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EDITORIAL

DOWNSTREAM INVESTMENT IN INDIA BY FOREIGN COMPANIES – RESTRICTIONS – MANDATORY AUDIT SUGGESTED



CA VINOD JAIN*

The Government of India, as it appears from the *media* report, is considering a mandatory approval by Foreign Investment Promotion Board (FIPB) / Secretariat of Industrial Approval (SIA) Govt. of India before any downstream investments are made by the Companies who are currently owned partly or fully by non-resident Companies or non-resident individuals.

As per the current policy investments in India by foreign companies and foreign nationals besides non-resident Indians *are* quite liberal and except a very small list of activities in which foreign investments are banned and some sectoral caps in certain specific industries / service sectors, the investment by foreign companies, foreign nationals and non-resident Indians *are* under automatic route. In only some specific circumstances the list being very small, permission of the Government of India is necessary.

The proposed amendment is being brought in, in view of apprehended misuse of the automatic approval scheme. The

contd. ... pg 3

FOREIGN EXCHANGE DERIVATIVES - EMERGING RISK & CHALLENGES

The fluctuations in the foreign exchange market in the recent months have resulted into large foreign exchanges losses. The foreign exchange exposure is becoming a matter of concern. RBI has permitted forward contract, options, swap and similar other structures for hedging foreign exchange risk.

Recently there have been serious complaints from the banks' customers that banks have written options on their behalf without properly apprising them of the risk involved resulting into losses of several hundred crores to business community. Writing of forex options by the banks customers are prohibited by RBI. But banking industry took the liberty in view of certain loopholes in the language of RBI Circular permitting banks to offer cost reduction structures. This is required to be appropriately clarified and corrected by RBI on an urgent basis. A significant lesson has been learnt by financial experts that buying simple vanilla options is most advantageous.

RBI and SEBI have recently permitted currency future to be traded on stock exchanges. This is an excellent idea; however, the currency future should be restricted only to persons having underlying currency risk for hedging and not for the purpose of speculation.

The foreign currency future dealings by speculators could be very dangerous and is against the spirit of RBI policy of permitting hedging in foreign currency on the basis of underlying or expected exposures only.

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For further details, please see page 7.



LATEST IN FINANCE

1.0 LIBERALISATION IN DIRECT DISPATCH OF SHIPPING DOCUMENTS

It has been decided to allow AD Category - I banks, to regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent, per export shipment, subject to the following conditions:

- The export proceeds have been realized in full.
- The exporter is a regular customer of bank for a period of at least six months.
- KYC/AML guidelines.
- Bonafides of the transaction.

2.0 DIRECT RECEIPT OF IMPORT BILLS / DOCUMENTS LIMIT ENHANCED

AD Category – I banks may make remittances for imports, where the import bills / documents have been received directly by the importer from the overseas supplier and the value of import bill does not exceed USD 300,000, subject to the following conditions :

- Prevailing Foreign Trade Policy.
- Bonafides of the transactions.
- KYC/AML guidelines
- Due diligence about the financial standing / status and track record of the importer customer.
- It is customary in that trade to receive import documents directly from the overseas exporter.
- In case the AD Category – I

bank has suspicions about the genuineness of the transaction, it should be reported through the Suspicious Transaction Report (STR) to FIU_IND (Financial Intelligence Unit in India).

3.0 3.5% INTEREST ON UNCLAIMED FDs, INOPERATIVE ACCOUNTS

Bank customers who do not operate their accounts regularly will continue to earn interest rate of 3.5% on savings bank accounts and on fixed deposits after the maturity period. “Interest on savings bank account should be credited on regular basis whether the accounts is operative or not. If a fixed deposit matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest. Currently, banks pay interest rate of 3.5% on savings bank deposits. RBI has also barred banks from charging any fee of activation of inoperative accounts.

4.0 PRIVATE PROVIDENT FUNDS ALLOWED TO INVEST UP TO 15% IN STOCKS

Private sector managed provident funds and superannuation trusts can now have greater exposure in the stock markets.

They can soon directly invest up to 15 per cent of their investible funds in share of companies on which derivatives are available in the Bombay Stock Exchange (BSE) or National Stock Exchange (NSE)

This has been provided in the new investment pattern for non-government provident, superannuation and gratuity funds issued by the Finance Ministry.

5.0 RBI ISSUES FRESH NORMS FOR LOAN RESTRUCTURING MECHANISM.

The Reserve Bank of India has revamped the norms for restructuring advances, including non-industrial credit. Now, the non industrial companies can also use the corporate debt restructuring mechanism (CDR).

The new regulations harmonise the prudential norms across all debt restructuring mechanisms.

“Since the principles underlying the restructuring of all advances are identical, the prudential regulations too need to be aligned in all cases.”

CAPITAL MARKET

1.0 AMENDMENTS TO DIP GUIDELINES

1.1 Reduction in timelines for rights issue

In order to mitigate risks and to enable listed companies to raise funds from its shareholders in a more time effective manner, SEBI has decided to reduce the timeline taken for rights issues to 43 days from 109 days currently. The timeline includes starting from the notice period required for calling a board meeting of the issuer to consider the rights issue up to the period stipulated for completion of allotment and commencement of listing and trading of the shares so issued.

1.2 Definition of “Qualified Institutional Buyers (QIBs)”

Presently, Foreign Institutional Investors (FIIs) registered with SEBI are included in the definition of QIBs. These FIIs invest in securities in the primary market, either on their account or on behalf of their sub-account(s), in terms of the SEBI (FII) Regulations, 1995. It



has been decided to exclude sub-accounts falling in the categories of “foreign corporate” and “foreign individual” from the definition of QIBs.

1.3 Eligibility for making Qualified Institutions Placement (QIP)

Presently, the eligibility criteria for listed companies desirous of making QIP include a condition that the equity shares of the same class of such companies shall have been listed on a stock exchange having nationwide terminals, for a period of at least one year as on the date of issuance of notice to shareholders for considering the QIP.

It is noted that companies, which have been listed during the preceding one year pursuant to approved scheme(s) of merger/demerger/arrangement entered into by such companies with companies which have been listed for more than one year in such stock exchange(s). Such companies may take into account the listing history of the listed companies with which they have entered into the approved scheme(s) of merger / demerger/arrangement.

1.4 Pricing norms for QIP Placement

In order to facilitate eligible listed companies to raise funds through QIP route, it has been decided to modify the pricing guidelines for QIP by bringing the issue price of the securities offered closer to their market price. The pricing norms for QIPs and for preferential allotment will now be based on the last two weeks’ average price. Earlier, it was the last 6 months’ average price or the last 2 weeks, whichever was higher.

1.5 Lock-in on shares on exercise of warrants issued on preferential basis

Presently, as per the guidelines on preferential allotment, warrants issued on preferential basis are subject to lock-in for a period of one year or three years, as the case may be and lock-in on shares allotted on exercise of such warrants is reduced to the extent such warrants have already been locked-in. It has been decided to subject the shares so allotted pursuant to exercise of warrants to full lock-in period of one year or three years, as the case may be, from the date of allotment of such shares.

1.6 Eligibility of shares for promoters’ contribution and offer for sale-Restructuring

Presently, the SEBI (DIP) Guidelines provide that only those shares, which are held by shareholders for a period of at least one year at the time of filing of draft offer document with SEBI, are eligible (i) to be offered for sale and (ii) to be included for the purpose of promoters’ contribution (except in cases where the shares have been issued at the same issue price during the preceding one year).

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DOWNSTREAM INVESTMENT IN INDIA BY

proposal of the Government would create a big hurdle in operation of a large number of Indian Companies where there is a certain degree of foreign shareholding and almost all major or minor investments made by these Companies will require approval of the Government of India. This is against the liberalized policy and the Government should reconsider its thinking.

It may be appropriate for

Government of India to prescribe that all the Companies having shareholding of foreign companies, foreigners and non resident Indians may disclose such shareholding in their financial statements and / or annual returns filed with the Registrar of Companies. Besides such a disclosure they should also enclose a certificate from the auditors of the Company that the downstream investments made by these Companies adhere to FEMA restrictions including sectoral caps and the fact that neither directly nor indirectly, the beneficial interest of foreigners and foreign companies have breached beyond sectoral limits. This Certificate from auditors can also confirm that no such investments have been made by such companies in the prohibited sectors including real estate, agriculture, SSI etc. The Reserve Bank of India may consider making it mandatory for all the Companies having foreign shareholding to file the aforesaid Certificate with RBI on an annual basis.

The Department of Industrial Policy and Promotion, Ministry of Industries, Government of India may please consider an appropriate revision of Press Note No. 9 (1999 series).

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FOREIGN EXCHANGE DERIVATIVES...

The government of India may reconsider the matter in consultation with SEBI and RBI to ensure that large losses are not incurred by small uninformed investors in the currency futures market. It may also be worthwhile to consider permitting vanilla options contract through transparent mechanism of the stock exchanges, wherein the authorized dealer category-1 (Banks) may be permitted to write the option and the user of the banking system can buy the option. Risk management for banks also needs detailed regulatory advice.



It has been decided to permit offer for sale and inclusion in the promoters' contribution of those shares which have been acquired pursuant to a restructuring exercise approved by High Court(s), in lieu of business and invested capital which had been in existence for a period of more than one year prior to the restructuring exercise.

1.7 Filing of offer documents at SEBI Regional Offices

At present, draft offer documents of issue size up to Rs.20 crores can be filed by lead merchant bankers with such Regional Office of SEBI under the jurisdiction of which the registered office of the issuer company falls. It has been decided to increase this limit to Rs.50 crores.

2.0 SEBI EASES DISCLOSURE NORMS FOR DEBT ISSUES

The Securities and Exchange Board of India has put out a draft listing agreement for the issuance of debt securities, prepared in consultation with the Bombay Stock Exchange and National Stock Exchange.

3.0 SEBI NOTIFIES PMS AMENDMENTS

SEBI has amended the norms for portfolio management services (PMS), including asking portfolio managers to maintain an enhanced network of Rs. 2 crore from Rs. 50 lakh earlier and PMS to keep assets of their clients in different accounts. SEBI has also notified the SEBI (Stockbrokers and Sub-brokers) (amendment) regulations, 2008 to include registration of trading and clearing members of currency derivatives segment.

4.0 NOMINEE DIRECTORS CAN OWN STOCK OPTIONS IF FIs AGREE, RULES SEBI

The controversy over the ownership of stock options by

nominee directors of financial institutions (FIs) may be over. The market regulator SEBI has said that nominee directors can own stock options if the FI which has nominated them permit them to do so, clarifying a hitherto grey area in the employees stock option plan.

TAXATION

1.0 REFUND CLAIM AND TIME FACTOR

The Mumbai Income-Tax Tribunal has held that in case of a refund claim that was returned by the authorities to the assessee with directions to submit additional information, the limitation period in relation to such a claim will be computed from the date on which the original claim was filed. In this case, the assessee, a telecom service provider who was selling recharge coupons for pre-paid services to its distributors, filed a refund claim. The claim filed was returned by the revenue authorities after three months, directing the assessee to submit evidence. When the assessee resubmitted the claim providing the additional information, the department contended that the re-submitted application will be seen as a fresh refund claim and the relevant date of the claim would be the date of the re-submitted application. The tribunal held that the refund claim re-submitted by the assessee was to be treated as being in continuation of the original claim. Hence, the resubmitted application could not be treated as a fresh claim and there was therefore no question of barring it on the ground of limitation.

2.0 IDR INVESTORS TO COME UNDER STT NET

Investors of Indian Depository

Receipts (IDR) will be liable to pay Securities Transaction Tax (STT). The Central Board of Direct Taxes is likely to soon clear the air on levy of STT on trading of IDRs on stock exchanges.

3.0 LOSS IN RETURN INCOME CAN DRAW PENALTY TOO: SC

The Supreme Court ruled that penalty can be imposed on an assessee even if the return income is a loss. The amendment made by the Finance Act, 2002, which came into effect from April 1, 2003, in Explanation 4 to Section 271(1)(c)(iii) of the Income Tax Act could be applied retrospectively. A bench comprising Justice Arijit Pasayat, Justice P Sathasivam and Justice Aftab Alam said Explanation 4(a) to Section 1271(i)(c) of the Act intended to levy the penalty not only in a case where after addition of concealed income a loss returned, after assessment becomes positive income but also in a case where addition of concealed income reduces the returned loss and finally the assessed income is also a loss or a minus figure.

The court said that even during the period between April 1, 1976 to April 1, 2003 the position was that the penalty was leviable even in a case where addition of concealed income reduces the returned loss. It said that when the word "income" is read to include loss it becomes crystal clear that even in a case where on account of addition of concealed income the returned loss stands reduced and even if the final assessed income is a loss, still penalty was leviable prior to the period of April 1, 2003.



DATES:
From 8th November 2008 to 22nd November 2008
(8th, 21st & 22nd November 2008)

TIME:
1.00 p.m. to 8.30 p.m.
(Lunch: 1.00 p.m. to 1.30 p.m.)
(High Tea: 5.30 p.m. to 6.00 p.m.)

VENUE:
India International Centre,
Annexe Building, Lecture Hall,
40 Max Mueller Marg, New Delhi

THE COMPREHENSIVE REFERESHER COURSE ON VAT & SALES TAX

A Comprehensive Refresher Course/ Workshop on VAT & Sales Tax is being conducted spread over 3 days with the active participation of eminent speakers and professionals. The MAIN THRUST is to carry out an indepth study of the basic concepts, critical issues and their practical applications including rules and regulations and recent case laws relating to VAT & Sales Tax.

DAY 1 – 8TH NOVEMBER 2008 (SATURDAY)

Registration & Lunch : 1.00 p.m.

Inaugural Session • Delegate's Introduction

- Session I** • Concept & Evolution of VAT, CST & Entry Tax • Powers of States under Constitution to Levy VAT, CST & Entry Tax • Event of Levy
• Rates of VAT & CST • VAT, CST and Entry Tax- Interplay of levies
• Structure of VAT Department
- Session II** • Definitions: Dealer, Casual Dealer/Trader, Sale, Capital Goods/Assets
• Levy of Tax on Sale of Goods & Assets shown under Fixed Assets
• Sales Exempt from Levy of VAT & CST • Tax Invoice vs. Retail Invoice
- Information to be disclosed • Pre-printed vs. Computerised Invoices
• Concept of Credit Note
- Session III** • Registration – Threshold limits & requirements • Time limits for Registration • Procedure to take Registration • Surety/Bank Guarantee

- Session IV** • Transfer of Goods to Branch/Agents – Issues & precautions
• Concept of Form 'F' - Related issues • Inter State Sale of Goods – Concept of Form 'C'
- Session V** • Input Tax Credit- Availability & restrictions • Input Tax Credit on Capital Goods/Assets • Input Credit on Second Hand Goods
• Reversal of Input Tax Credit - Circumstances • Utilisation of Input Tax Credit • Adjustment of Entry Tax against VAT • Refund of Input Tax Credit
- Session VI** Levy of VAT on: • Lease, Hire Purchase Transactions • Transfer of Property in Goods otherwise than in pursuance of a contract • Supply of Goods to Members in Clubs etc. • Supply of Foods Articles in hotels, restaurants etc.
- Session VII** Levy of VAT on: • Right to Use of Goods - Event of levy • Works Contracts - Event of levy

DAY 2 – 21ST NOVEMBER 2008 (FRIDAY)

- Session VIII** • Local/inter State Levy on Right to Use Goods • Local/Inter State Works Contracts - Complexities & issues • Valuation of Works Contracts - Inclusions & exclusions • Deduction of Tax at Source – Concept & requirements
- Session IX** • Composite Contracts - Concept & issues • Installation Contracts, Printing Contracts, Catering Contracts etc. • Rules of Valuation of Composite Contract
- Session X** • Levy of VAT on Real Estate Builders – Legal provisions & precedents
• Levy of VAT on Construction Contractors – Legal provisions & precedents
- Session XI** • Levy of VAT on Intangibles • Levy of VAT on Customised Software- Whether a Contract for Service or Sale
- Session XII** • Applicability of VAT on • Hospitals – Whether a contract for service or for sale of medicines • Telecommunication – Whether Sim Cards are subject to VAT • Rent a Cab
- Session XIII** • High Seas Sales - Concept • Agreement of High Sea Sale – Precautions while drafting
- Session XIV** • Job Work- Concept & legal provisions • Local vs. Inter State Job Work – Situations & Issues
• Open House for discussion

DAY 3 – 22ND NOVEMBER 2008 (SATURDAY)

- Session XV** • Units in Uttaranchal/HP/J&K/North East-Availability of benefits of CST/VAT • Other Tax Planning Measures
- Session XVI** • VAT & CST Liability – How to be calculated • Return of Goods Sold - Adjustment • Deposit of VAT & CST – Periodicity • Filing of Return/e-Return of VAT & CST – Periodicity • Return - Filed without payment of tax, whether a valid return • Revision of Returns • Records to be maintained under VAT/CST Regulations
- Session XVII** • Interest & Penalties – Circumstances & legal provisions • Penalty – Mandatorily to be paid along with the payment of tax and interest
- Session XVIII** • Refund of Input Tax Credit • Refund of VAT/CST to STPI Units, UN Organisations etc. • Procedure for Claiming Refund
- Session XIX** • Assessments – Legal provisions & practical aspects • Appeals
• Determination of Questions
- Session XX** • VAT/CST Liability on Transfer of Business under: • Stock transfer mode • Slump sale mode • Itemised sale mode • Transfer of Business – Liability of transferor & transferee
- Session XXI** • Moving towards GST • Possible Structure of GST • Possible impact on Dealers
• Open House for discussion

FEE DETAILS

Non CAs/ Corporates	3250
CAs / CA Firms	3000
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For further details please contact :
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aicas.cfo@gmail.com, cfoworld@gmail.com

NOTE:

- Speakers being finalized include prominent professionals and academicians with applied knowledge.
- Seats are limited to 100 and on first come first serve basis.
- Participation fees covers background material to the participants, lunch and high tea
- A voluntary Appraisal Questionnaire to judge the understanding of the workshop is proposed
- A Certificate of satisfactory completion of workshop will be issued
- Participants are expected to share their own practical experience and raised queries during interactive session
- Alternative nominee for specific session(s) or day(s) could be permitted.
- Programme can be restructured to suit the speakers.

REGISTRATION FORM

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* E-mail form to : aicas.cfo@gmail.com
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Tel. : 26223712, 26226933, 26228410

Registration for VAT & Sales Tax

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Address : Pin
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Payable to "All India Chartered Accountants' Society"
Via DD/Cheque (Delhi only) No. :
Date : Bank :
Amount : Signature



4.0 FEE FOR TECHNICAL SERVICES

In a recent judgment, the Tax Tribunal in New Delhi has held that revenue earned by a non-resident company from services, which are in the nature of processing of seismic data for oil exploration / extraction project in India, cannot be taxed as fees for technical services as per the provisions of the Indo-Australian Tax Treaty. As per the relevant article of the treaty, if rendering of services results in making available technical knowledge, experience, skill etc. then the same are said to be in the nature of fees for technical services and may be taxed accordingly. Considering the provisions of this article, the tribunal observed that the processing of seismic data provided by the Indian company to the Australian company, being area specific, cannot be made use of by the Indian company in future without referenced to the Australian company. Therefore, the provisions of said article of the treaty are not attracted and the receipts are not taxable as fees for technical services.

5.0 FOREIGN FIRMS ENGAGED IN OFFSHORE INDIAN PROJECTS NOT TAXABLE: ITAT

Profits of a foreign company arising from offshore supplies to Indian projects are not liable to be taxed in India if the foreign company's office in India has no role in these projects, according to a ruling by the Income-Tax Appellate Tribunal. The ITAT order last week was on an appeal filed by South Korean company LG Cables Ltd. In this case, the ITAT bench headed by president Vimal

Gandhi, held that though the agreement for supply of equipment was entered in India, this alone cannot be the ground for taxing the income of the foreign company from these projects.

6.0 SONY NOT LIABLE FOR TAX IN INDIA ON ADVT. REVENUE.

Foreign companies having their operations in India would not have to be taxed in the country if their Indian activities have been adequately remunerated in the hands of the Indian entity.

In a landmark judgment, the Bombay High court overturned the earlier order of Income Tax Appellate Tribunal Mumbai in a case involving Sony Entertainment Television (SET) Satellite, Singapore and its Indian agent SET Satellite India, and said there is no tax liability on its income generated in the country but relayed abroad.

The ruling would imply that foreign companies remunerating their dependent agents in India on an arm's length basis will not be liable to pay tax in the country. This is because although the agents will constitute a permanent establishment (PE), no profits can be attributed to them. Arms length price means a price, which is applied or proposed to be applied in such transactions between persons other than, associated enterprises, in uncontrolled conditions.

INDIRECT TAXES

1.0 CLARIFICATION ON SERVICE TAX LIABILITY - IMPORT OF SERVICES

In a significant ruling, the larger Bench of the Delhi Income-Tax has held that service tax liability of the recipient of a taxable

service who receives such service in India from a non-resident, commences from January 1, 2005 and not since August 16, 2002. The tribunal held that a definition clause cannot be read as a substantive provision creating a liability in a tax statute. As the taxable services were only notified through Jan 1, 2005 notification, the recipient could be made liable to tax from that date alone.

2.0 ONE NATION, ONE TAX GST: CENTRAL GOVT.

The Centre has pitched for a unified goods & services Tax (GST) model as opposed to the position taken by the states. The empowered committee, which represents the states, had suggested separate goods and services taxes.

The Centre, which is giving finishing touches to its response to empowered committee's report on GST, is understood to be in favour of the conventional model followed globally.

3.0 NEW DRAWBACK RATES ANNOUNCED

The finance ministry has revised the all-industry drawback rates for 2008-09. The revised rates would come into effect from September 1 this year. The drawback rates have undergone changes in line with the changes in the duties.

4.0 NO EXCISE DUTY FOR SSIs MAKING BIG BRANDS

The finance ministry exempted from excise duty small-scale industries (SSI) that manufacture branded goods for large companies. The exemption shall be available for a turnover of goods not exceeding Rs. 90 lakh in the remaining part of the financial year. SSI units with clearances not exceeding Rs. 4 crore in 2007-08 would be eligible for the exemption.



FEMA

1.0 OVERSEAS DIRECT INVESTMENT BY REGISTERED TRUST / SOCIETY - HOSPITALS

It has been decided, in consultation with the Government of India, to allow Registered Trusts and Societies which have set up hospital(s) in India to make investment in the same sector(s) in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank. Trusts/Societies satisfying the eligibility criteria as prescribed in the Annex to the abovementioned circular may submit the application/s in Form ODI-Part I, through their AD Category - I bank/s to the Reserve Bank for consideration. The other terms and conditions and reporting requirements listed in the above mentioned A.P. (Dir Series) Circular No. 53 dated June 27, 2008 remain unchanged.

COMMODITIES

1.0 TRADING IN NON-DEMAT FORM SOON

National Commodity and Derivatives Exchange (NCDEX) will soon introduce non-dematerialised form of commodity trading in the country. The new system will bring down transaction costs for participants in commodity trading.

2.0 COMMODITY EXCHANGES ASKED TO DILUTE FOREIGN EQUITY EXCEEDING 49%

The government has directed all commodity exchanges to divest foreign equity exceeding the permitted ceiling of 49% by June 30, 2009. According to guidelines for foreign investment in commodity

exchanges, a composite ceiling of 49% is allowed, comprising 23% under portfolio investment and 26% under FDI route. The direction by the Department of Industrial Policy and Promotion (DIPP) forms part of Press Note 2 of 2008.

3.0 FMC BANS MULTIPLE TRADING CODES TO SINGLE CLIENT

The Commodity market regulator Forward Markets Commission has directed national exchanges – MCX, NCDEX and NMCE not to give multiple trading exposure to a single client from January 2009.

AUDIT

1.0 INTERNAL AUDIT FOR STOCK BROKERS/CLEARING MEMBERS-MANDATORY

In continuation with the Circular No.F.1/5/SE/83 dated May 31, 1984 of Government of India, Ministry of Finance, Department of Economics Affairs, Stock Exchange Division, stock brokers/clearing members are directed to carry out complete internal audit on a half yearly basis by independent qualified Chartered Accountants.

The scope of such audit shall cover, inter alia, the existence, scope and efficiency of the internal control system, compliance with the provisions of the SEBI Act, 1992, Securities Contracts (Regulation) Act 1956, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, circulars issued by SEBI, agreements, KYC requirements, Bye Laws of the Exchanges, data security and insurance in respect of the operations of stock brokers/clearing members. The first such audit period should be from October 1, 2008 to March 31, 2009.

INSURANCE

1.0 MUTUAL FUNDS NEED IRDA LICENSE TO SELL UNIT-LINKED PLANS

Mutual Funds will have to obtain a license from the Insurance Regulatory and Development Authority to sell unit-linked insurance plans and comply with solvency requirements.

2.0 IRDA TIGHTENS NORMS FOR INSURERS

The Insurance Regulatory Development Authority (IRDA) sought to remove the differential treatment for provisions between private and public insurers in their exposure norms. IRDA has said insurers can invest 10% of outstanding shares (face value) or 10% of fund size, whichever is lower, in

ICAI NEWS

1.0 ICAI TO INTRODUCE COURSE ON VALUATIONS

The ICAI has, while appreciating the emerging diversities and complexities in valuation job, decided to launch Certificate Course on Valuation for its members. The objective of this Course is to enhance the knowledge as well as competency level of the members of the Institute to position them as leaders in the global service market.

The Course will start on 1st October 2008. Visit ICAI website : www.icai.org for further details.

2.0 ICAI ISSUES INTERNAL AUDIT STANDARDS

The Institute of Chartered Accountants of India issued four internal audit standards to help companies streamline internal audits for minimizing pilferage, ensuring cost efficiency and mitigating waste.



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For Sub-broker queries Contract: +91-9311522001,9311522002

● **Contact details :** Dharampal (9350597662) / Chhaya (9873230416) All India Chartered Accountants' Society - CFO World 422, Okhla Industrial Estate, Phase-III, New Delhi-110020. Ph: 26223712, 41000043, 32478997 E-mail: cfoworld@gmail.com / aicas.cfo@gmail.com ● **EDITOR:** Pankaj Gupta, LLB, FCS E-mail: pankajguptafcs@gmail.com ● **PUBLISHED & PRINTED:** At New Delhi by Satish Chandra, Administrative Officer, on behalf of All India Chartered Accountants' Society, 4696, Brij Bhawan, 21A, Ansari Road, Darya Ganj, New Delhi-110 002 Phone 23265320, 23288101 E-mail : aicas.cfo@gmail.com Printed at: EIH Ltd., Unit : Printing Press, No. 7, Sham Nath Marg, Delhi-110054. Views expressed by contributors are their own and the Society does not accept any responsibility.

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