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The Chartered Accountant Student

Your Monthly Guide to the CA News, Information & Events

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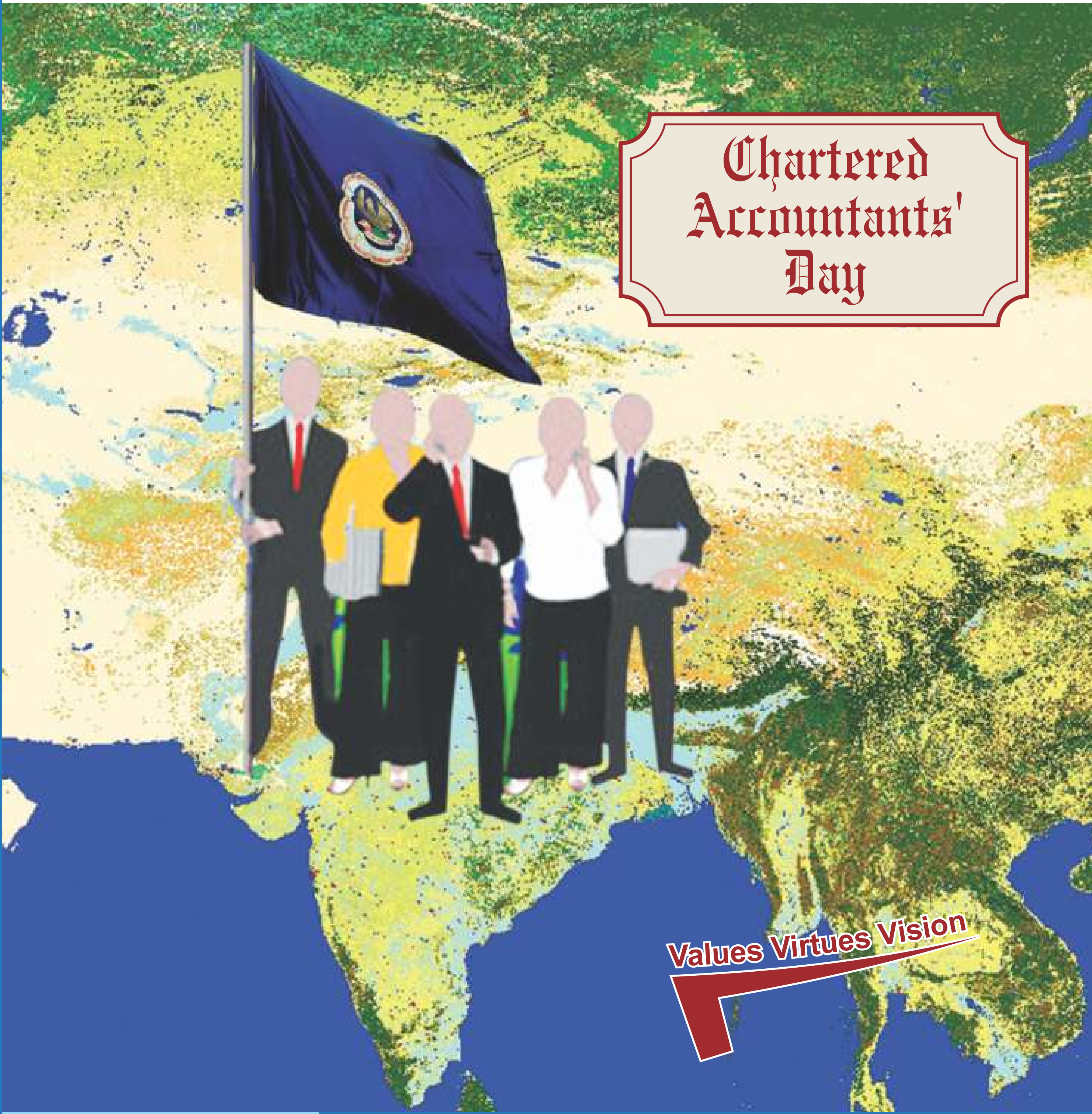

President's Communication

Dear Budding Professionals,

Chartered Accountants Day (July 1) is a very memorable day to recount the glorious past and further strengthen our professional solidarity. On this day, in the year 1949, the Institute of Chartered Accountants of India was established. On this occasion, I would like to appeal all my young students to inherit the proud traditions crafted by our predecessors and work selflessly for the betterment of the society in general and the nation in particular. You are the leaders of tomorrow and the torch bearers of our noble profession. The responsibility of carrying the profession forward with bright and solemn ideas is rested on your shoulders. On this day we should spend some time to contemplate and be grateful to our CA profession which has given us so much and asked so little in return. Let us connect to our profession by a famous thought of John F Kennedy, "***Ask not what your country can do for you - ask what you can do for your country.***"

In the fast changing economic scenario, the Chartered Accountants have truly moved from backrooms to boardrooms of various business organisations. They possess strong expertise not only in the core areas of accounting profession but also on diverse aspects of finance, information technology, reengineering, strategic management, and so on. Our intensified efforts to focus on the best global practices have helped to raise the accountancy profession in India to newer heights of excellence.

I convey my best wishes to all the students who have taken the recently concluded examinations. The results of Final Examinations and Common Professional Test are expected in the middle of July. The ICAI endeavors to provide students the best infrastructure, educational opportunities and exposure that would increase their knowledge, hone their skills and mould them into excellent professionals.

As regards to the various career options available for the Chartered Accountants, I would like to mention that the various subjects in the curriculum are career choices in themselves. A subject may also offer you multiple options, for instance, under Taxation you have Direct Taxes, Appeals, International Taxation & Transfer Pricing. Under Audit you have Statutory Audit & Internal Audit and the likes. Many students passing the final examinations would be looking forward to building their careers. Career selection should be done after thorough analysis of personal strengths and improvement areas. To assist students to build their careers, the ICAI conducts campus placement programme at different centres across the country. Participate in placement programme to have job opportunities in various organisations.

I would also like to advise the articled assistants completing their second year of article training to consider option of Industrial Training. This will facilitate them to get real life experience of office workings at industry and service organizations and will help to develop their professional acumen. Industrial Training is highly beneficial to articled assistants in terms of practical knowledge and learning of the corporate world.

The Institute requires its members to act responsibly while engaging in accounting services and reviewing sensitive financial information. Accountants should always exercise sound moral judgment in all professional activities. We should not forget the fact that we have the unique responsibility to provide professional services of presenting a truthful and accurate assessment of a company and its financial health to the general public.

Investment in yourself is best investment, you will ever make. It will not only improve your life, it will also improve the life of people around you. It is time to invest in your studies and career. The more and better you will sow now; greater will be your achievements later in life.

Best Wishes,

CA. Subodh K. Agrawal
President
The Institute of Chartered Accountants of India

Vice President's Communication

Dear Students,

I am deeply honoured to address you on the auspicious occasion of the Chartered Accountants' Day (July 1, 2013). It is a matter of great pride for our fraternity to celebrate this day with great enthusiasm and veneration. On this solemn occasion, I would like to urge you to uphold the pride of this noble profession of Chartered Accountancy, as an article trainee render the best quality services involving different assignments of various clients and facilitate their advancement with knowledge sharing. You represent a highly reputed and noble profession with onerous duties towards the society, nation and also towards the firms where you are undergoing article ship. The success of our profession largely depends upon your conscientious efforts. During its more than six decades of existence, ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for maintaining highest standards in technical and ethical areas and for sustaining stringent examination and education standards.

The accountancy profession is rated highly in terms of its demonstration of certain values, attributes and behaviours considered important for supporting public value. It also promotes good corporate governance, drives a common standard for financial regulation and is trusted. Compared to other professions, the accountancy profession has been regarded as one of the most eminent and reputed professions. Moreover, the prestigious Chartered Accountancy Course offers you a lifetime opportunity to translate your dreams into reality. Along with multifaceted knowledge, you can mould your career by enriching your knowledge bank in the specialized areas of Accounting, Auditing, Corporate Finance, Corporate Laws, Corporate Governance, Information System, Taxation etc.

On this pious occasion of the Chartered Accountants' Day, I exhort each one of you to play a pivotal role in ensuring the integrated professional services to increase India's share in the global economy. With a stupendous growth in the economy, the profession of Accountancy is all set to unwind plethora of opportunities. I am quite confident that all the students of the CA course will strive hard to excel in this gratifying and challenging profession.

Board of Studies will be organizing various National Conferences and Conventions for the CA students during this month and in the upcoming months as well. An International Conference will be held in Kolkata on the 14th and 15th of September 2013. I am quite sure that all of you will take part very actively in these conferences and derive benefits out of that. Conferences of this kind will provide you an opportunity to interact personally with your fellow students from various parts of the country apart from giving you best academic inputs. You will also get a chance to enter into bonds of friendship, which would help you in your journey in the professional career. I look forward to meeting you all in such conferences.

Yours Sincerely,

K. Raghu

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

Chairman's Communication

My Dear Students,

At the outset, let me greet you all, my future professional brethren, on the auspicious occasion of CA Day which is celebrated on 1st July every year. On this day, 64 years ago, the Chartered Accountancy Act, 1949 was enacted. On this auspicious day, let us pledge to uphold the values and ethics of our noble profession and take it to the pinnacle of independence, integrity and excellence.

The ICAI continuously endeavors to provide better learning and conducive environment to its students. Considering the remarkable growth of students scattered throughout the country as well as abroad, the Board of Studies has decided to establish **Additional Reading Rooms** at various places. It has revised the scheme and eased the norms for opening the Additional Reading Rooms at various places and accordingly new Reading Rooms will soon be opened up for the benefit of students. I am confident that you will make effective use of these Reading Rooms.

I am happy to share with you that the Institute has decided that graduates or post graduates in commerce having secured in aggregate a minimum of fifty-five per cent of the total marks or its equivalent grade in the examination conducted by any recognized University (including Open University) by studying any three papers carrying a minimum of 50 marks in a semester/ year and cumulatively 100 marks or more over the entire duration of the concerned course out of Accounting, Auditing, Mercantile Laws, Corporate Laws, Economics, Management (including Financial Management), Taxation (including Direct Tax Laws and Indirect Tax Laws), Costing, Business Administration or Management Accounting or similar to the title of these papers, with different nomenclatures will be allowed to register themselves to the Intermediate (IPC) Course under Direct Entry Scheme. Earlier these students were not eligible to join the CA course under Direct Entry Scheme. This decision of the Institute will surely mitigate the hardship being faced by students in getting themselves registered under the **Direct Entry Scheme**.

I am happy to share with you that the **e-learning programme** of BOS is very successful. With 239 hours of e-lectures of Intermediate (IPC) course and 17 hours of CPC already uploaded, the BOS is working frantically to complete the task of uploading the remaining e-lectures of CPC and full set of e-lectures of the Final course. I am sure this task will soon be completed and you will get the benefit of learning at a place and at a time of your own convenience. May I also request you to be on a look out for detailed announcement on Webcasts on the Institute's website and also in the respective issues of Students' Journal and join in a larger numbers.

The Board of Studies is making its best efforts by regularly conducting various interactive programmes like Conventions, Conferences, Seminars etc. in order to sharpen students' presentation skills and to enhance their overall personality development. A number of **Students' State, Sub-Regional, Regional and National Conventions and Conferences** are lined up in the months of July and August, 2013 - Aurangabad (6th - 7th July) Baroda (11th -12th July), Nagpur (19th - 20th July), Vasai (2nd -3rd August), Trivandrum (3rd - 4th August), Surat (9th - 10th August) and Jamnagar (10th -11th August). Apart from this, there is an All India Conference at Bangalore on 31st August and 1st September, 2013. It is my earnest wish that you attend these programmes in great numbers and make the most of them.

The profession of Chartered Accountancy is looked upon with great honour and dignity. It is one of the toughest professional courses in India and is known for its high examination standards. Despite this, it has been brought to our attention that many **coaching institutes are making false promises to students** and luring them to join them by making tall claims. Many have gone to the extent of promising refund of fees if the students trained by them did not clear the examination in a stipulated time period. I would like to warn the students that these are all false promises and claims. These are just private tuck shops and are misleading you and there is no programme which can guarantee you success in CA exams. Please pay attention to your studies and work hard. In order to assist you in your preparation for your examination, the BOS has already published the revised edition of the publication - **How to Face CA Examinations?** Please collect a copy of this free publication from your regional office/branch and start preparing for the forthcoming exams. I would like to reiterate here that there is no other passport to success than sincere hard work.

With Best Wishes,

Yours sincerely,

CA. Vijay Garg
Chairman, BOS

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All About The ICAI Flag: Code and Courtesy of Display

Despite a great and outstanding membership, the flag of The Institute of Chartered Accountants of India (ICAI) is relatively lesser known to the students and members of the Institute at large. As such, we hereby searched the ICAI records to bring forth relevant information related to the flag in their interest. Not everybody knows that there is an inclusive relationship between the flag and the logo of the Institute, i.e. the flag structurally contains the logo of the Institute. Read on to know more…

The design of the Institute's logo was suggested by the great nationalist and philosopher Shri Aurobindo Ghosh (1872-1950) and the same was conveyed to then SIRC Chairman Shri C. S. Sastri, later our past-President for 1956-1957, on his request. Shri Aurobindo also suggested the motto for the logo from a śloka of the Kathopanishada, i.e. ya eṣa supteṣu jāgarti, meaning 'one who is awake among those who are asleep'. He used to say: '*Man is a transitional being. He is not final. The step from man to superman is the next approaching achievement in the earth evolution.*' The Council considered the LOGO in its meeting held on 15th August, 1950, and approved the same. This day also happened to be the 78th and the last birth anniversary of Shri Aurobindo.

Size, Colour, Material of the Flag

The size, colour and material to be used in the Institute's Flag will be as under:

Size:

Dimensions (in mm.)	Dimension (in ft. and inches) (approx.)
2700 x 1800	9' x 6'
Or,	Or,
1800 x 1200	6' x 4'

Colour: Deep navy blue coloured background with Institute's coloured logo in the center, primarily in white colour.

Material: Silk cloth (in deep navy blue colour)

Courtesy to Flag

1. Whenever and wherever the Flag is flown, the same shall occupy the position of honour and the same is to be distinctly placed.
2. The Flag can be flown on buildings of the Headquarter(s), Regional Councils, Regional Offices, De-centralised Offices and Branches on all days including Sundays and holidays from sunrise to sunset, irrespective of the weather conditions.
3. The Flag may be flown on the aforementioned buildings at night also but only on very special occasions such as Chartered Accountants Day, Golden Jubilee Day, Diamond Jubilee Day, etc.
4. The Flag should be hoisted briskly and lowered slowly. If accompanied by appropriate bugle calls regularly or on special occasions, the hoisting and the lowering of the Flag should be simultaneous with the bugle calls.
5. Whenever a Flag is flown on a Speaker's platform, the Flag should be on a staff on the Speaker's right as he faces the audience. If otherwise displayed, it should be flat against the wall above and behind the Speaker.
6. When the Flag is used on occasions like unveiling of statue, it should be displayed distinctly and separately and in no circumstances, the Flag should be used as a cover for a statue or a monument.

Adherence

The ceremonial attending the hoisting, lowering, saluting or half-masting of the Flag must be strictly adhered to by all individuals present on the occasion and the Institutions on which the Flag is flown.

Display on days of national importance

On special occasions like the Republic Day and the National week following it, Independence Day, or, any other particular day of National pride, the Institute's Flag can also be flown and without any restriction of the time limit followed on normal days.

Half-Masting

1. In the event of death of select dignitaries of the Institute (to be specified appropriately), the Institute's Flag can be half-masted at place(s) to be indicated on the day of death of the dignitary concerned. However, in the case of death of the President, the Vice-President or, of the Prime Minister of the country, the Institute's Flag must be half-masted at all places in the country.
2. In the event of intimation of death of any designated dignitary being received in the afternoon, the Institute's Flag can be half-masted

on the *following day* also at place(s), provided the funeral has not taken place before sunrise on that day i.e., the *following day* as mentioned.

3. On the day of the funeral of the designated dignitary, the Institute's Flag should be half-masted in the building(s) located at the place, i.e., city/ town where the funeral takes place.

4. In the event of any mourning being observed on the death of any national-level dignitary like the President, the Vice-President, or, the Prime Minister of the country, the Institute's Flag should be half masted throughout the period of the mourning.

5. In the event of a half-mast day coinciding with the day on which the National Flag is to be flown such as Republic Day and Independence Day, the Institute's Flag should be flown at half-mast at the specified building where body is lying and the Flag should be raised to the full-mast position after the body has been taken for the funeral.

Display with Flags of Other Professional Bodies

1. When displayed in a straight line with Flags of other professional bodies in India - National as well as International - the Institute (ICAI) Flag should be on the extreme right.

2. On the occasion of the visit to the Institute or any of its organs by dignitaries from other professional bodies, the Institute's Flag may be flown along with the Flag of the professional body concerned.

Official Display

The Institute's Flag can be flown on all days on the buildings in which the Headquarters, the Regional Councils, the Regional Offices, De-centralised Offices, and the Branches of Regional Councils (own building) of the Institute are situated.

Incorrect Display

1. A damaged or disheleved Flag shall not be displayed, nor shall it be displayed or fastened, used or stored in any manner as may damage it.

2. The Flag shall not be used as a festoon, rosette or bunting or in any other manner for decoration; nor shall other coloured pieces of cloth be so arranged as to give the appearance of the Institute's Flag.

3. The Flag shall not be used to cover a speaker's desk nor shall it be draped over a speaker's platform.

4. The Flag shall not be allowed to touch the ground or the floor or trail in water.

5. The Flag shall not be used in any form of advertisement nor shall an advertising sign be fastened to the pole from which the Flag is flown.

6. When the Flag is in a damaged or soiled condition, it may not be cast aside or disrespectfully disposed of, but it shall be destroyed as a whole in private, preferably by burning or by any other method consistent with the dignity of the Flag. ■

Accountancy Profession in India Some Historical Facts

In present general context, accountancy is the process of communicating financial information about a business entity to users such as shareholders and managers. But the accounting is thousands of years old and the earliest accounting records, which date back more than 7,000 years, were found in Mesopotamia (Assyrians). The people of that time relied on primitive accounting methods to record the growth of crops and herds. Accounting evolved, improving over the years and advancing as business advanced. Early accounts served mainly to assist the memory of the businessperson and the audience for the account was the proprietor or record keeper alone. In that sense, accountancy profession has existed in India in different forms for ages even during the times of the Vedas, Sutras and the Upanishads. In fact, in Hindu mythology Lord Chitragupta is revered as Lord Yamaraja's chief accountant and minister who keeps complete record of deeds of human beings from their birth to death. In this special feature, we bring to you some lesser known historical facts about the accountancy profession in India, culled out from *History of Accountancy Profession - Volume I.*

Accountancy Existed in Vedic India

"Sufficient evidence exists to lead one to conclude that the art and practice of accounting, as a highly developed system, was in vogue in India even during the times of the *Vedas, Sutras and the Upanishads…* The discussions in the Vedas about matters like the system of land tenure, currency, trade, various occupations as well as the general social and economic conditions in those times are indicative of the existence of a highly developed system of record keeping… Sale appears to have regularly consisted in barter in *Rig veda;* 10 cows are regarded as a possible price for an image of *Indra* to be used as a fetish. The haggling of the market was already familiar in the days of the *Rig Veda*, and a characteristic hymn of the *Atharvaveda*, is directed to procuring success in trade.

An arithmetical progression of some interest is found in the *Panchavimsa Brahmana*, where occurs a 'list of sacrificial gifts' in which each successive figure doubles the amount of the preceding one... *Vikraya* is found in the *Atharvaveda* and the *Nirukta* denoting 'sale'. *Sulka* in the *Rig Veda* clearly means 'price'. In the *Dharma Sutras* it denotes a 'tax'.

Rna, meaning debt, is repeatedly mentioned from the time of the *Rig Veda* onwards having apparently been a normal condition among the Vedic Indians. Reference is often made to debts contracted at dicing. To pay off a debt was *Rnam Samni*. Allusion is made to debit contracted without intention of payment.

The trade and industry of the period were characterised by a highly developed organisation and the institution was called '*Sreni*'. It was a corporation of men following the same trade, art, or craft and resembled the guilds of medieval Europe.

A keen business instinct characterised the society and trade, commerce and industry flourished in ancient India to a very large degree. This extensive scale of trading operations could not have been carried on without systematic record keeping. Indeed, archaeologists have found abundant remains of the ancient commercial records, but the historians have seldom indicated any interest in these embryonic accounting records. These, no doubt, do not much resemble modern accounting records, but they constitute evidence that commercial record keeping enjoyed its infancy in such a civilisation.

Some Historical Facts of Importance

Paving the Way for Indian Youth enter CA Profession in 1905: Shri K. S. Aiyar, arguably the father of Indian accountancy and the pioneer of Commerce education in India, brought the three year apprenticeship of Society of Incorporated Accountants and Auditors of London to India in 1905 paving the way for Indian youth entering the profession in greater number. Among the aspiring Incorporated Accountants, Shri Sorab S. Engineer was the first to serve his apprenticeship in India under Shri K. S. Aiyar.

First Indian to Become Member of ICAEW:

Shri A. E. Cama was the first Indian to become a member of the Institute of Chartered Accountants of England and Wales as early as in 1908.

Accountancy Got Statutory Recognition In India In 1913: During the period prior to 1913, the shareholders of companies in India were usually a class with considerable resources and familiar with

(Excerpts from G. P. Kapadia's History of Accounting Profession in India - Volume I)

business. The Government, observing the changing conditions and the increasing industrial and commercial activities in which public interest was also increasing, decided to introduce new provisions mainly with a view to safeguarding public interest by the Act of 1913. The Act of 1913 replaced the Indian Companies Act of 1882…(it was) for the first time by the Indian Companies Act of 1913 (that) a statutory provision was made for audit of accounts of companies.

First Accountancy Board: The First Accountancy Board was appointed in 1932. Earlier its members were appointed by the Governor General in Council but later on in 1939, elective element was brought into the constitution of the Board. The Secretary of the Department of Commerce of the Government of India was the Chairman of the Board. The Auditor General in India was the only other official member of the Board. There were 16 non-official members in the Board, who were nominated on advice of the Local Government. Shri M. L. Tannan was appointed Secretary to the Board. Its first meeting was held on 6th December, 1932.

GDA and Unrestricted Certificate: Scheme comprising a qualifying examination known as GDA *(Government Diploma in Accountancy)* along with an apprenticeship (under an *Approved Accountant* in practice) of three years was written by Shri K. S. Aiyar, a veteran pioneer of Commerce education in India. This *Diploma*, later abolished in 1943, was offered by the Government of Bombay, approved by the Government of India. Successful candidates after qualifying the scheme were eligible for the grant of an *Unrestricted* (Auditor's) *Certificate* under the Indian Companies Act, 1913 entitling them to practice throughout the British India

GDA Examinations (1918-34): Although, the first such examination was held in 1918 by the Accountancy Diploma Board, the regulation for the award of GDA was sanctioned by the Government of India on 6th March, 1919. In 1919, 14 candidates were granted the GDA certificate under the scheme. Last examination under the GDA Regulations was held in 1934.

B. Com. and Unrestricted Certificate: Alternatively, a commerce graduate (with auditing and accounting as special subjects) from the *Sydenham College of Commerce & Economics* of Bombay was also recognised by the Government of India as a qualifying examination. Therefore, in addition to this, if these graduates completed apprenticeship of three years under an *Approved Accountant*, they were also eligible for the grant of Unrestricted Certificate.

Regulation in Number and Period of Articleship: Number of apprenticeship for a practicing (Incorporated) Accountant was regulated, i.e. ranged between 2 and 4 under prescribed conditions. Period of apprenticeship under GDA also ranged between three and five years under prescribed conditions.

Introduction of CA Bill, 1948: Chartered Accountants Bill, 1948 was introduced in Constituent Assembly of India (Legislative) on 4th September, 1948.

The CA Act 1949: The Chartered Accountants Act, 1949, described as an Act to make provision for the regulation of the profession of Accountants was passed and received the assent of the Governor General in Council on 1st May, 1949 and published by the authority in the Gazette of India Extraordinary on 3rd May, 1949.

First Member of the ICAI: Shri G. P. Kapadia was the first member of The Institute of Chartered Accountants of India.

Guru of Founder President of ICAI: Shri Sorab S. Engineer was the proclaimed guru of the first and founder-President of the Institute, Shri G. P. Kapadia.

First Council of the ICAI: The First Council of the ICAI was constituted and notified by the Government by notification published in the Gazette of India Extraordinary dated 1st June, 1949 and consisted of 15 elected members and 5 members nominated by the Government.

First Meeting of ICAI Council: The first meeting of the first Council of the Institute was held on 15th August, 1949 at New Delhi.

The ICAI Logo was Conceptualised by great Nationalist Philosopher Sri Aurobindo Ghosh: "When the Institute was formed in the year 1949 in the month of July, C.S. Shatri, a noted Chartered Accountant of Madras went to Sri Aurobindo and requested him through a letter to give an emblem to the newly formed Institute of which he was an elected member from the South…. Sri Aurobindo gave him the emblem with a Garuda in the center and a quotation from the Upanishad *(Kathopanishad):Ya esa suptesu jagarti,* that person who is awake in those that sleep. The emblem was placed at the first meeting of the Council of the Institute in New Delhi on 15th August, 1949 and was accepted amongst many other emblems placed by other members of the Council. So, that became the emblem of the Chartered Accountants of India. Very few people know about it and most of the Chartered Accountants do not know it".

(Excerpts from 'My Reminiscences' authored by Prasanta Mukherjee)

Longest Serving President of ICAI: First President of the ICAI Shri G.P. Kapadia is the longest serving President in the history of ICAI who served for a term of 1949-1952.

Membership Strength on 1st April, 1950: After the first Council of the Institute started functioning, i.e. as on 1st April, 1950, there were 1,689 members-569 Fellows and 1,120 Associates.

First Among Indian Women CAs:

1. First lady to have qualified as Accountant was Mrs. Shirin K. Engineer, who belonged to Mumbai. Having passed the B.Com Examination of the Bombay University with Advanced Accountancy and Auditing in the year 1930, she was awarded the GDA Diploma upon completion of her practical training in accounts in the year 1933. This enabled her to be enrolled as a Registered Accountant (R.A.) in December 1933, and as A.C.A in July 1949.
2. First lady to have topped CA Final Examination was Ms. Nandita Shah. She achieved this feat in November 1983 examination.
3. First lady to have got elected to the Council of The Institute of Chartered Accountants of India (ICAI) was Ms. Priya Bhansali.

First Ever Conference of Indian CAs after Attaining Autonomy:

First ever Conference by chartered accountants after attaining autonomy was held by the chartered accountants of Bombay, *The Bombay Region Chartered Accountants Conference,* in September 1951, which was inaugurated by the-then President of the ICAI, Shri G. P. Kapadia. The Conference covered areas including role of a chartered accountant, ideals of accountancy profession, practical aspects of income-tax practice and procedure, report writing and presentation, and staff training facilities and education of accountancy profession among others.

Origin of The Chartered Accountant Journal: The journal of the Institute, *The Chartered Accountant,* owes its origin to an eight-page Bulletin first brought out in January 1950. This Bulletin transformed into a full-fledged journal in July 1952, which had a circulation of less than 5000 copies.

First (Official) Conference of Indian CAs: The First (official) *Conference of the Chartered Accountants of India* was held in New Delhi in April 1954, organised by the ICAI. It coincided with the inauguration of the own office premises at Indraprastha Marg in New Delhi. Both these events were opened by the first President of India, Dr. Rajendra Prasad.

Taxation of Property Transactions under the Income-tax Act, 1961

CA. P N Shah

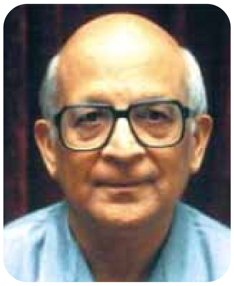
The Finance Bill, 2013 has been passed in April, 2013 without any discussion in the Parliament. The President has given his assent to the Finance Act, 2013 on 10th May, 2013. New amendments relating to property transactions have been made in the Income-tax Act, 1961, which will make the life of persons entering into sale or purchase of immovable properties difficult. These amendments are discussed in this article.

Tax Deduction at Source on transfer of Immovable Property:

New Section 194IA has been added in the Income-tax Act, 1961 w.e.f. 1/6/2013. It provides that any person (Purchaser) who purchases any immovable property (whether residential or commercial) for a consideration, shall now deduct tax at source at the rate of 1% of the amount paid to a resident seller, if the said consideration exceeds ₹ 50 lacs. For this purpose, the term "Immovable Property", is defined to mean any land (other than agricultural land) or any building or part of a building. It may be noted that the section will apply whether the purchaser is purchasing the property as a capital asset or as stock-in-trade.

This section will apply to all assessees, whether resident or non-resident, who purchases any immovable property in India from a resident. In other words, the obligation for deduction of tax is on every purchaser of immovable property, whether he is required to get his books of accounts audited under section 44AB or not. It will not be necessary for the purchaser to obtain Tax Deduction Account Number (TAN) under section 203A. However, the purchaser will have to file TDS Return and deposit TDS amount with the Government as provided in section 200, within 7 days from the end of the month in which the deduction is made. The seller of the property must provide his PAN to the purchaser. If this is not done, tax on the sale consideration will have to be deducted at 20% as provided under section 206AA. It may be noted that option of obtaining certificate from the Assessing Officer under section 197 prescribing NIL rate or lower rate of TDS, is not available in the above case.

If the purchase of immovable property is from a non-resident, the tax will be deductible by the purchaser at the applicable rate under section 195 as at present. This new section will not apply to such a purchase.



Similarly, this new section will not apply to payment of compensation on acquisition of immovable property to which the provisions of TDS under section 194LA are applicable.

It may be noted that a similar provision for TDS was proposed to be introduced by insertion of section 194LAA in the Income-tax Act, 1961 by the Finance Bill, 2012. Under that provision, it was proposed that the purchaser of an immovable property for a consideration exceeding ₹ 50 lacs in large cities and ₹ 20 lacs in other cities shall deduct tax at source @ 1% of the consideration. For this purpose, the consideration was to be considered as stated in the sale deed or stamp duty valuation under section 50C, whichever was higher. The registering authority was directed not to register the document unless the evidence for payment of TDS amount was produced before him. There was lot of protest against introduction of such a provision last year. Therefore, this provision was dropped before the enacting the Finance Bill, 2012. Similar provision is again introduced this year and in the absence of any serious debate, the same has been now brought into force from 1/6/2013.

This new provision is likely to raise some issues as under:

(i) The definition of immovable property only covers land (other than agricultural land) or building or part of the building. This will mean that any right in a building such as Tenancy Right, Leasehold Right etc. will not be subject to this TDS provision.

(ii) If a person has booked a flat in a building under construction, either the flat is booked before 1-6-2013 or after that date, and makes payment for the same, a question will arise whether he is required to deduct tax at source under this section. It is possible to take the view that by the agreement with the builder, the purchaser gets a right to get the flat when constructed. Therefore, when the installment payments are made to the builder there is no transfer of immovable property. The transfer of flat will take place only

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The author is past president of ICAI

when possession is given. Therefore, the obligation to deduct tax will arise under this section only when the last installment is paid against possession of the flat. However, TDS @ 1% will have to be deducted on the entire consideration for the flat at that time.

(iii) Since there is no specific mention in this section that the stamp duty valuation will be considered as consideration for TDS purposes if it is more than the actual consideration, tax is to be deducted from the actual consideration payable as per the sale deed.

(iv) Section 199 of the Income-tax Act, 1961 provides that credit for TDS amount will be given against the income in respect of which such tax is deducted. In a transaction of sale of immovable property, the seller will be showing income from such sale under the head "Capital Gains" or "Income from Business or Profession". It may so happen that an individual selling his immovable property may claim exemption under section 54 or section 54F due to reinvestment in another property or under section 54EC by reinvestment in Bonds. In all such cases, credit for TDS under this new section will be available even if the income computed under the head "Capital Gains" is NIL.

(v) If the property is purchased by two or more persons as co-owners the tax will be deductible by each co-owner in respect of his/her share of the consideration paid if the total consideration for the property exceeds ₹ 50 lacs. This section also applies in respect of purchase of property from a relative.

Taxation on Sale of Property by a dealer in Real Estate:

New Section 43CA is added in the Income-tax Act, 1961 from A.Y. 2014-15. Therefore, it will apply to Real Estate transactions entered into on or after 1st April, 2013. Up to 31-3-2013, in the case of transfer of Immovable Property (Land, Building or Both) which was held by the seller as capital asset, if the consideration was less than the market value adopted for the purpose of payment of stamp duty, such stamp duty valuation was considered as the full value of the consideration under section 50C. Thus, the capital gain in the hands of the seller was computed on that basis as provided under section 50C. This provision was not applicable to Immovable Property held by the seller as stock-in-trade.

By introduction of this new section, it is now provided that the above concept of sec. 50C of adopting stamp duty valuation as full value of consideration will apply for computation of business income in the hands of seller who holds such property as stock-in-trade. The provisions of section 43CA are made applicable w.e.f. previous year 2013-14 to such transactions. This new provision will apply to Builders, Developers and Dealers engaged in Real Estate Transactions. The provision will apply according to method of accounting followed by the assessee. This will mean that this concept of adopting stamp duty valuation will now apply to a person selling property held as Capital Asset as well as Stock-in-trade.

It is also provided in this section, that if there is a time gap between the date of Agreement of Sale and date of Registration, the Full value of the consideration will be determined with reference to Stamp Duty valuation estimated on the date of the Agreement of sale provided that full or part of the consideration stated in the above Agreement was received by any mode other than cash on or before the date of agreement of sale.

It may be noted that the definition of Immovable Property for the purpose of section 43CA or section 50C does not include any right in the Immovable Property such as leasehold or tenancy right etc. If the assessee has booked a flat in a property under Construction, the right to get possession of the flat is not covered under the section. However, when property is constructed and the possession of the flat is taken, the section will apply with reference to the Agreement for sale when executed.

Tax payable by purchaser and Seller on Notional Amount:

Section 56(2)(vii) is amended from A.Y. 2014-15. This section provides for levy of tax on certain gifts received from non-relatives. This amendment comes into force in respect of transactions relating to purchase of Immovable Property i.e. Land, Building or both made on or after 1-4-2013. Upto 31-3-2013, if an Immovable Property was received by an Individual or HUF from a non-relative, without consideration, the Stamp Duty Value on the date of the gift, if it exceeds Rs. 50,000/-, was treated as income from other sources in the hands of the assessee. There is no change in this provision. However, it is now provided, w.e.f. 1-4-2013, that if the purchase of an Immovable Property by an Individual or HUF is made for consideration which is less than the Stamp Duty Valuation, the difference will be taxable as income in the hands of the purchaser. This provision will apply even if an Individual or HUF purchases an Agricultural Property.

It is now also provided by this amendment that if there is a time gap between the date of the Agreement for purchase of the property and date of Registration of the Agreement, the Stamp Duty Valuation assessable on the date of the Agreement will be considered for this purpose. This concession will apply only if full or part of the consideration stated in the Agreement is paid by the purchaser before the date of agreement by any mode other than cash.

For this purpose, the term "Immovable Property" is defined to mean "Land, Building or Both". This will mean that any right in the Immovable Property will not be covered by this provision. Therefore, any Tenancy Right, Leasehold Right or similar right will not be considered as Immovable Property. If a flat in a building under construction is booked by the individual or HUF, the right to get possession of the flat will not be considered as purchase of Immovable Property under this section.

It may be noted that if the difference between the stamp duty valuation and actual consideration exceeds ₹ 50,000, tax will be payable on such notional difference by the seller and the purchaser under the following sections.

(i) In the case of the seller who is holding the Immovable Property as stock-in-trade tax will be payable as business income under new section 43CA - w.e.f. 1-4-2013.

(ii) In the case of the seller who is holding the property as Capital Asset tax will be payable as capital gain under section 50C.

(iii) In the case of Individual or HUF purchaser, tax will be payable under section 56(2)(vii) w.e.f. 1-4-2013 as income from other sources.

It may be noted that amendment similar to what has been made, as stated above, in section 56(2)(vii) was made by the Finance (no.2) Act, 2009, w.e.f. 1-10-2009. It was pointed out to the government that such a provision is unjust as both seller and purchaser of the Immovable Property will have to pay tax on this same notional addition. This was realized by the Government and in the Finance Act, 2010, this provision for levying tax on the purchaser was withdrawn with retrospective effect from 1-10-2009. This year the same amendment is made to tax the purchaser w.e.f. 1-4-2013 which has the effect of levying tax on the seller as well as purchaser on the same notional addition.

Conclusion:

From the above discussion, it is evident that amendments made this year relating to TDS from consideration paid or payable on purchase of an Immovable Property under new Section 194-IA will put persons paying tax and those who are not liable to pay tax into many practical difficulties of deducting 1% tax at source, depositing the same with the Government and filing return of TDS. There will be some issues relating to date on which such tax is to be deducted when Flat is booked prior to 1/6/2013 or after that date in a building under construction and payments are made in installments.

Amendment made in Section 56(2)(vii) levying tax on the notional amount of difference between stamp duty valuation of an immovable property sold and the actual consideration paid by an Individual or HUF (Purchaser) will mean levying tax on the same notional amount in the hands of the seller as well as purchaser. Such tax is payable even if the Individual or HUF purchases an agricultural property. It may be noted that such tax is not payable if the purchaser is a Firm, LLP, Company or persons other than individual or HUF. Similar tax was levied in 2009 but was withdrawn in 2010 with retrospective effect. The Government has again levied this type of tax which is payable by individual/HUF purchaser and seller of the property on the same notional amount.

It is rather unfortunate that such harsh and unjust provisions are brought in the Income-tax Act, 1961 without any serious public debate. The provisions which were introduced earlier and later on withdrawn with retrospective effect are enacted without any explanation in the Explanatory Memorandum presented to the Parliament. Such matters which put additional burden on tax payers ought to be considered only after serious public debate. ■

NOTICE

Notice is hereby given that the Annual General Meeting of the Students of Central India Chartered Accountants Students' Association (CICASA) will be held on Tuesday. 23rd July 2013 at 12 Noon in the premises of C.I.R.C. of the Institute of Chartered Accountants of India, 16/77-B Civil Lines, Kanpur to transact the following business:-

1. To receive the Annual Report of CICASA for the year 2012-13.
2. To note the Accounts of CICASA for the year ended 31st March, 2013.
3. To elect 12 members for the Managing Committee of the Students' Association.
4. To transact any other business or may be brought before meeting with permission of the Chair.

Place: Kanpur
Date: 1.7.2013

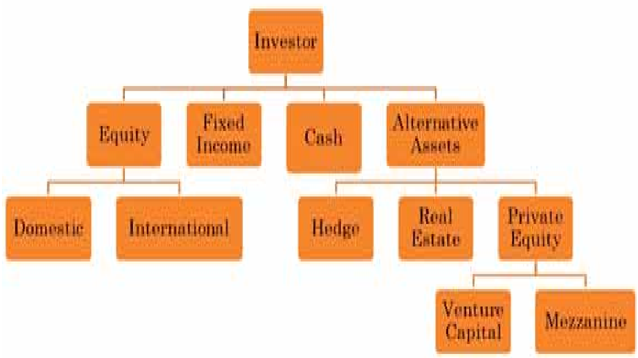
Chairman-CICASA

Private Equity - What is This All About?

CA. Shashidhar Jayaraman

A typical investor's portfolio could be classified under a number of different asset classes, depending upon the investor's risk appetite.

A TYPICAL INVESTOR'S PROTFOLIO



Cash, fixed income, equities, are some of the traditional and known forms of investment options that the investor exercises. The Alternative asset class is a relatively newer form of diversifying the investor's portfolio and has gained acceptance and prominence in the recent past. Alternative asset class includes investing in real estate, hedging and private equity. We shall discuss and understand a little more about private equity in the accompanying paragraphs.

PRIVATE EQUITY FUNDS generally make high risk, potentially high return, privately negotiated investments including investment in and as growth capital, venture capital, leveraged buyouts, distressed debt instruments and mezzanine instruments. Investors in a private equity fund include company pension plans, trusts, banks, insurance companies, family offices, high net worth individuals, various classes of offshore investors - and all of them allocate a portion of their assets towards this asset class. This class of investors are generally able to allocate a portion of their assets towards private equity -

a. Because of their ability to take risks or higher exposure than normal

b. Look at a long term horizon (private equity funds normally are close ended and could return investment over 6 to 10 years)

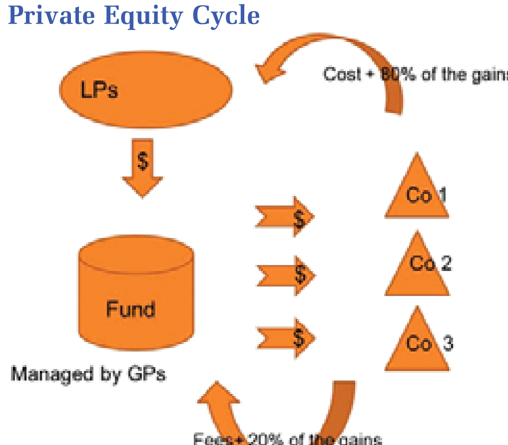
Evolution of Private Equity

Private Equity was predominantly an American phenomenon and was prevalent since the dawn of the industrial revolution - wealthy individual financing and advising industries that they believed had an attractive market. However, the industry gained momentum post the Great Depression of 1930s, when the existing ways of financing fast growing and start ups companies through bank funding was considered inadequate and webbed with complicated paper work and regulations. Laws like the Small Business Investment Company (SBIC) came into being in the 60s to moderate the flow of capital to small and medium scale industries. Through the decades leading to the 21st century, private equity investments moved from the traditional venture capital funding to buyouts and distressed assets purchase. The industry attained some form of maturity and the concept of limited partnership gained credence.

In India however, this industry gained its roots in the late 90s and over the last 15 years, the industry has seen its share of ups and downs. Over $ 56 bn have been invested across 2500+ deals in India since inception across sectors. The private equity industry is regulated by the Securities and Exchange Board of India (SEBI) and recently SEBI had introduced the Alternative Investment Fund (AIF) Regulations 2012 to streamline the working of this industry.

From the diagram below, let us briefly understand how the private equity cycles work and who the players.

The Private Equity Cycle



Limited Partners (LPs) and General Partners (GPs)

The limited partnership structure is the most preferred form of link between the suppliers of capital (Limited Partners) with the individuals who make and manage the investments (General Partners). This structure ensures that the LPs liability is limited to the extent of the invested amount. The GPs on the other hand are solely responsible for sourcing deals, executing the deals and managing the portfolio companies. The

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LPs investment is pooled in a common entity, which could be limited liability corporation, managed and operated by the GPs.

Various kinds of LPs exist in the market place and they are predominantly institutional investors like pension houses, bank and insurance companies, trusts and foundations, wealth funds, angel investors and high net worth individuals. To de-risk their overall asset allocation, LPs look at private equity as another asset class and therefore invest a portion of their wealth.

GPs on the other hand are a breed of well informed, networked and resourceful set of professionals with an uncanny ability to identify, track and invest in companies looking for capital.

The LPs investment as mentioned above is pooled in a common entity controlled by the GPs - the entity is formed for the specific purpose of investing the LPs investment in portfolio companies (the Investment Process as detailed below). The time horizon of the investment and the eventual exit is between six to ten years. The GPs are remunerated through recurring yearly fees from the common entity. At the time of the exit of the investment, the gains from the investments along with the capital amount invested by the LPs are transferred to them. The GPs are normally allowed to retain ~ 20% of the gains as their reward for their services.

The Art of Fund Raising

Once the LPs have made up their minds to look at investing in private equity, they source and screen for potential GPs. LPs investing appetite could be specific in their interest levels - they might be sector specific or geography specific. Some of the criteria that the LPs normally would employ include:

- GPs skill sets, expertise, background, past performance and team
- The fund macro factors including past performance, competition with other funds, fund strategy in relation to the economic environment
- The investment criteria of a LP - within the current portfolio, tenor of the fund, expected returns
- Strategy and approach of the of the GPs - differentiated, sourcing opportunities

The LPs would then conduct a "fund due diligence" to evaluate the GPs. The diligence would cover the GPs track record specifically past performance, ability to invest and manage portfolio companies, team and soft skills, their comparison with other similar funds. Based on the results of some of these criteria, the LPs would weigh their decision with their investment criteria and decide on their investing plans.

Various kinds of private equity funds exists - each fund is unique in its approach and is managed by capable GPs. Some of the familiar types in the market include

- Venture Capital and start up
- Buyout
- Growth capital
- Distress debt funds
- Mezzanine
- Real estate
- Sector specific

The Investment Process

Once the LPs and GPs have reaching an understanding and a fund is in place, the next step involves the investing process. Investing process is normally the domain of the GPs, however, in certain cases, key or anchor LPs do have the authority to decide on a particular investment.

The steps in an investment process include

- Deal sourcing, identification
  Deals are normally sourced through third parties like investment bankers, advisors, commercial banks and service providers. GPs also indulge in proprietary deals or proactive deal sourcing through industry networks, research reports, corporate database and friends and family.
- Deal evaluation
  Once a deal is identified and there is mutual interest in pursuing a discussion, the GP's team would then engage in understanding the business, market dynamics, internal and external factors impacting the business, competition, financial information, promoter background and experience, regulations and a host of other factors influencing the business.
- Valuation
  After analysing and studying the business model and the comparative data of the business, the GPs would be in a position to discuss valuation of the business with the company. There are a number of valuation methods that are used by the GPs to determine the accurate value of the business. Some of the methods include
  - The comparable method
  - The simplified valuation method
  - The net present value method
  - Adjusted net present value method

  However the most commonly used method is the comparable method - wherein data based on similar companies are reviewed and appropriately discounted or given a premium. The net present value method is also popular valuation tool used to estimate the value of the business. However assumptions around the terminal value and discounting rates could influence the number.

  Valuation of a business depends on a number of factors - the key ones include the market potential, competitive advantage, differentiated offering from the business, the company management, capital efficiency and ease of exit.

  Once an agreement is in place in terms of the valuation, the company and the fund sign a term sheet broadly explaining the following tenets that will get incorporated in the main agreement:

- Value of the business and revised shareholding structure
- Rights of the new investor and composition of the Board
- Conditions precedent
- Warranties and indemnities
- Closing conditions

- Diligence and business model
  Once the term sheet is executed between the company and the fund, the fund takes steps to conduct the financial and legal due diligence of the company. This process would involve verifying the books of accounts and legal documents of the company to get comfort on the financial health of the business and an assurance on the compliances. Red flags raised in the course of this process would have an effect on the investment. However, the magnitude of the differences is measured and decision on investment is taken accordingly.

  Of late, funds also conduct a commercial due diligence and a back ground check on the company and its promoters. The commercial diligence process helps the fund to get an assurance on the market condition, competitor behaviour, customer feedback, key industry metrics and exit options. The promoter background checks helps the fund to get assurance about the promoter and key management employees - their family background, professional standing, social status, past and present litigation and financial standing.

- Structuring the investment
  The fund investments in the company are normally structured in one of the following forms:
  - Issue of Equity shares
  - Issue of convertible preference shares - preference shares are converted at the time of exit into equity shares at a pre-determined price
  - Issue of convertible debentures - debentures are converted at the time of exit into equity shares and pre-determined price. The debentures would continue to earn interest during such period till its conversion to equity
  - Issue of warrants - warrants are converted into equity shares at a predetermined price and date.

- Board Responsibilities
  The fund's entry into the company is formalised through a Shareholders agreement and a Share Purchase agreement. This agreement covers in detail all the rights, duties and obligation of the fund and the company. The agreement would detail out certain key decisions that would always require the approval of the fund. Some of the key decision areas would include - new acquisitions, fund raising either through debt or a new investor, hiring and firing of key employees, approval of business plan, major capital spends etc.,

Exit Process

LPs investing in private equity as an asset class usually have a long term view. The life of a fund is normally between six to ten years - right from the fund raising process to investing and the eventual exit from the investments.

The fund would look at exiting their investment in the company at an appropriate time depending on a number of factors like macro market conditions, company position and standing, board and company alignment towards exit and potential suitors keen to invest or acquire the company.

The exits could be through a number of different routes for the fund depending on the size of the company, the market for the company's product, the promoters plan to either stay or exit their shareholding etc., The exit options are therefore dependent on these factors - the most commonly used exit options are:

- Through an Initial public offer (IPO)
- Sale to a strategic investor - either a partial sale or a complete buyout
- Sale to a financial investor, which could be another fund
- Promoters buy back - in case the promoter wishes to consolidate the holding or assuming no buyers are interested in buying the fund's investments.

In conclusion, investing in a private equity fund would require immense patience, faith and understanding of the process. While the financial returns and gains could be disproportionately high, the ability to find the right portfolio to invest is challenging and requires a lot of research and study.

Disclaimer : The views expressed in this article are the personal notes of the author and do not reflect the views of the organisation that he works or the Institute. ■

ANNOUNCEMENT

C.I.C.A.S.A. ELECTION - 2013

The election to Managing Committee of the Central India Chartered Accountants Students' Association will be held on July 23, 2013 in the premises of CIRC Kanpur. The Managing Committee shall be composed of 12 persons elected by the members of the Students' Association from among the members of the Students' Association plus 3 members from Regional Council. The procedure has been hosted on the Institute website.

COSO Framework

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued the revised version of its *Internal Control-Integrated Framework* (the Framework). The revised Framework will help improve implementation of internal control but further adjustments are warranted to align internal control across the globe and to help organizations better manage their risks and improve their overall performance.

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has been closely involved in the revision, with two representatives on the COSO advisory council for the project. Additionally, the PAIB Committee submitted two formal comment letters to both COSO internal control exposure drafts.

Key Features of the Revised Framework

The revised Framework uses the same definition of internal control as the previous version and builds on the same five components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring activities. The Framework also continues to emphasize the importance of management judgment in designing, implementing, and conducting internal control, and in assessing its effectiveness.

So what has changed? The revised Framework now:

- articulates the fundamental concepts underlying the five components in the form of 17 guiding principles and more detailed points of focus;
- takes into account environmental changes, such as increased globalization, complexity, and regulation, the growing importance of technology, and increased expectations for better governance oversight and fraud prevention;
- expands the operations objective from "effective and efficient use of the entity's resources" to "effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss;"
- broadens the reporting objective from "published financial statements" to "internal and external financial and non-financial reporting;" and
- provides additional approaches and examples relevant to operations, compliance, and non-financial reporting objectives.

COSO also issued two additional publications.

- *Illustrative Tools for Assessing Effectiveness of a System of Internal Control* assists users when assessing effectiveness of internal control based on the requirements of the Framework.
- *Internal Control over External Financial Reporting: A Compendium of Approaches and Examples* assists users when applying the Framework to external financial reporting objectives.

The revised Framework will supersede the original Framework at the end of 2014, giving organizations time to transition. COSO anticipates relatively easy transition process for those organizations that have properly applied the original Framework (1992). In fact, the new principles and points of focus should make it easier for organizations to see what is covered and where gaps may exist.

IFAC PAIB Committee's View

The IFACPAIB Committee commends COSO for being one of the first and foremost thought leaders in internal control, starting with the publication of the original Framework and followed by a series of related high-quality publications. The committee agrees that while many of the underlying concepts of the original Framework have proven themselves over time, global developments, including the financial crises, in recent years required a revision.

However, while the revised Framework represents a step forward in articulating principles of effective internal control and incorporating a number of considerations relevant to today's complex business environment, there remains work to be done to advance and harmonize risk management and internal control guidelines across the globe and to better support organizations dealing with the many economic, social, and environmental challenges they face.

The PAIB Committee believes that it is in COSO's long-term interest to continue evolving its Framework in order to make it more relevant to the broader global community and the challenges faced, and stands ready to assist COSO make progress in this area. The PAIB Committee has formulated a number of recommendations for further development.

- For the Framework to remain relevant in an environment of greater global integration, COSO should further integrate its Internal Control Framework with its Enterprise Risk

Management (ERM) Framework, released in 2004, as well as better align it with the concepts and terminology in other frameworks, standards, and guidelines on governance, risk management, and internal control from across the globe. This will enable organizations to make internal control a natural and integrated part of their overall risk management and governance arrangements.

- The Framework should embrace a wider perspective than its current limited application to internal control over reporting, operations, and compliance, for example, by broadening the definition of internal control so as to permit the inclusion of other areas, such as business strategy and finance, in which internal control also plays a crucial role. Before the string of financial crises, many organizations were overly focused on financial reporting controls. These crises highlighted the fact that many, if not most, of the risks that affected organizations derived from external circumstances. This includes the increasing social and environmental risks that organizations encounter, such as mitigating the threats and taking advantage of the opportunities related to global warming.
- As the *achievement of objectives* is at the heart of the COSO definition of internal control, objective setting should be included in the components of internal control. This would assure better alignment with the related COSO ERM Framework, which includes objective setting as a separate component and emphasize that strengthening an entity's systems of internal control can only be done from the perspective of the organization's objectives.
- The Framework should further align the various concepts and terminology in relation to risk management and internal control with the other standards, guidance, and frameworks that have been issued since the conception of the original Framework. This includes the definitions of risk and internal control, balancing the positive and negative sides of risk, and rethinking of difficult to understand concepts such as risk appetite and inherent controls.

Constructive Dialogue

IFAC is well-positioned to facilitate a constructive dialogue with the issuers of standards, guidance, and frameworks in the area of governance, risk management, and internal control across the world on how the terminology, various concepts, and guidelines could be better aligned in the future.[1]

Further international alignment is an ambitious and challenging goal, but the potential benefits are significant. It is up to all those responsible for developing, implementing, using, and enforcing requirements and guidelines on governance, risk management, and internal control to work together to produce globally-aligned terminology, concepts, and guidelines that are relevant to all. IFAC and the PAIB Committee look forward to contributing to this collaborative effort.

Additional IFAC Guidance

Despite the existence of sound internal control guidelines, such as the revised COSO Framework, it is often the application of such guidelines that fails or could be further improved in many organizations. With the International Good Practice Guidance, *Evaluating and Improving Internal Control in Organizations* (IFAC, 2012), the PAIB Committee provides a practical guide focused on how professional accountants in business can support their organization in evaluating and improving internal control as an integral part of its governance system and risk management. The guidance is complementary to existing internal control guidelines and is based on those internal control matters that often cause difficulties in practice. Both the full guidance as well as an executive summary are available free of charge on the IFAC website.

ANNOUNCEMENT

ALL INDIA CA STUDENTS CONFERENCE AT BANGALORE

Bangalore Branch of SIRC of ICAI jointly with Bangalore Branch of SICASA is hosting All India CA Students Conference organised by the Board of Studies, ICAI on Saturday, 31st August, 2013 & Sunday, 1st September, 2013 at Christ University Auditorium, Hosur Road, Bangalore .

Complete Details and the programme itinerary will be announced shortly.

For details please contact at ICAI BHAWAN, No. 16/0, Millers Tank Bed Area, BANGALORE - 560 052, Phone - 080- 30563541/542 & Email- Bangalore@icai.org

Foreign Direct Investment

Prem J Bhutani

With business transcending across borders, Foreign Direct Investment (FDI) has come to occupy an important place in the world trade.

What is FDI?

According to UNCTAD, Foreign Direct Investment (FDI) refers to an investment made to acquire lasting interest in enterprises operating outside of the economy of the investor. Broadly speaking, it refers to investment made by the residents of one country in an enterprise of another country with the aim of gaining an effective voice in the management of the enterprise. It may take many forms, such as a direct takeover of a local firm by a foreign firm, mergers and acquisitions, construction of a new facility, entering into a joint venture or strategic alliance or acquiring shares in an associated firm. It usually involves transfer of technology and expertise.

How is it different from Foreign Portfolio Investment?

Foreign investment may take the form of direct investment or portfolio investment. When residents of a country acquire securities in a foreign country's stock and bond market it is called **Foreign Portfolio Investment (FPI)**. FPI is usually a short term investment (sometimes less than a year), as opposed to the FDI which is usually a long term investment generally involving creation of productive facilities, transfer of technology and expertise. The most important characteristic of FDI, which distinguishes it from foreign portfolio investment, is that it is undertaken with the intention of exercising control over an enterprise. For example, if an American buys shares worth US $1000 of an Indian company in Bombay Stock Exchange, it is FPI. But if an American company (example, Coca Cola) establishes a plant in India, it is FDI.

Foreign Portfolio investments may be made directly or through **Foreign Institutional Investors (FIIs)**. FIIs are entities established or incorporated outside India which invest in India. These investments by the FIIs are made on behalf of sub accounts, which may include foreign corporates, individuals, funds like hedge fund, pension fund, mutual fund, banks, insurance companies, etc. If a corporation or mutual fund from the United States or Europe puts money into the Indian markets for the purpose of making a profit, it is a foreign institutional investment. The nodal agency for registration of FIIs in India is the Securities and Exchange Board of India. Till now, in India, there was no clear cut distinguishing factor between FDI and FII. In order to remove the ambiguity, Union Budget 2013-14, proposed to follow the international practice and lay down a broad principle that, where an investor has a stake of 10 percent or less in a company, it will be treated as FII and, where an investor has a stake of more than 10 percent, it will be treated as FDI.

What are its advantages and disadvantages?

FDI can play a major role in development of an economy by supplementing its domestic savings and investment. Its main ***advantages*** are:

- Apart from providing capital, FDI helps in transferring of new technologies, managerial skills and intellectual property.
- It helps in filling the gap between the domestic savings and the required level of investments.
- It improves the balance of payments position of the recipient country. A country facing negative balance in the Current Account can tide over the gap by inviting FDI.
- It helps in generation of employment. As a new FDI project is launched, people of the recipient country have the chance of being occupied in the project.
- It helps in improving the standard of living in the recipient country as it yields higher tax revenue from the company that received the foreign direct investment. However, sometimes recipient countries offer tax incentives to attract the FDI. This may offset the increase in the tax revenues.
- It helps in building a strong economic infrastructure.
- It improves efficiency by encouraging competition between the local producers and the foreign producers.

The contributor is Deputy Director, ICAI

- It encourages economic integration among countries.

Disadvantages: Many people are skeptical of FDI. They fear that:

- It may lead to too much interference in the conduct of the affairs of recipient country which would be against its long term interest.
- A large part of the profits are repatriated to the parent country. The domestic country may not benefit much.
- Such companies may invest more in machinery than in man power. Thus an economy with surplus man power may lose jobs to machinery.
- Big companies may take over the highly profitable sector leaving the unprofitable ones for the local investors.
- Small firms in the recipient country may not be able to compete with world class large companies and may ultimately close down.
- The investing country may not give much attention to the environmental issue and if environmental laws in the recipient country are weak, then there is a danger that many people and communities would be harmed as the environment that sustains them is damaged or destroyed.

FDI in India

Before 1991 economic reforms, foreign investment in India was allowed in industries in a restricted manner. It was allowed only in those industries where Indian capital was scarce. It was not permitted in areas which had government protection or which are of basic and/ or strategic importance to the country. Foreign capital was also discouraged in certain inessential consumer goods and services. Since 1991, significant changes have been made in the Indian FDI Policy. A liberal and transparent foreign investment regime has been put in place. This is to ensure that India's growth process is not stalled or handicapped due to lack of capital. At present, FDI is allowed fully or partially in most of the sectors. For example, 100 per cent FDI is now allowed in Drugs and pharmaceuticals, hotels and tourism, courier services, oil refining, mass rapid transport system, airports, business to business E-commerce, special economic zones industries, electronic mail and voice mail, advertising film sector, tea and certain telecom industries and internet services providers, etc . Similarly, 74 per cent FDI is allowed in private sector banking, telecom sector in certain services and 26 per cent FDI is allowed in defence production insurance, and print media. (This is of course, subject to certain conditions).

The Government of India recently allowed 51 per cent FDI in multi-brand retail (FDI in Single brand already allowed) , 49 per cent in the domestic carriers (by foreign airlines), 49 per cent in power exchanges and 74 per cent in the service providers like Direct to Home (DTH) in broadcasting sector (increased from 49 per cent). This is to be noted that FDI in single - brand retailing is already allowed in India. Only a handful of sensitive sectors fall in the prohibited zone (see box).

FDI is prohibited in:

i) Activities/sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

ii) Lottery Business

iii) Gambling and Betting

iv) Business of Chit Fund

v) Nidhi Company

vi) Agricultural (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions) and Plantations activities (other than Tea Plantations)

vii) Real Estate business (except development of townships, construction of residen-tial/ commercial premises, roads or bridges to the extent notified in Government's notification)

viii) Trading in Transferable Development Rights (TDRs).

ix) Manufacture of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.

Although an investor friendly policy on FDI has been put in place, there is a need to further rationalize the approval mechanism and remove the operational restrictions to attract foreign investment.

Accounting

Review of Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions

Reserve Bank of India has recently revised prudential guidelines on restructuring of advances by banks/ financial institutions for all scheduled commercial banks (excluding RRBs) vide circular no. DBOD.BP.BC.No. 99/21.04.132/2012-13 dated May 30, 2013. These revised guidelines should be read in conjunction with instructions on the subject contained in Part B of the Master Circular DBOD.No.BP.BC.9/21.04.048/2012-13 dated July 2, 2012 on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' and subsequent circulars issued on the subject.

The revised guidelines provide detailed instructions on the following principles:

(i) Withdrawal of Regulatory Forbearance except Date of Commencement of Commercial Operations (DCCO) with effect from 1st April, 2015*;

(ii) Change in DCCO;

(iii) General Provision on Restructured Standard Accounts;

(iv) Provision for Diminution in the Fair Value of Restructured Advances;

(v) Criteria for Upgradation of Account classified as Non-Performing Assets (NPA) on Restructuring;

(vi) Benchmarks on Viability Parameters;

(vii) Viability Time Period;

(viii) Incentive for Quick Implementation of Restructuring Package;

(ix) Roll over of Short-Term Loans

(x) Promoters' Sacrifice

(xi) Conversion of Debt into Equity / Preference Shares

(xii) Right of Recompense (Creditors' right to accelerate repayment and Borrower's right to pre-pay.)

(xiii) Personal Guarantee of Promoters.

(Source: Detailed revised Prudential Guidelines can be accessed at http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8008&Mode=0)

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* *A standard account on restructuring (for reasons other than change in DCCO) would be immediately classified as sub-standard on restructuring as also the non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per the extant asset classification norms with reference to the pre-restructuring repayment schedule.*

(Contributed by CA. Asha Verma, BoS)

Strategic Management

Forward and Backward Integration

Forward and backward integration forms part of vertically integrated diversification. In vertically integrated diversification, firms opt to engage in businesses that are vertically related to the existing business of the firm. The firm remains vertically within the same process. While diversifying firms opt to engage in businesses that are linked forward or backward in the chain and enter specific product/process steps with the intention of making them into new businesses for the firm.

Backward integration is a step towards, creation of effective supply by entering business of input providers. Strategy employed to expand profits and gain greater control over production of a product whereby a company will purchase or build a business that will increase its own supply capability or lessen its cost of production. On the other hand forward integration is moving forward in the value chain and entering business lines that use existing products. Forward integration will also take place where organizations enter into businesses of distribution channels.

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

Legal Decisions - Income-tax

1. **Would an assessee be entitled to exemption under section 54 in respect of purchase of two flats, adjacent to each other and having a common meeting point?**

CIT v. Syed Ali Adil (2013) 352 ITR 0418 (A.P.)

The assessee-individual had inherited an ancestral house property, which he sold during the relevant previous year. Out of the sale consideration, he purchased two adjacent residential flats. The assessee claimed exemption under section 54 in respect of investment in both the residential flats, in view of the decision of the Karnataka High Court in *CIT v. Ananda Basappa (2009) 309 ITR 329*, wherein investment in two adjacent flats were considered eligible for exemption under section 54.

The Assessing Officer, however, restricted the exemption under section 54 only in respect of investment in one residential flat (including stamp duty paid for registration of the flat), contending that -

(i) the two residential units were separated by a strong wall;

(ii) the two flats were purchased from two different vendors under two separate sale deeds.

The Commissioner (Appeals), however, observed that the assessee was entitled to exemption under section 54 in respect of investment in both the flats, since the two flats had adjacent kitchens and toilets and also had a common meeting point. The Tribunal concurred with the view of the Commissioner (Appeals).

On appeal by the Revenue, the High Court referred to the Karnataka High Court decision in *CIT v. Ananda Basappa (2009) 309 ITR 329*, wherein it was observed that -

(i) the expression "a residential house" in section 54(1) has to be understood in a sense that the building should be of residential nature and "a" should not be understood to indicate a singular number.

(ii) where the flats are situated side by side and the builder had effected the necessary modification to make it as one unit, the assessee would be entitled to exemption under section 54 in respect of investment in both the flats, despite the fact that they were purchased by separate sale deeds.

The above ruling was also followed by the Karnataka High Court in *CIT v. K.G. Rukminiamma (2011) 331 ITR 211*, wherein it was held that were a residential house was transferred and four flats in a single residential complex were purchased by the assessee, all the four residential flats constituted "a residential house" for the purpose of section 54.

The Andhra Pradesh High Court, on the basis of the above rulings of the Karnataka High Court, held that in this case, the assessee was entitled to investment in both the flats purchased by him, since they were adjacent to each other and had a common meeting point.

2. **Can penalty under section 271(1)(c) be imposed on the ground of disallowance of a certain deduction under Chapter VI-A owing to the subsequent decision of the Supreme Court?**

CIT v. Celetronix Power India P. Ltd. (2013) 352 ITR 70 (Bom.)

In this case, the assessee had claimed deduction a particular section under Chapter VI-A relying on a judgment of the Bombay High Court. Subsequent to filing of its return, the above judgment was reversed by the Supreme Court and accordingly, the deduction was not allowed at the time of assessment. Consequent to additions made on account of such disallowance, penalty was also imposed.

The Tribunal observed that for imposing penalty under section 271(1)(c), there should be concealment of income or furnishing of inaccurate particulars of income, which were missing in this case. The assessee had disclosed all material facts relevant for assessment and there was no concealment.

The Bombay High Court affirmed the decision of Appellate Tribunal deleting the penalty under section 271(1)(c) on the ground that the additions made on account of disallowance were neither due to the failure on the part of the assessee to furnish accurate particulars nor on account of furnishing inaccurate particulars.

3. **Can an assessee carrying on commission agency business (i.e., business of arranging transportation of goods through lorries owned by other transporters) be made liable to deduct tax at source under section 194C, in respect of amount received from clients and passed on to the lorry owners/transporters (after retaining his booking commission)?**

CIT v. Hardarshan Singh (2013) 350 ITR 0427 (Delhi)

The assessee has four trucks and is in the business of transporting goods (hereinafter referred to as "own business"). He also carries on the business of a commission agent by arranging for transportation of goods through other transporters (hereinafter referred to as "lorry booking business"). In respect of his own business, the payments received by the assessee were after deduction of tax.

The issue under consideration is whether the assessee can be treated as the "person responsible for making the payment" under section 194C in respect of amount collected from clients and paid to the lorry owners/transporters, and consequently, be made liable to deduct tax at source.

The assessee contended that, as far as the lorry booking business is concerned, he has no contract of carriage with any other person. The contract is between the clients and the lorry owners/ transporters, in which the assessee only acts as a facilitator or as an intermediary. His income is only the booking commission, which he retains out of the amount collected from the clients. The remaining amount is passed on entirely to the lorry owners/transporters.

The Assessing Officer and the Commissioner, however, did not agree with this contention of the assessee and were of the view that there was a privity of contract between the assessee and the clients for carriage of goods and that the assessee was not a mere intermediary or facilitator.

The Tribunal, noting that the assessee has not done the work of actual transportation of goods and earned only commission, held that the assessee has no privity of contract for carriage of goods with the clients and he merely acted as a facilitator or intermediary. Therefore, the assessee was not liable to deduct tax at source, and accordingly disallowance under section 40(a)(ia) was not attracted in this case.

The Revenue contended before the High Court that the assessee was the "person responsible for paying" as provided in section 194C read with section 204. The High Court observed that this contention was tenable only if there was privity of contract between the assessee and its clients. The High Court also noted that the facts of the case were similar to the case of *CIT v. Cargo Linkers (2009) 179 Taxman 151 (Delhi)*, where the principal contract was between the exporter and the airline. In that case, it was held that the assessee had merely functioned as an intermediary, and hence, it was not the "person responsible for deduction of tax" in terms of section 194C.

The High Court, applying the rationale of the above ruling to the case on hand, held that, in this case also, the assessee mainly acted as an intermediary or facilitator for which he received commission, and hence, he was not the "person responsible for making the payment" in terms of section 194C.

4. **In the case of an assessee liable to pay minimum alternate tax under section 115JB, can penalty under section 271(1)(c) be imposed on account of additions made in respect of certain capital expenditure, treated by the assessee as revenue expenditure, if, even after such additions to total income, the assessee is still assessable under section 115JB?**

CIT v. Amtek Auto Ltd. (2013) 352 ITR 394

The Assessing Officer levied penalty under section 271(1)(c), in respect of additions made on account of loss on sale of fixed asset, loss on sale of shares and expenses paid towards placement of preference shares. On appeal by the assessee, the Tribunal observed that the additions were based on a difference of opinion as to whether such expenses and losses were revenue or capital in nature, and not on account of any false claim made by the assessee. Further, even after such additions, the tax on total income was lower than the minimum alternate tax on book profit, consequent to which there was no change in the tax payable.

On appeal by the Revenue, the High Court observed that the assessee had disclosed the nature of transactions in its return. It was on the basis of the information disclosed and the interpretation of the provisions of the statute, the Assessing Officer found that such expenditure claimed by the assessee is not revenue expenditure but capital expenditure. The High Court, therefore, concurred with the observation of the Tribunal and held that merely for the reason that the assessee-company had claimed the expenditure to be revenue will not render it liable to penal proceedings, when there has been no concealment of income.

5. **Can encashment of bank guarantee by the Export Promotion Council on account of failure of the assessee to utilise its export entitlements be considered as compensatory in nature to be eligible for deduction under section 37(1), where the failure to honour export commitment was a business decision taken by the assessee in view of losses incurred by it?**

CIT v. Regalia Apparels Pvt. Ltd. (2013) 352 ITR 71 (Bom.)

The assessee is engaged in the business of manufacturing of garments. The Apparel Export Promotion Council granted to the assessee entitlement for export of garments and knit wares. In consideration for export entitlements, the assessee furnished a bank guarantee in support of its commitment that it shall abide by the terms and conditions in respect of export entitlements. The failure to fulfill the obligation to export would render the bank guarantee liable to forfeiture.

The assessee started incurring losses and hence decided not to utilize the export entitlements, which consequently led to forfeiture of bank guarantee by the Export Promotion Council. The assessee recorded the payment as penalty in its books. It, however, claimed deduction under section 37(1) on the ground that such expenditure was compensatory and not penal in nature.

The Assessing Officer contended that though expenditure was incurred for business purpose, the forfeiture of bank guarantee was in the nature of penalty and therefore, the same cannot be allowed as deduction.

The Tribunal, however, observed that the assessee had taken a conscious business decision not to honour its commitment of fulfilling the export entitlements in view of losses being suffered by it. The High Court concurred with the view of the Tribunal holding that there is no contravention of any provision of law and the forfeiture of the bank guarantee was compensatory in nature and therefore, allowable as deduction under section 37(1).

(Contributed by CA. Priya Subramanian, BoS)

ANNOUNCEMENT

CA - Direct Entry Scheme

Sub: Treatment to be given to papers with different nomenclatures and marks spread over the entire duration of graduation/post graduation course for the purpose of admission to the CA Course under Direct Entry Scheme.

The Council in order to mitigate the hardship being faced by certain category of students in registration to Intermediate (IPC) Course under Direct Entry Scheme, decided to pass the following Resolution under Regulation 205 of the Chartered Accountants Regulations, 1988.

"Resolved that -

By virtue of powers vested under Regulation 205 of the Chartered Accountants Regulations, 1988, the Council of the Institute of Chartered Accountants of India hereby orders that the set of candidates who are fulfilling the following eligibility requirements but were facing hardship in seeking admission to the Intermediate (IPC) Course under Direct Entry Scheme under Regulation 25D (1A)(i) of the above-stated Regulations be now enabled to seek admission/registration as under:-

Graduate or post graduate in commerce having secured in aggregate a minimum of fifty-five per cent of the total marks or its equivalent grade in the examination conducted by any recognized University (including Open University) by studying any three papers carrying a minimum of 50 marks in a semester/year and cumulatively 100 marks or more marks over the entire duration of the concerned course out of Accounting, Auditing, Mercantile Laws, Corporate Laws, Economics, Management (including Financial Management), Taxation (including Direct Tax Laws and Indirect Tax Laws), Costing, Business Administration or Management Accounting or similar to the title of these papers with different nomenclatures. The Board of Studies was authorized to approve the subjects, University-wise, as and when the issue of nomenclature arises.

The Council also decided that in terms of the above resolution passed, students who have commenced their practical training but their registrations to the Intermediate (IPC) Course could not be processed/regularised due to the restrictions in Clause (i) of Regulation 25D (1A) of Chartered Accountants Regulations, 1988 be processed for registration/admission to the Intermediate (IPC) Course under the Direct Entry Scheme with retrospective effect i.e. from the date of their commencement of practical training, provided the registration and other related papers together with prescribed fee had been received in the office on or after 1st August, 2012 and such students are also continuing their articles."

Director
Board of Studies

TSIL- Expanding Horizon

CA. Ashish Gupta

TSIL is engaged in the business of touring and travelling, planning to acquire another firm in the same line of business. With this merger company is confident that there will be no other firm of comparable size in the Southern Region but faced with the situation of valuation of the business of the same firm.

About Travel South India Ltd. (TSIL)

Travel South India Ltd. was established in 1998 by Subra Bros. for organizing tour programmes (including boarding, lodging, food etc.) for tourists in Southern India. Since Kerala started becoming a major point of attraction among tourists (especially foreign nationals), company established it corporate office in Kochi, Kerala. Though its corporate office is in Kochi but it has a holiday business through its partnership with a number of independent tour operators. Within a span of a decade it has earned a good reputation as a tour operator in South India, earned through personalized services. This company also launches its Application on mobile phone through which people can book there tickets online whenever and wherever they are very easily, that app is easy to use and is free for the user, they can find the best hotel, explore restaurants, specific destinations. As a result of which it has in addition to sharing profit with independent tour operators it has started selling licenses to small travel agents upon certain terms and conditions and with the recent selling of licenses, it has accumulated a cash reserves of ₹ 86 crore.TSIL decided to expand its horizon through acquisition.

About Travel Dhoom

Travel Dhoom is a partnership firm and is a small tour operator which also has its centre of operations in South. Since it was founded 12 years earlier than Travel South by five partners having a past experience of working in airline industry, it has developed a strong business in northern India. In the year to 31 March 2012 its reported turnover was in ₹ 170 crore and its profit after tax for the financial year was ₹ 5 crore. The company's net asset is ₹ 12 crore and it has ₹ 15 crore outstanding long term loans. It has recently expanded its business suitable for its expanding air-ticketing business and has orders placed for new offices in various centres in India. Travel Dhoom has an agreement with one of the popular airline company for reservation of seats in their fleet of planes due to personal effects of the partners and the name and fame they enjoy in the industry.

Cash Flow Statement of Travel Dhoom for the current year and last year is as follows:

(₹ Crores)

		31-03-2012		**31-03-2011**
Cash inflow from operating activities		21.0		9.50
Return on investment and servicing of finance				
Interest received	1.20		0.60	
Interest paid	(1.05)		(0.70)	
		0.15		(0.10)
Tax Expenditure		(0.41)		(0.02)
Acquisition of Fixed Assets		(12.02)		(7.50)
Acquisitions and disposals				
Proceeds from the sale of interest in joint ventures		1.00		1.50
Repayment of secured loans		(3.10)		(2.50)
Cash flow before adjustment of Current Items		6.62		0.88
Decrease/(increase) in short term deposits		3.55		(3.22)
Increase/(decrease) in cash for the year		10.17		(2.34)

The contributor is Sr. Assistant Director, ICAI

In South India there is no other tour operator of comparable size and business. However, some of the analysts are of view that Udaan South Ltd., which is another tour operator operating in South India, can be considered as a good competitor for the business of Travel Dhoom. The following information is related to Udaan South Ltd.:

Expected P/E Ratio	11.00	Dividend Yield	0.00
Price of equity share to its Book value	1.25	1st Year Total Return (%) against the equity capitalization of ₹ 300 crore	25.07
Price of equity share to Cash Flow	3.00	Beta	2.00

The current risk-free rate of return is 4.5% and the equity risk premium is estimated at 3.5%. The prevailing share price Udaan South Ltd is ₹ 2.9 per share and its P/E ratio is 10. The corporation tax rate for both companies is 30%.

The gearing ratio for Udaan South Ltd, expressed as total debt to total capital (debt plus equity), is 60% and as total debt to equity is 150%.

You are advising Board of Directors of your company on the valuation of Travel Dhoom as a potential target for acquisition.

It is expected that growth of tourism industry in long term shall be around 4% per annum. However, current growth rate of Travel Dhoom is likely to be sustained for the next five years before reverting to 4% from the 6 years onward.

Assumptions:

(a) Travel Dhoom has undertaken consistent plans of reinvestment.

(b) The long term loans in both companies are not market sensitive.

Questions:

(i) Factors might be considered when contemplating proposed acquisition.

(ii) Current Cost of Equity of Travel Dhoom using CAPM, clearly stating additional assumptions you have made.

(iii) Expected growth rate of Travel Dhoom using the current retention ratio and cost of equity for coming 6 years stating additional assumption if made.

(iv) Value of Travel Dhoom on the basis of free cash to equity briefly stating the limitations of this method.

(Students are requested to mail their answer to the questions to "ashish.gupta@icai.in" latest by July 31, 2013. The best answers will be published in the September 2013 issue of the Student's Journal)

CROSSWORD

June, 2013

Solution

[1]D		[2]R	A	[3]M		[4]C	O	[5]I	[6]N	[7]S	
[8]B	[9]S	E		R				[10]N	T	P	[11]C
[12]A	E	D		[13]P	[14]O	[15]W		[16]V	E	T	O
	[17]E	R	[18]P		[19]C	E	D	E			N
	D		[20]R	[21]I	C	A		[22]N	[23]P	[24]A	S
	[25]S	P	E	C	U	L	A	T	I	V	E
[26]D			[27]S	A	L	T		[28]O	N	E	R
[29]E	[30]G		[31]I	I	T	H		R		[32]R	V
[33]L	A	[34]N	D				[35]I	Y			A
	[36]O	N	E	R	[37]O	[38]U	S				T
	[39]L	A	N		[40]P	A	S		[41]I	[42]I	I
[43]I			T		[44]T	E	A		[45]T	P	S
[46]T	A	N					[47]C	D	R	O	M

ANNOUNCEMENT

APPLICABILITY/NON-APPLICABILITY OF NEGATIVE LIST AND RELATED TOPICS IN SYLLABUS OF PART II: SERVICE TAX AND VAT OF PAPER 4: TAXATION (IPCC) FROM MAY 2013 EXAMINATION ONWARDS

The Examination Committee at its 498th meeting held on September 23, 2012 has decided that the following sections of the Finance Act, 1994/rules will be covered under point no. 1 (Concepts and General principles) and point no. 2 (Charge of service tax and taxable services) of syllabus of Part II: Service tax & VAT in Paper 4: Taxation from May 2013 examination onwards:

(i) Section 64 - Extent, commencement and application

(ii) Sections 65B - Interpretations [only relevant ones which would be required to explain the concepts included]

(iii) Section 66B - Charge of service tax on and after Finance Act, 2012

(iv) Section 66D - Negative list of services

(v) Section 66F - Principles of interpretation of specified descriptions of services or bundled services.

(vi) Section 67A - Date of determination of rate of tax, value of taxable service and rate of exchange

(vii) Point of Taxation Rules, 2011

It may be noted that the above-stated Sr. No.(i) - Section 64 and Sr. No.(vii) - Point of Taxation Rules, 2011 have already been covered in the existing syllabus so far. Thus, only Sr. Nos.(ii) to (vi) have been included as new topics in the syllabus under point no.1 (Concepts and General principles) and point no.2 (Charge of service tax and Taxable services).

The Committee further decided that the following topics pertaining to service tax law will not be included in the syllabus:

(i) Section 66C - Determination of place of provision of service

(ii) Section 66E - Declared services

(iii) Place of Provision of Service Rules, 2012

(iv) Section 68(2) and Reverse Charge notification

(v) Export of Services vide rule 6A of the Service Tax Rules, 1994

(vi) Mega exemption notification and other exemptions

(vii) Abatement notification

In furtherance to the above-mentioned decision, it is clarified that other topics viz., valuation of taxable service, payment of service tax and filing of returns, topics related to VAT etc. as covered in the Study Material will continue to apply as they used to apply before.

In view of the far-reaching changes effected with the introduction of negative list approach of taxation in service tax, Study Material and Practice Manual of Part-II: Service tax & VAT of Paper 4: Taxation (contained in Volume III) [November 2012 edition] have been completely revamped. Students may note that the revised Study Material and Practice Manual have been prepared in accordance with the above-mentioned decision of the Examination Committee.

In other words, all the chapters of the revised Study Material and Practice Manual would be applicable for examination purposes.

Hence, students with the older editions of the Study Material and Practice Manual are advised to read the new edition [November 2012 edition].

Corrigendum - Photo Caption

Attention of the readers is invited to the 1st Photo Caption on Page 35 of the June 2013 issue of the Students' Journal Vol SJ4 Issue 6, wherein the name of Central Council Member, CA. Naveen N.D. Gupta was inadvertently published in place of Central Council Member, CA. G. Sekar.

The error is deeply regretted.

ANNOUNCEMENT

The Institute of Chartered Accountants of India (ICAI) has entered into a MoU with the Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore- A Deemed University on May 28, 2013 to provide an opportunity exclusively for Women Chartered Accountants to pursue the Ph.D programme in full time and in part time mode.

The Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore established under Section 3 of UGC Act, 1956 offers from undergraduate to research level various programmes in Home Science, Science, Humanities, Business Administration, Education and Engineering as regular programme for the women students.

The Sri Avinashilingam Home Science College for Women was established by the great patriot and educationist Padmabhushan Dr. T. S. Avinashilingam under the auspices of the Avinashilingam Education Trust in 1957. It is now the largest Institution in the country for imparting Home Science Education and other streams at all levels. It was one of the seven colleges of the Country on which autonomy was conferred by the University Grants Commission in June 1978 and the first of the women's colleges to get this distinction. Autonomy gave the College scope for academic freedom for innovations in teaching, learning and research. The University functions under seven faculties namely, Home Science, Science, Humanities, Education, Business Administration, Engineering and Community Education and Entrepreneurship Development.

The Doctor of Philosophy (Ph.D.) degree programme is designed to provide a candidate an opportunity to obtain the expertise through intensive research. The degree is awarded to a candidate on the basis of original and wide ardent research in any particular discipline or inter-discipline that makes a contribution to the advancement.

Eligibility

As per the MoU, a person possessing the Chartered Accountancy qualification is treated to have completed a post graduate degree in commerce or allied discipline for purpose of registration to Ph.D programme. Any Women Chartered Accountant can pursue the Ph.D programme either in Full time mode or in Part time mode, in case they have three years of experience.

Duration

The duration of research is given in the table below:

Categories	Minimum	Maximum
Full time	3 Years	5 Years
Part time(in case for three more than three years of experience)	4 Years	6 Years

Fees Details:

The fees for Ph.D programme is Rs. 31,000 per year/$4,000 per year (Foreign Candidates).

To facilitate the quality research & encourage more number of Women CAs to complete the Ph.D degree, the Avinashilingam University has customised its regulations in a flexible manner, with virtual contacts & classes yet subscribing to the UGC's 2009 Regulations for Ph.D.

Further details in this regard shall be soon be hosted on website of ICAI (www.icai.org)

Chairman
Board of Studies

ANNOUNCEMENT

The following Regional/Sub-Regional Conferences for CA students are also being organized by ICAI Branches. For further details, please contact the respective Branches.

S.N	Branch	Name of the Conference	Proposed Dates	Contact Details
1.	Bhopal	Regional Conference (CIRC)	10th & 11th August, 13	Phone: 0755- 2558066, Email: bhopal@icai.org
2.	Jamnagar	Sub-Regional Conference (WIRC)	10th & 11th August, 13	Phone: 0288- 2713333, Email: jamnagar@icai.org
3.	Vasai	Sub-Regional Conference (WIRC)	2nd & 3rd August, 13	Phone: 022- 65568900, Email: vasaibranch@gmail.com

ANNOUNCEMENT

RECOGNITION OF CHARTERED ACCOUNTANCY QUALIFICATION FOR REGISTRATION TO Ph.D PROGRAMME

Indian Institute of Technology Madras has recognized:

1. Associate Members of ICAI for the registration to Ph.D. Programme provided
   - they qualify in any one of the national level examination for Half Time Research Assistantship (HTRA)

     or

   - have five years of managerial experience for Non Half Time Research Assistantship (NHTRA).
2. Fellow Members of ICAI for the registration to Ph.D. Programme without the requirement of Half Time Research Assistantship.

Chairman
Board of Studies

RECOGNITION OF CHARTERED ACCOUNTANCY QUALIFICATION FOR REGISTRATION TO Ph.D PROGRAMME

Dr D Y Patil Vidyapeeth University, Pune has recognised Chartered Accountancy Course as equivalent to Post Graduate Course in Commerce or allied disciplines for registration to Ph.D. Programme.

Chairman
Board of Studies

RECOGNITION OF CHARTERED ACCOUNTANCY QUALIFICATION FOR REGISTRATION TO Ph.D PROGRAMME

Central university of Jharkhand, Ranchi has recognised Chartered Accountancy Course as equivalent to Post Graduate Course in Commerce or allied disciplines for registration to Ph.D. Programme.

Now, 93 Universities/6 IIMs and IIT Madras have recognized Chartered Accountancy qualification for pursuing Doctorate of Philosophy (Ph.D.) programme.

Chairman
Board of Studies

ANNOUNCEMENT

उत्तिष्ठत जाग्रत

National Convention for CA Students - Baroda

11th & 12th July 2013

Venue: Sir Sayaji Rao Nagar Gruh, Akota, Baroda

Organized by: Board of Studies, ICAI

Hosted by: Baroda Branch of WIRC of ICAI and Baroda Branch of WICASA

Theme: "Arise, awake"

DAY 1 – Thursday, July 11, 2013	
Inaugural Session	**Chief Guest :** Shri Bharat Goenka, MD, Tally Solutions Ltd. **Guest of Honor : -** CA. Subhodh Kumar Agrawal, President ICAI , CA. K. Raghu, Vice-President ICAI , CA. Vijay Garg, Chairman, Board of Studies
First Technical Session **Direct Taxes**	**Chairman:-** CA. Dr. V. K. Singhania, New Delhi Topics:- (i) Taxation of Gift under Income Tax Act, 1961, (ii) Responsibilities of Non-Residents in India - Taxation of Expatriates & Non Residents in India, (iii) Re - Assessment provisions under the Income Tax Act, 1961, (iv) Sec 14A of the Income Tax Act, 1961
First Special Session	**Secrets of Success** **Speaker:** Dr. Bharath Chandra, Bangalore, Asia's No 1 Success Coach
Second Technical Session **Accounting & Financial Reporting**	**Chairman:** CA. Jay Chhaira, CCM, Surat **Topics :-** (i) Revised Schedule VI - Divergent Practices observed from Published Accounts, (ii) IND AS - Fixed Assets and Investment Property, (iii) Accounting for Financial Instruments - AS 30, 31,32, (iv) AS-11 - The effects of changes in foreign exchange rates
	Cultural Evening (Students' Performances)
DAY 2 - Friday, July 12, 2013	
Third Technical Session **Debate on Technical and Contemporary Topics**	**Moderators:-** CA. Anil Bhandari, RCM, Mumbai; CA. Manish Baxi, Baroda , Mr. Animesh Bhatt, Times of India, Baroda **Round 1: Technical topic:-**GST Road Ahead or Road Blocked? **Round 2: Contemporary topic:-** Will be given on the spot to Winners of Round 1
Second Special Session -	**Challenges before CA Students** **Speaker:** CA. G. Sekar, CCM, Chennai
Forth Technical Session- **Information Technology and Auditing**	Chairman: CA. Nilesh Vikamsey, CCM, Mumbai Topics:- (i) Use of Information Technology in Auditing, (ii) Application of Standards on Auditing in Day to Day Audit, (iii) Case Studies on Risk Assessment and Internal Controls in IT enabled environment, (iv) Auditors Report (including CARO) - Analysis of modified opinions and basis thereof from Published Accounts
Third Special Session	**Study of Logistics and Supply Chain Management with Practical Case Study & Demonstration of Dabbawala in Mumbai** **Speaker :** Dr. Pawan G. Agrawal, Mumbai, CEO, Mumbai Dabbawala Education Centre
Valedictory Session	Valedictory Session and prize distributions **Guest-** Eminent Personality

Students are requested to register for the Convention as per the following details:-

Registration fees	Rs. 800 per student	Accommodation (if required) - Contact Registration Committee
Payment Mode	Cash/DD/Cheque	To be drawn in favour of "Western India Chartered Accountant Students Association" payable at Baroda.

For registration contact:-

Baroda Branch of WIRC of ICAI, ICAI BHAWAN, Kalali - Tandalja Road, Atladra, Baroda - 390 012 (Gujarat)

Phone 0265-2680593/ 2681115 & Email wicasa.baroda@gmail.com

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical -Sessions. Students can also take part in Debate in a team of 3. Interested Students are requested to submit a soft copy of the Paper / submission for debate (points in favor and against of the topic) along with regn no., bio-data, photograph and one minute video recording (link) at wicasa.baroda@gmail.com by June 17, 2013. Outstation students shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc. Interested students for cultural programme may send their particulars before June 17, 2013 at wicasa.baroda@gmail.com

CA. Abhishek Nagori Member, WIRC	CA. V. Murali Convention Co-Chairman & Vice-Chairman, Board of Studies, ICAI	CA. Vijay Garg Convention Chairman & Chairman, Board of Studies, ICAI
CA. Nayan R. Kothari Chairman, Baroda Branch of WICASA 09824433445	CA. Ashish Parikh Chairman, Baroda Branch of WIRC	

ANNOUNCEMENT

State Level Conference for CA Students - Aurangabad

6 & 7 July 2013
Venue: CIDCO Natya Gruha, Aurangabad-431005
Organized by: Board of Studies, ICAI
Hosted by: Aurangabad Branch of WIRC of the ICAI & Aurangabad Branch of WICASA
Theme: VIVITSU (Strives to Knowledge)

Day I	
08.00 am - 09.30 am	Kit Distribution
09.30 am - 11.30 am	Inaugural Session
11.30 am - 01.30 pm	Technical Session I: TAXATION
	(i) Taxation of Real Estate Transactions (ii) Service Tax Amnesty Scheme 2013
	(iii) Partnership V/s. LLP Technical Chairman : Eminent Faculty
02.30 pm - 3.30 pm	Special Interactive Session: Interaction with Board of Studies
03.45 pm - 5.00 pm	Special Session: Motivational Talk by CA. Charanjeet Singh Nanda, CCM.
6:30 pm onwards	Cultural Evening
Day II	
09.30 am - 11.30 am	Technical Session II: Financial Matters
	(i) Share Trading - Business Income/ Capital Gains (ii) Money Laundering - An Overview
	(iii) SEBI V/s. Sahara India - An analysis
	Technical Chairman : Eminent Faculty
11.30 am - 01.30 pm	Technical Session III: State Laws
	(i) Local Body Tax (LBT) (ii) Set off & Reduction under MVAT Act
	(iii) Package Scheme of Incentives 2013
	Technical Chairman : Eminent Faculty
02.30 pm - 03.45 pm	Special Motivational Session : Looking Ahead, Speaker: Dr. Suresh Chari
03.45 pm - 05.45 pm	Technical Session IV: Professional Development
	(i) Being CA - Job or Practice (ii) Constructive use of Social Networking (iii) Peer Review
	Technical Chairman : Eminent Faculty
05.45 pm onwards	Valedictory Session
Students are requested to register for the Conference as per the following details:-	
Registration Fee	Rs.600/- per studentFor accommodation- Contact the Branch
Payment Mode	DD/Cheque to be drawn in favour of "State Level Conference for CA student-Aurangabad" payable at Aurangabad.

For registration queries contact :-
Aurangabad Branch of WIRC of ICAI
Plot No. 88, Railway Station MIDC Road,
Opp. DIC Office, Aurangabad-431005
aurangabad@icai.org, www.aurangabad-icai.org, 0240-2342157

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical-Sessions and submit for approval a soft copy of the Paper at aurangabadwicasa@in.com & aurangabad@icai.org by 23rd June 2013 and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the Aurangabad Branch at above mentioned address. Students interested to participate in the cultural programme may register before 16thJune 2013 at the Branch .

CA. Girish Kulkarni Member, WIRC 9561096814	CA. V. Murali Conference Co-Chairman & Vice-Chairman, Board of Studies, ICAI	CA. Vijay Garg Conference Chairman & Chairman Board of Studies, ICAI

CA. Vijay Rathi Chairman, Aurangabad Branch of WICASA 9822228661	CA. Rajkumar Kothari Chairman, Aurangabad Branch of WIRC 9420809151

ANNOUNCEMENT

National Convention for CA Students - Nagpur

19th & 20th July, 2013

Venue : Vasantrao Deshpandey Hall, Civil Lines, Nagpur.

Organized by: Board of Studies, ICAI

Hosted by: Nagpur Branch of WIRC of the ICAI and Nagpur Branch of WICASA

Theme: Challenging the Changes

DAY-I Friday, 19th July 2013			
08:00 am - 09:00 am	Registration		
09:00 am - 10:30 am	Inaugural Session		
10:30 am - 12:30 pm	Technical Session-I: Auditing & Financial Reporting		
	(1) Auditing in ERP Environment (2) Presentation of Forex Transaction in Revised Schedule VI		
1:30 pm – 3:30 pm	Technical Session-II: Corporate Law & Governance		
	(1) Audit & Auditors under the Companies Bill-2012		
	(2) Expenditure by Companies under CSR (Corporate Social Responsibility)		
03:30 pm - 05:00 pm	Special Session		
06:30 pm - 09:30 pm	Grand Cultural Night		
DAY-II Saturday, 20th July 2013			
09:30 am - 11:30 am	Technical Session-III: Taxation		
	(1) Software-Taxable as Goods or Service or Both? (2) Finance Bill 2013- Impact on Real Estate Sector		
11:30 am - 01:30 pm	Technical Session-IV: Emerging Opportunities & Challenges (1) Partners in Nation Building- Emerging Opportunities for CA. Professionals (2) Social Networking Sites- Opportunity or Threat?		
02:30 pm - 04:00 pm	Special Session		
04:00 pm - 05:00 pm	Valedictory Session		
Students are requested to register for the Convention as per the following details:-			
Registration fees	Rs.750/-per student	Accommodation (if required)	Rs. 300/- per student
Payment Mode	DD/Cheque to be drawn in favour of "National Convention for CA Students" payable at Nagpur.		

<u>For registration queries contact:-</u>

Nagpur Branch of the WIRC of the ICAI at ICAI BHAWAN,
20/1, Dhantoli, Nagpur – 440012, Tel No. 0712 - 2443968, 2441196, Fax no. 0712 – 2454166,
E-mail: convention.nagpur@gmail.com, Website : nagpuricai.org

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in Technical -Sessions and submit for approval a soft copy of the Paper at convention.nagpur@gmail.com by 30th June 2013 and a hard copy of the same along with Student's Photograph (with his/her name on the back of the photograph), Registration Number, Course pursuing, complete postal address, Mobile, Landline numbers and e-mail ID be also sent to the Nagpur Branch of WIRC of ICAI at Nagpur. Outstation students shall be reimbursed actual travelling expenses equivalent to 2 tier AC and DA @ 1500 per day for lodging etc. Students interested to participate in the cultural programme may register before 30th June 2013 at the Branch.

CA. Julfesh Shah Member , WIRC 9823096540	CA. V. Murali Convention Co-Chairman & Vice-Chairman, Board of Studies, ICAI	CA. Vijay Garg Convention Chairman & Chairman, Board of Studies, ICAI
CA. Sandeep Jotwani Chairman, Nagpur Branch of WICASA 9822568869	CA. Swapnil Agrawal Chairman, Nagpur Branch of WIRC 9371455299	

ANNOUNCEMENT

International Conference for CA Students - Kolkata

14th & 15th September, 2013
Venue: Science City Auditorium, Kolkata
Organized by: Board of Studies, ICAI
Hosted by: EIRC of the ICAI & EICASA
Theme: **ACCOUNTING PROFESSIONAL ACE, ASTUTE & ADAPTABLE**

DAY 1	
9.00 - 10.00 AM	Registration
10.00 AM- 11.30 AM	Inaugural Session
11.30 AM - 1.00 PM	Technical Session 1 : Financial Reporting & Analysis (a) Financial Reporting - Paradigm Shift Internationally (b) Reforms in Government Accounting & Public Finance (c) Convergence of Accounting Standards
2.00 PM - 3.30 PM	Special Session 1 : Corporate Quiz
3.30 PM - 5.00 PM	Technical Session 2 : Audit : Dynamic Shift (a) Risk Based Audit (b) Audit Tools & Data Analysis (c) Audit Reporting - Recent Developments
5.30 PM - 7.30 PM	Special Session 2 : Special Motivational Session
DAY 2	
9.00 - 10.00 AM	Registration
10.00 AM - 11.30 AM	Technical Session 3 : Taxation : New Dimension
	(a) Recent Changes in Non -Resident Taxation (b) Transfer Pricing (c) Goods & Service Tax (GST)
11.30 AM - 12:30 PM	Special Session 3 : Practical Training: An Important Ingredient of a Successful CA
1.30 PM - 3.00 PM	Technical Session 4: Impact of IT on CA Profession (a) Cloud Computing - Opportunities, Risks & Challenges (b) Online Filing & Reporting (c) ERP Implementation - CA's role
03:00 PM - 03:30 PM	Valedictory Session : Certificate & Prize Distribution
04:00 PM - 07:00 PM	Talent Hunt & Cultural Program & Closure
Students are hereby requested to register for the Conference at the earliest. The details are as under:-	
Regn. Fees	Rs.600 per student (Early bird discount of Rs. 100 is applicable for registrations on and before 5th August, 2013, i.e. Fees Payable upto 5th August, 2013 will be Rs. 500)
Accommodation	Rs.400 per day over & above delegate fees of Rs.500. (For outstation students, if required)
Payment Mode	DD to be drawn in favour of "The Institute of Chartered Accountants of India, EIRC", payable at 'Kolkata'. Fee can also be paid in cash at EIRC office during office hours in person.

For Registration Contact:-

Chairman , EIRC , ICAI, 7, Anandilal Poddar Sarani (Russell Street), Kolkata,700 071
Phone: 033-39893989/3021-1120 to 23 Fax: 033-30211146
E-mail: erobos@icai.in; website: www.icai.org , www.eircicai.org

Students are invited to contribute papers for presentation (1500 to 2000 words) for topics in the four Technical -Sessions. One paper on each topic will be selected. Interested Students can submit their Paper in soft copies alongwith scanned passport size photograph to Shri Rajesh Bhalla, Deputy Secretary, Board of Studies, ICAI at rajeshbhalla@icai.in by August 5, 2013 and hard copy to Shri Vijay Kapur, Director, Board of Studies, ICAI at ICAI Bhawan, A-29, Sector-62, Post Box No. 36, Noida- 201309 (UP) with complete details- postal address for communication, phone no. (landline & mobile) , Registration no , course pursuing, email ID and passport size photograph. Paper Presenters selected for presentation of paper at the Conference are exempted from payment of registration fee. All selected outstation Paper Presenters will be reimbursed to and fro AC 2 tier railway fare by the shortest route on production of necessary proofs (both ways ticket) and DA @ Rs.1,500/- per day (maximum upto 5 days) towards lodging & boarding etc. Students traveling by Air would be reimbursed railway fare restricted to AC 2 tier by shortest route.

CA. Sumantra Guha Conference Director & Member, Board of Studies, ICAI	CA. V. Murali Conference Vice-Chairman & Vice-Chairman, Board of Studies, ICAI	CA. Vijay Garg Conference Chairman & Chairman, Board of Studies, ICAI
CA. Abhijit Bandyopadhyay Central Council Member, ICAI	CA. Subhash Chandra Saraf Vice-Chairman, EIRC & Chairman, EICASA 09831087579	CA. Ranjeet Kumar Agarwal Chairman, EIRC 09830140211

ANNOUNCEMENT

The Institute of Chartered Accountants of India
Board of Studies

Webcasts for Students: Intermediate (IPC) Course, Final Course and Accounting Standards

The Board of Studies of the Institute is going to organise Webcasts on Accounting Standards and respective subjects of the Intermediate (IPC) Course and Final Course on Saturdays from 1.00 p.m. to 5.00 p.m. and/ or Sundays from 10.00 a.m. to 2.00 p.m. in July-September, 2013.

The Subject specific webcasts by leading faculty members aim to mentor Students on the successful strategies to succeed in their forthcoming examinations.

The webcasts aim to take learning and development to the doorsteps of students through a uniform platform across the country. Students can also ask specific queries/ questions, many of which would get answered subject to relevance and availability of time, through links that would be made available for each of the forthcoming webcasts. The schedule of forthcoming webcasts and links to access available webcasts would be available on this link and updated from time to time.

Students of the CA Course are encouraged to make good use of this opportunity to learn from and interact with the eminent speaker on this topic. Students are also encouraged to view recorded webcasts and the Online e-Learning facility available on Students Learning Management System at http://studentslms.icai.org to learn anytime from anywhere.

Director, Board of Studies

June 19, 2013

Forthcoming Webcasts Schedule for July 2013: Saturdays from 1.00 p.m. to 5.00 p.m.

Date	Webcast Topic	Faculty	Link/ URL
July 6	Preparing for IPCC Paper 7: Information Technology	CA. Atul Gupta	http://icaitv.com/live/icai060713
	Preparing for IPCC Paper 7: Strategic Management	CA. Deepak Mulchandani	
July 13	Preparing for IPCC Paper 1: Accounting	CA. G.P. Kasthuri Rangan	http://icaitv.com/live/icai130713
	Preparing for IPCC Paper 3: Cost Accounting	CA. B. Sarvana Prasath	
	Preparing for IPCC Paper 3: Financial Management		
	Preparing for Final Paper 5: Advanced Management Accounting		
July 20	Preparing for IPCC Paper 4: Income Tax	CA. Girish Ahuja	http://icaitv.com/live/icai200713
	Preparing for IPCC Paper 5: Advanced Accounting	CA. Praveen Sharma	
July 27	Preparing for IPCC Paper 2: Business Laws, Ethics & Communication.	Mr. R.D. Maheshwari	http://icaitv.com/live/icai270713
	Preparing for IPCC Paper 6: Auditing & Assurance	CA. Kamal Garg	

Webcasts Currently Available

Webcast Topic	
How to Prepare for CA Exams" - CA. T.N. Manoharan, Past President, ICAI	http://icaitv.com/?p=1930
Final Paper-7: Direct Tax Laws (Income Tax) - CA. Girish Ahuja	http://icaitv.com/?p=1861

ANNOUNCEMENT

National Convention for CA Students - Surat

Surat Branch of WIRC of ICAI is hosting National Convention for CA Students organized by Board of Studies, ICAI on 9th & 10th August, 2013 at Surat with the theme "**Avant Garde" - Ingenious, Innovative, imaginative**.

For details please contact Surat Branch at ICAI Bhawan, 2nd Floor, Saifee Building, Dayalji Baug Road (Dutch Garden Road), Nanpura, Surat - 395 001 (Gujarat), Phone- 0261- 2461154 & Email- surat@icai.org

ANNOUNCEMENT

State Level Conference for CA Students - Trivandrum

Trivandrum Branch of SIRC of ICAI is hosting State Level Conference for CA Students organized by Board of Studies, ICAI on 3rd & 4th August, 2013 at Alakapuri Auditorium, Edappazhanji, Trivandrum with the theme "**Enlightening the knowledge- The Horizon**".

For details please contact Trivandrum Branch at ICAI BHAWAN, P.B. No. 416, TC 41/401 Pound Road, Thycaud, Thiruvananthapuram -695014, Phone- 0471 2323789 & Email- icaitvm@gmail.com

Shri Harshwardhan Patil, Hon'ble Minister for Cooperation & Parliamentary Affairs, Govt. of Maharashtra lighting the auspicious lamp to inaugurate Convocation 2013 in Mumbai in the presence of CA. Subodh Kumar Agrawal, President, ICAI and CA. K. Raghu, Vice President, ICAI and other dignitaries.

CA. Subodh Kumar Agarwal, President, ICAI addressing the Convocation 2013 in Jaipur. Also seen in picture (L-R) CA. Pramod Kumar Boob, Chairman, Jaipur Branch, CA. Vikas Jain, Chairman, CIRC and CA. Vijay Garg, Chairman, Board of Studies.

CA. K. Raghu,Vice President, ICAI lighting the auspicious Lamp to inaugurate the Convocation 2013 in Kanpur in the presence of Shri. Sri Prakash Jaiswal,Union Coal Minister,CA.Vijay Garg,Chairman, Board of Studies and Central Council Members CA.Anuj Goyal,CA.Shyam Lal Agarwal and CA.Mukesh Singh Kushwah.CA.Vikas Jain,Chairman, CIRC, CA.Avichhal SNKapoor, Treasurer, CIRC and CA.Piyush Agarwal, Regional Council Member also seen in picture.

CA. K. Raghu, Vice President, ICAI lighting the auspicious Lamp to inaugurate the Convocation 2013 in Chandigarh. Also seen in picture (L-R) CA. Uma Kant Mehta, Vice Chairman, Chandigarh Branch, CA. Vijay Garg, Chairman, BoS, CA. Vijay Kumar Gupta, Central Council Member, CA. Charanjot Singh Nanda, Central Council Member.

CA. K. Raghu, Vice President, ICAI addressing the students while the Chairman, CA. Shashank Mishra and other members of the Managing Committee of the Lucknow Branch of CIRC of ICAI share the dais at Lucknow.

RNI No. 66180/97

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Date of Publication: 26.06.2013

CROSSWORD

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ACROSS

1. The world's leading manufacturer of elevators, escalators, and moving walkways.
5. Forward rate is used for determination of ------------- of a future contract.
9. ------------ Market is a place for short term lending and borrowing, typically within a year.
10. An --------- is a commonly used word for a long period of time.
11. The number ------------ is a mathematical constant that is the ratio of a circle's circumference to its diameter, and is approximately equal to 3.14159.
12. Nibble
13. A ----------- is a location on a coast or shore containing one or more harbors where ships can dock and transfer people or cargo to or from land.
15. ------------ 1 is referred to as SAHAJ.
16. One who has personal enmity for another.
17. Wealth tax is a -------------- tax.
21. In capital budgeting ---------------- analysis determines effect on possible NPV or IRR for a project consequent upon change in one particular input variable.
25. As against single factor CAPM model, the multi factor model is called -----------
26. Ratio to measure the efficiency of an industrial unit
28. To describe a group of everything.
30. ------------- is the objective form of I.
31. -------------- Bank was converted in to Axis Bank.
32. A monopolist generally faces ---------------- competition.
34. The commonly used distress signal.
36. Locate
40. Under this ------------ Act, any citizen may request information from a "public authority" which is required to reply expeditiously or within thirty days.
42. Seized assets cannot be applied to recover ------------ tax payable.
43. ------------- is used to pay off both interest and principal each month, so that over a specified number of years, the loan is paid off in full.
44. ------------- overhead rate is single overhead rate for the entire factory.

DOWN

1. An independent person appointed to hear and act upon citizen's complaint about government services.
2. A newspaper agency in India.
3. ---------------- rate of return uses discounted cash flows.
4. Catch glimpse of
6. One type of factor payment
7. Interest rate option that protects the buyer from rising interest rate above strike rate is called -------------.
8. Location
11. One who votes for and on behalf of a shareholder at a company meeting.
14. One form of preposition.
15. A student of CA course registering for practical training on or after 1st August, 2012 will be required to undergo Advanced ------------
18. Latin words meaning that is.
19. ----------- involves reception of information not gained through the recognized physical senses but sensed with the mind.
20. Quote
22. A public, autonomous institute of management education and research in India.
23. The amnesty scheme introduced in the Service Tax to promote willful compliance and broaden the tax base is known as -----.
24. Legal custodian who looks after all the monies invested in a unit trust or mutual fund.
27. ----------- cards are the quantitative records of stores.
29. Burden
33. One of the post qualification courses offered by ICAI.
35. Conjunction used with either.
37. One of the public sector banks in India.
38. A declarative language for describing rules that apply to Unified Modeling Language (UML) models developed at IBM and now part of the UML standard.
39. India's one of the major export items.
41. An Institute imparting management courses in India.
42. Form of Article

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