems that have obvious solutions too. Business leaders across the globe have argued that communication with strategy (or positive communication) can save us from numerous non-tangible problems. Communication should always come after a plan and, therefore, a purpose. That is why we call this business communication, i.e. communication with required business. Communication, therefore, has to be a pre-meditated process. So, it must result from an effective decision-making process.

Communication in organizations involve listening and speaking to peers, bosses and subordinates, writing e-mails, memos and letters, writing and presenting plans, reports and analyses, and so on. Out of various activities in communication, more than two fifths of the time consumed in communication goes in listening to people[2]. Normally, we tend to ignore this aspect of communication called *listening* in profession, and this has become a common global experience. Today's executives are heavily burdened with other (so-called) key-responsibilities and are, therefore, distracted from not-so-important act, i.e. responsibility, of listening. Nichols and Stevens[3] say, "*…the effectiveness of the spoken word hinges not so much on how people talk as on how they listen*." Though they wrote this in 1957, more than 50 years back, it makes sense even today. To quote Penrose et al, "*…80 percent believed listening is the most important skill needed…Its productive usage has been proven to enhance employee job performance and career advancement…the skill of listening often finds its way to the top of the communication skill list*[4]."

We are born with an innate capacity to learn language. We have an area in our brain assigned especially to language and communication. But beyond this universal capacity, the extent of learning to communicate depends entirely on the environment, and that includes our willingness to learn too. Need to communicate is fundamental. But an urge to develop skills for communication is individual and has to be opted for. All global organizations are introspecting and realizing this non-tangible need for their workforce, since this affects their production, both quantitatively and qualitatively. They have started realizing the urgency of this training resulting into allocation of money in sending their executive for such skill development programmes.

Mind the Filter

Management Guru Peter Drucker was of the opinion that *the most important thing in communication is to hear what isn't being said*. Let us try to understand what exactly he meant to express when he recommended us to listen to what was not being said. Words uttered are same for everyone, but their meanings are not. As listeners, we should check this for a change after going through the same sentence spoken by a colleague and then a superior. Besides, surprisingly, meaning of language varies considerably, person to person.

Let us explore more. Our dimensions/properties such as age, gender, physical appearance, mental framework, sexual orientation, marital status, socio-cultural, religious and political belief system, ancestry, ethnicity and race, economic and geographical background, languages spoken, nationality and so on,

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The author is Assistant Secretary, ICAI

constitute a *filter* around us. Language and communication come in and go out through this filter. When we listen to speakers, their dimensions/properties affect our perception, i.e. listening and thereby the understanding of communication. Actually our experiences force us to attach associations with each of these dimensions/properties. Therefore, the moment we get to know these attributes of our speakers, we unknowingly start defining them, getting judgemental about them and everything around them.

Consider an example: an academic, is speaking on marriage and relationships. Add another dimension/property: we get to know his age, i.e. he is in his sixties. Our perception changes to some extent. Now, add another dimension/property: marital status of the person; and, our perception further changes. We keep on knowing these dimensions/properties, e.g. ethnicity, race, religion, country, and so on, and our perception changes quite interestingly, at all such stages of our knowledge. Let us observe the rise in the number of dimensions/properties we get to know about our speakers:

1. sociologist
2. old-sociologist
3. unmarried-old-sociologist
4. urban-unmarried-old-sociologist
5. middleclass-urban-unmarried-old-sociologist
6. Tamil-middleclass-urban-unmarried-old-sociologist
7. _____ Tamil-middleclass-urban-unmarried-old-sociologist
8. _____ _____ Tamil-middleclass-urban-unmarried-old-sociologist

...and observe a sea-change in the perception, i.e. understanding of message, at all the above-said stages of our cognizance.

But, this is not the complete story. Since the *filter* exists in the audience as well as in the speakers, truth in the meaning has to cross two barriers, i.e. *filters,* to reach an end of a cycle of communication, i.e. from sender to receiver. When we get to know the dimensions/properties of our speakers, we form our own meaning using our analysis that has inherently our own dimensions/properties too.

It will be but wise of communicators that they should consciously start considering the existence of *filter* while decoding and encoding the messages. To become a competent communicator, we have to master both language as well as its context, which includes *filter*. When we want to understand our speakers, we need to understand both language and culture. To understand an American effectively, we therefore need to understand the culture of that nation as well. We will have to listen to the context of communication, besides language. Listening simply to words will be a partial listening. How can the context of the situation be ignored where communication takes place?

Who is at Loss?

It can easily be concluded that recipients (listeners) will suffer if they do not listen. Let us not forget that when we decide to listen to somebody, our own interests are at stake. Speakers come, speak and go. We can always blame them and their methodology. It is the activity of listeners including their verbal and nonverbal responses that decide the fate of communication. But the question remains: Who is at loss? Speakers too are at loss if the communication fails, as they come with some purpose. But as listeners, we will have to learn to own the responsibility for any failure in communication, on our part, as it is our loss too.

Listening between the lines is a valuable activity and it could save us millions in terms of both fortune and time. Especially in oral communications, we need to be very careful. In reading, we have the luxury of reading between lines at our pace and convenience, since we can always go back to the previous sections. But in listening, we would simply miss out on the message and the communication. If we start the listening act without evaluating and being judgemental, we will be able to hear the concerns in our speakers including their assumptions, perceptions, and feeling[5]. We would be able to create empathy in us for our speakers.

Listening effectively demands a balance of approach.

Strategy

Listeners as business communicators must join communication only after identifying their purpose in the situation. Listeners may consider:

1. Feedback is necessary. We do interrupt judiciously our speakers with words and, at times, with our gestures conveying and requesting them to stop and elaborate, to carry on or to go ahead.
2. At times, we do show them our approval, appreciations or requirements. All such efforts

also put our speakers at ease, and goodwill and rapport is established between speakers and listeners. This situation is in the interests of both of them.

3. We have regular eye contact with our speakers to make them feel that we there with them. This regularity of contact has to be broken momentarily by traveling in a triangle, i.e. from left eye to right eye and then to the middle of forehead. We may follow this direction both clockwise and anticlockwise. Constant eye contact can turn into staring, and researchers have confirmed that staring scares. We can't afford to scare and lose our speakers.
4. It is not a bad idea sometimes to *rephrase what we hear*, as part of a *reality check*, Stauffer suggests.
5. We can lean towards our speakers to show interest, intention to know and learn more, eagerness and humility.
6. We smile genuinely on first eye-contact to assure our speakers that we are happy to be in their company.
7. Another step that can help listeners is: they may imagine their speakers as their relatives, friends or loved ones. It may sound bizarre and difficult but the result, please believe, is simply *magic*. Listeners will not be able to tune out easily.
8. No idea is useless. Listening is, then, a selfish act. As listeners, if we have decided to attend to our speakers, we must be guided by our selfishness too. It is therefore a listener's responsibility to find out ways to create relevance in the situation.
9. Empathic listening will be instrumental in this creation and eventually come to listener's rescue. Marshall Goldsmith advises the listeners to communicate care and respect to their speakers and, moreover, to look like they are listening[6]. By doing this listener will 'not only…listen better' but will also 'communicate a sense of respect for the person who is speaking to' them.
10. Listeners need to listen to the sincerity, strength and unspoken concerns of their speakers taking cues from their tone, body gesture or posture.

[**Important:** Let us observe Gary Genard[7] who quotes Susan Berkley: *The 'first brain' of the people listening to you responds to vocal pitch, inflection, and tone, and you'll lose your listeners if anything in your voice seems threatening, boring, phony, or hostile*. Therefore, it is in the interest of listeners to tap on the nonverbal cues in speech of our speakers. But, an urge to master nonverbal communication skills, it is not possible to do that very effectively, since nonverbal signs are culturally-integrated. We may not interpret them correctly; otherwise too, we have our idiosyncratic way too, which will be harder to interpret.]

When we are in the role of a speaker, we need to follow closely on listening. It is important to gauge and anticipate what our audience may feel at the time of our communication, how they may feel about the subject of our speech, etc., while constantly and closely observing other cures like their emotions to understand feedback. This preparation and ongoing observation help us in delivering effectively and appropriately to our audience.

Conclusion

It is established that executives spend more time in listening than in speaking and even more than reading and writing put together. Then, why is it still one of the most ignored skills of communication? The message is quite clear: we need to learn *how to listen*. Since listening is an independent activity like reading, writing and speaking, it needs individual attention and efforts with care and strategy.

Endnotes:

[1] (1998) *Yo, Listen Up: A Brief Hearing on the Most Neglected Communication Skill*. Harvard Management Update, a newsletter from Harvard Business School Publishing.

[2] Bovee, Thill & Schatzman (2006): Business Communication Today. 7e, Pearson Education.

[3] Nichols, Ralph G. & Leonard A. Stevens (1999): *Listening to People*, in Harvard Business Review on Effective Communication. Harvard Business School Press.

[4] (2007) Business Communication for Managers: An Advanced Approach, p. 7.

[5] John J. Gabarro (1983): *Understanding Communication in One-to-One Relationships* (a note), Harvard Business School.

[6] *http://discussionleader.hbsp.com/goldsmith/2007/10/look_like_youre_listening.html* (posted on October 16, 2007)

[7] (2004) Leveraging the Power of Nonverbal Communication, *Harvard Management Communication Letter*.

Accounting

1. Maintenance of Cash Reserve Ratio (CRR)

Reserve Bank of India has decided to reduce the Cash Reserve Ratio (CRR) of Scheduled Commercial Banks by 25 basis points from 4.25 per cent to 4.00 per cent of their Net Demand and Time Liabilities (NDTL) with effect from the fortnight beginning February 09, 2013 vide circular DBOD.No.Ret.BC.76 /12.01.001/2012-13 dated January 29, 2013. The Local Area Banks shall also maintain CRR at 3.00 per cent of its net demand and time liabilities up to February 08, 2013 and 4.00 per cent of its net demand and time liabilities from the fortnight beginning from February 09, 2013.

2. Disclosure Requirements on Advances Restructured by Banks and Financial Institutions

Reserve of India has framed Disclosure Requirements on Advances Restructured by Banks and Financial Institutions vide Circular DBOD.BP.BC.No.80/21.04.132/2012-13 dated January 31, 2013. These disclosure requirements will be effective from the financial year 2012-13.

Paragraph 16 of Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 2, 2012 states manner in terms of which banks should disclose in their published Annual Balance Sheets, under "Notes on Accounts", information relating to number and amount of advances restructured, and the amount of diminution in the fair value of the restructured advances under the categories-Standard; Sub-Standard; and Doubtful Advances. Under each category, advances restructured under CDR Mechanism, SME Debt Restructuring Mechanism and other categories of restructuring are required to be shown separately.

The Working Group (WG) constituted by RBI to review the existing Prudential Guidelines on Restructuring of Advances had recommended that once the higher provisions and risk weights (if applicable) on restructured advances (classified as standard either *abinitio* or on upgradation from NPA category) revert back to the normal level on account of satisfactory performance during the prescribed period, such advances should no longer be required to be disclosed by banks as restructured accounts in the "Notes on Accounts" in their Annual Balance Sheets. However, the provision for diminution in the fair value of restructured accounts on such restructured accounts should continue to be maintained by banks as per the existing instructions. The WG also recommended that banks may be required to disclose: (i) Details of accounts restructured on a cumulative basis excluding the standard restructured accounts which cease to attract higher provision and risk weight (if applicable); (ii) Provisions made on restructured accounts under various categories; and (iii) Details of movement of restructured accounts.

This recommendation has been accepted in view of the fact that in terms of present guidelines, banks are required to disclose annually all accounts restructured in their books on a cumulative basis even though many of them would have subsequently shown satisfactory performance over a sufficiently long period. As such the present position of disclosures do not take into account the fact that in many of these accounts the inherent weaknesses have disappeared and the accounts are in fact standard in all respects, but continue to be disclosed as restructured advances. Accordingly, banks should henceforth disclose in their published Annual Balance Sheets, under "Notes on Accounts", information relating to number and amount of advances restructured, and the amount of diminution in the fair value of the restructured advances as per the prescribed format. Detailed instructions relating to the disclosure are also given in the format.

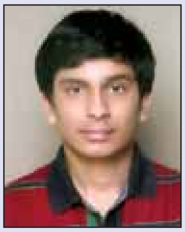
(Source: www.rbi.org.in)

(Contributed by CA.Seema Gupta, BoS)

TOPPERS OF CHARTERED ACCOUNTANTS EXAMINATIONS

IPCE Examination, November-2012

Bhumika Agarwalla
First Rank
New Delhi



Raunak Agarwal
Second Rank
Kolkata

Vaibhav Maheshwari
Third Rank
New Delhi

PCC Examination, November-2012

Mudhit Jhunjhunwala
First Rank
Kolkata

Janani S.
Second Rank
Chennai

Ravi Deepthi
Third Rank
Bangalore

Heartiest Congratulations!

May 2013 Final Examination: Some Essentials for Preparation

Paper 7: Direct Tax Laws & Paper 8: Indirect Tax Laws

In order to ensure clarity as regards the applicability of provisions of Direct Tax Laws **(DTL)** and Indirect Tax Laws **(IDTL)** for May 2013 examination, as well as the BOS publications relevant for the said examination, the details regarding the same are briefed hereunder:

I. Applicability of Finance Act, Assessment Year etc. for May 2013 Final Examination

(1) The amendments made by the **Finance Act, 2012** in DTL & IDTL;

(2) The provisions of direct tax laws as applicable for the **assessment year 2013-14;**

(3) The significant **notifications and circulars issued upto 31st October, 2012** (DTL & IDTL)

II BOS Publications relevant for May 2013 Final Examination

	Publication	Edition	Objective & Content
(1)	Study Material on DTL (Vol. I & II) **(A.Y.2013-14)** ***(As amended by the Finance Act, 2012) (Thoroughly revised and updated)***	October, 2012	This edition of the Study Material is based on the provisions of the Income-tax Act, 1961 and Wealth-tax Act, 1957, **as amended by the Finance Act, 2012 and applicable for A.Y.2013-14**, and the significant notifications and circulars issued upto 30.6.2012. Study each topic of your syllabus thoroughly for conceptual clarity. The aim of the Study Material is to build a strong conceptual base by explaining the complex tax laws in a lucid manner. Do keep the Bare Acts i.e., Income-tax Act, 1961, and Wealth-tax Act, 1957 by your side for reference purposes. This will facilitate understanding of the language of law and the logical sequence of the sections. You should make it a habit to read the tax provisions along with the relevant sections so that you are able to relate the provisions of law, circulars and notifications with the respective sections.
	Practice Manual on DTL (Vol. III) **(Thoroughly revised and updated)** **(Questions adapted/ modified and solved on the basis of provisions of law applicable for A.Y.2013-14)**	October, 2012	Each problem contained in this edition of the Practice Manual has been solved on the basis of the provisions of law applicable for A.Y.2013-14. The amendments made by the Finance Act, 2012 and significant notifications and circulars issued upto 30.6.2012 have been taken into account. The Practice Manual has also been grouped chapter-wise and contains a variety of questions and problems in each topic for the better understanding and application of the concepts explained in the Study Material. **In the Practice Manual, questions set at the past Final examinations of chartered accountancy course have been modified/adapted and answered on the basis of the provisions of law applicable for A.Y.2013-14.** After reading each chapter in the Study Material, try to work out the problems in the corresponding chapter of the Practice Manual on your own, and thereafter, compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving practical problems. **Note** - After you complete study of the entire syllabus content, solve all the questions in the Practice Manual once again to make sure there are no grey areas.

(2)	Study Material on IDTL **(Vol. I & II)** **(As amended by the Finance Act, 2012) (Thoroughly revised and updated)**	November, 2012	This edition of the Study Material is based on the provisions of indirect tax laws, as **amended by the Finance Act, 2012** and the significant notifications and circulars issued upto 30.6.2012. **Students appearing in May 2013 examination are advised to read this edition of the Study Material, since the concept of taxation of services has undergone a complete change from a positive to negative approach. Therefore, the service tax portion of the Study Material has been completely revamped.** The objective of the Study Material on IDTL and manner of studying is the same as described for the Study Material on DTL.
	Practice Manual on IDTL **(Vol. III) (Thoroughly revised and updated as per the law as amended by the Finance Act, 2012)**	November, 2012	The questions contained in this edition of the Practice Manual have been adapted/modified and solved on the basis of the provisions of law as **amended by the Finance Act, 2012** and significant notifications and circulars issued upto 30.6.2012. The objective of the Practice Manual on IDTL and the manner of solving the questions is the same as given for the Practice Manual on DTL.
(3)	Supplementary Study Paper - 2012 (DTL & IDTL) **[A discussion of amendments made by the Finance Act, 2012 in DTL & IDTL]**		This publication explains the amendments made by the **Finance Act, 2012** in DTL & IDTL as well as the **significant circulars and notifications issued between 1.7.2011 and 30.6.2012.** It is especially relevant in case you have the earlier edition of the DTL & IDTL Study Materials (i.e., the November 2011 & December 2011 editions, respectively), which is based on the provisions of law as amended by the Finance Act, 2011. However, even if you have the latest edition of the DTL & IDTL Study Materials (i.e. the October, 2012 and November, 2012 editions, respectively), you are still advised to read the Supplementary Study Paper-2012 for a better understanding of the statutory amendments.
(4)	Select Cases in Direct & Indirect Tax Laws - An Essential reading for the Final Course **(Relevant for May 2013 & November 2013 Examinations)**		This publication is a **compilation of significant recent judicial decisions of Supreme Court and High Courts** which, when read in conjunction with the DTL & IDTL Study Materials, will enable you to appreciate the significant issues involved in interpretation and application of tax laws.
(5)	Revision Test Paper (RTP) for May 2013 Examination **[Revision material for self-assessment and updation]**		The October, 2012 edition of DTL Study Material & the November 2012 edition of the IDTL Study Material, updated on the basis of the amendments made by the Finance Act, 2012 and significant notifications and circulars issued upto 30th June, 2012, are the Study Materials relevant for May, 2013 examination. However, the significant notifications and circulars issued upto 31st October, 2012 are applicable for May 2013 examination. **The RTP for May 2013 would, therefore, contain the significant notifications and circulars issued after the date up to which they are covered in the DTL & IDTL Study Materials i.e. the significant notifications and circulars issued between 1st July, 2012 and 31st October, 2012.** The RTP also helps you self-assess your preparation by solving the questions contained therein independently and comparing the same with the answers given.

Note: *All the publications mentioned above have also been hosted at the BOS Knowledge Portal on the Institute's website www.icai.org.*

May 2013 Intermediate (IPC) Examination Paper 4 - Taxation: Some Essentials for Preparation

In order to ensure clarity as regards the applicability of provisions of income-tax, service tax and VAT for May 2013 Intermediate **(IPC)** Examination, as well as the BOS publications relevant for the said examination, the details regarding the same are briefed hereunder:

I. Applicability of Finance Act, Assessment Year etc. for May 2013 Examination

(1) The amendments made by the Finance Act, 2012 in income-tax and service tax;

(2) The provisions of income-tax law as applicable for the assessment year 2013-14;

(3) The significant notifications and circulars issued upto 31st October, 2012 (income-tax and service tax)

II BOS Publications relevant for May 2013 Examination

	Publication	Edition	Objective & Content
(1)	**Study Material (and Practice Manual) on Taxation**		
	Volume I **Study Material** **(Part I: Income-tax)** **(A.Y.2013-14)** **(As amended by the Finance Act, 2012)** **(Thoroughly revised and updated)**	November, 2012	Volume I of this edition of the Study Material is based on the provisions of the Income-tax Act, 1961, **as amended by the Finance Act, 2012 and applicable for A.Y.2013-14**, and the significant notifications and circulars issued upto 30.6.2012. Study each topic of your syllabus thoroughly for conceptual clarity. The aim of the Study Material is to build a strong conceptual base by explaining the complex tax laws in a lucid manner.
	Volume II **Practice Manual** **(Part I: Income-tax)** **(Thoroughly revised and updated)** **(Questions adapted/ modified and solved on the basis of the provisions of law applicable for A.Y.2013-14)**	November, 2012	Each problem on income-tax contained in Volume II of this edition of the Practice Manual has been adapted/modified and solved on the basis of the provisions of law applicable for **A.Y.2013-14.** The amendments made by the Finance Act, 2012 and significant notifications and circulars issued upto 30.6.2012 have been taken into account. The Practice Manual has also been grouped chapter-wise and contains a variety of questions and problems in each topic for the better understanding and application of the concepts explained in the Study Material. **In the Practice Manual, questions set at the past PE-II, PCC, and IPCC level examinations of chartered accountancy course have been modified/adapted and answered on the basis of the provisions of law applicable for A.Y.2013-14.** After reading each chapter in the Study Material, try to work out the problems in the corresponding chapter of the Practice Manual on your own, and thereafter compare your answers with the answers given therein. This would help you to identify your mistakes and also learn from your mistakes. Further, this process would help in revision of the concepts and principles contained in each chapter of the Study Material and application of the same while solving practical problems. **Note -** After you complete study of the entire syllabus content, solve all the questions in the Practice Manual once again to make sure there are no grey areas.

	Volume III **Study Material & Practice Manual (Part II: Service tax and VAT)** **(Thoroughly revised and updated with the amendments made by the Finance Act, 2012. Questions in Practice Manual are adapted/ modified and solved on the basis of the provisions of law as amended by the Finance Act, 2012)**	November, 2012	Volume III comprising of the Study Material and Practice Manual on Part II: Service tax & VAT has been amended by the **Finance Act, 2012** and the significant notifications and circulars issued upto 30.6.2012. Each problem on service tax contained in the Practice Manual has been adapted/modified and solved on the basis of the provisions of law as amended by the Finance Act, 2012 and significant notifications and circulars issued upto 30.6.2012. **Students appearing in May 2013 examination are advised to read this edition of the Study Material, since the concept of taxation of services has undergone a complete change from a positive to negative approach. Therefore, the service tax portion of the Study Material has been completely revamped.** The objective (purpose) of the Study Material and manner of solving the questions in the Practice Manual on Part II: Service-tax and VAT are the same as described for Part I: Income-tax.
(2)	Supplementary Study Paper - 2012 (Taxation) **[A discussion of amendments made by the Finance Act, 2012 in income-tax and service tax]**		This publication explains the amendments made by the **Finance Act, 2012** in income-tax and service tax as well as the **significant circulars and notifications in income-tax issued between 1.5.2011 and 30.4.2012.** The amendments by way of significant circulars and notifications in service tax issued between 1.5.2011 and 30.6.2012 are hosted at the BOS Knowledge Portal. It is especially relevant in case you have the earlier edition of the Taxation Study Material (i.e., the December 2011 edition), which is based on the provisions of law as amended by the Finance Act, 2011. However, even if you have the latest edition of the Taxation Study Material (i.e. the November, 2012 edition), you are still advised to read the Supplementary Study Paper-2012 for a better understanding of the statutory amendments.
(3)	Revision Test Paper (RTP) for May 2013 Examination **[Revision material for self-assessment and updation]**		The November 2012 edition of the Study Material, updated on the basis of the amendments made by the Finance Act, 2012 and significant notifications and circulars issued upto 30th June, 2012, is the Study Material relevant for May, 2013 examination. However, the significant notifications and circulars issued upto 31st October, 2012 are applicable for May 2013 examination. **The RTP for May 2013 would, therefore, contain the significant notifications and circulars issued after the date up to which they are covered in the November 2012 edition of the Study Material on Taxation, till 31st October, 2012.** The RTP also helps you self-assess your preparation by solving the questions contained therein independently and comparing the same with the answers given.

Note: *All the publications mentioned above have also been hosted at the BOS Knowledge Portal on the Institute's website www.icai.org.*

TOPPERS SPEAK....

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

Prema Jayakumar
Mumbai,
First Rank- CA Final

Q. How does it feel to be at the top? Whom would you give credit for your success?

Ans. It feels very great to be CA topper. I think I have fulfilled the expectations of my parents, professors and my friends.

Q. Did you ever consider gender as a limiting factor/ contributing factor in achieving your goal?

Ans. No, I do not consider gender as a limiting factor in achieving our goal. If we are determined in our goal and ready to do hard work for that then we can surely achieve success in any field we choose.

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 factor for success is hard work. There is no short cut to hard work. The main factors contributed towards my success is moral support and guidance of my parents and professors. Apart from this Self confidence and hard work is must.

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

Ans. First of all I have prepared a schedule for completion of first reading and revision of all subjects. Giving importance to all subjects is very important.I have completed two times revision before exam. Also I have written one Mock test paper which also helped me while preparing for the exam.

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

Ans. Institute Materials like Practice Manual and RTP helped me a lot while preparing for the exam. Various examples given in Practice Manual increases our analytical thinking. Mock test also helped me in writing practice and time management.

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

Ans. At present I am continuing with my Articleship. After evaluating various career options available I will take a decision.

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

Ans. Yes, I think the Chartered Accountancy Course is the gateway to achieving professional excellence. In depth knowledge along with practical training helps us to enhance our knowledge.

Q. How would you motivate the youngsters joining this course?

Ans. First of all we need to set our Goal and do focus on the same. If we are focused on our goal and do hard work for the same, we can achieve success.

Indana Ashok Kumar
Rajamahendravaran
Second Rank- CA Final

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

Ans. Till I received a call from a central council member of ICAI, I was not aware that the results have been announced, so I thought that somebody was pulling my leg, only after conforming the result from website I came to believe that I secured the2nd Rank, and after seeing the results it took me a while to grasp. I took up CA as I was a commerce student and this is the best available option. On that day of result I was not home so I was not able to share the moment with my parents directly, but when I called them and told them the results I felt happiness and pride in their voice. It is the desire of my parents to see me as a Chartered Accountant, so I achieved their ambition and desire. That is only the gift I can give to my parents. These moments are unforgettable in my entire life.

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

Ans. The guidance and encouragement I received from my mentor helped me to attain this summit. My family members have supported me in reaching the goal. I witnessed the financial problems faced by my family. My father always says to me “do not worry about the money I will arrange whatever you need for your study, and you should be in higher position “.My parents’ moral support and efforts helped me to achieve the success. The teaching methodology followed by faculty, and their encouragement helped me to get good marks with very little efforts. My

Principal is also one person who constantly guided me.

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

Ans. I studied the material thoroughly with the least possible time at the preparation stage itself which helped me in the examination in managing time.

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

Ans. Institute material is the best source for CA exam, and other books don't help to gain better marks. I studied all Institute publication relevant for CA final exam.

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

Ans. My aim is to be the C.E.O of a dynamic company that calls itself the best at whatever it does.

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

Ans. CA course and articleship training enable any person to" produce high quality technical work, communicate his/her work properly, keep to a schedule, recognize his/her professional limits, invest in furthering the Profession, work in group culture or Affirm your co-workers, enjoy his/her work and make others to enjoy, protect his/her personal life, identify their mistakes and leave them behind and move forward in his/her quest". All these things we learn during the articl ship training and preparation of exam is the gateway to achieve professional excellence. CA course will enable a person to concentrate on their goal, do hard work, and be patient

Q. How would you motivate the youngsters joining this course?

Ans. For a Chartered Accountant sky is the limit. One can achieve a highest professional level being a Chartered Accountant. CA course enable us to achieve high limits with smart work.

Gnanasampath.M
Coimbatore
Third Rank - CA Final

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

Ans. It was a real surprise when a call came from Mr. CA. G. Ramasamy, the Past President of ICAI informing that I've scored AIR 3. It took some time for me relish it. I am really happy to make my parents, friends and well wishers feel proud.

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

Ans. Hard work, determination and self motivation are key factors in approaching the examination. Apart from that, motivation from parents, relatives, teachers and friends helped me to be confident during the preparation and exam. I would like to take this opportunity to thank my uncle Mr. Nachimuthu for his constant motivation and guidance.

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

Ans. Considering the Extensive syllabus, I had planned for two revisions during preparation. Keeping in mind that we have only one day for the final revision before the exam, I decided that first and second revisions should be completed in 4 days and 2 days respectively. Handwritten notes in theory papers like Auditing and ISCA helped me a lot during the revision.

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

Ans. Institute Publications like Practice Manuals, Suggested Answers, Supplementary Study Materials, Revision Test papers, Selected Case laws are crucial in preparation. It gives you insight into what is expected out of you in the examination.

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

Ans. At present, I am continuing my articleship training. I am Planning for employment in Industry.

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

Ans. Yes, of course. The high Quality Curriculum, multifarious practical exposure through training for 3 years and inculcation of professional skills through the GMCS course, all set high standards of professional excellence. This Chartered Accountancy course ensures that students are not only well versed in subject knowledge but also in professional decision making and conduct.

Q. How would you motivate the youngsters joining this course?

Ans. No other aspect matters other than one's own confidence. People have their own opinion. It is important to listen to them only as opinions and not generalize them. For someone whom CA is a passion, nothing can stand between him and success. So be passionate about the course, work "smart" and pursue the goal with sheer dedication. Success will follow you. ■

Final Examination- May 2013

After releasing the revised Study Materials/Practice Manuals of the various papers for the Final Course of CA curriculum in January 2013, we have been receiving innumerable queries through mail/telephone/e-Sahaayataa, as to whether there has been revision in the syllabus for May 2013 examination and whether only the revised materials are applicable for May, 2013 examination. In this regard, we once again reiterate that there is no change in the syllabus of Final Course. As regards revision of the Study Materials, it is a continuous process of the Board of Studies. The Study Materials are updated periodically to incorporate the latest changes in the concerned areas.

Please note that you may prepare for the examination on the basis of the earlier edition of the Study Materials and Practice Manuals, say, the January, 2012 edition. However, you must take due care to keep yourself updated with the subsequent developments in the subjects, which are reported in the monthly Students Journal "The Chartered Accountant Student". The latest developments are also compiled in the Revision Test Papers (RTPs) for May 2013 examination. The RTPs are prepared with the twin objective of keeping you updated on the latest developments which are relevant for your examination and helping you self-assess the level of your preparation by answering the questions contained therein and comparing the same with the answers given therein. The RTPs for May 2013 examination have been published and are available at the branches and regional offices of the Institute.

As regards Paper 7: Direct Tax Laws (DTL) & Paper 8: Indirect Tax Laws (ITDL), the October, 2012 (TDL) and November 2012 (ITDL) editions of the Study Materials & Practice Manuals have been updated based on the provisions of law as amended by the Finance Act, 2012, and are hence relevant for May 2013 examination. Please note that the amendments made by the Finance Act, 2012 have also been explained separately in the Supplementary Study Paper-2012 for the benefit of those students who have the earlier edition of these Study Materials (i.e., as amended by the Finance Act, 2011).

Director
Board of Studies

Conducting of Mock Tests for Intermediate (IPC) and Final Course students for May, 2013 Examinations

With a view to further encourage the students to evaluate their preparation for the examination, the Board of Studies has prepared Mock Test Papers for Intermediate (IPC) and Final Courses students to assess their preparation for the main examination to be held in May, 2013. All our Regional Councils and Branches have been advised to conduct Mock Tests under examination conditions for the benefit of Intermediate (IPC) and Final Courses students in the months of March and April, 2013.

Students are advised to contact the respective Regional Councils/Branch(es) to ascertain the exact date(s) and venue for the Mock Tests and take advantage of the same which will help them to assess their preparation for the main examinations.

Director
Board of Studies

ICAI Online e-Learning

For Intermediate (IPC) Course and Common Proficiency Course

http://studentslms.icai.org

Introduction

The Board of Studies of the Institute has made available e-Learning facility for (a) Intermediate (IPC) Course and (b) Common Proficiency Course on the © Students Learning Management System (LMS).

Objective

Provide quality education for learning, re-learning and revising anytime and anywhere in an affordable manner through a self learning/ development facility.

Salient Features

- Anytime/ Anywhere Online Learning
- Foundation for understanding concepts and Self Study of Study Materials
- Examination Oriented
- Online Self-Assessment Quiz
- Quality Lectures by leading Faculty
- Uniform training across the country
- Multimedia Lectures
- Presentation & Podcast Download

Anytime/ Anywhere Learning

This e-Learning facility takes learning and development to the doorsteps of students and they can now learn at their convenience from their homes/ offices/ cyber cafes even in smaller cities and moffusil towns.

How to Access?

Students of the Common Proficiency Course and Intermediate (IPC) Course of the Institute interested in pursuing the e-Learning can register themselves on the Students LMS using their Student Registration Number and start using the e-Learning facility.

Students with temporary Student Registration Numbers or belonging to earlier courses or those who are not able to register are required to contact their concerned Regional Offices.

Requirements

Multimedia Computer/ Laptop with Internet Connection and Adobe Flash Player, which is available for free download at www.adobe.com.

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

ICAI Bhawan
Plot No - A-29, Sector-62
Noida- 201309.

Tel.: 0120-3045930/ 31
Email: bos@icai.org

General Management and Communication Skills

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

(i) GMCS-I (15 days) - during 1st year of articled training

(ii) GMCS-II (15 days) - after completion of 18 months of training but before completion of articled 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 articled training.

GMCS Course has been designed to develop effective communication and conversational skills, to inculcate business acumen and improve public relations skills of the students. The inputs on Strategic Decision Making, Articulation Skills, Data Analysis and Research Methodology, Group Discussion and Preparation of Project Report etc. are essential to successfully face the challenges of the professional environment.

Therefore, the students, who have registered for articled training on or after 1st May, 2012 are advised to enrol for the GMCS-I Course in the nearest Regional Council or Branch and complete the course without delay. Completion of GMCS-I & II is a mandatory requirement in accordance with the requirements of Regulations 51A/72A of the Chartered Accountants Regulations, 1988 and part of practical training.

Director
Board of Studies

INDUSTRIAL TRAINING

CA Regulations, 1988 under proviso 51 & 72 provides scope for Industrial Training facilitating articled assistants real life exposure in office workings at industry and service organizations in order to develop their professional acumen. Industrial Training is highly benefiting to articled assistants in terms of practical knowledge & learning. The period of Industrial Training may range between nine months to twelve months during last year of the prescribed period of Practical Training under CA Course.

An articled assistant who has passed Intermediate (Integrated Professional Competence) Examination/ Intermediate (Professional Competence) Examination/Professional Education (Examination-II)/ Intermediate Examination may serve as an Industrial Trainee in any of the financial, commercial, industrial undertakings under an eligible member of the Institute working with such organization. A list of registered organization permitted to impart Industrial Training is available at the ICAI website.

Eligible articled assistant completing second year of articled training are advised to pursue industrial training under consent of their Principal. It requires termination of current articled services on submission of Form 109 and registration in Industrial Training on submission of Form 104 under an eligible member serving with registered Industry/Organization/Department. Detailed information and prescribed application forms are available on ICAI website www.icai.org as well as may be obtained from concerned regional offices of ICAI.

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.	**Merit**	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 Nov./ Dec.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.	**Merit-cum-Need**	30	₹1500/-	Rank holders (other than covered under Merit category at Sr. No.1) of CPT/ PCC/ IPCC Nov./ Dec.2012 Exam provided their parents/guardians total annual income does not exceed ₹1,50,000/-
3.	**Need Based and Weaker Sections**	100	₹1250/-	Students of PCC/IPCC/Final provided their parents/guardians total annual income does not exceed ₹1,00,000/-
4.	**Sri Dhanraj Kanhaiyalal Dudharia Scholarship**	6	₹1250/-	Students of IPCC/Final from Karnataka State under Need Based & Weaker Sections criteria
5.	**R. K. Khanna Memorial Scholarships**	1	₹1250/-	Students of PCC/IPCC/Final under Need Based & Weaker Sections criteria
6.	**Out of Joint Corpus formed by Donors**	3	₹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 6, applications are invited for grant of scholarship to be paid from Apr.1, 2013.

The detailed guidelines along with the requisite application forms are available on the Institute's Website (www.icai.org) (link: 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 1st April, 2013.

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: gagandeepsingh@icai.org,bos@icai.org.

Director, Board of Studies

SECONDMENT OF ARTICLED ASSISTANT

CA Regulations, 1988 provide scope for Secondment of articled assistant facilitating an opportunity for gaining practical experience in multi-disciplinary work and variety of business situations. A Principal with the consent of his/her articled assistant, second to the other member/s with a view to provide articled assistant the opportunity of gaining practical experience in areas where the principal may not be in position to provide the same. Secondment can also be availed during Industrial Training.

Secondment provides opportunity to get exposure to the practical knowledge related to Accounting, Audit, Taxation and other subjects prescribed in CA course. Hence articled assistants are advised to opt for secondment with consent of their principals.

Such Secondment can be done under an eligible member whether in practice or in employment. The minimum period of secondment shall be four months and the maximum period shall be one year which may be served with more than one member. During the period of secondment, the articled assistant will receive stipend at the prescribed rates from the principal under whom he/she is seconded. A record of training imparted during secondment should be properly maintained by an articled assistant and the principal, on completion of period of secondment, such records of training should be forwarded to original principal for inclusion of particulars of training in the report to be submitted to the Council.

For Secondment, a statement in the form containing particulars of training needs to be filed with the Institute within 30 days from the date of commencement of training on secondment.

Detailed information and prescribed application form of secondment is available on ICAI website www.icai.org as well as may be obtained from concerned regional offices of ICAI.

12th All India Quiz and 18th All India Elocution Contests Winners

12th All India Quiz Contest	
Winners	**Team CIRC**
	Mr. Ajay Lilha, CRO-0290365
	Mr. Rahul Adwani, CRO-0282143
Runners-up	**Team SIRC**
	Mr. M. Tarun, SRO-0247582
	Mr. V.S. Srivatsa, SRO-0248311
18th All India Elocution Contest	
First Prize	Ms. Shubha Biyani, WRO-0371655
Second Prize	Mr. Ravi Sharma,ERO-0145538
Third Prize	Ms. Pratiksha M. Pai, SRO-0246373
Special Prize	Ms. Nidhi Maheshwari,CRO-0289288
	Ms.ShiviTandon,CRO-0304716

Our Hearty Congratulations !!

Revised passing requirements for Common Proficiency Test (CPT) effective from June, 2013

In terms of the decision of the Council taken at its 317th meeting in pursuance of Notification No. 1-CA(7)/145/2012 dated 1st August, 2012, it is notified for general information that the passing requirements of CPT effective from June, 2013 shall be as under:-

"A candidate for the Common Proficiency Test shall ordinarily be declared to have passed the test if he obtains at one sitting a minimum of thirty per cent marks in each section and a minimum of fifty per cent marks in the aggregate of all the sections, subject to the principle of negative marking, in such manner as may be determined by the Council, from time to time."

¼ (one fourth) mark shall continue to be deducted for each wrong answer and multiple darkened circles for a question will also be treated as wrong answer.

Accordingly, the minimum marks required in each section and in the aggregate in all sections of CPT as per the revised passing requirements will be as under:-

Section	**Subject**	**Maximum Marks**	**Minimum Marks** (Mandatorily to be secured after negative marking)
A	Fundamentals of Accounting	60	18
B	Mercantile Laws	40	12
C	General Economics	50	15
D	Quantitative Aptitude	50	15
	Total	**200**	**100***

*A candidate is required to secure a minimum of 30 per cent marks in each Section and a minimum of 50 per cent marks in aggregate in all the four Sections to pass the Common Proficiency Test.

In other words, it is clarified that if a candidate secures a minimum of 50 per cent marks in the aggregate but fails to secure the minimum marks required in any one or more of the sections A, B, C or D (as mentioned above), his result will be FAIL. Similarly, if a candidate secures a minimum of 30 per cent marks in each section but fails to secure 50 per cent marks in the aggregate of all sections, his result will be FAIL. The following table will further illustrate the revised passing requirements :-

MARKS SECURED#												
Illustration	Candidate	Section A Funndamentals of Accounting		Section B Mercantile Laws		Section C General Economics		Section D Quantitative Aptitude		Total		Result
		Marks obtained	Maximum Marks	Marks obtained	Maximum Marks	Marks obtained	Maximum Marks	Marks obtained	Maximum Marks	Marks obtained	Maximum Marks	
1.	A	55	60	25	40	28	50	17	50	125	200	PASS
2.	B	36	60	20	40	15	50	29	50	100	200	PASS
3.	C	47	60	25	40	23	50	10	50	105	200	FAIL
4.	D	30	60	22	40	25	50	15	50	92	200	FAIL
5.	E	17	60	20	40	15	50	10	50	62	200	FAIL

Marks secured are after negative marking, if any, for wrong answers/multiple darkened answers for a question/s.

Complete text of the said Notification is hosted on www.icai.org under the link "Notifications" on home page.

EXAMINATION DEPARTMENT

All India Quiz and Elocution Contests-Mumbai

ICAI President CA. Subodh K. Agrawal addressing the inaugural session of the All India Quiz and Elocution Competition in Mumbai.

All India Quiz and Elocution Contests-Mumbai

ICAI President CA. Subodh K. Agrawal, Board of Studies Director, Shri Vijay Kapur, WIRC Chairman, CA.Durgesh Kabra, WICASA Chairperson, CA. Shruti Shah and Regional Council Member, CA.Shardul Shah with the participants.

All India Quiz and Elocution Contests-Mumbai

CA. Nilesh S. Vikamsey, Central Council Member and former Chairman, Board of Studies, Shri Vijay Kapur, Director, Board of Studies, WICASA Chairperson, CA. Shruti Shah and CA. Yagnesh Desai with the winners.

National Convention for CA Students- Pune

CA. Nilesh S. Vikamsey, Central Council Member and former Chairman, Board of Studies, CA. Sanjay N. Pawar, Chairman, Pune Branch of WIRC of ICAI, Shri Rajesh Bhalla, Deputy Secretary, Board of Studies among other dignitaries at the inaugural session.

National Convention for CA Students- Pune

CA. Nilesh S. Vikamsey, Central Council Member and former Chairman, Board of Studies, addressing at the National Convention for CA Students at Pune.

Residential Programme on Professional Skills Development_ CoE, Hyderabad

CA. M. Devaraja Reddy, Central Council Member addressing at participants of 18th and 19th batch of Professional Skills Development at Centre of Excellence, Hyderabad in presence of CA. Anuj Goyal, Central Council Member and CA. P.K. Agrawal, Consultant, CoE.

RNI No. 66180/97

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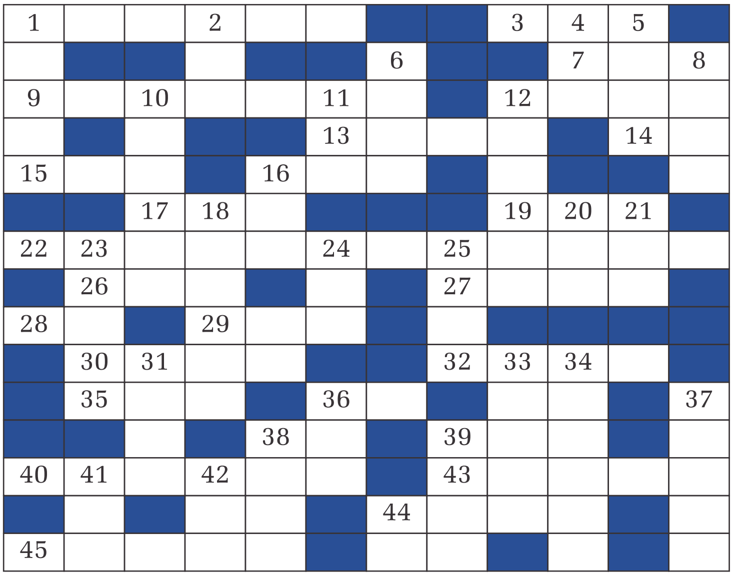
CROSSWORD



ACROSS

1. Revised return of service tax may be filed within a period of ________ days from the date of submission of the return.
3. _________ Curve is cut by the MC (marginal cost) curve at its minimum.
7. India's smallest state by area and the fourth smallest by population.
9. Under ___ method, at each stage of sales, VAT is imposed on the full sales value and VAT paid at the earlier stage is allowed as set off.
12. Bonus shares are issued out of capital reserve only if they are realized in ___________
13. The first development financial institution in the country to cater to the long-term finance needs of the industrial sector.
14. A form of preposition.
15. A Squad for fighting terrorism in India.
16. The electronic exchange, transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.
17. Also called Isothermal transformation diagram.
19. All the members of ICAI (aged less than 60 years) who are holding COP (except all those members who are residing abroad) are required to complete at least 90 ______ credit hours in each rolling three-year period.
22. New section 35CCC has been inserted by the Finance Act, 2012 to provide a weighted deduction of a sum equal to 150% of expenditure incurred by an assessee on _____ extension project.
26. Data stored in _______ of computers cannot be modified, or can be modified only slowly or with difficulty.
27. A macroeconomic model that demonstrates the relationship between interest rates and real output in the goods and services market and the money market.
28. _______ Green means to start doing things to help the environment.
29. An international financial institution which offers concessional loans and grants to the world's poorest developing countries.
30. A trigonometric function.
32. The island where Napoleon was exiled.
35. Group formed to look into critical global challenges, in particular implications of new technologies for global security, terrorism, economic disparities and protracted conflicts.
36. Ministry of _________ frames policies for poverty alleviation of rural people.
39. A measure for assessing organizational success on economic, ecological, and social areas.
40. Bill delivered for special purpose is termed as _______.
43. A leading name in luxury watches.
44. The value of a forward contract at its initiation is ______.
45. Informal communication is also known as ____vine.

DOWN

1. A part of NCR and a major hub for multinational firms outsourcing IT services.
2. An intergovernmental organization involving seven Asian and three Eurasian nations for economic cooperation.
4. ________ refers specifically to the display hardware first introduced with the IBM PS/2 line of computers in 1987.
5. The manager of a ___________ centre is responsible for producing a quality product or service at reasonable but minimal cost.
6. Meaning skillful and quick.
8. A signal used by a sailor who is calling out to a passing ship or boat.
10. Bank of Brunei is maintaining an account with SBI Delhi. SBI Delhi calls this account as _______
11. Landing charges at the rate of 1% of the _________ value of the imported goods are added for the calculation of transaction value under custom rules.
12. In a swap transaction where two fixed floating currency swaps are combined to form a fixed to fixed currency swap is called ______ Swap.
16. A Latin expression meaning "and other things"
18. The major difference between accrual accounting and cash accounting is in ________ of recognition of revenues, expenses, gains and losses.
20. Known as the cradle of Space Sciences in India .
21. Means the whole life optimal management of the physical assets of an organization to maximize value.
23. _________ Domestic Product minus depreciation is Net Domestic Product.
24. A major trading partner of India.
25. Interest income is recognized in the books on ____ basis
31. The global organization for the accountancy profession.
33. ______ is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.
34. A loan that requires a large sum of money to be paid when the loan term is complete.
36. Not ripe.
37. Copyright subsists for ________ years.
38. Informal negative reply.
39. A Decision ___ is a schematic diagram used to determine a course of action or show a statistical probability.
41. An honorific address used as a courtesy title to address a man.
42. To cut or tear apart.
44. An indigenous community living along the frontier of India and Burma.

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