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EDITORIAL

PROFESSIONALISATION OF GOVERNMENT – AN EMERGENT IMPERATIVE

CA VINOD JAIN*

The economy is growing at a fast pace, businesses are becoming bigger, regulations becoming complex, international relation, law and order, defence, planning and other important government functions facing new challenges have made it necessary to professionalise the government. The government's bureaucratic structure from top to the bottom has been working around a system which were designed much before independence and although the Government of India and the State Governments have made some efforts to improve the skill set of its cadre. The society, the country at large, the businesses, the international community and various other stakeholders expect improved and high quality service delivery and smooth regulation. This expectation has brought in bigger challenge for the government to have deeper and comprehensive planning for skill development within the Governance systems.

The Indian Administrative Service and other allied services need revamping so that in future professionally and technically qualified personnel equipped with latest ultramodern technology in their own field are identified and appointed by the Government in all key positions suiting to their respective professional discipline. The current senior bureaucracy would require a comprehensive training for strengthening professional skills and technical capability among them for effective domain management. The IAS and allied officers are among the brightest intellectuals; still a comprehensive training and skill development programme will not only add efficiency and efficacy but will also equip them to meet new challenges with significant capability and professional delivery. This initiative will bridge the gap of ground realities at present and our perspective vision to make India an economic superpower.

The requirement of skill development, professional training in

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LONG WORKING HOURS-PROFESSIONALS UNDER STRESS

The increasing challenges and opportunities in the business environment during the last 10 years, increasing expectations of employers and clients, technological development in working methodology, mobile communication systems, increasing international competition, need for efficiency and efficacy for survival and desire to innovate and create India as a super economic power has brought in significant changes in working methodology and the time devoted by the professionals to their work. Till about 10 years ago, only a very few professionals used to work for more than 7 to 8 hours a day, whereas currently, working for 10 to 12 hours a day is becoming almost a minimum benchmark. A very large cross-section of the professionals and working community has started working for long hours. The professional and business relationship with the western countries and need for audio and video conferencing and other communication along different time zones across the world has also put additional pressure on professional time. Even professional students are not spared and have been forced to undergo long training hours in the process.

The problem is more acute in the profession of Chartered Accountants and most of us whether working in employment or practicing independently have knowingly or unknowingly moved towards 10 to 12 hours working, thereby resulting into tremendous professional stress. The long working hours have adverse impact on the health, mental and physical stress, family relationships, child development, social relationships and cultural environment. In most of the developed economies, more particularly in the US and Europe, most of the working professionals very strictly adhere to the time. They work very efficiently and effectively during the working hours and do not waste even a single moment. No personal talk, telephones, gossip, email, chatting, Internet surfing or tea session are undertaken during office hours. The foreign professionals are very particular about professional efficiency and effective delivery during the work hours and do not engage themselves in working or even attending telephone calls on holidays and outside office hours.

We wish to call upon all the members of the profession of chartered accountancy through this column to have a re-look

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1.0 INTEREST FREE LOANS EXTENDED TO SUGAR MILLS

It has been decided to give interest free loans to sugar mills that are facing a crisis after prices of the sweetener fell following a record output, for helping them to pay dues to sugarcane farmers. The loans will be sanctioned for clearing cane price arrears of 2006-07 sugar season and cane price of 2007-08.Mills would have to repay the loans in 4 years including a moratorium of 2 years. The loans will be sanctioned for clearance of arrears or cane price to be calculated on the basis of Statutory Minimum Price (SMP) fixed by the Center.

2.0 RBI MAY TIGHTEN NORMS FOR FOREX DERIVATIVES

The Reserve Bank of India (RBI) may soon tighten the norms for foreign exchange derivatives, amid several banks and companies facing losses with calls on currency movements going wrong.

The norms may require banks to insist on an undertaking from their corporate clients that such deals are being struck only for risk management purpose and not for trading.

3.0 UNUSED LOANS TO COST FIRMS DEAR

Companies from now on will have to pay a price for unused term loans sanctioned by banks. Banks are working towards incorporating in their loan agreements clauses that would allow them to levy a charge on companies for not utilising the entire loan amount sanctioned to them.

Alternatively, if a company is not willing to pay a charge, banks will remain the right to revoke the unutilized portion of the sanctioned loans. This will form a part of the new terms of sanction for lending to companies.

4.0 BANKS MAY USE FINGER PRINTs AGAIN

The Reserve bank of India (RBI) working group has recommended technical standards for use of finger prints by banks to ensure security of operations as financial institutions spread their services to remote areas.

5.0 EASY EXTERNAL LOANS FOR NBFCs

In a significant move, the Government and the regulators have agreed to partially open the External Commercial Borrowing (ECB) window for Non-Banking Finance Companies (NBFCs).

The finance ministry and the central bank have acceded to permit NBFCs to raise long-term finance from overseas markets for the infrastructure sector. The move would enable NBFCs to channelise external funds, which are much cheaper than the domestic debt, to infrastructure companies who find it difficult to borrow overseas due to low debt ratings of the projects.

6.0 SEBI PROPOSES REITs GUIDELINES

The long wait for retail investors in India to participate more widely in India's rapidly growing real estate sector is nearing an end. The Securities and Exchange Board of India (SEBI) has announced guidelines for Real Estate Investment Trusts (REITs). REITs are listed entities, similar to mutual funds that use collective funds for owning and managing investment in real estate projects.

SEBI has suggested that these schemes to invest only in income generating real estate and not in vacant land and property development.

- 5% cap of investment on a single real estate project and 25% cap on all the projects developed by a single group of companies.
- Indian REITs to be close ended, listed and not to offer guaranteed returns.
- Each scheme must be appraised by an appraisal agency, rated by a credit rating agency and valued by a qualified valuer, all of whom have to be pre-approved by the regulator.
- Net Asset Value (NAV) of REIT to be disclosed annually.
- Not less than 90% of the net income to be distributed each year after paying tax.

These are just proposed guidelines and SEBI is seeking industry comments on the proposed regulations by 10th January, 2008.

7.0 LOANS EXTENDED BY BANKS TO MUTUAL FUNDS

According to the Securities and Exchange Board of India (SEBI) the mutual funds shall not borrow more than 20% of the net asset of the scheme and for a duration not exceeding six months to meet temporary liquidity needs.

(RBI.No.2007-08/210 dt 14.12.2007)

8.0 SHIPBUILDERS MAY FLOAT ON SUBSIDIES FOR 10 MORE YEARS

Companies like L&T, Bharti Shipyard and ABG may get subsidy for ship-building activities for another 10 years. The shipping ministry has sent a revised proposal to the finance ministry for the extension of 30% subsidy to local ship-building firm.

9.0 FCNR DEPOSITs DECLINED

Foreign Currency Non-Resident (FCNR) deposits, have seen a slowdown due to the appreciation rupee. This, coupled with the softening interest rates, has led to money from non-resident Indians going to areas like real estate and equity.

10.0 NEW AMNESTY SCHEME APPROVED BY ESIC

The Employees State Insurance Corporation (ESIC) has approved a

fresh amnesty scheme for withdrawal of cases against the defaulting employers and employees.

The new scheme will come into force from January 1, 2008 and will remain effective for the full year. The scheme will lead to withdrawal of prosecution cases filed by the corporation in the Ist class judicial Magistrate Courts for non-payment of dues subject to payment including statutory interest.

11.0 INDIAN PATENT OFFICE GETS GLOBAL RECOGNITION

The Indian patent office has been recognized as the International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA) by the World Intellectual Property Organisation (WIPO) consisting of more than 170 member countries. The patents so granted would be applicable in all the WIPO member countries.

This would enable Indian companies to apply for global patents by filing their applications in India only. As an ISA, major functions of the Indian patent Office will be to approve or establish the title and conduct international searches.

The recognition of India as an ISA and IPEA puts India in a coveted league of only 15 nations and organizations currently recognized at a global level.

12.0 10% STAKE IN IFCI

International Finance Corp, a unit of the World Bank, may consider buying as much as 10% of IFCI Ltd, India's oldest project financier which is seeking a new investor.

IFCI, the third best performing stock on India's BSE500 Index 2007,plans to sell a 26% stake to a strategic investor to improve its financial performance and exit non performing assets or those that needed to be liquidated. The lender is also in talks with multilateral institutions.

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PROFESSIONALISATION OF GOVERNMENT ...

a structured manner is a far and deep cry at the lower levels and necessitates a comprehensive programme by the central government as well as by the state governments to train all their people with specialized skill set, modern techniques and most importantly technical skills and professional management techniques. Above all, what we need is a perfect attitudinal shift amongst all in governance to have trust in themselves as well as in the service expecting stakeholders. These can achieve the need for transparency, eradication of corruption and quick and efficient response, quick, efficient and responsive government. We need systems to facilitate rather than regulate in a watertight manner.

INSURANCE

1.0 IRDA TO LINK COMMISION TO SERVICE

Insurance agents earn a commission of up to 40% in the first year of the policy. However several of them do not provide prompt and effective service, such as collection of subsequent premium to the policyholders. The Insurance Regulatory Development Authority (IRDA) committee may recommend slashing the commission of the intermediaries in the first year of the policy to address these issues.

2.0 IRDA GIVES FULL PRICING FREEDOM TO GENERAL INSURERs

The Insurance Regulatory Development Authority (IRDA) of India has decided to give full pricing freedom to the general insurance companies from January 1,2008.

Except for motor, third party rates insurers are free to quote the premium rates filed with IRDA for all other lines of business (whether a new policy or a renewal policy).

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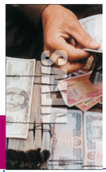
LONG WORKING HOURS ....

on their entire working methodology and system so as to ensure that they are not required to work more than 40 hours per week and in case of emergent requirement, say during the days of finalisation of account or when the last date for filing or compliances is nearing, they may at the most increase these working hours to 48 hours a week and anything beyond this need to be cut with complete commitment, discipline and devotion. To start with, all senior Chartered Accountants may take the lead to ensure that their juniors adhere to the aforesaid time discipline. It is our responsibility as professionals to spend enough time on our self-development, social networking, cultural built up and most importantly a happy, healthy and peaceful life. No personal calls, visitors, gossips or wastage of time and energy in any manner has to be a professional commitment in all of us. We are all committed to build a strong India with highly versatile and developed economy and vibrant cultural and social relations and a pleasant, safe and secure environment for healthy and wealthy human being. Let us all make commitment to ourselves to contribute our might.

We also wish to call upon the regulators to ensure that the Government must effectively address the current exploitation of employees including labour, junior management and middle management cadre by employers including some multinational companies, especially Korean and Japanese Companies. All the industries and business houses need to adhere to maximum 8 hours working per day and to work for late hours only as an exception and not as a rule. **India is calling**. A preventive action is needed before hostile labour and working class movement disturb the entire working environment.



1.0 INCOME TAX DECISIONS

1.1 Delhi ITAT SB on section 10(10CC): Multiple vs Single stage grossing up: In context of section 10(10CC) of the Act dealing with exemption of ***tax*** borne by an employer on non- monetary perquisite offered to an employee, it has been held that the same includes '***tax***' borne by an employer on the salary of an employee being ***non monetary*** benefit *qua* employee. Accordingly, it has been ruled that *taxes paid by the employer can be added only once in the salary of the employee. Thereafter, tax on such perquisite (i.e tax borne on salary) is not to be added again.*

*It may be noted here that an earlier Delhi ITAT bench ruing in the case of B.J.Services **109 TTJ 135** (adverse) has been overruled in above case.*

(RBF Rig Corpn vs ACIT 109 ITD 141)

1.2 Delhi ITAT on India USA DTAA: Taxability of Computerized Reservation System (CRS) : Delhi ITAT in the case of **Galileo Inc**. in context of taxability of *booking* revenue generated through its CRS services to Airlines, Hotels etc which enabled electronic ticket booking, reservation etc., has held that in so far as booking operations *takes place* in India through CRS having foot prints (nodes etc) in India, income accrues to assessee (Galileo) in India and same has *business connection* (BC) under the Act and *Permanent Establishment* (PE) under subject DTAA, in form of electronic nodes and telecommunication system in India which connected TA's portal to assessee's CRS in USA etc.

After applying **SC ruling in Morgan Stanley case 292 ITR 416 and CBDT Circular No 23 dated 23 July 1969**, it has been held that since Indian agent of assessee (Interglobe) through which assessee was rendering CRS services in India stands remunerated at arm's length price (ALP), nothing further needs attribution in the hands of assessee. *In this connection, an earlier Mumbai ITAT bench ruling in the case of **SET (Singapore) Pte Ltd 106 ITD 175** which has taken an adverse view on the subject, seems to have not been considered by ITAT in subject ruling.*

(ITA no. 1733/Del/2001)

1.3 Delhi ITAT on India UK DTAA: Taxability of Marketing in India :In context of taxability of assessee's *marketing* activities taking place in India in relation to its products, through its Indian presence ('RRIL'), it has been held that, assessee has 'BC' and 'PE' under the Act and DTAA respectively and ***ex-conseqnetii*** its Indian activities needs attribution @ 35% of profits arising from Indian sales.

In this ruling, it seems that assessee's argument that since RRIL (its agent in India) stands remunerated at Arms Length Price*, no further attribution is required,* ***remained unconcluded***.

(Rolls Royce UK vs DDIT 2007 – TIOL- 408 – ITAT –DEL)

1.4 Income from House Property: Sec 22 : In aforesaid connection, as regards computation of 'annual value' under section 23 of the Act, it has been held that notional 'interest' on interest free (refundable) security advanced to landlord assessee cannot be uploaded to 'annual value' chargeable under section 22 which has been otherwise specifically provided in Wealth Tax Act, 1957. *Same conclusion by CalHC in Satya & Co 140 CTR 569. (DHC in CIT vs Asian Hotels Limited ITA No. 794 of 2007 on 10 December 2007)*

2.0 PAN MANDATORY FOR BANKS AND INSURANCE SECTOR

After capital markets, the Government is targeting the financial sector - Banking and Insurance segments- to make quoting of Permanent Account Number (PAN) mandatory for investment products.

3.0 JOINT HOLDER MAY ENCASH TD BEFORE MATURITY

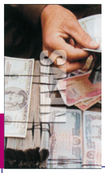
In the event of the death of the first holder, the Central Board of Direct Taxes (CBDT) has now allowed the joint holder to encash the Term Deposit (TD) before its maturity. Hitherto, the scheme did not permit any encashment of term deposits before the expiry of five years.

4.0 TAX BREAKS FOR SENIOR CITIZENS ANNOUNCED

The rapidly growing population of well-heeled senior citizens has been given a significant tax break by the Government. They can now set off investments upto Rs. 1 lakh made in the highly popular Senior Citizens' savings scheme, against their total income under section 80C.

Until now the scheme, with the maximum permissible investment of Rs. 15 lakh per year, offered no tax off sets. All persons above 60 years are eligible to invest in the scheme, which offers an annual return of 9% and works as a safety net for the elderly.

For others, the Government has also included the five-year time deposits in post offices in the tax offset. The Government has also announced a 5% bonus for the Post Office - Monthly Income Account (PO-MIA) scheme.



5.0 LAST DATE FOR FILING RETURN EXTENDED TO FEB 29

The Government, through a press release dt: 14th December, 2007, has extended the due date of filing of income tax return to February 29, 2008 for those who have filed their return within due date but not in prescribed form. The due date for filing of income tax return is being extended in view of the confusion regarding filing of returns on prescribed forms ITR-1 to ITR-8 or old saral 2D forms.

The due date is being extended for all categories of assessees in the country who were allowed to file returns in form no 2D (Saral) and also for other assesses who may have filed returns in the old forms on or after May 14, 2007.

6.0 CENTRE LIKELY TO RETAIN TAX SOP ONLY FOR BPO INDUSTRY

The Central Government is likely to extend the Software Technology Parks of India (STPI) scheme beyond 2009 only to Indian Information technology-enabled Services/Business Process Outsourcing (IteS/BPO) firms.

A proposal to this effect has been included in the 11th Five Year Plan document, which will be put up for the approval of the National Development Council, headed by the Prime Minister.

7.0 IT ACT TO GET MORE TEETH TO FIGHT FINANCIAL FRAUDs

The Income Tax Act will have provisions against financial frauds such as salami attack, phishing, spoofing and Electronic Data Interchange.

Salami attack is a trick by which the criminal deducts small sums from accounts of various victims in a way that it doesn't get detected. The hackers use it as the safest tool for earning large sum without getting even noticed.

8.0 NEW GUIDELINES FOR FBT ON ALLOTMENT OR TRANSFER OF ESOPs

8.1 Method of computation of the value of the fringe benefit

It has been provided that the value of fringe benefit shall be determined in accordance with the formula

A - B

Where, A = the Fair Market Value (FMV) of the specified security or sweat equity shares on the date of vesting of the option; and

B = the amount, if any, actually paid by, or recovered from the employee;

The expression fair market value has been defined to mean the value determined in accordance with the method as may be prescribed by the Board.

Option has been defined to mean a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price.

The method for determination of fair market value of specified security or sweat equity share, being a share in the company:

(i) In a case where, on the date of the vesting of the option, the share in the company is listed on a recognized stock exchange, the fair market value shall be the average of the opening price and closing price of the share on that date on the said stock exchange;

(ii) If on the date of vesting of the option, the share is listed on more than one recognized stock exchanges, the fair market value shall be the average of opening price and closing price of the share on the recognised stock exchange which records the highest volume of trading in the share;

(iii) If on the date of vesting of the option, there is no trading in the share on any recognized stock exchange, the fair market value shall be,-

 (a) the closing price of the share on any recognised stock exchange on a date closest to the date of vesting of the option and immediately preceding such date; or

 (b) the closing price of the share on a recognised stock exchange, which records the highest volume of trading in such share, if the closing price, as on the date closest to the date of vesting of the option and immediately preceding such date, is recorded on more than one recognized stock exchange.

(iv) In a case where, on the date of vesting of the option, the share in the company is not listed on a recognized stock exchange, the fair market value shall be such value of the share in the company, as determined by a Category 1 Merchant Banker registered with the Security and Exchange Board of India, on the specified date.

(v) The specified date has been defined as to mean-

 (i) the date of vesting of the option; or

 (ii) any date earlier than the date of the vesting of the option, not being a date which is more than 180 days earlier than the date of the vesting.

8.2 Determination of the cost of acquisition for capital gains purposes

The cost of acquisition of specified security or sweat equity shares shall be at a fair market value which has been taken into account while computing the value of fringe benefit under the clause (ba) of sub-section (1) of section 115WC.

9.0 NOMINATED DIRECTORS' ESOPs SPARED FBT

The Finance Ministry has decided to exempt companies from paying Fringe Benefit Tax (FBT) on Employee Stock Options (ESOPs) issued to non-executive directors. This comes even as the debate on whether non-executive or nominated directors can exercise their stock options is yet to be settled.

The companies which purchase securities from the market and give them to employees have been given a relief. The expenditure incurred by a company on purchasing shares would be allowable as a deduction in computing its taxable income. A large number of listed companies opt for this route.

According to the CBDT, benefits arising out of Esop issued to non-employees will not be liable to FBT. The taxability of such benefits in the hands of the non-employees will be determined in accordance with the existing law.

But as per CBDT the companies allotting shares from their own share capital will not be able to claim it as a deduction, since no expenditure has been incurred. **Some leading tax experts are of the view that the deduction can be claimed by the company even in such cases. The company in any case incur a cost as per ICAI guidelines, which is to be valued and debited to profit & loss account to enable the company to claim expenditure**.

Subsequently, if the employer recovers the FBT from the employee, it will not be treated as his income.

SERVICE TAX / OTHER INDIRECT TAXES

1.0 CESS, PURCHASE TAX, OCTROI OUTSIDE GST

Purchase tax and octroi, which are collected at state and local levels and will be kept outside the dual Goods and Service Tax (GST) structure to be introduced from April 2010.

Central taxes to be subsumed under GST:-

- Central excise duty
- Additional duty of excise
- Service tax
- Additional customs duty (popularly known as countervailing duty)
- Surcharge

State taxes to be subsumed under GST:-

- Value added tax or sales tax
- Entertainment tax (unless it is levied by local bodies)
- Luxury tax
- Taxes on lottery, betting and gambling
- State cess and surcharge if they relate to supply of goods and services
- Entry tax in lieu of Octroi

2.0 ALL INDIA FEDERATION OF TAX PRACTIONERS v. UNION OF INDIA [(2007) 10 STT 166 (SC)]

Tax on services rendered by professionals – Whether constitutional - Held, Yes. The instant appeal was filed by the appellant before the Supreme Court Challenging the legislative competence of the Parliament to levy service tax on Practicing Chartered Accountants, Cost Accountants and Architects under Article 246(1), read with Entry 97 of List I of the Seventh Schedule to the Constitution on the ground that word 'Profession' in Entry 60 of List II is nothing but service and, therefore, levy of service tax came within the competence of State Legislature alone.

Decision : Appeal dismissed.

3.0 NATIONAL OXYGEN LTD. v. COMMISSIONER OF CENTRAL EXCISE [(2007) 10 STT 241 (CHENNAI - CESTAT)]

Banking and Financial Services - Manufacturer of oxygen - Leasing of tankers - Whether banking and financial services - Held, No - Whether pre-deposit to be waived - Held, Yes.

4.0 UNIVERSAL CABLES LTD. v. COMMISSIONER OF CENTRAL EXCISE [(2007) 10 STT 264 (NEW DELHI - CESTAT)]

Cenvat credit - Input service - Internet **S**ervice and **C**ourier **S**ervice - Whether cenvat credit for input service qua internet services to be allowed - Held, Yes. Whether cenvat credit for input service qua courier services to be allowed - Held, No.

ACCOUNTING / AUDIT

1.0 IAASB ISSUES REDRAFTED & CLARIFIED STANDARDS ON AUDITING

The International Auditing & Assurance Standard Board (IAASB) has issued three final standards that reflect its new clarity drafting conventions:

- International Standard on Auditing (ISA) 230 (Redrafted), Audit Documentation;
- ISA 260 (Revised and Redrafted), Communication with Those Charged with Governance; and
- ISA 720 (Redrafted), The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements.

The complete set of clarified ISAs, including some newly revised

standards also under development, will be effective for audits of financial statements for periods beginning on or after December 15, 2009.

2.0 NEW CLARITY EXPOSURE DRAFTS APPROVED

The IAASB has approved the following exposure drafts of proposed ISAs:

- ISA 501 (Redrafted), Audit Evidence Regarding Specific Financial Statement Account Balances and Disclosures; and
- ISA 520 (Redrafted), Analytical Procedure.

3.0 IASB PUBLISHES REVISED PROPOSALS FOR DETERMINING THE COST OF AN INVESTMENT IN SEPARATE FINANCIAL STATEMENTS

The International Accounting Standards Board (IASB) has published for public comment on exposure draft of proposed amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements. The exposure draft—Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate—was developed in response to comments received on a related exposure draft published in January 2007.

CAPITAL MARKET

1.0 AMENDMENT TO EQUITY LISTING AGREEMENT

As per SEBI (Disclosure and Investor Protector) (DIP) Guidelines, 2000, every issuer company making a public or rights issue of more than Rs. 500 crores is required to appoint an agency to monitor the utilisation of issue proceeds. SEBI has, vide circular dated November 29, 2007 amending the SEBI (DIP) Guidelines, mandated that a monitoring agency shall henceforth be required to file its report with the issuer company instead of with SEBI. Presently, clause 49 of Equity Listing Agreement requires the Audit Committee of an issuer company to monitor the utilisation of issue proceeds and to make appropriate recommendations to the Board of the issuer company.

It has been decided to amend clause 49 of Equity Listing Agreement, requiring the issuer company to place the monitoring report filed with it before its Audit Committee. Further, every issuer company shall be required to inform material deviations in the utilisation of issue proceeds to the stock exchange and through advertisement in newspapers.

2.0 ELECTRONIC FILING THROUGH CFDS

The Securities and Exchange Board of India has decided to phase out Electronic Data Information Filing and Retrieval (EDIFAR) gradually in view of a new portal, viz., Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the URL *www.corpfiling.co.in.* CFDS offers a XBRL enabled common platform for listed companies to file their returns with stock exchanges and also a common place for investors to view information related to listed companies.

BSE and NSE shall ensure that CFDS is made available to all listed companies for their corporate filings, irrespective of the stock exchange on which the companies are listed.

3.0 DEVELOP MUNICIPAL BOND MARKET : SEBI

The Securities and Exchange Board of India (SEBI) has assured full cooperation to the financial market participants in developing India's municipal bond market for financing the projects of the local bodies. The local bodies need to have a team of experts who can issue and manage these bonds.

4.0 CHECK CREDENTIALS BEFORE INVESTING IN IPOs

The Government has cautioned small investors against misleading advertisements of companies looking to tap the capital market and has advised them to verify their credentials before putting in their money.

5.0 ENTRY LOAD WAIVED

The Securities and Exchange Board of India (SEBI) has in principle decided to waive the entry load for investors in mutual funds, who are investing directly in the market.

6.0 SEBI TEST GIVES MARKETS FULL MARKS

The stock markets' steep rise and fall in October and November 2007 were not triggered by any cartel. Securities & Exchange Board of India (SEBI) has informed the finance ministry that it has not detected any "untoward patterns" behind the recent stock market 'boom'. Sebi's clean chit would assure retail investors to invest in market.

8.0 MINI DERIVATIVE CONTRACT INTRODUCED

It has been decided to introduce mini derivative contract on Index (Sensex and Nifty). The mini derivative contract on Index (Sensex and Nifty) shall have a minimum contract size of Rs. 1 lakh at the time of its introduction in the market.

9.0 SHORT SELLING PERMITTED

Pursuant to the recommendations of the Secondary Market Advisory Committee (SMAC) of the Securities and Exchange Board of India (SEBI) and the decision of SEBI Board, it has been decided to permit all classes of investors to short sell subject to the broad framework specified.

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CORPORATE LAWS

1.0 CS ALLOWED TO ADVERTISE SERVICES

Company Secretaries (CS) are set to become the first class of professionals to be allowed to advertise their services in India. The regulatory body that governs the profession is going to allow Company Secretaries to advertise in print, electronic and internet media from January 1,2008. Other professionals like doctors, engineers, chartered accountants and lawyers do not yet have this privilege.

The Code of Ethics committee of The Institute of Chartered Accountants of India (ICAI) is working on modalities and guidelines to allow chartered accountants to advertise their services in a limited manner.

2.0 SERVICE CHARGES ARE NOT WAGES RULES SC

The Supreme Court (SC) ruled that tips or service charges paid by customers to the hotel staff did not amount to wages and could not be taken into account for payment of premium to the Employees' State Insurance (ESI) Corporation by the industrial establishment.

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