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EDITORIAL VINOD JAIN*

Indian Education on International Horizon



India has been a recognized international centre of education for several centuries in the past. We lost our glorious past for last 2 centuries.

The recent developments in

India are indicating that India is poised to be an education hub for the world. The course curriculum and education pattern at primary, middle, secondary and senior secondary level has been comprehensively upgraded on the initiative of the HRD Ministry under the able leadership of Dr. Murli Manohar Joshi.

The University Grants Commission has also done a detailed research along with Education Ministry to benchmark Indian College Education to international levels. In certain fields including commerce education detailed mandatory guidelines have been issued to all Universities to revise their course content and education level to such international benchmark. These are all positive moves.

There has been a mushroom growth of public schools, engineering colleges, medical colleges, MBA colleges and also educational institutions imparting other professional and vocational courses including information technology all across the country.

"These institutions are contributing significantly to project India as a preferred country for higher education, besides a preferred service provider in the field of health care, IT, accounting, bio technology and various other areas."

The Indian Institute of Technology (IIT), Indian Institute of Management (IIM), Institute of Chartered Accountants of India (ICAI) and some other similar Institutions have become a symbol of excellence. We have several other medical, engineering, MBA Institutions imparting quality education, which can be benchmarked with the best in the world. These institutions are contributing significantly to project India as a preferred country for higher education, to become a knowledge hub and also a global manufacturing hub besides a preferred service provider in the field of health care, information technology, accounting, bio technology and various other areas.

India need to plan to upgrade the level of education, training and examination systems to be better than the best in the world

by:

- Creating minimum mandatory national standards benchmarked to the best in the world;
- Ensuring delivery of best quality education;
- Continuous up gradation of quality;
- Focus at all levels including educational institutions being run by the Government and the private sector;
- Substantial up gradation of schooling including Government schools as well as private schools;
- Monitoring of sincerity and quality of the college education;

- The current practice of holding separate entrance examinations all across the country by each individual institutions or each individual States should be replaced by a common entrance test, providing for preferential options to the examinees based on their performance;
- The disparity of education levels has to be minimized by common examination of a very high quality in each field. ICAI

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Contents

LATEST IN FINANCE

1. SC Upholds Securitisation Act	2
3. Interest on PF cut by 0.5%	2
4. Division of Existing Sectoral Guidelines	2
5. Deposits from Directors etc. exempted	2
6. Repo and Reverse Repo	2
7. Clarifications on ECB	3
9. Advances against Relief Bonds	4

AUDIT

1. AS-26	4
4. Applicability of AS-11	4

TAXATION

1. Income Tax Judgement	5
2. Applicability of Section 10A(9)	5
3. Dividend Strippers - being taxed	5
6. ECS for refunds of Income Tax	6

SERVICE TAX

1. Clarification under Service Tax Credit Rules	6
2. No Service Tax on TV Serials	6

CAPITAL MARKET

1. Marging Trading	7
4. Straight Through Processing System	7
5. Mutual Fund Investment in Foreign Securities	7

1 SC Upholds Securitisation Act

Supreme Court in *Mardia Chemicals Vs. ICICI Bank* case, upheld the constitutional validity of the much debated Securitisation and Assets Reconstruction and Enforcement of Securities Interest Act 2002, giving full powers to banks and financial institutions (FI) to sell assets of defaulting companies.

The apex court struck off Section 17(2) of the Securitisation Act, which made it compulsory for all defaulting companies to deposit 75 per cent of the amount claimed in case they wished to appeal against an order under the Act. The judgment came from a bench comprising Chief Justice VN Khare, Justice Brijesh Kumar and Justice Arun Kumar.

The impact of the Supreme Court ruling shall be:

- Banks and FIs can go on override clearing Non Performing Assets (NPAs)
- Gross NPAs of Rs.1,00,000 crore seen reducing by at least 20 per cent soon
- Sanctity of contractual obligations between debtors and secured creditors gets a leg-up
- Frequent court interventions a thing of the past.

2 NCDEX Expanded List of Commodity Futures

The National Commodity and Derivatives Exchange Ltd. (NCDEX) plans to expand and start futures trading in more commodities by April. The NCDEX, which is mainly owned by ICICI Bank and the National Stock Exchange, trades in cotton, soyabean, mustard, palm oil, gold and silver. The bourse plans to start trading in sugar, pepper, jute, rubber and wheat.

3 Interest on PF Cut by 0.5%

Over 3.2 crore subscribers to the provident fund may get a lower 9.0 per cent interest from April instead of the prevailing rate of 9.5 per cent. The Central board of trustees of Employees Provident Fund Organisation (EPFO) had cut interest on PF by 0.5 percent but granted a golden jubilee bonanza of 0.5 per cent to virtually retain 9.5 per cent for the current fiscal.

4 Revision of Existing Sectoral Guidelines and Equity Cap on FDI

With a view to further liberalising foreign investment in Banking Sector, the Government have effected the following changes in FDI limit in Indian Private Sector Banks:

(i) FDI limit in Private Sector Banks is raised to 74 per cent under the automatic route including investment by FIIs.

(ii) The aggregate foreign investment in a private bank from all sources will be allowed up to a maximum of 74 per cent of the paid up capital of the Bank.

(iii) Transfer of shares under FDI from residents to non-residents will continue to require approval of FIPB under Foreign Exchange Management Act.

(iv) RBI guidelines relating to acquisition by purchase or otherwise of shares of a private bank, if such acquisition results in any person owning or controlling 5 per cent or more of the paid up capital of the private bank will apply to foreign investors as well.

Apart from above Foreign banks have been permitted to either have branches or subsidiaries not both. A foreign bank has been restricted to operate in India but only through only one of the three channels viz.

(i) branch/es (ii) a wholly owned subsidiary and (iii) a subsidiary with aggregate foreign investment up to a maximum of 74 per cent in a private bank. Also, A foreign bank will be permitted to establish a wholly-owned subsidiary either through conversion of existing branches into a subsidiary or through a fresh banking licence.

(Source: Press Note No. 2/2004 Dated 05.03.2004)

5 Deposits from Directors, relatives and shareholders exempted

In rule 2 of the Companies (Acceptance of Deposits) Rules, 1975, in clause (b), which defines the term deposit, for sub-clause (ix), the following sub-clause has been substituted, namely:

"(ix) any amount received from a person who, at the time of the receipt of the amount, was a director of the company or any amount received from a relative of a director or its member by a private company:

Provided that the director, relative of a director or member, as the case may be from whom money is received, furnishes to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting from others."

It means with the new notification now issued on 12th March, 2004, the deposit received by a public company from a person who, at the time of receipt of the amount was a director, shall not be covered by the definition of the deposit.

(Source: Notification No. GSR189(E) dt. 12.03.2004)

6 Repo and Reverse Repo

Internationally, the term "Repo" is used for central bank operations that inject liquidity into the system, whereas the term "Reverse Repo" is used for absorption of liquidity. It has been decided by RBI that such international usage of "Repo" and "Reverse Repo" terms should be adopted but from a future date to be notified later in consultation with the market participants after giving adequate time for system changes.

The repo rate will be fixed by the Reserve Bank from time to time. Considering the present situation, the rate for the 7-day repo has been retained at 4.50% per annum.

The reverse repo rate from that date will be 6.00 per cent per annum. In future, as and when Reserve Bank changes the repo rate, the reverse repo rate will normally change to 150 basis points over the repo rate.

7 Clarifications on ECB

The External Commercial Borrowings (ECB) guidelines were revised vide A.P. (DIR Series) Circular No.60 dated January 31, 2004. The Reserve Bank has been receiving a number of queries relating to various aspects of the ECB guidelines. RBI clarifications on these issues are set out below:

a) End-use

Prior to February 1, 2004, eligible borrowers were permitted to raise ECB under the Automatic Route equivalent to USD 50 million per financial year for general corporate purpose. Under the revised ECB guidelines, however, end-uses of ECB for working capital, general corporate purpose and repayment of existing Rupee loans are not permitted.

b) Amount of ECB under the Automatic Route

It is clarified that the maximum amount of ECB which can be raised by an eligible borrower under the Automatic Route is USD 500 million or equivalent during a financial year.

"ECB for working capital, general corporate purpose and repayment of existing Rupee loans are not permitted."

c) Submission of ECB - 2 Return

Borrowers availing ECB since February 1, 2004 are required to submit ECB -2 Return on a monthly basis certified by the designated Authorised Dealer (AD) so as to reach the Director, Balance of Payments Statistics Division, Department of Statistical Analysis and Computer Services (DESACS), Reserve Bank of India, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 within seven working days from

the close of month to which it relates. It is clarified that all existing borrowers are also required to submit ECB -2 Return on a monthly basis from January 2004 onwards as mentioned above.

d) Compliance with ECB Guidelines

The primary responsibility to ensure that ECB raised/utilised are in conformity with the Reserve Bank instructions is that of the concerned borrower and any contravention of the ECB guidelines will be viewed seriously and may invite penal action. The designated AD is also required to ensure that raising/utilisation of ECB is in compliance with ECB guidelines at the time of certification.

e) ECB under erstwhile USD 5 Million Scheme

At present, borrowers, who had availed ECB under erstwhile USD 5 Million Scheme with specific approval of Reserve Bank, approach the Reserve Bank for elongation of repayment period. It has been decided to delegate general permission to the designated AD to approve such elongation provided there is a consent letter from the overseas lender for such reschedulement without any additional cost.

Such approval with existing and revised repayment schedule along with the Loan Key / Loan Registration Number should be initially communicated to the Chief General

Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, ECB Division, Mumbai within seven days of approval and subsequently in ECB - 2.

(Source: A.P.(DIR Series) Circular No. 82 dt. 01.04.2004)

8 Uniform cut-off timings for applicability of NAV

A) Mutual Fund Scheme(s)/plan(s)

Only forward (i.e. prospective) NAV shall be applied to all scheme(s)/ plan(s) of Mutual Funds as per the details given below:

i. Purchases

In respect of valid applications received upto 3 p.m. by the Mutual Fund along with

a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.

In respect of valid applications received after 3 p.m. by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.

However, in respect of valid applications with outstation cheques/demand drafts not payable at par at the place where the application is received, closing NAV of the day on which cheque/demand draft is credited shall be applicable.

ii) Redemptions

In respect of valid applications received upto 3 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

B) Mutual Fund - Liquid Fund Scheme(s)

i. Purchases

In respect of valid applications, closing NAV of the day immediately previous to the day on which funds are available for utilization by the fund shall be applicable. However, in respect of any application received after 1 p.m. by the Mutual Fund and the funds are available for utilisation by the fund on the same day, closing NAV of the same day shall be applied.

ii. Redemptions

In respect of valid applications received upto 10:00 a.m., by the Mutual Fund, previous day's closing NAV shall be applicable. In respect of valid applications received after 10:00 a.m. by the Mutual Fund, same day's closing NAV shall be applicable.

For liquid schemes/plans Mutual Fund shall calculate NAVs for every calendar day.

C) Implementation of these guidelines

These guidelines for assigning Net Asset Value (NAV) are applicable with effect from March 25, 2004.

(SEBI/IMD/CIR No. 8/5611/2004 dated 19.03.2004)

LATEST IN FINANCE

9 Grant of advances against the security of Relief Bonds

The banks are advised to exercise caution and keep the following aspects in view while sanctioning loans against Relief Bonds/Certificates:

i) there is no provision to record a lien of the lending bank against a Govt. Security including Bond Ledger Account. In case the lending bank would like to have the Govt. Security as a collateral, it has to be got transferred in its name. In this connection, RBI advised that Relief Bonds can be held by any banking company if the same are transferred in the name of bank for the limited purpose of obtaining advances against the security of such bonds.

ii) No third party loans can be sanctioned against Relief Bonds.

(Source: RBI/2004/82 dated 27.02.2004)

10 Increase in the limit under ESI

Central Government has increased the limit of Rs. 6500/- (being the upper limit for coverage under Employee State Insurance Scheme Benefits) to Rs.7500/- w.e.f 1st April, 2004

(Source: Not. No. GSR 172(E) dt. 04.03.2004)

PUBLICATIONS FOR SALE

The following publications of the Society are available at Rs. 500/- each:

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- Mergers & Acquisitions
- Foreign Exchange Derivatives
- Corporate Debt Restructuring
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- Balanced Score Card
- Venture Capital
- Supply Chain Management
- AS 28 & AS 26

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AUDIT

1 Accounting Standards-26

The Institute of Chartered Accountants of India has come out with a limited revision to Accounting Standard 26 on Intangible Assets. According to this limited revision, AS 26 is not applicable to expenditure in respect of termination benefits. The limited revision comes into effect in respect of accounting periods commencing on or after 1st April 2003. Termination benefits are employee benefits payable as a result of either:

- an enterprise's decision to terminate an employee's employment before the normal retirement date, or
- an employee's decision to accept voluntary redundancy in exchange for those benefits (voluntary retirement).

2 Master Circular issued by RBI

RBI issued master circular on following topics:

- Priority Sector Lending - Prime Minister's Rozgar Yojana (PMRY)**
- Lending to Non Banking Financial Companies (NBFCs)**

(Source: Circular, dated 11.03.2004)

3 Placement of deposits by Non-scheduled UCBs

The statutory audit of the urban co-operative banks are carried out by the officials of Registrar of Co-operative Societies ("Department") or by Chartered Accountants appointed by the Department. As per the circular, only strong scheduled UCBs are eligible to accept deposits from non-scheduled UCBs. In this regard, RBI has directed the statutory auditors of scheduled UCBs to verify compliance by the banks with the said instructions. Further in case of ineligible scheduled UCBs, the statutory Auditors may issue a certificate indicating the position of compliance or otherwise in this regard.

(Source: BPD.RCS. Cir. 4/13.05.00/2003-04 dt. 27.02.2004)

4 Applicability of Accounting Standard - 11

Banks are advised by RBI to follow the following guidelines contained in the circular dated June 5, 1996, for finalizing the accounts for the year ended March 31, 2004 also:

i) All foreign exchange transactions in India should be valued as per guidelines issued by the Foreign Exchange Dealers Association of India (FEDAI). This will apply to all commercial banks who are authorised to deal in foreign exchange.

ii) Indian banks having foreign branches are required to translate the financial statements of their branches abroad for incorporation in the financial statements. These banks should adopt the following procedures:

(a) all assets and liabilities, both monetary and non-monetary of the foreign entity should be translated at the closing rate.

(b) income and expense items of the foreign branches should also be translated at the closing rate.

(c) resulting exchange profits on consolidation should not be taken to Profit and Loss Account but kept in a separate account on the liabilities side under Schedule 5 "Other liabilities". However, any exchange loss on consolidation should be debited to the Profit and Loss Account.

(Source: BP. BC. 71/21.04.018/ 2003-2004 dt. 31.03.2004)

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1 Income Tax Judgments

80HHC Judgement

In case of *IPCA Laboratory Ltd. Vs. Deputy Commissioner of Income Tax, Mumbai*, the question for consideration before Hon'ble Supreme Court was whether the Export house exporting self-manufactured goods and trading goods are entitled to claim deduction under Section 80HHC of Income Tax Act in respect of the sum of 3.78 crores being profit from exports of self-manufactured goods by ignoring the loss of Rs. 6.86 crores from exports of trading goods.

Apex Court held that if the wordings of the Section are clear then benefits, which are not available under the Section, cannot be conferred by ignoring or misinterpreting words in the Section. The opening words profit derived from such exports together with word and clearly indicate that profits have to be calculated by counting both exports. In arriving at profits earned from export of both self-manufactured goods and trading goods, profits and losses in both trades have to be taken into consideration. If after such adjustments there is a positive profit, assessee would be entitled to deduction under Section 80HHC and if there is a loss he would not be entitled to any deduction. The Court clarified that the proviso to Sub-section (i) of Section 80HHC enables a disclaimer only to enable the export house to pass on deductions. It in no way reduces the turnover of the export house. In computing total income, the entire turnover is taken into account even though there is a disclaimer.

Dismissing the appeal the Bench categorically held that tax benefit for exports will be available only for those who profit from exports and not for those incurring losses meaning that tax benefits cannot be claimed on the basis of profit from one part of export business alone. Thus, **appeal was dismissed.**

Due date for filing return of income for offences & Prosecution

Hon'ble Supreme Court of India in the matter of *Prakash Nath Khanna Vs. CIT* held that "Due time is that specified for furnishing return in sub-section (1) and (2) of section 139. Permissibility under section (4) for filing return before assessment does not extend time prescribed for filing return." [266 ITR 1]

ICAI to ban part-time practice for members

The council of the Institute of Chartered Accountants of India has resolved that effective April 1 next year, those members of the institute who engage themselves in any business/occupation other than the profession of accountancy are not entitled to hold and / or obtain a certificate of practice.

However, the said members engaged in consultancy services and teaching assignments were entitled to hold / or obtain a certificate of practice. Stating that the modalities and mechanism for implementing the ban on part-time practice for its members are being currently worked out.

Deduction under section 43B

Hon'ble Supreme Court of India in the matter of *Berger Paints India Limited Vs. CIT* held that "the entire amount of excise duty/custom duty paid by the assessee in a particular accounting year is allowable under section 43B of the Income tax Act, 1961, as a deduction in respect of that year irrespective of the excise duty/custom duty included in the valuation of the assessee's closing stock at the end of the accounting year as relating thereto."

In the above case Hon'ble Supreme Court of India also held that "if the revenue has not challenged the correctness of the law laid down by the High Court and has accepted it in the case of one assessee, then it is not open to the revenue to challenge its correctness in the case of other assessee, without just cause." [266 ITR 99]

Appreciation in value of assets of a firm can be allocated among the partners

Hon'ble Income Tax Appellate Tribunal, Chandigarh Bench in the matter of *CIT Vs Sant Shoe Store* held that "Assessee firm was fully justified in crediting share of appreciation of value of building in respective accounts of partners, as building belong to partners under general law, they being owner of all assets that belong to firm. Partners are therefore entitled to interest on capital as reflected in the books of account." [88 ITD 524]

2 Applicability of Section 10A(9)

denial of exemption to not to continue

In case of companies, it was further clarified that ownership or beneficial interest is deemed to have been transferred if shares carrying 51% or more of the voting power are transferred during the year.

It has been clarified by the under secretary to the government of India that the provisions of section 10A(9) of Income Tax Act should not be applicable where the change in ownership has taken place prior to April 1, 2000, when the provision was not at all on the statute.

As things now stand, only a change in substantial ownership during three financial years from April 1, 2000 up to March 31, 2003 will result in denial of tax holiday for such years only and not for subsequent years.

3 Dividend Strippers - being taxed

Corporate and individuals who had resorted to 'dividend stripping', a tax avoidance exercise involving buying and selling mutual fund units are facing tax demands from the Income-tax department.

The department has sent notices asking a large number of individuals and corporates to pay additional tax before the end of the current fiscal.

4 Advice note needed to get I-T refund

Income - Tax assessee receiving refund up to Rs.9,999/- have to deposit both the refund order and the advice note attached to it with their bankers. In cases, where refunds exceed Rs.9,999/- assessee have to deposit only the refund order with their bankers. In such cases, the advice note would be sent by the income-tax department to the Reserve bank of India and not to the assessee, according to the revised procedure for encashment of refund orders issued by the income-tax department. The move to back every refund order with an advice note is meant to prevent any possible misuse relating to encashment of refunds.

5 E-Filing of TDS Return -Clarification

The CBDT has clarified that any TDS return filed by Corporate deductors after 1.6.2003 on paper format will not be in conformity with the legal provisions. Therefore, those corporate deductors who have filed their TDS returns on paper format after 1.6.2003 are required to file the e-TDS return in electronic format in accordance with the Scheme of Electronic Filing of TDS returns, 2003 to obviate any procedural delays or any legal consequences. This clarification is being made since it has been brought to the notice of the CBDT that some corporate deductors have filed their TDS returns on paper format after 1.6.2003. The Board is of the view that after coming into effect of the amended provisions, all corporate deductors were mandatorily required to file their TDS returns in computer media only.

(Source: CBDT Clarification dt. 18.03.2004)

6 Introduction of ECS for Refunds of Income Tax

In view of the difficulties faced by the banks as well as the public at large in regard to Income Tax Refund Orders (ITROs), RBI has been pursuing with the Central Government for alternative system for tax refunds and now Government has since taken a decision to implement ECS credit for direct tax refunds. A notification in this regard is expected to be issued by the Government shortly.

(Source: H-767/42.01.034/2003-04 dt. 09.03.2004)

SERVICE TAX

1 Clarification under Service Tax Credit Rules, 2002

On the ambiguity in the provisions of Rule 3(5) of the Service Tax Credit Rules, 2002, which reads that, "*in case the service provider, opts not to maintain separate accounts of input service meant for consumption in relation to rendering of such output service which are chargeable to service tax as well as exempted services or non-taxable services, he shall be allowed to utilize service tax credit for payment of service tax on any output service only to the extent of an amount not exceeding thirty five percent of the amount of service tax payable on such output service*", it has been clarified that input service tax credit can be utilized only to the extent of 35% of the total service tax payable on all the taxable output services.

(Source: Circular No. 77/7/2004 dt. 10.03.2004)

2 No Service Tax on TV serials

CBEC has vide Circular No. 78/08/2004-ST dated 23rd March, 2004 clarified that no service tax is leviable on the activities undertaken by the television serial producers, who either (i) sell TV serial episodes to the TV channels; or (ii) allow such episodes to be telecasted by the channels in lieu of procurement of Free Commercial Time, which is sold by them to advertising agencies for showing advertisements.

(Source F No 241/01/2004-CX-4).

EDITORIAL CONTD. FROM PAGE 1

Indian Education on.....

is an example of how this can be successfully delivered at a reasonable cost across the country;

- In the field of Information Technology, special emphasis would be necessary to provide real quality education so that the premium employment opportunities nationally and internationally are not restricted to a selected few from institutions like IIT

The cost of education is also a very important issue. In our country of wide disparity it is very important to provide high quality education at a very reasonable cost. It may be necessary to create a regulatory mechanism at the level of Central Government, in close co-ordination with State Governments so that educational institutions are not converted to a moneymaking machine. Educational institutions have to contribute to the nation, at a very reasonable cost. There is nothing wrong in charging a little higher fee from those who can afford but at the same time high cost education should not make it unavailable to the masses.

We sincerely support the latest initiative of Dr. Murli Manohar Joshi to monitor hefty fee being charged by Public Schools. The HRD Ministry need to concentrate on regulating cost of education not only at school level but also for the Engineering Colleges, MBA Colleges as well as Medical Colleges. This would not mean control on fee scales but would require parameter within which adequate liberty can be considered.

The quality has to be widespread. The island of excellence need to widen their reach and their model can be replicated by creating other institutions on their lines. Once Indian educational environment, infrastructure and quality are upgraded in a widespread manner, a corresponding brand building in the international level would become much easier. We need to restore our glory at Takshila and Nalanda and contribute to the vision of a confident developed and rich nation by the year 2020.

1 Margin Trading

It has been decided to allow the member-brokers to provide margin trading facility to their clients, in the cash segment. The securities in Group 1 would be eligible for margin trading facility. The securities having mean impact cost of less than or equal to 1 and having traded on at least 80% (+/- 5%) of the days for the previous eighteen months, have been categorized as Group 1.

An eligibility criterion has also been set to provide margin trading facility to clients. Accordingly, only corporate brokers with a net worth of at least Rs.3.00 crore would be eligible to offer margin trading facility to their clients. These brokers are also mandated to submit to the stock exchange a half-yearly certificate, as on 31st March and 30th September of each year, from an auditor confirming the net worth as specified in this behalf and such a certificate shall be submitted not later than 30th April and 31st October of the year.

(Source: SEBI/15/04 dt. 19.03.2004)

2 Takeover Code-Formats of letter Modified

In order to further strengthen the disclosures as made in the Letter of offer under SEBI Takeover Code, certain additional disclosure requirements/modifications have been carried out in the existing standard format of the Letter of Offer. The modified format of letter of offer is available at www.sebi.gov.in

(Source: Cir- 01 /2004 dated 08.03.2004)

3 Reporting of Offshore Derivative Instruments by Registered FII

SEBI advised all FIIs issuing offshore derivative/financial instruments against underlying Indian securities to report issuance / renewal / cancellation / redemption of the aforesaid instruments to SEBI as per the format prescribed.

Henceforth FII / Sub-accounts will be required to submit the report in the

Comparative chart showing the rates of Stamp Duty

The Ministry of Finance, notified the following changes in the rate of stamp duty vide Notification No. S.O. 130(E) dated 28.01.2004, which have come into effect from March 1, 2004:

DESCRIPTION OF THE INSTRUMENT	Proper Stamp duty	
	New Rs./Paise	Old Rs./Paise
• Debenture being a marketable security transferable		
(a) by endorsement - "for every Rs. 500 or part thereof in excess of Rs. 1000"	1.80	3.75
(b) by delivery - "for every Rs. 500 or part thereof in excess of Rs. 1000"	3.75	7.50
• Letter of Credit	1.00	2.00
• Promissory Note , when payable on demand and amount exceed Rs. 1000	0.15	0.25
• Proxy	0.15	0.30
• Transfer , (whether with or without consideration)		
(a) of shares in an incorporated company or other body corporate	0.25%	0.75%

prescribed format on a monthly basis by the 7th of the following month. The first such monthly report shall commence for the month of April 2004 and shall be submitted by the 7th of May, 2004.

Foreign Institutional Investors (FIIs) who have not traded and have no outstanding investments in Indian securities during a particular month (reporting period) will henceforth not be required to submit "Nil" Reports for the month.

(Source: IMD/CUST/15/2004 dated April 02, 2004)

4 Straight Through Processing (STP) System

Straight Through Processing (STP) is generally understood to be a mechanism that automates the end to end processing of transactions of financial instruments.

It involves use of a system to process or control all elements of the work flow of a financial transaction, what are commonly known as the Front, Middle, Back office and General Ledger. In other words, STP

allows electronic capturing and processing of transactions in one pass from the point of order origination to final settlement.

STP thus streamlines the process of trade execution and settlement and avoids manual entry and re-entry of the details of the same trade by different market intermediaries and participants.

Usage of STP enables orders to be processed, confirmed, settled in a shorter time period and in a more cost effective manner with fewer errors.

Apart from compressing the clearing and settlement time, STP also provides a flexible, cost effective infrastructure, which enables e-business expansion through online processing and access to enterprise data.

(Source: DNP/Cir- 22 /04 dt. 01.04.2004)

5 Mutual Funds Investment in Foreign Securities

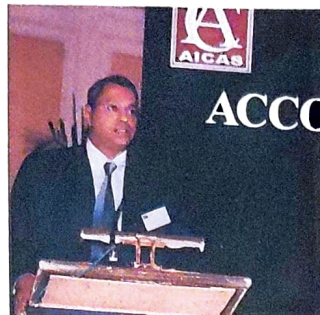
It has been decided to permit each mutual fund to invest in foreign securities up to 10% of their net assets as on January 31 of each relevant year (instead of the present reference date of January 31, 2003). e.g. the reference date upto January 30, 2005 shall be January 31, 2004.

The above clarification is being issued in accordance with Regulation 77 of the SEBI (Mutual Funds) Regulations, 1996.

(Source: CIR No. 7/5573/04 dt. 19.03.2004)



Vinod Jain, Chairman
Inmacs Management Services Limited



Dolphy D'Souza
Ernst & Young



Sunil Khemka, Director
G I Wind Farms Limited



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Glimpses of Interactive session at CFO World Members' Meeting



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