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**EDITORIAL**

**G-20 MEETING – WORLD GEARING UP FOR REVIVAL**



CA VINOD JAIN\*

The International Monetary Fund foresees the world economy contracting by 1% in 2009. It has forecasts a gradual recovery in 2010. The US economy has shrunk by 6.3% in the last quarter of 2008 and the pain is still persisting in the 1<sup>st</sup> quarter of 2009. The European Union has committed more than US Dollar 1.5 trillion investments in the banking system and has pledged to spend Euro 200 billion to lift their economy. The US is spending \$ 787 billion to revive its economy. G-20 Summit, a meeting of leaders of worlds' 20 biggest economies has announced a clutch of big ticket stimulus measures. G-20 leaders agreed to pump in \$ 1.1 trillion of extra financing to support IMF and lubricate world trade by providing "oxygen of confidence". The G-20 committed \$ 250 billion finance to ensure trade flow. IMF resources will support the countries in financial distress. The Indian economy on the other hand is expecting a slow down in growth in 2008-09 between 6% to 7%. According

to RBI Governor, B. Subbarao, the next fiscal (2009-10) will be more challenging. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, also projected further reduction in growth in 2009-10. K.V. Kamath, ICICI MD and CEO expects 7 to 8% growth during 2009-10. Despite varying opinions on growth rate, there seems to be unanimity on positive growth rate in Indian economy higher than the world average.

The index of industrial production (IIP) has dipped about 1.2 % in February, 2009, although the off-take in cement and steel sectors has significantly improved during last 2 months. The prices have also firmed up due to high demand of cement and steel and increased expenditure on infrastructure projects. The capital market has also reflected a recovery of 10% to 15% in major equity scrips. The financial stimulus provided by the Government of India, by release of about Rs.3 lakh crores through CRR and SLR cut, has not provided the much needed liquidity to the banking system, in view of an almost equal increase in government borrowings from banks especially at high rates. The government may not be able to provide any major relief to the banking system by providing additional liquidity for next 6 to 8 weeks, in view of the Lok Sabha Election.

contd..... pg. 3



**All India Chartered Accountants Society**

Announces an intensive professional learning  
**2nd Annual Workshop on Accounting Standards**  
**(July 4 - July 25, 2009)**

*From concept to practice .....*

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

**Dates:** Saturday 4<sup>th</sup> July, 11<sup>th</sup> July,  
 18<sup>th</sup> July & 25<sup>th</sup> July 2009

**Timings:**  
 2:00 PM to 8:30 PM



**All India Chartered Accountants Society**

Announces an intensive professional learning  
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An exhaustive Workshop to reinvent Audit Practices in current turbulent environment; Safeguarding professional standing, enhancing audit quality and adding value to professional status

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

**Dates:**  
 Saturday 20<sup>th</sup> June & 27<sup>th</sup> June, 2009

**Timings:**  
 2:00 PM to 8:30 PM

Watch for detailed programme in next issue. For further details, please contact : Ms. Chhaya (9873230416)

\* Mr. Vinod Jain, FCA, FCS, FICWA, LL.B., DISA (ICA), Chairman, INMACS Management Services Limited and Convenor, National Economic Forum (NEF). vinodjain@inmascindia.com, vinodjainca@gmail.com, 9811040004



### LATEST IN FINANCE

#### **1.0 RBI EXTENDS DEADLINE FOR FCCBs BUYBACK**

The Reserve Bank of India has extended the deadline for companies to complete the buyback of their foreign currency convertible bonds by nine months from March 31, 2009 to December 31, 2009

*(RBI/2008-09/411 A.P. (DIR Series) Cir. No. 58, 13.3. 09)*

#### **2.0 FREE CASH WITHDRAWALS FROM ALL ATMs FROM APRIL 1.**

As per RBI Directive, banks have been prevented from charging any fee for cash withdrawals using ATMs and Debit Cards issued by other Bank's from April 1 onwards. However, banks can still charge extra for services like cash withdrawal with use of credit cards and at ATMs located outside India

#### **3.0 INTEREST SHOULD BE REASONABLE**

The Supreme Court has ruled in the case of Dhana Lakshmi Bank Limited that the rate of interest imposed by the debt tribunal should be reasonable, taking into account the inflation and bank rate of interest cuts. In this case, the debtor defaulted on the loan. The bank moved to the tribunal. It allowed the sale of the mortgaged properties by the bank which could charge interest at the rate 25 per cent. The appellate tribunal and the Madras High court dismissed the debtor's appeals. However, the SC allowed his appealing citing Section 34 of the Code of Civil Procedure which says that rate of interest should be reasonable. The court reduced the rate to 9 per cent.

#### **4.0 ONE YEAR MORATORIUM ON TEXTILE INDUSTRY LOANS**

India's embattled textile industry has got a breather as the finance ministry has agreed to a one year moratorium on repayment of term loans under the technological term scheme (TUFS).

#### **5.0 BANKS SHOULD PUBLISH LIST OF PROPERTIES UNDER MORTGAGE**

The Bombay High Court has sought a reply from the Reserve Bank of India (RBI) on a petition which had demanded that banks should publish list of properties on which they have a mortgage, or a charge.

The petitioner contends that in many cases buyers' purchases/books a flat in housing schemes, not knowing that the land or the building is mortgaged to a bank, and the title is not with the builder.

#### **6.0 BASEL II RULES TO MAKE FUND RAISING TOUGH**

Raising funds could become difficult with new lending

regulations for banks popularly known as Basel II norms, coming into practice from April 1, 2009. The worst affected would be the small and medium scale enterprises with shorter business cycles and limited means. All business units irrespective of size will need to take ratings for their enterprises to secure working capital, loans and other funds from banks.

#### **7.0 DEVELOPERS MAY GET TO BUY BACK BUILT-UP SPACE IN SOFTWARE PARKS**

The Department of Industrial Policy and Promotion (DIPP) is examining a proposal to allow real estate developers to buyback built-up area sold in software technology parks of India (STP) units and lease out the same to other businesses as the STPI benefits are expiring in 2010.

#### **8.0 EUROPEAN CENTRAL BANK CUTS RATES TO ALL-TIME LOW**

The European Central Bank cut its key interest rate by a quarter point to an all-time low of 1.25% on 2<sup>nd</sup> April, 2009. According to an ECB spokesman, the bank had also reduced its two other reference rates – the deposit rate and the marginal lending rate – to 0.25% and 2.25% respectively. The deposit rate is the amount of interest the ECB pays to commercial banks that leave money with it overnight

#### **9.0 PARTNERS CAN SEEK DISSOLUTION**

The SC has set aside the judgment of the Bombay High Court in which it upheld the Maharashtra Government's prohibiting partners from approaching the courts to seek dissolution of their firms or recover property from the estranged partner.

#### **10.0 CBI, CVC MAY INVESTIGATE FIRMS DIVERTING WORKING CAPITAL LOANS**

Companies that have diverted working capital loans from Banks for other purposes such as acquiring fixed assets face stiff penalties, as banks prepare themselves to comply with the Basel II Banking guidelines from April 1, 2009.

Public sector banks have already started blacklisting companies that are diverting Funds. In cases where companies are found diverting working capital loans for purchasing personal effects such as property and vehicles, banks may also inform the Central Bureau of Investigation and the Central Vigilance Commission for further action.

#### **11.0 DON'T NOMINATE POLITICIANS ON BANK BOARDS: HC**

The Gujarat High Court has criticized the practice of government nominating members of political parties as non-official directors (NoDs) on boards of public sector banks, saying it sends a wrong signal.



contd. from pg. 1

### G-20 MEETING – WORLD .....

**It is expected that the Indian economy will stage a smarter recovery during July 2009 – March 2010 in view of –**

- Inflation being at its lowest ebb of near 0% (wholesale price index).
- The fiscal deficit for 2008-09 is expected to increase from the budgeted figure of 3% to more than 6%, thereby providing necessary push in the government expenditure. This trend is expected to gain further momentum in the coming month, in view of lower risk of inflation.
- The agricultural production has been quite encouraging in the current fiscal.
- The lending rates by banks are expected to reduce by about 2% to 4% by March, 2010, thereby providing much needed push to the Indian economy, industrial sector as well as to the real estate sector.
- The lending rate to housing sector is also expected to reduce by about 1% to 2% during this period.

All the aforesaid sectors could be supported by some recovery signs in the US and European markets, although the real recovery is expected to be fairly slow in these markets. **China, India and Brazil are expected to lead the recovery, supported by Russia.**

The real estate sector in India is facing its difficult time as most of the projects are facing a big cash flow and liquidity crunch. In the industrial and services sector, the sentiments are also still not upbeat and are expected to recover and become positive in the 2<sup>nd</sup> half of 2009 and more strong in the 1<sup>st</sup> quarter of 2010. The real estate recovery will depend on the availability of cheaper finance through institutional and banking mechanism. A policy push is needed from the Government in this sector.

We, the Chartered Accountants community, need to prepare our clients to tighten their belt, be more cost effective and help them in identifying areas of waste reduction and also at the same time bring out new innovative projects at highly competitive prices in the national and international markets. Optimum utilisation of resources through inventive processes are must not only for SMEs but also for large industry segment. This is the time to plan and implement new projects so that the benefits can be reaped in 2010-11 and thereafter leading to a strong economic recovery, the signs of which are clearly evident.

## TAXATION

### 1.0 NON-RESIDENT COs LIABLE TO DEDUCT TDS OF EXPAT STAFF DEPUTED IN INDIA, SAYS SC

There's more tax trouble for non-resident companies and their expat employees working in India. The Supreme Court held that non-resident companies would be liable to deduct tax at source on overseas salaries paid to their expatriate employees, deputed to work in India. This would mean that foreign companies that have no establishments in India would now have to register with the Indian income tax department, obtain a TAN (or tax collection and tax deduction account number) and file returns like all resident companies.

### 2.0 NO TAX ON EXPATS FOR WORK UNRELATED TO INDIAN OPS

Tax liability of expatriate employees responsible for operations of a company in India as well as other countries in the region could go down substantially with a tax tribunal ruling that they need not pay tax on salary earned outside India for work unrelated to Indian operations. The Delhi bench of the Income tax Appellate Tribunal (ITAT) held that if the expat employee is able to substantiate that he has not performed any activity relating to Indian operations while working outside India, the salary for those days would not be taxable here.

### 3.0 BCTT WITHDRAWN FROM APRIL 1, 2009

Cash withdrawals from bank will not attract tax from April 1, 2009. This is following abolition of the banking cash transaction tax (BCTT) in the Union Budget 2008-09.

### 4.0 RELIEF FOR EXPORT UNITS AS CBDT UNTANGLE TAX NET

The Central Board of Direct Taxes (CBDT) has instructed income-tax officials to allow export-oriented units (EOUs) approved by development commissioners to claim tax exemption, ending the uncertainty over tax benefits to EOUs.

As per CBDT communiqué sent to income-tax officials "It has been decided that an approval granted by the development commissioner in the case of an export-oriented unit set up in an export processing zone will be considered valid, once such an approval is ratified by the board of approvals (BoA) for EOU scheme,".





### 5.0 TDS AND TCS CHANGES FROM FY 2009-10

TDS/TCS systems have undergone several changes with effect from FY 2009-2010. These include the changes in Challan Payment, TDS Certificates, Return Filing, etc. A glimpse is here on it.

#### Changes in Challan Payment

- **Challan Format:**
  - New TDS Challan, Form 17 is introduced.
  - **Challan is section Independent.** Deductor can prepare a single challan at the end of the month for all his TDS deductions (Including Salaries and Non Salaries).
  - This additionally Contains, information of the Account No [or Card No] of the Deductor.
  - The earlier fields Surcharge and Cess break-ups are not necessary.
  - Information of Deductions paid under that challan has to be provided. This should contain PAN, NAME of the deductee and Total TDS.
- **Payment**
  - Electronic Payment [e-Payment] of TDS made mandatory to all. No TDS/TCS Payments would be accepted directly at Bank Branches.
  - The system for acceptance of e-Payment would be ready by end of April in accordance to Form 17.
  - An entry form would be provided similar to Form 17 format.
  - Credit Card/Debit Card acceptance is likely to happen.
  - The old system of e-Payment may remain for challan payments of earlier years.
- **Acknowledgement**
  - The Deductee records under that challan have to be entered online [if less than 10] or have to be uploaded through a file.
  - On successful payment, an acknowledgement would be generated in Form 17 format, which validates [Yes/No] for each PAN of the deductee and generates a Unique Transaction Number [UTN] for each deductee record.
- **Due Date:**
  - Challan Payment Due dates remain almost the same.
  - Joint Commissioner, on prior request through AO, can approve for Quarterly payment of TDS under certain sections.

#### Changes in Return filing

- **Earlier Forms:**
  - Earlier quarterly returns namely, Form 24Q, 26Q, 27Q and 27EQ remains as it is, with a little change in Filing structure.
  - UTN has to be mentioned against each deduction.
  - Quarterly Due dates for all the forms have been removed and annual **due date of 15th June** introduced.
- **New Form:**
  - New Quarterly TDS Compliances statement, **Form 24C** introduced with following contents.
  - With the **Deductor information**, Form 24C should contain **Details of TDS Compliances for 3 months** separately and the **Challan Identification Numbers/Amounts** in that quarter.
  - Details of TDS Compliances should contain the section wise (all) information of Total Payment, Total amount eligible for deduction, Total amount considered for TDS at full rate, Amount of TDS at full rate, Total amount considered for TDS at lesser rate, Amount of TDS at lesser rate, Total TDS.
  - The due dates are same as earlier quarterly returns.

#### Changes in TDS Certificate

- New Formats of Form 16 and 16A.
- These formats may be applicable **for FY 2009-10** and above.
- For FY 2008-09, the same earlier formats may continue as the data for new formats would be less. However a confirmation circular is expected from CBDT.
- The forms should contain the information of UTN against each payment shown in TDS certificate.
- UTN has to be mentioned, along with Gross amount paid and TDS amount.
- Date of Payment is not required. That means if a party payment is shown consolidate in monthly challan, a yearly Form 16A contains only 12 entries.
- Form 16A is section independent. It can contain multiple section related deductions. Certificates and Challan Payments for 2008-09 and before years may remain as earlier. However a circular on these lines is expected from CBDT, upon which the details can be confirmed.
- Form 16AA has been abolished.

(Notification No. 31/2009 dtd. 25.03.09)



## 6.0 NEW PROCEDURE FOR EFFECTING FOREX REMITTANCES TO NON-RESIDENTS AND FOREIGN COMPANIES, EFFECTIVE FROM JULY 1, 2009

- The Government has issued a Notification dated March 25, 2009, specifying the new procedure to be adopted by Companies for effecting remittances to Non-Residents and Foreign Companies, under Section 195 of the Income tax Act, 1961 which will come into force from July 1, 2009.
- A new Rule 37BB has been added, as per which, the person effecting payment to a Non-Resident or a Foreign company should obtain a certificate from a Chartered Accountant in Form 15CB.
- The payer shall have to file the Form 15CA electronically to the website designated by the Income-tax Department and thereafter, a signed printout of the said form shall be submitted prior to remitting the payment.
- The Form 15CA would have to be signed by the person competent to sign the Return of Income.

**These new procedures would make the whole process of effecting foreign remittances by Indian Companies extremely procedural and cumbersome.**

**Chartered Accountants who sign certificates in Form 15CB would now need to be extremely careful and vigilant in terms of the information required to be provided in the Certificates.**

**Companies would need to plan well in advance, for the dates of the forex payments**

## 7.0 EXPAT SALARY TDS: SC RULES AGAINST PENALTY ON FOREIGN COs.

The Supreme Court has confirmed the Delhi High Court pronouncement that penalty cannot be imposed on the various foreign companies, mainly Japanese, that had failed to deduct tax at source on the portion of salaries paid outside India to their expat executives who were working here during the nineties.

## 8.0 E-PAYMENT OF TAXES MANDATORY

The central board of Direct taxes has made e-payment of taxes mandatory for all deductors effective 1st April, 2009. Accordingly, all categories of non-corporate taxpayers with turnover less than Rs.40 lakh or gross receipts less than Rs. 10 lakh will have to make electronic payment to the exchequer of the income-tax that they deduct at source. Already, e-payment of taxes is mandatory for corporates and assesses that are required to undertake tax audit.

# INTERACTIVE CLINICS

## ACCOUNTING, AUDIT & ASSURANCE CLINIC

In its endeavour to share professional knowledge amongst professional fraternity, All India Chartered Accountants Society initiates holding of various Clinics regularly. The first in the series on Accounting and Audit will be held on **Friday, 5<sup>th</sup> June, 2009** from 5.00 p.m to 8:00 PM in the Committee Room III, India International Centre, Annexe Building, 40 Max Mueller Marg, Lodhi Estate, New Delhi.

Members of the profession desiring to have their queries pertaining to Accounting and Auditing issues resolved, are requested to send their queries by e.mail to [aicas.cfo@gmail.com](mailto:aicas.cfo@gmail.com) by 25<sup>th</sup> May 2009 positively and call the Secretary (Ms. Chhaya Arya on Phone No. 9873230416), to obtain prior appointment, at least 3 days before the date of the clinic.

The service is gratis and no fee is chargeable. All CAs are welcome. Making available the relevant documents for opinion is desirable.

### Panel of Advisors:

CA Mohinder Singh, CA Pramod Jain, CA Rakesh Jain, CA Rajeev Kohli, CA Sanjeev Goel, CA Vinod Jain, CA Yatinder Nath Khemka

## DIRECT TAXES CLINIC

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CA Baldev Raj, CA Inderjeet Walecha,  
CA Manoj Pahwa, CA Manish Mehta  
CA Pramod Jain, CA Rakesh Jain  
CA Rajesh Rustagi



### SERVICE TAX

#### 1.0 SEZs TO GET TAX REFUNDS ON INPUT SERVICES

Developers of special economic zones (SEZ) and units inside can from now on claim refunds of taxes paid on all input services, regardless of whether the services are used inside or outside the tax-free zones, according to a change in rules notified by the government. The new rules means that developers and units inside SEZs will now have to first pay a tax on the services consumed and then claim a refund from the tax authorities. The refund can be claimed within six months from the date of payment of taxes.

#### 2.0 GOVT. ISSUES CLARIFICATION ON TAX REFUND FOR EXPORTERS

The government has clarified that exporters will not get service tax refund on services consumed for export of goods before October 6, 2007.

### CORPORATE LAWS

#### 1.0 ON-LINE DOWNLOADING OF GR FORMS

It has been decided to make the GR Forms available on-line on the Reserve Bank's website [www.rbi.org.in](http://www.rbi.org.in). Accordingly, the exporters have the option to use the GR Forms available on-line as well. While downloading the GR-Forms, the exporter may ensure to use 'Legal' size paper i.e. 8.5 × 14 inches.

#### 2.0 NEW CIRCULAR CANNOT OVERRIDE OLD ARBITRATION CLAUSE

The Supreme Court has set aside the Rajasthan High Court order and rejected a govt. stand on arbitration. The government stated that the arbitration could not be invoked as the government had issued a circular regarding certain tenders. According to the circular, arbitration could be instituted only if the claim was over 20 percent of the total cost of work.

#### 3.0 PENSION FOR ALL TO HAVE LABOUR DAY LAUNCHPAD

The New Pension Scheme (NPS) will finally be opened up to the organized and un-organized sectors from May 1 this year. The launch of the scheme, originally scheduled for April 1, had been put on hold till the pension regulator, PFRDA, availed a clarification from Election Commission.

### CAPITAL MARKET

#### 1.0 NSE TO USE FREE FLOAT M-CAP METHOD FOR NIFTY

The National Stock Exchange will now use the free float

market capitalization methodology to calculate its benchmark indices S&P CNX and Nifty Junior to be calculated using free float method from June 26 and Nifty Junior to be included from May 4. Under Free Float method, the index is calculated on the basis of the floating stock or the open market shares of the company as against the method of full float based on the market capitalization method.

#### 2.0 BSE-NSE COMBINED TRADING PLATFORM

Stock Trading can now be done on BSE's online trading platform using NSE's software, free of cost till 2011. As per the deal between the two principal bourses, BSE's online trading platform (BOLT) would be available on NSE's software neat-on-web (NOW) one month from now, for free, till 2011.

#### 3.0 FII INVESTMENTS IN DEBT SECURITIES

- The Government of India reviewed the External Commercial Borrowing policy and increased the cumulative debt investment limit by USD 9 billion (from USD 6 billion to USD 15 billion) for FII investments in Corporate Debt.
- As per SEBI circular No. IMD/FII & C/37/2009 dated February 06, 2009 USD 8 billion shall be allocated to the FIIs/ sub-accounts in an open bidding platform.
- The remaining limit for investment in corporate debt shall be allocated among the FIIs/sub-accounts on a 'first come first served' basis in terms of SEBI circular dated January 31, 2008, subject to a ceiling of Rs.249 cr. per registered entity.

(CIR. NO. IMD/FII & C/38/2009 MARCH 13, 2009)

#### 4.0 MONTHLY DISCLOSURE MUST FOR CLOSE-ENDED DEBT FUNDS

SEBI has made it mandatory for asset management companies to disclose the portfolio of debt oriented close-ended and interval schemes at the end of every month.

#### 5.0 REVISED POSITION LIMITS FOR EXCHANGE TRADED CURRENCY DERIVATIVES

**Client level:** The gross open position of a client across all contracts shall not exceed 6% of the total open interest or 10 million USD, whichever is higher, instead of 6% of the total open interest or 5 million USD, as prescribed earlier.

**Non-bank Trading Member level:** The gross open position of a Trading Member, who is not a bank, across all contracts shall not exceed 15% of the total open interest or 50 million USD whichever is higher, instead



of 15% of the total open interest or 25 million USD, as prescribed earlier.

However, the position limits for bank trading member would remain as specified in SEBI

(Cir. No. SEBI/DNPD/Cir-38/2008 dated August 6, 2008)

## FEMA

### 1.0 FOREIGN INVESTORS IN REAL ESTATE LOCKED FOR 3 YEARS

The Foreign Investment Promotion Board (FIPB) has said that Foreign Investors in Indian real estate cannot sell their stakes to another foreign investor before three years. With this, FIPB has overruled a provision in FDI policy that exempts foreign players from the rule in cases where fund transfer is from one non-resident to another. Till now, this three year lock-in was applicable only on foreign investment in real estate and not on investors.

## AUDIT

### 1.0 PRUDENTIAL TREATMENT OF DIFFERENT TYPES OF PROVISIONS IN RESPECT OF LOAN PORTFOLIOS

- **Additional Provisions for NPAs at higher than prescribed rates:**

Banks may voluntarily make specific provisions for NPAs at rates which are higher than the rates prescribed under existing regulations if such higher rates are based on a policy approved by the Board of Directors to provide for estimated actual loss in collectible amount and the policy is consistently adopted from year to year.

- **Excess Provisions on sale of Standard Asset/ NPAs:**

If the sale is in respect of Standard Asset and the sale consideration is higher than the book value, the excess provisions may be credited to Profit and Loss Account.

- **Provisions for diminution of fair value:**

Provisions for diminution of fair value of restructured advances, both in respect of Standard Assets as well as NPAs, made on account of reduction in rate of interest and /or rescheduling of principal amount are permitted to be netted from the relative asset.

- **Floating Provisions:**

In partial modification of circular DBOD.No.BP.BC.89/21.04.048/2005-06 dated June 22, 2006, while Floating Provisions cannot be netted from gross NPAs to arrive at net NPAs,

it is clarified that they could be reckoned as part of Tier II capital subject to the overall ceiling of 1.25% of total Risk Weighted Assets.

(RBI 2008-09/418 -DBOD.NO.BP.BC. 118 /21.04.048/2008-09, 25.03.09 )

### 2.0 AUDITORS MAY GET POWERS TO REFUSE TO SIGN ACCOUNTS

Auditors may get power to refuse signing a company's account if these are not found to be in proper order. A special group constituted by Institute of Chartered Accountants of India (ICAI) is veering round to view that the institute should push for statutory backing to such move.

The government has asked ICAI to suggest ways to strengthen reporting norms following Satyam. Currently, auditors may only qualify accounts if managements are unwilling to accept the discrepancies they point out. 'If the law mandates that the management has to incorporate the effects of qualifications, the situation will be completely different.

### 3.0 CA's FACE PEER PRESSURE

As the Securities and Exchange Board of India, and the Institute of Chartered Accountants of India tighten the supervision of auditors, those that fail to obtain a peer review certificate may be barred from auditing listed companies. According to officials of ICAI, which regulates the profession of Chartered Accountancy, the plan is to include all listed companies in this system. In a few years, the scope of the review may be expanded to companies that intend to list, once they file the Draft Red Herring Prospectus with SEBI.

## ACCOUNTING

### 1.0 US BANKS GET BREATHING ROOM WITH REVAMPED ACCOUNTING RULE

A Revamping of US accounting rules is likely to ease the strains on the banking system, and the impact could be felt almost immediately. The change voted by the US accounting industry's standard setting body overhauls the so called "mark-to-market" rules that had required losses to be quickly booked-and which had been blamed by many for worsening the financial crisis. Undue pressure from lawmakers and others, the financial accounting standards board (FASB) revised its "fair value" standards, which require a quarterly markdown of assets that have fallen in value.

### 2.0 ICAI ASKS NON-CORPORATES TO CONTINUE ADOPTING AS-11

There shall be no relaxation of forex accounting standard (AS-11) for non-corporates.



**For the attention of Members and Students**

**IMPORTANT ANNOUNCEMENT**

The following decisions taken by ICAI are brought into force immediately for compliance by the Students concerned.

- The coaching classes shall not continue after 9.30 a. m. or start before 5.30 p.m. so as to enable the articled/ audit assistants to concentrate wholly on practical training. An articled assistant should undergo practical training in accordance with the guidelines of the ICAI between 10:30 a.m. and 5:30 p.m.
- No request for termination of articles is entertained from any articled assistant in general and more particularly during the first six months and also during the last twelve months of articles except as provided in the Regulations.
- No request of an articled assistant for termination (transfer) of articleship shall be considered unless his/ her working parent(s) is/are transferred from the city/ place where the articled assistant is receiving training to another city and a copy of transfer order / proof is submitted to the principal in proof thereof.

**FINANCIAL INDICATORS**

	<b>Current Rate*</b> (in %)	<b>Month Ago</b> (in %)
<b>3 Month LIBOR</b>	<b>1.13</b>	<b>1.33</b>
<b>3 Month MIBOR</b>	<b>6.9</b>	<b>7.26</b>
<b>Inflation **</b>	<b>0.26</b>	<b>2.43</b>
<b>SENSEX</b>	<b>10967</b>	<b>8344</b>
<b>NIFTY</b>	<b>3382</b>	<b>2617</b>
<b>Gold (per 10 gm)</b>	<b>14421</b>	<b>15100</b>
<b>Silver (per kg)</b>	<b>20750</b>	<b>21700</b>
<b>Crude (USD/bbl)</b>	<b>51.38</b>	<b>47</b>
<b>Rs. vs USD</b>	<b>49.91</b>	<b>51.67</b>
<b>Rs. vs Euro</b>	<b>66.73</b>	<b>66.34</b>

\* as on 13th March, 09.

\*\* for the week ended 28th Feb & 28th March, 09 resp.

(Sources: Bloomberg, NSE, MCX)

**APPEAL**

**TO THE CA FRATERNITY  
ELECTIONS 2009**

We as a member of this pragmatic and august profession have an all pervasive role in society and in the Nation. One of the obligations cast upon us as a citizen of this great democracy is to ensure that not only we personally cast our right to franchise on the day of election, but also induce voters in our connect to use their ballot power. No matter which party or ideology we may appreciate, it is our earnest duty to bring on board a strong government with values and character that can ensure security of its citizenry in these turbulent times of global terrorism and financial troubles posing great challenge to peaceful human existence on this earth. Please go out on the Election Day, cast your vote to empower our own democracy.

President : CA Avineesh Matta

Vice President : CA Pramod Kapur

All India Chartered Accountants Society

**LECTURE MEETING**

**Day, Date & Time : Saturday, 9<sup>th</sup> May 2009 at 6:00 PM**

**Venue :** Conference Hall, India International Centre, Annexe Building, 40 Max Mueller Marg, New Delhi

**Speaker\* :** CA S. Santhanakrishnan, Member, Accounting Standards Board, ICAI  
CA Pradeep Dinodia, Senior Partner, S R Dinodia & Co.

**Subject :** a. AS-11 (Effects of Changes in Foreign Exchange Rates)

*Recent amendments, its implication on corporate/stakeholders; Accounting/ Disclosure issues and Auditors Obligations*

**b. AS- 11 : Taxation Issues**

*Criticality of implications of Amendments in Accounting Standard on Taxation of Corporates as well as Non-Corporates*

CAs in Practice or in Industry are welcome to register. No fee. Limited Seats, Register Early.

Contact: Ms. Chhaya Arya, (9873230416), email: aicas.cfo@gmail.com

\* being confirmed.

● **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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