



WIRC BULLETIN

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For Members only

February 2012

From the Desk of Chairman



Dear Professional Colleagues,

Two important developments occurred recently in the profession of Cost and Management Accountancy in the month of Jan-2012, both represent significant changes effecting the profession at large. First "Name Change Notification" came into force with effect from 1st February 2012. Now we are "Institute of Cost Accountants of India" and our members

are "Cost & Management Accountants". This development invites - even requires - new strategies to meet new opportunities and challenges ahead. Thus, it is time to consider ways in which the ICAI (Institute of Cost Accountants of India) will adapt the strategies to better serve our 'Mission' and 'Vision'. This is auspicious timing for an internal assessment of our institute and it is most important that we encourage energetic participation in this process and everyone's voice is essential to ensure that we are aimed in the right direction to meet the challenges ahead so that we will be in the strongest possible position to continue to achieve distinction and leadership in the profession of Cost and Management Accountancy in India and abroad. Only through collective actions on all of these fronts, we will move closer to stronger, more sustainable and stable growth.

Another important development is Cost Audit Notification issued by Ministry of Corporate Affairs dated 24th Jan-2012, generating ample of opportunities for Cost and Management Professionals. It is the foremost responsibility of the institute to generate compliance awareness in the companies and to educate the members as well to accept and discharge the responsibility as

an auditor. We at WIRC, are determined to act on our commitments to articulate our action plans to address the challenges created by developments and thus facilitating further committed progress and growth in the profession. Now this is the high time when we need to change the mindsets of our members to encourage leadership and entrepreneurship and to join the practicing profession. With these objectives WIRC is organizing various seminars and workshops in the region. Our efforts are directed to provide more and better quality programs as a learning plate form to our students, members and to companies at large. I also request all chapters in the region to start and continue with new professional development activities and decisively pursue and exploit the opportunities ahead.

53rd National Convention -2012 is organized on 15th to 17th of March in New Delhi with a theme of "Sustainability of Framework - Integrated Reporting - Imperatives for CMAs", I wish NIRC Chairman CMA. B.L. Jain and Chairman Convention Committee, this convention to be a grand success.

We were invited by Hon. Governor of Maharashtra Mr. KShankarnarayanan for reception of the eve of Republic day. CMA Ashish Thatte, Hon. Secretary (WIRC) attended this function and it was a great experience to be a part of guest of state. I also congratulate CMA Vivek Bhalerao, Chairman of the Navi Mumbai Chapter and his team for inauguration of their new office on 29th January 2012 at KBP College premises Vashi Navi Mumbai.

With these words, I would like to take this opportunity to wish best of luck to our students for their result to be declared in this month. 'A good deed is a great happiness'. I wish you all happy and blessed Mahashivratri and Id-ul-Milad.

With Warm Regards,
CMA Vijay P. Joshi



Mr. Gopal Shetty, local MLA inaugurating SMF Centre - Western Suburbs - at Borivali on Sunday 8th January 2012. Also seen L to R: Dr. Augustine, Director, St. Francis Institute of Management & Research, CMA Amit Apte, CCM ICWAI, CMA Neeraj Joshi, Treasurer WIRC, CMA Vijay Joshi, Chairman WIRC and CMA Ashish Thatte, Hon. Secretary WIRC

Glimpses from Inauguration of SMF Centre – Western Suburbs – Borivali – Sunday 8th January 2012



Mr. Gopal Shetty, local MLA along with Council Members



CMA Vijay Joshi, Chairman WIRC felicitating Mr. Gopal Shetty, local MLA



Dr. Augustine, Director, St. Francis Institute of Management & Research addressing Members and Students



View of gathering



CMA Shekhar Joshi delivering lecture during CEP organised at SMF Centre Borivali on 8th January 2012.



CMA Shrikant Jadhav felicitated by Senior Member CMA R. V. Kamath during CEP organised at SMF Centre Borivali on 21st January 2012.



Prof. O.S. Gupta delivering lecture during workshop on Single Diamond Rule of Debit and Credit organized by Indore Dewas Chapter

SPECIAL LECTURE

WIRC organized a special lecture on "Standard Costing" on 29th January 2012 at Siddharth College, Mumbai. CMA (Prof.) Shrenik Shah, Vice Chairman WIRC was the faculty. Around 50 students attended the lecture.

One Day Seminar on NEW MECHANISM OF COST AUDIT & COST RECORDS

Date : Friday, 17th February 2012 Time : 9.00 am to 5.30 pm

Venue : Hotel Parle International, Opp. Parle Rly. Stn., Vile Parle (E), Mumbai 400 057.

Keynote Address : CMA Dhananjay V. Joshi, Past President, ICWAI

Delegate Fees (including Service Tax) :

Company Sponsored : Rs. 2,500/- per participant • Practising CMA : Rs. 1,500/- per participant

(Four CEP Credit Hours will be provided)

About the Seminar

The Government of India is continuously encouraging Indian Industry to be Cost Competitive to face the Global Competition. With this objective rationalised, simplified and corporate friendly legislations are being introduced.

The Ministry of Corporate Affairs has issued Notifications on The Companies (Cost Accounting Records) Rules 2011, The Companies (Cost Audit Report) Rules 2011 which supersede the Cost Accounting Records Rules for 36 industries and Cost Audit Report Rules 2001. MCA has also issued orders consequential to the new notifications.

These new rules and orders have totally transformed the Cost Audit Mechanism. The new Cost Audit Report Rules provide for Cost Accounting Policy, Product Group Details, Product Group wise Abridged Cost Statement, Performance Appraisal Report and so on.

The new Cost Accounting Records Rules provide for maintenance of Cost Accounting Records on the basis of Cost Accounting Standards issued by the ICWAI and the Generally Accepted Cost Accounting Principles. The Compliance Report has been introduced for the First time, which is mandatory in case of almost all companies with turnover exceeding Rs. 20 Crores.

The deliberations at the seminar will help the participants to understand the new concepts, clear the doubts and comply with the requirements of new rule and orders.

Course Contents

1. The Companies (Cost Accounting Records) Rules 2011.
2. The Companies (Cost Audit Report) Rules 2011.
3. Cost Accounting Standards (CAS) issued by The ICWAI
4. Generally Accepted Cost Accounting Principles (GACAP)
5. MCA Cost Audit Branch Order dated 2nd May, 2011 regarding Mandatory Cost Audit for 8 industries.
6. MCA Cost Audit Branch Order dated 30th June, 2011 regarding Mandatory Cost Audit for 8 more industries.
7. MCA Cost Audit branch General Circular dated 11th April 2011 regarding appointment of Cost Auditor by Companies.
8. MCA Cost Audit Branch Order dated 24th January 2012.
9. Any further developments till the time of this seminar.

Speakers

CMA Amit Apte	....	CCM-ICWAI	09.00 to 10.00
CMA Ashok Nawal	....	Past Chairman, WIRC	10.00 to 10.45
CMA Ashish P. Thatte	....	Hon. Secretary, WIRC	10.45 to 11.00
CMA Neeraj Joshi	....	Treasurer, WIRC	11.00 to 01.00
CMA Milind Date	....	Secretary, Pune Chapter	01.45 to 03.30
CMA Shekhar Joshi	....	Practising Cost Accountant	03.30 to 03.45
CMA P. D. Dani	....	Practising Cost Accountant	03.45 to 05.15
			05.15 to 05.30

Programme

....	Registration & High Tea
....	Inauguration
....	Tea Break
....	Session 1
....	Lunch
....	Session II
....	Tea Break
....	Session III
....	Panel Discussion

For Registration Contact :

WIRC of ICWAI, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001.

Tel. 022 - 2287 3476 / 2204 3406 / 2204 3416 Extn. 31 • Fax: 022 - 2287 0763 • E.mail: seminar@icwai-wirc.org • Website: www.icwai-wirc.org

ICWAI-WIRC Students & Members Facilitation Centre

C/o. St. Francis Institute of Management & Research, Mt. Painsur, S.V. P. Road, Borivali (W), Mumbai 400 103. Tel.: 2894 8302

Limited Seats. First Come First Serve Basis.

INDIA CORPORATE AND INVESTOR MEET



Ministry of Corporate Affairs
Government of India

Theme : Corporate Growth, Governance and Inclusion

Date: 22nd February 2012

Venue: Y. B. Chavan Centre, Sachivalaya, Mumbai

Fee : Rs. 200/- (Two Hundred)



Timing	Session	Speaker
09.30 a.m. to 10.00 a.m.	Registration	
10.00 a.m. to 11.00 a.m.	Inauguration : Dr. M. Veerappa Moily , Minister, Corporate Affairs Hon'ble Chief Minister of Maharashtra Mr. Prithviraj Chavan*	
11.00 a.m. to 11.30 a.m.	Tea Break	
1st Technical Session : Investor Related Matters		
11.30 a.m. to 12.15 p.m.	<ul style="list-style-type: none"> Investor Grievances – - Redressal Mechanisms 	Mrs. Deena Mehta Managing Director, Asit C Mehta Investment Intermediates Ltd
	<ul style="list-style-type: none"> Stewardship role of Institutional Investors 	Mrs. Sucheta Dalal Founder - Trustee, Moneylife Foundation Moneywise Media Pvt Ltd
2nd Technical Session: Corporate Governance - Driving Enterprise Value		
12.30 p.m. to 01.15 p.m.	<ul style="list-style-type: none"> Issues and Challenges faced by Boards and Gender Diversity 	Mr. Madhusudan Kela Chief Investment Strategist, Reliance Capital Asset Management Limited
	<ul style="list-style-type: none"> Evaluation of Board Performance 	Mr. Mahesh Krishnamurthy Managing Director, Resources Global Professionals India Pvt Ltd
01.15 p.m. to 02.15 p.m.	Lunch	
3rd Technical Session: Corporate Social Responsibility - Partnering in Nation Building		
02.15 p.m. to 03.00 p.m.	<ul style="list-style-type: none"> CSR - Beyond Mandate of the Law 	Mr. Senjam Raj Sekhar, Director - Communications & Brand, Vedanta Group & Mr. Ahmar Sultan, Associate Vice President, CSR, Hindustan Zinc.
	<ul style="list-style-type: none"> CSR - A Buzzword or a Value Creator? 	Ms. Sheetal Mehta, Chief - CSR, Mahindra & Mahindra Ltd & Executive Director, Mahindra Foundations
03.00 p.m. to 03.30 p.m.	Tea Break	
04.00 p.m. to 05.15 p.m.	Open House and Concluding Session	Representatives of : ICAI - ICWAI - ICSI

Limited Seats. First Come First Serve Basis.

(Four CEP Credit Hours will be provided)

For Registration Contact :

WIRC of ICWAI, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001.

Tel. 022 - 2287 3476 / 2204 3406 / 2204 3416 Extn. 31 • Fax: 022 - 2287 0763

E.mail:seminar@icwai-wirc.org • Website: www.icwai-wirc.org

IFRS Corner

IFRS - IPSAS Tools for Corporate Governance & Government Governance

(This speech was a part of Regional Cost Conference recently held at Indore)

Article by FCMA Rammohan Bhawe, FCMA, FCA, ACS, LL.B. (G.), Dip IFRS, London, Cert IFRS - ICAI, Cert. XBRL, Six Sigma Green belt and
ACMA Dr Mrs Anjali R Bhawe, FCMA, M.Com, DBF, Ph.D. Dip IFRS London,

Both are LIMCA Record holders on IFRS and believe in IFRS as a tool for corporate governance.

For any queries write to mohanbhawe@ConsultIFRS.com or call on 9004043365

Government owns huge intangible assets and scams predominantly happen in intangible assets. Recently CAG had been valuing intangible assets like spectrum at FAIR VALUE, which is precise base of IFRS. Should we expect further unearthing of scams?

If so, in which intangible assets?

Would be grateful to receive comments on mohanbhawe@ConsultIFRS.com

This article has great relevance when

- a. Anna Hazare has launched a tirade against corruption.
- b. Scams of huge amounts have finally surfaced, in which both corporate & Govt hands are dirty.
- c. CAG is active & aiming to catch these economic offences which common man does not, even understand

Time has come to look at some reporting as a TOOL FOR CORPORATE GOVERNANCE and for that matter, even GOVERNMENT GOVERNANCE

So I title this article as IFRS - IPSAS - Tools for corporate Governance & Government Governance

As a proud cost accountant, I always referred MIS report when I was CFO/Finance Director and used to refer

financial accounts at year-end or quarter-end as per legal needs.

Same was the case with my owners/promoters & MDs.

Meaning of SCAM word is now known to everybody. It is essential to add here that IFRS in spirit goes for corporate governance and forces an organization to report in a transparent fashion to aim at corporate governance. IFRS is adopted by 120+ countries, while most of these countries are almost fully privatized. So there is a necessity for a country like India which has lots of tangible and more so, intangible assets in the hands of Govt sector, must have NOT just reporting tool for corporate governance but also for Government Governance.

While IFRS will serve purpose of corporate governance based reporting, IPSAS is International public sector accounting standard which is a tool for transparent report for government bodies. So India needs both.

Pertinent to answer following questions here.

Intangible assets are lying with public sector. Here is a humble attempt which can help whether CAG or Anna Hazare by linking various intangible assets with various ministries.

No	INTANGIBLE ASSETS www.intangiblebusiness.com	GOVT OF INDIA ministries
	http://www.intangiblebusiness.com/	http://www.mapsofindia.com/election/list-of-portfolios.html
1	Airport gates and slots	Ministry of Aviation
2	Bank customers -loan, trust and credit card	Ministry of Finance
3	Blueprints	Minister of Human Resource Development, Minister of Communications and Information Technology
4	Book libraries	
5	Brand names	
6	Broadcast licenses	Minister of Human Resource Development, Minister of Communications and Information Technology
7	Buy-sell agreements	MMTC/STC etc
8	Certificates of need	
9	Chemical formulas	Minister of Chemicals and Fertilizers
10	Computer software	Minister of Human Resource Development, Minister of Communications and Information Technology
11	Computerized databases	Minister of Human Resource Development, Minister of Communications and Information Technology

12	Contracts	
13	Cooperative agreements	Co-operative societies body
14	Copyrights	Minister of Human Resource Development, Minister of Communications and Information Technology
15	Credit information files	Finance ministry
16	Customer contracts	Ministry Consumer Affairs, Food & Public Distribution
17	Customer & client lists	Ministry Consumer Affairs, Food & Public Distribution
18	Customer relationships	Ministry Consumer Affairs, Food & Public Distribution
19	Designs & drawings	Various
20	Development rights	Urban development
21	Distribution networks	Telecom
22	Distribution rights	telecom, power, etc
23	Drilling rights	Mining
24	Easements	urban developments
25	Employment contracts	Minister of Labour and Employment
26	Engineering drawings	Various
27	Environmental rights	Ministry of Environment & Forests
28	FCC licenses	food, licence
29	Favorable financing	Finance ministry
30	Favorable leases	land ceiling, urban development
31	Film libraries	Media
32	Food flavorings & recipes	Ministry Consumer Affairs, Food & Public Distribution
33	Franchise agreements	Ministry of Commerce and Industry
34	Historical documents	Ministry of Tourism
35	HMO enrollment lists	Various
36	Insurance expirations	Ministry Consumer Affairs, Food & Public Distribution
37	Insurance in force	Ministry Consumer Affairs, Food & Public Distribution
38	Joint ventures	Various
39	Know-how	Various
40	Laboratory notebooks	Various
41	Landing rights	Ministry of Aviation
42	Leasehold interests	Minister of Commerce and Industry
43	Literary works	Ministry of Tourism
44	Loan portfolios	Finance ministry
45	Location value	Urban development, land, mining
46	Management contracts	Ministry of Commerce and Industry
47	Manual databases Manuscripts	Various
48	Medical charts and records	Ministry of Health and Family Welfare
49	Mineral rights	Minister of Mines and Minister of Development of North Eastern Region
50	Musical compositions	Media
51	Natural resources	Minister of Mines and Minister of Development of North Eastern Region
52	Newspaper morgue files	Media
53	Non compete covenants	Various
54	Options, warrants, grants, rights	Various
55	Patent applications	Minister of Commerce and Industry
56	Patents - both product process	Minister of Commerce and Industry

57	Patterns	Various
58	Permits	licence, permits, quota
59	Prescription drug files	Ministry of Health and Family Welfare
60	Prizes and awards	Home
61	Procedural manuals	Various
62	Production backlogs	Various
63	Product designs	Various
64	Property use rights	Urban development, land, mining
65	Proposals outstanding	????
66	Proprietary computer Software	Minister of Human Resource Development, Minister of Communications and Information Technology
67	Proprietary processes	????
68	Proprietary products	Ministry Consumer Affairs, Food & Public Distribution
69	Proprietary technology	Ministry Consumer Affairs, Food & Public Distribution
70	Publications	Ministry of Communications and Information Technology
71	Retail shelf space	Various
72	Royalty agreements	foreign affairs
73	Schematics & diagrams	Various
74	Securities portfolios	Minister of Human Resource Development, Minister of Communications and Information Technology
75	Security interests	Minister of Human Resource Development, Minister of Communications and Information Technology
76	Shareholder agreements	????
77	Stock & bond instruments	Ministry of Commerce and Industry
78	Solicitation rights	Minister of Law and Justice
79	Subscription lists	????
80	Supplier contracts	Ministry of Commerce and Industry
81	Technical & specialty Libraries	scientific research
82	Technical documentation	scientific research
83	Technology sharing agreements	foreign affairs
84	Title plants	???
85	Trade secrets	home, defence
86	Trained & assembled workforce	Ministry of Commerce and Industry
87	Trademark and trade names	Ministry of Commerce and Industry
88	Training manuals	Minister of Human Resource Development, Minister of Communications and Information Technology
89	Use rights - air, water, land	Ministry of Environment & Forests
90	FSI	urban development
91	TDR	urban development

So come to think of it,

1. Spectrum is a well-known intangible asset which will get disclosed by IFRS in corporate accounts & IPSAS in Government accounts.
2. Power, mining, land development rights are solely within pervue of public sector and IPSAS will throw light on it.

We have lots of Cost & management accountants in public sector (quite a lot in this Madhya-pradesh bhoomi itself) and I am sure they will carry this message for Government governance.

To know further brows thru video recording of limca record of 2011 lecture delivered in 77 cities thru Reliance video conference on <http://www.consultifrs.com>

F. No. 52/26/CAB-2010

Government of India, Ministry of Corporate Affairs,
Cost Audit Branch, B-1 Wing, 2nd Floor,

Paryavaran Bhavan, CGO Complex,
Lodi Road, New Delhi-110 003

Dated the 24th January, 2012

ORDER

In exercise of the powers conferred by sub-section (1) of section 233B of the Companies Act, 1956 (1 of 1956), the Central Government, being of the opinion that it is necessary to do so, hereby directs that all companies to which the Companies (Cost Accounting Records) Rules, 2011 apply, and which are engaged in the production, processing, manufacturing or mining of the following products/activities, including intermediate products and articles or allied products thereof, and wherein the aggregate value of the turnover made by the company from sale or supply of all its products/activities during the immediately preceding financial year exceeds hundred crore of rupees; or wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India, shall get its cost accounting records, in respect of each of its financial year commencing on or after the 1st day of April, 2012, audited by a cost auditor who shall be, either a cost accountant or a firm of cost accountants, holding valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959 (23 of 1959).

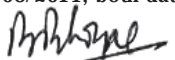
S.No.	Name of the Industry	Relevant Chapter Heading of the Central Excise Tariff Act 1985
1.	Jute, cotton, silk, woolen or blended fibers/textiles	Chapters 50 to 63
2.	Edible oil seeds and Oils (incl. vanaspati)	Chapters 12 and 15
3.	Packaged food products	Chapters 2 to 25 (except Chapters 5, 6, 14, 23 and 24)
4.	Organic & Inorganic Chemicals	Chapters 28, 29, 32, 38 and 39
5.	Coal & Lignite	Chapter 27
6.	Mining & Metallurgy of ferrous & non-ferrous metals	Chapters 26 and 74 to 83 (except Chapters 76 and 77)
7.	Tractors & other motor vehicles (incl. automotive components)	Chapters 84, 85 and 87
8.	Plantation Products	Chapters 8, 9, 21 and 40,
9.	Engineering machinery (incl. electrical & electronic products)	Chapters 84 and 85

Notes: (a) *Intermediate or final products and articles or allied products of above industries if included under any other Chapter of the Central Excise Tariff Act, 1985 not mentioned above shall also be covered under these orders.*

(b) *Items falling under above Chapter references exclude those products that have been already covered vide cost audit orders dated 2nd May 2011 and 30th June 2011.*

(c) *Products falling under above Chapter references are to be considered against the respective industry as applicable.*

- Every company to which these orders apply shall follow the revised procedure for appointment of cost auditor as laid down vide Ministry of Corporate Affairs' General Circular No. 15/2011 dated 11th April 2011.
- The audit shall be conducted in such manner as will enable the cost auditor to prepare the report in accordance with the Companies (Cost Audit Report) Rules, 2011 published vide G.S.R. 430(E) dated 3rd June 2011. The report of the cost auditor shall be forwarded to the Central Government in the prescribed format within the time stipulated under the said Rules.
- In view of issue of industry specific cost audit orders, all company specific cost audit orders issued to the individual companies prior to 31st March, 2011 directing them to get their cost records audited for the products/activities specified in such orders stand withdrawn with effect from the financial year commencing on or after the 1st day of April, 2012.
- All companies who were earlier issued company specific orders prior to 31st March, 2011 but are later covered either by this industry specific order and/or by earlier similar orders dated 2nd May 2011 or 30th June 2011 [subject to their meeting with the qualifying criteria mentioned therein] shall now comply with the industry specific orders, as applicable, replacing the earlier company specific order.
- All companies wherein this industry specific cost audit order and the similar orders issued on 2nd May 2011 and 30th June 2011 are not applicable but their products/activities were covered under the company specific cost audit orders issued prior to 31st March 2011 shall comply with the said company specific orders before their withdrawal becomes effective i.e. for all financial years prior to the financial year commencing on or after the 1st day of April, 2012.
- If a company contravenes any provisions of these orders, the company and every officer thereof who is in default, including the persons referred to in sub-section (6) of section 209 of the Companies Act, 1956, shall be punishable as provided under sub-section (2) of section 642 read with sub-section (11) of section 233B of the Companies Act, 1956 (1 of 1956).
- These orders are subject to clarifications issued vide Ministry of Corporate Affairs' General Circular Nos. 67/2011 and 68/2011, both dated November 30, 2011.


(B.B. Goyal)
Adviser (Cost)

Inauguration of SMF Centre– Western Suburbs – Borivali

Considering the overwhelming response received for Thane SMF Centre, WIRC opened 2nd Students & Members Facilitation (SMF) Centre at Borivali for the benefit and service of the Students & Members residing at Western Suburbs. Mr. Gopal Shetty, local MLA inaugurated the center on Sunday 8th January 2012.

Dr. Augustine, Director, St. Francis Institute of Management & Research welcomed the gathering and made of the announcement of the tie up, the Institute has made for the professional development activities. He offered the best support & services on behalf on the St. Francis Institute.

In his inaugural address, Mr. Gopal Shetty, MLA welcomed the move taken by the Institute for opening new center at Borivali & assured all kind of help from his side.

CMA Vijay Joshi, Chairman WIRC congratulated the efforts taken by CMA Ashish Thatte, Hon. Secretary WIRC, CMA Shrikant Jadhav, member from Borivali and WIRC Staff for their inspiring and untiring efforts.

CMAs S.R. Bhargave, Amit Apte and Aruna Soman Central Council Members ICWAI also shared their happiness during the occasion.

CMA Ashish Thatte, Hon. Secretary WIRC expressed the need for more such centers in suburbs of Mumbai.

Ashok Nawal and Debashish Mitra RCMs-WIRC were present. Dr. Augustine, Director, Bro. Chandramouli More, Chairman and Prof. Natika Jain from St. Francis Institute of Management & Research were also present on the occasion.

CMA Neeraj Joshi, Treasurer WIRC proposed vote of thanks. More than 100 students & members attended the Function.

On the occasion WIRC organized 1st CEP. Topic was "Opportunities for Practicing Cost Accountants-Overview." CMAs S.G. Narasimhan, CMA Shekhar Joshi & CMA Y.R. Doshi, Practicing Cost Accountants were the faculties for the program. There was overwhelming response to this idea. Many members in service and students who want to come to practice showed their gratitude towards WIRC for organizing this program.

STUDENTS' & MEMBERS' FACILITATION CENTRE

C/o. St. Francis Institute of Management & Research
Mt. Painsur, S.V.P. Road,
Borivali (W), Mumbai 400 103
Tel.No. 2894 8302

CEP REPORT

On 14th January 2012, WIRC organized a CEP on "Equity Market - Management Accountant's Strategy" at Students & Members Facilitation Centre at Thane. CMA V.R. Berde was the faculty for the programme. While presenting the views CMA Berde explained various technical analysis and strategies to be adopted by Management Accountants. Large number of members attended the program and expressed to have bigger space for growing Thane Center in near future. CMA Ashish Thatte, Hon. Secretary assured the members to consider this demand in near future while proposing vote of thanks.

On 21st January 2012, WIRC organised CEP at Students & Members Facilitation Centre, Borivali. Topic was "SEZ - Going Ahead." Mr. Swanand Dhondse, SEZ Consultant was the faculty for the program. It was very interactive session between members and speaker. Many members asked question related to Taxation, Processes of setting companies in SEZ, application of Cost Accounting Record Rules with SEZ companies etc. CMA Ashish Thatte, Hon. Secretary WIRC proposed vote of thanks. Members appreciated CMA Shrikant Jadhav and CMA Ashish Thatte Hon. Secretary for their efforts on brining center to Borivli.

On 28th January 2012 WIRC organized CEP at WIRC Office. Topic was Equity Market - Management Accountant's Strategy". CMA V.R. Berde was the faculty for the program. Large number of members attended the program.

Career Guidance Lectures

WIRC arranged a Career Guidance lectures at following colleges in Mumbai. Lectures were given by eminent faculties about the Careers and Scope of Cost and Mangement Accountancy.

7th January 2012

Gurukul College, Ghatkopar (E)
CMA (Dr.) ANJALI BHAVE

21st January 2012

Patkar College, Goregaon (W)
CMA KIRIT MEHTA

27th January 2012

Sathye College, Vile Parle (E)
CMA AMRITA DEODHAR

Need of the hour - Cost Compliance Report and / or Cost Audit !!!

CMA A. B. Nawal (Regional Council Member) nawal@bizsolindia.com



Ministry of Corporate Affairs accepted the recommendation of expert group under the leadership of Mr. B. B. Goyal Advisor (Cost) of Ministry of Corporate Affairs & thereafter numbers of notifications/ circulars have been issued. Similarly Institute of Cost Accountants of India (formerly ICWAI) have issued clarifications through "frequently asked questions" 1 to 5 with revision to 4 & 5.

So far, on the subject, Ministry of Corporate Affairs have issued following notifications/ circulars which are given below.

- MCA Notification 2nd May 2011
- MCA Notification 3rd May 2011
- Cost Accounting Records Rules, 2011 dated 3rd June 2011
- Cost Audit Report Rules, 2011 dated 3rd June 2011
- MCA Order dated 30th June 2011
- Master Circular No 2 dated 11th November 2011
- General Circular No 67 dated 30th November 2011
- General Circular No 68 dated 30th November 2011
- MCA Notification dated 24th January 2012

We give below the gist of the above notification and circulars.

Companies (Cost Accounting Records) Rules, 2011

Prior to 3rd June 2011, Cost Accounting Records Rules were notified specific to 44 Industries. Now earlier 44 Industry specific Records Rules have been rescinded and only eight industries specific Records Rules are prevailing which are given below,

- Cost Accounting Records (Bulk Drugs) Rules, 2011
- Cost Accounting Records (Formulations) Rules, 2011
- Cost Accounting Records (Fertilizers) Rules, 2011
- Cost Accounting Records (Sugar) Rules, 2011
- Cost Accounting Records (Industrial Alcohol) Rules, 2011
- Cost Accounting Records (Electricity Industry) Rules, 2011
- Cost Accounting Records (Petroleum Industry) Rules, 2011
- Cost Accounting Records (Telecommunications) Rules, 2011

Other than above Industry specific Cost Accounting Record Rules, Cost Accounting Records Rules, 2011 have been made mandatory to all the companies engaged in Production, Manufacturing, Processing and Mining subject to meeting any of the following criteria,

- a) The aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores of rupees; or
- b) wherein the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds twenty crores of rupees; or
- c) wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India.

Production, Processing, Manufacturing and Mining has been defined as follows,

"Manufacturing Activity" includes any act, process or method employed in relation to -

- i) transformation of raw materials, components, sub-assemblies, or parts into semi-finished or finished products; or
- ii) making, altering, repairing, fabricating, generating, composing, ornamenting, furnishing, finishing, packing, re-packing, oiling, washing, cleaning, breaking-up, demolishing, or otherwise treating or adapting any product with a view to its use, sale, transport, delivery or disposal; or
- iii) Constructing, reconstructing, reconditioning, servicing, refitting, repairing, finishing or breaking up of any products.

"Production Activity" includes any act, process, or method employed in relation to -

- i) transformation of tangible inputs (raw materials, semi-finished goods, or sub-assemblies) and intangible inputs (ideas, information, know how) into goods or services; or
- ii) manufacturing or processing or mining or growing a product for use, consumption, sale, transport, delivery or disposal; or
- iii) creation of value or wealth by producing goods or services.

"Mining Activity" includes any act, process or method employed in relation to the extraction of ores, minerals, oils, gases or other geological materials from the earth's crust, including sea bed or river bed.

"Processing Activity" includes any act, process, procedure, function, operation, technique, treatment or method employed in relation to

- i) altering the condition or properties of inputs for their use, consumption, sale, transport, delivery or disposal; or
- ii) accessioning, arranging, describing, or storing products; or - 3 -
- iii) developing, fixing, and washing exposed photographic or cinematographic film or paper to produce either a negative image or a positive image; or
- iv) printing, publishing, finishing, perforation, trimming, cutting, or packaging; or
- v) pumping oil, gas, water, sewage or any other product; or
- vi) transforming or transmitting, distributing power or electricity; or
- vii) harboring, berthing, docking, elevating, lading, stripping, stuffing, towing, handling, or warehousing products; or
- viii) preserving or storing any product in cold storage; or
- ix) constructing, reconstructing, reconditioning, repairing, servicing, refitting, finishing or demolishing of buildings or structures; or
- x) farming, feeding, rearing, treating, nursing, caring, and stocking of living organisms; or
- xi) telecasting, broadcasting, telecommunicating voice, text, picture,

information, data or knowledge through any mode or medium; or

xii) obtaining, compiling, recording, maintaining, transmitting, holding or using the information or data or knowledge; or

xiii) Executing instructions in memory to perform some transformation and/or computation on the data in the computer's memory.

Product is also defined as follows.

"Product" means any tangible or intangible good, material, substance, article, idea, know-how, method, information, object, service, etc. that is the result of human, mechanical, industrial, chemical, or natural act, process, procedure, function, operation, technique, or treatment and is intended for use, consumption, sale, transport, store, delivery or disposal.

Turnover has been defined as under

As per Rule 2 (p), "Turnover" means gross turnover made by the company from the sale or supply of all products or services during the financial year. It includes any turnover from job work or loan license operations but does not include any non-operational income.

The term "Turnover" defined in the Companies (Cost Accounting Records) Rules, 2011 shall exclude taxes & duties. It shall have the same meaning, wherever it appears, in all other orders/rules issued in connection with the cost accounting records and cost audit.

However following activities have been excluded from the activities of Cost Accounting Records Rules, 2011,

1. Wholesale or retail trading activities,
2. Banking, financial, leasing, investment, Insurance, education, healthcare, tourism, travel, hospitality, recreation, transport services, business/professional consultancy, IT & IT enabled services, research & development, postal/courier services, etc. unless any of these have been specifically covered under any other Cost Accounting Records Rules.
3. Companies engaged in rendering job work operations or contracting/sub-contracting activities, and are paid only the job work or conversion charges, such as tailoring, baking, repairing, painting, printing, constructing, servicing, etc.
4. Companies engaged in the production, processing, manufacturing or mining activities till such time they commences their commercial operations.
5. Ancillary products/activities of companies incidental to their main operations (i.e. products/activities that do not constitute their main line of business) and wherein the total turnover from the sale of each such ancillary products/activities do not exceed 2% of the total turnover of the company or Rs.20 crores, whichever is lower. However, required details of all such ancillary products/activities may be maintained under a miscellaneous group and disclosed appropriately.

In other words, almost all the companies subject to exclusion as mentioned above are covered under the ambit of Cost Accounting (Record) Rules 2011. As per the provisions of MCA General Circular No. 67/2011 dated 30th November 2011, all companies engaged in the construction business either as contractors or as sub-contractors, who meet with the threshold limits laid down in Rule 3 of the Companies (Cost Accounting Records) Rules, 2011 and undertake jobs with the use of own materials [whether self manufactured/ produced or procured from outside] shall be required to maintain cost records and file a compliance report with the Central

Government in accordance with the provisions of the Companies (Cost Accounting Records) Rules, 2011. This includes companies engaged in the construction and/or development of residential, commercial or industrial estates i.e. development of township, residential units, commercial complex, office blocks, industrial parks [including SEZ] etc. or construction of highways, rails, roads, bridges, industrial & nonindustrial structures, or other infrastructure facilities etc. The provisions of Companies (Cost Accounting Records) Rules, 2011 would also apply for construction activities undertaken under BOT/BOOT mode, or the projects undertaken as EPC contractor or the projects undertaken abroad by a company incorporated in India. However, if a company is engaged in the contracting or sub-contracting activities and is paid only the job work or conversion charges, then the company will not be covered under Companies (Cost Accounting Records) Rules, 2011. Such contractors or subcontractors who are doing construction jobs without using own materials and are thus paid either the job work charges or the conversion charges only will not be covered under the Companies (Cost Accounting Records) Rules, 2011. These Rules also do not apply to such Joint Ventures that are non-corporate entities [i.e. not companies registered under the Companies Act] or to unlisted companies having net worth less than Rs.5 crore & turnover less than Rs.20 crore or to a body corporate governed by any special Act.

The important feature of the said rules are given below,

1. Every company to which these rules apply, including all units and branches thereof shall, in respect of each of its financial year commencing on or after the 1st day of April, 2011, keep cost records.
2. The cost records referred to in sub-rule (1) shall be kept on regular basis in such manner so as to make it possible to calculate per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly/quarterly/half-yearly/annual basis. There are no specific formats provided to arrive Cost of Production or Cost of Sales. The company can maintain the records in their own format.
3. The cost records shall be maintained in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute; to the extent these are found to be relevant and applicable. The variations, if any, shall be clearly indicated and explained.
4. The cost records shall be maintained in such manner so as to enable the company to exercise, as far as possible, control over the various operations and costs with a view to achieve optimum economies in utilization of resources. These records shall also provide necessary data which is required to be furnished under these rules.
5. All such cost records and cost statements, maintained under these rules shall be reconciled with the audited financial statements for the financial year specifically indicating expenses or incomes not considered in the cost records or statements so as to ensure accuracy and to reconcile the profit of all product groups with the overall profit of the company. The variations, if any, shall be clearly indicated and explained.
6. All such cost records, cost statements and reconciliation statements, maintained under these rules, relating to a period of not less than eight financial years immediately preceding a financial year or where the company had been in existence for a period less than eight years,

in respect of all the preceding years shall be kept in good order.

7. It shall be the duty of every person, referred to in sub-section (6) and (7) of section 209 of the Companies Act, 1956 (1 of 1956), to take all reasonable steps to secure compliance by the company with the provisions of these rules in the same manner as he is liable to maintain accounts required under sub-section (1) of section 209 of the said Act.
8. It is mandatory to prepare Unit-wise and Product / activities wise cost statement. However no statement is required to be submitted.
9. Each Company will have to obtain Compliance Certificate in Form B from Practicing Cost Accountant or Permanent Employee who is a member of ICWAI.
10. Compliance Certificate provides quantitative information with respect to production and sales as well as reconciliation with financial records and cost records. The cost records and Compliance Report along with all annexure need to be authenticated by Board of Directors and such Compliance Report should be submitted to the government online within 180 days of the end of company's financial year.
11. There are the penal provisions for non-submission as well as statutory

auditor's report may be qualified failure to obtain Compliance Report. Needless to say Companies Audit Report Order, 2003 (CARO) clearly covers reporting of compliances of Cost Accounting Records Rules to be maintained under Sec 209 (1) (d) of Companies Act, 1956 and therefore if said Cost Compliance report in Form B is not obtained then Audit Report can be qualified by Statutory Auditors.

Companies coming under the purview of Cost Accounting Records Rules and Cost Audit Report rules for the first time, Cost Records and Cost details, statement and schedules etc shall be kept in good order for next eight financial years beginning with first year of the application of the said Rules.

Companies (Cost Audit Report) Rules, 2011

Earlier Ministry of Corporate Affairs (MCA) was issuing Company specific or Unit specific Cost Audit Orders. Though these orders have not been rescinded and continued to be valid, now MCA have issued Industry Specific Cost Audit Orders.

Till date following Industries are covered under mandatory Cost Audit mechanism and order has been issued under Sec 233B of Companies Act, 1956

Notification No & Date	Industries / Product covered	Chapter heading	Conditions	Special Notes	Applicability
52/26/CAB/2010 dated 2nd May 2011	Bulk Drugs	29	<ul style="list-style-type: none"> • The aggregate value of net worth as on the last date of the immediately preceding financial year exceeds five crores of rupees; or • wherein the aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds twenty crores of rupees; or • wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India. 	-	Financial Year commencing on or after 1st April 2011
	Formulations	30			
	Fertilizers	31			
	Sugar	17			
	Industrial Alcohol	Not specified			
	Electricity	Not specified			
	Petroleum	27 & 39			
Telecommunication	Not specified				
52/26/CAB/2010 dated 3rd May 2011 as amended by Order dated 30th June 2011	Cement	Chapter 25,38 and 68	<ol style="list-style-type: none"> a) The aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds hundred crores of rupees; or b) wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India 	Note: Intermediate Products and Articles or Allies Products of above Industries if included under any other Chapter of Central Excise Tariff Act 1985 not mentioned above shall also be covered under these orders.	Financial Year commencing on or after 1st April 2011
	Tyres and Tubes	Chapter 40			
	Steel	Chapter 72 & 73			
	Paper	Chapter 47 & 48			
	Insecticides*	27 & 39			
	Glass	Chapter 70			
	Paints and Varnishes	Chapter 32			
Aluminium	Chapter 76				

Notification No & Date	Industries / Product covered	Chapter heading	Conditions	Special Notes	Applicability
52/26/CAB/2010 dated 30th January 2012	Jute, Cotton, Silk, Woolen or blended fibers/ Textiles	50 to 63	<p>a) The aggregate value of the turnover made by the company from sale or supply of all products or activities during the immediately preceding financial year exceeds hundred crores of rupees; or</p> <p>b) wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India</p>	<p>Note:</p> <p>a) Intermediate Products and Articles or Allied Products of above Industries if included under any other Chapter of Central Excise Tariff Act 1985 not mentioned above shall also be covered under these orders.</p> <p>b) Items falling under Chapter references excluded those products that are already covered vide Cost Audit Order dated 2nd May 2011 and 30th June 2011</p> <p>c) Products falling under besides Chapter references are to be considered against the respective Industries as applicable</p> <p>d) Company specific Cost Audit Order issued prior to 31st Mar 2011 stands withdrawn w.e.f. Financial Year commencing on or after 1st April 2012.</p>	Financial Year commencing on or after 1st April 2012
	Edible Oil Seeds and Oils (Incl Vanaspati)	12 and 15			
	Packaged Food Products	2 to 25 (Except 5, 6, 14, 23 & 24)			
	Organic and Inorganic Chemicals	28, 29, 32 38 and 39			
	Coal and Lignite	27			
	Mining & Metallurgy of ferrous & non-ferrous metals	26 and 74 to 83 (Except 76 and 77)			
	Tractors & other motor vehicles (incl Automotive components)	84, 85 and 87			
	Plantation Products	8, 9, 21 and 40			
	Engineering machinery (incl electrical and electronic products)	84 and 85			

The Cost Audit Order dated 2nd May 2011 and 30th June 2011 will not be applicable in following cases,

- Generation of electricity for captive consumption. For this purpose, the term "Captive Generating Plant" shall have the same meaning as assigned in Rule 3 of the Electricity Rules, 2005.
- Own manufactured products that are consumed exclusively by the company for the sole purpose of production, processing, manufacturing, or mining of its other product or activities that are subject to cost audit.
- Hundred percent Export Oriented Units.

Though Cost Audit Order dated 24th January 2012 do not provide any exclusion for above cases perhaps it will be forthcoming.

Intermediate products for the purpose of above orders means,

only such products that have already undergone partial manufacturing/ production process and are used as Inputs for the production, processing, manufacturing or mining of the final products of the industries listed in the said order; the words "articles or allied products thereof refer to such articles or allied products that are produced either wholly or predominantly

[not less than 50% by weight or volume] by using the listed products as their primary inputs.

To explain this aspect further, the following clarifications are given as illustrations:

- For Paints & Varnish Industry, all other items such as tanning or dyeing extracts, tanning & their derivatives, dyes, pigments & other coloring matters, putty & other mastics, printing Inks, etc, mentioned in Chapter 32 of the Central Excise Tariff Act, 1985 are not covered unless such items are used as intermediates for the production of Paints & Varnishes or are produced as their allied products.
- For Tyres & Tubes industry, all other items such as natural or synthetic or reclaimed rubber, compounded rubber, hard rubber, rubber thread or cord, conveyer or transmission belts, articles of rubber, etc, mentioned in Chapter 40 of the Central Excise Tariff Act, 1985 are not covered unless such Items are used as intermediates for the production of Tyres & Tubes or are produced as their allied products.
- Examples of Intermediate products include clinker for cement, pulp for paper, sponge iron & pig iron for steel, etc. Examples of articles or allied products of cement include cement bricks, sleepers, pipes;

of paper Include cartons, boxes, bags, registers; and of steel include ingots, blooms, billets, slabs, beams, angles, tees, channels, pilings, rails, bars, wire, nails, plates, pipes, tubes, coils, sheets, etc.

Ministry of Corporate Affairs has also simplified the procedure of Appointment of Cost Auditor. Cost Auditor will be appointed by Board of Directors on recommendation of Audit Committee after getting letter from Cost Auditor w.r.t. to eligibility and thereafter Form 23C to be submitted online for Appointment of the Cost Auditor by the company and Form 23D to be submitted online by Cost Auditor for acceptance of the Cost Audit. Cost Auditor cannot render any services to the company whether acting Individually or through the same firm or through other group firms where he or any partner has any common interest relating to design and implementation of Cost Accounting system or maintenance of Cost Accounting Records or acts as Internal Auditor. However Cost Auditor can certify the Compliance Certificate or any other services as may be assigned by the Company excluding above mentioned services.

Content of the Cost Audit Report has been changed and the usefulness of the same has been increased manifold. It will have the following contents.

- 1) General Information about the Company.
- 2) Cost Accounting Policy covering Identification of cost centers/cost objects and cost drivers, Accounting for material cost including packing materials, stores and spares etc., employee cost, utilities and other relevant cost components, Accounting, allocation and absorption of overheads, Accounting for Depreciation/Amortization, Accounting for by-products/joint-products, scraps, wastage etc, Basis for Inventory Valuation, Methodology for valuation of Inter-Unit/Inter Company and Related Party transactions, Treatment of abnormal and non-recurring costs including classification of other non-cost items, In case the Company has adopted IFRS, variations (if any) in treatment of cost accounting arising out of adoption of IFRS in Financial Accounting, Other relevant cost accounting policy adopted by the Company
- 3) Product Group Details (for the company as a whole) covering manufacturing and trading activity of all the products whether under reference or otherwise.
- 4) Quantitative Information (for each product group separately) covering all the products manufactured by company either with their own capacities or hired capacities or production on loan and license basis and also details of each capacities and details of stocks and sales.
- 5) Abridged Cost Statement (for each product group separately) giving element wise cost.
- 6) Operating Ratio Analysis (for each product group separately) covering operating ratios with respect to cost of sales.
- 7) Profit Reconciliation (for the company as a whole)
- 8) Value addition and distribution of earnings (for the company as a whole)
- 9) Financial position and ratio analysis (for the company as a whole)
- 10) Related party transactions (for the company as a whole)
- 11) Reconciliation of indirect taxes (for the company as a whole)

Cost Auditor not only required to give statistics of above information but also is required to record his findings and comments on the deviations if any.

Most important and useful part of the Audit Report is FORM OF THE PERFORMANCE APPRAISAL REPORT content to be decided mutually by Management and Cost Auditor. Periodicity of the same can be decided mutually.

Some of the illustrative areas are given below.

- Capacity Utilization Analysis
- Productivity/Efficiency Analysis
- Utilities/Energy Efficiency Analysis
- Key-Costs & Contribution Analysis
- Product/Service Profitability Analysis
- Market/Customer Profitability Analysis
- Working Capital & Inventory Management Analysis
- Manpower Analysis
- Impact of IFRS on the Cost Structure, Cash-Flows and Profitability
- Application of Management Accounting Tools

The Performance Appraisal Report cannot be reported NIL otherwise it would be considered as Incomplete Audit Report resultantly it may impact on Tax Audit Report and penalties under Companies (Cost Audit Report) Rules 2011.

The said Cost Audit Report needs to be submitted to Board of Directors and it has to be approved by the Board of Directors and then it should be submitted by the company within 180 days of the end of the financial year.

Whether both Cost Compliance Report and Cost Audit Report are required??

Cost Compliance report and Cost Audit Report will be required to be submitted only when some of the products / activities are not covered under Cost Audit, in such cases Cost Compliance and Cost Audit Report both are required to be submitted. Further clarification issued by the Institute of Cost Accountants of India are given below

- a) If all the products/activities of a company, excluding the exempted categories, are covered under cost audit, then the company will not be required to separately file the compliance report.
- b) If one or more product(s)/activity(s) of a company is covered under Cost Audit and there are other products covered under Companies (Cost Accounting Records) Rules 2011 but not covered under Cost Audit as per companywise or industry specific Cost Audit Orders dated 2nd May, 2011 and 3rd May, 2011 (amended by 30th June, 2011), the Company will be required to file a Compliance Report (Company as a whole) covering products under cost audit and products not under cost audit.
- c) If one or more product(s)/activity(s) of a company is covered under Cost Audit and there are other products not covered under Companies (Cost Accounting Records) Rules 2011, then the company will not be required to file a Compliance Report since the product(s)/activity(s) other than product(s)/ activity(s) under Cost Audit are in the exempted category.
- d) The cost audit on other products now covered under the Companies (Cost Accounting Records) Rules, 2011, will not be applicable until cost audit orders are issued for its other products/activities. However, Compliance Report is required to be submitted for the 'company as a whole' under different product groups.

If the company's remaining products belong to the exempted categories, then Companies (Cost Accounting Records) Rules 2011 will not be applicable on such exempted category products. The requirement of the Compliance Report will be guided by clarification provided above para.

- e) Time limit of submission of Compliance Report and Cost Audit Report is with 180 days of end of the financial year and both are mutually exclusive.

Suggested List of Documents required for conducting Cost Audit are given below.

- In case Cost Records are not on computer, a certificate to this effect. (Rule 4)
- A letter from the Company along with a set of completed cost statements for auditing the same. (Rule 6)
- Approved/ signed copy of Annexures and Proforma (Rule 7) and date of Board Meeting (circular resolution) approving the same.
- Certified copy of returns from branches not visited by the cost auditor. (main certificate - Para 1 (iii)).
- A note on budgetary control system.
- Reasons for decline in profitability and indicative break-even point.
- Default on the payments due to the Govt. banks and institutions and penal interest levied.
- Note of steps required to strengthen the company under the competitive environment.
- Export commitments versus actual export for the year - unexecuted export contracts.
- Pricing Policy of the company for domestic and export sales and their comparative profitability.
- Note of internal audit of cost records.
- Invitation to attend audit committee meeting and dates of audit committee meeting held during the year.
- Profile of the person heading the costing department.
- List of outside parties undertaking jobwork for the Company and basis for fixing rates.
- Details of foreign collaboration, technical know-how and royalty payments.
- Details of the "other activities", separately for manufacturing and others.
- A copy of annual report and a copy of division/ factory wise profit and loss account and balance sheet.
- Note on cost accounting system and changes in the system during the year.
- Note on Inventory valuation system.
- Description and flow chart of the process of manufacture for production, utilities and service departments.
- Basis of calculation of installed capacity of the plant and machinery and working papers.
- Standards of input materials, product-wise.

- Standards of power, fuel and utilities.
- Cost center wise fixed asset register and depreciation.
- Analysis of Research and Development Expenses.
- Analysis of Quality Control Expenses.
- Analysis of Pollution Control Expenses.
- Abnormal events - details and costs.
- List of non-moving inventory and write off stock.
- Basis of inventory valuation - financial and cost records.- Reasons for variations.
- Competition data information (para 22).
- Policy of capitalisation of expenses.
- Related party transactions details.
- Central excise reconciliation statement.
- Reasons for significant variations in key figures. (Para 4 to para 26)

Government of India has initiated positive steps for making India competitive and also focusing of optimization of resources. With these initiatives all the stake holder will be benefited.

Industry/ Promoters

- Establishment of Proper Cost Accounting System in consonance with Cost Accounting Standards and Generally Accepted Cost Accounting Principles. This will be beneficial for decision making process
- Establishing Management Accounting including efficiency, Proprietary Audit, Management Audit since the Cost Auditor will provide expert analysis and interpretations
- Cost Control and Budgetary Control System
- Effective Tool of Value Engineering and Cost Reduction
- Application of management tools for strategic decision for the growth of the business using Activity based Costing, Target Costing etc
- Effective and optimum utilization of resources - Material, Machineries, Manpower and Money
- Substantial improvement in Return of Investment
- Confidentiality of the cost data since Unit-wise Cost need not be submitted and to be presented to the Government with the product groups.

Government

- Help in deciding the prices in the Regulatory environment.
- Provide trend of Cost behavior which will help during policy making decisions.
- Provide help in deciding subsidies or priorities for the Government.
- Monitor effective utilization of available resources.
- Provide help for Tax assessments - Indirect and Direct Tax Assessments.
- Reduction in Tax evasion.
- Provide transparencies.

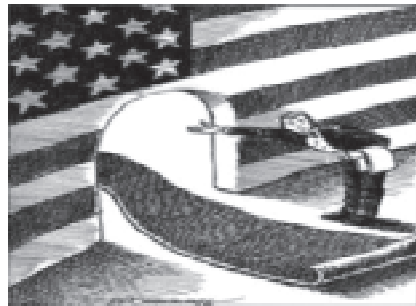
Now Companies needs to gear up not only for complying with statutory provisions but needs to gear up for real application of management tool in the competitive environment. ■

New FDI China... Challenge India Inward FDI of China

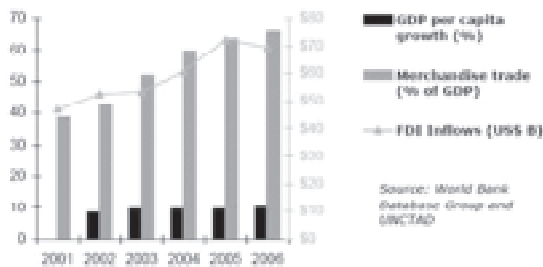
Written by **Indraneel Sen Gupta,**

Financial, Economic Writer and Research Analyst, ICWA (FINAL), MA in Economics

China economy has always been in to tough policy decisions and decisions which will bring growth for other economies too. In fact china follows the rule of prosperity where I will not grow along but I will grow along the society. In its latest FDI policy China has opened up new gates where flow of investments will come.



China has added sectors which include high-end manufacturing like textiles and machinery, emerging industries that bring new technologies to China, as well as green businesses like battery recycling. Services industries such as auto charging stations, intellectual property rights service and career training will also be welcome. The below image depicts the GDP growth and the FDI growth of China from 2001 to 2006. I provided this old data since to make an clear understanding of the World Economic Boom Period.



This time their has been a turnaround in the policy framework designed by china. China has included rather removed protection cap from many sectors which were earlier were not allowed for FDI investments.

This removing of cap clearly depicts the change in cultural outlook being envisaged by china towards its economic growth. Overseas investment in medical institutions and financial leasing firms has been including in the new FDI policy of China. At the same time china has capped FDI investments in automobile, polysilicon and coal chemical plants due to its over capacity of production. Under the new policy FDI investments has been encouraged in the circular economy, the collection and treatment of waste electronic appliances and electronic products, mechanical and electrical equipment, and batteries.

Further the policy states attraction of FDI in energy-saving and environmental protection, new-generation information technology, biology, high-end equipment manufacturing, new energy, new materials, and new energy vehicles. The new FDI Catalog includes key component parts for new energy vehicles and next-generation internet system equipment based on IPv6. Along these lines, nine service industries have been added to the encouraged category in the new Catalog, including motor vehicle charging stations, venture capital enterprises, intellectual property rights services, marine oil pollution clean-up technical services, vocational skills training. Hence the new FDI policy is an compact and well designed to attract investments which will rule the world in coming decades.

The guidelines of the new FDI policy will come into effect on January 30, 2012. Further foreign capital in the energy sector involving exploration and development of unconventional sources such as shale gas and deep-sea gas hydrates have been deeply focused under the new guideline of FDI. At the same time foreign investors will possibly be encouraged to form joint ventures or to cooperate with Chinese companies to enter into these sectors.

In the side chart we find the historically china FDI utilization efficiency has only grown.

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total FDI										
Number of projects	35,140	34,121	41,001	43,554	44,001	41,485	37,871	37,514	33,405	37,405
Growth (%)	17	30.7	30.3	6.3	0.1	-5.7	-8.7	-17.3	-14.0	16.9
Utilized FDI (\$ billion)	48.9	57.7	57.5	60.5	60.3	69.5	74.0	82.4	69	105.7
Growth (%)	15.1	12.5	1.4	13.3	-0.5	14.5	10.0	10.0	-2.0	17.4
FDI-Direct investment										
Number of projects	2,284	3,283	4,000	3,625	3,740	3,305	3,427	3,773	NA	NA
Growth (%)	-6.5	39.6	20.7	-3.3	-4.7	-14.3	-3.0	-10.5	NA	NA
Utilized FDI (\$ billion)	4.9	6.4	4.3	3.6	3.1	3	3.8	3.9	NA	NA
Growth (%)	11.4	10.2	-22.2	-17.1	-16.5	-3.2	12.0	12.5	NA	NA
FDI share of utilized investment (%)	10.0	11.1	7.5	6.0	5.1	4.3	5.1	4.7	NA	NA

Source: PwC/Ministry of Commerce (MOFCOM), PwC National Bureau of Statistics (NBS), China Statistical Yearbook 2009

This new policy will also have the same affects as in the history it has created on the developed economies. This new policy in turn has led to continued loss of manufacturing industries and jobs, further weakening the vitality of these economies. From the pages of history we find many instances about the number of increasing unemployment across the globe due to China's FDI policies. The extremely low Chinese labor costs lures multinationals to do investments away from other Asian and Latin American to low-cost export platforms created by China. FDI flows from the US dropped by 23.05 per cent year-on-year to USD 2.74 billion in November.

China is holding the No.1 position for nine consecutive years. A rising middle class followed with growing incomes, urban migration & increasing market demand are considered to be the main factors which enables China to attract FDI. Despite of the global economic turmoil, inflows into the Chinese economy came at US\$175 billion in 2010, up 1% from last year, which was US\$7 billion higher than its foreign investment peak in 2008. FDI in China's services sector showed the fastest growth from January to May this year, increasing 31.3% compared to the same period in 2010.

There is a growing number of studies on the potential Chinese FDI diversion. In a series of papers, Chantasawat, Fung, Iizaka and Siu (2003, 2004a, 2004b and 2004c), Eichengreen and Tong (2005) and Zhou and Lall (2005) provided econometric evidence concerning the impact of the rise of China on the FDI inflows to East.

China has again lead such an policy where other economies across the world will have to become more competitive to attract FDI. In fact India is the first one to whom the challenge has been thrown and it's up to the famous political heads of India that how they will deal with the challenge. Currently India surged to the second place, passing the United States. India's previous FDI peak was achieved in 2008, when it attracted US\$43 billion, while last year the number dropped to US\$25 billion. Hence the challenge for Indian FDI is now the biggest game. And in order to attract the FDI in India we need policies like Companies Bill, Land Acquisition Bill and DTC are the few which will help India to attract FDI. Special focus needs to be provided to SEZ which is currently reeling under pressure. SEZ is the one of the prime weapons which will help India to attract FDI.

Well China is poised for another round of growth where as developed economies will find some space for growth but the transfer of human capital is biggest requirement of the time.

Innovation is not Gold but it is a Goldmine

– K. R. Bhargava

(Retired as Chief Commissioner of Customs and can be reached at kuldiprbhargava@hotmail.com)

Present time is competitive time. There is competition in almost all areas of human endeavour. This competition is intense; and it is local, national as well as global. The management gurus teach people to be innovative in their working so that they can always be competitive. They can develop new practices as well as new attractive multi-purpose products at competitive prices. The emphasis is to innovate new products as well as new processes. Processes help in developing and marketing new products. These also help in developing similar products but at cheaper rates with additional features. The earlier you innovate better. Ideas are no one's monopoly; anyone who can commercialize an idea earlier than others can make money. An idea or innovation is like a goldmine. If you can mine the goldmine; you can raise lot of gold. But if you cannot; the entire mine or land is waste and you are poor owner of that mine. Time, efforts and resources deployed in discovering mines also go waste.

Elaborating the above; in a temple, there were two priests and there were two copies of Bhagvad Gita. One priest from his early days in the temple had been spending hours daily in reading and understanding Gita; he would also listen attentively to senior priests when they debated or discussed various verses. Slowly and steadily; he started delivering discourses to public and turned out to be a great expert and made money as well as earned lot of respect from the public. The money that he earned, besides spending on his family, he spent on GOSHALA as well as on the temple school. The other priest never went beyond the daily rituals of the temple. He did not read second copy of the Bhagvad Gita with devotion and even after spending more than a decade in the temple, he was an ordinary priest of ordinary means and ordinary fame. He did not put the second copy of Gita to a productive use and remained ignorant and poor as a person. The dreams of the two were different.

Analyzing the story above; Bhagvad Gita in a book form is an innovative product delivered by none else than Lord Krishna. This book is like any other book in its physical form. The value of new book, in the context of sale purchase, will depreciate over period of time. If you do not read, do not practice the yoga detailed therein or you do not preach; it is of no use. But if you read it, learn it, understand it; then you can improve as a person and you can preach great lessons to human beings of all sections of society, from ordinary people to senior managers and executives in government and corporate world. In the process, you can enrich and enlighten others and can make good money too. In other words, Gita is a goldmine and you can make gold out of it.

Thomas Edison invented/innovated electric Bulb; bulb is also like a goldmine. Use it and make gold. You switch on the bulb when there is darkness in your office, factory etc.; work in the light and create value to yourself and others. But bulb on its own cannot get switched on. You need to make efforts to switch on and then use this source to perform other jobs to create value for organization,

stakeholders etc.

The message which i wish to communicate is that innovations unless used; are of no use. It takes time, efforts, money and intellectual pain to innovate new products/processes and therefore, these must be used to reap the benefits. After innovation takes a hard or soft form, the process of usage must start and it must be accompanied with usage measuring process also.

Innovation is like a seedling. And like seedling, it needs caring; it needs protection; it needs nutrients. In small organizations, it is easy to enable, support, monitor, supervise and control. There is ownership of the new product/process and this ownership lasts long. The owner who spends sleepless nights in developing new product ensures over a period of time that product is used leading to improvement in work and cash flows. If he fails to do so, services/products will not improve and thereby, balance sheet will not improve leading to failure of the organization. So, he has to make new things/plan work. However in large organizations where there is lack of ownership, deficit in governance, frequent changes and too many layers and partitions, new products, new processes do not get rooted in absence of caring/sustaining/monitoring or supporting factors. Further, in government, there is no practice/system of drawing a department/office wise balance sheet and there are no in time arrangements to hold people accountable for all the money/efforts spent. It takes years to fix accountability/responsibility. However, in large private organizations, half yearly/annual cash flow statements are mandatory and these reveal a picture that can necessitate change in the ownership or a senior manager or even a CEO if things have not worked well. Therefore, normally, people in responsible positions being accountable focus on making use of money spent.

Notwithstanding whatever is stated above in regard to government organizations, employees in government are also innovative; and they do innovate new processes/products for improving service delivery in their jurisdictions though many times these fail to take roots for inherent defects in structure. For instance, when Customs Houses were migrating from 1 to 1.5 version of EDI in 2010 and 2011, efforts were being made by the officials in the Directorate of Systems to consolidate local innovations and to integrate those in 1.5 so that from local level applications, these can become all India applications and the benefits are available to officers/stakeholders across the country. I am sure, it must have happened but some applications have not become operational at the ground level.

As i said herein above, innovations are goldmines; you need to own these and use these to mine gold. Using and owning these is a process. It involves working out of a Memo of Understanding to define ownership issues and responsibilities. It involves notifications, employees, engineers, managers, leaders/owners, equipments, rules/regulations, reports etc. By using all these, you can mine

gold and reap benefits. If you fail to issue notification; people may not know of the applications. If you do not make the operating rules, users may not know how to use efficiently and safely. If you do not place feedback mechanism in place, you will not know the ground realities in a vast country like India. So for making an innovation work, you need to walk many extra miles to reap the benefits. The emphasis here is on the word "you". Who is "you"? "You" is linked with ownership. To understand "you", let us look at the following.

During the migration phase, one of the local applications of Nhava Sheva Customs was Document Tracking System, designed to prevent customs offences. It had following advantages:

- As per laid down protocol, an importer, exporter, shipping line and a CHA can send an e mail to customs EDI and can get status details of IGMs/EGMs/Bills of Entry/shipping bills filed during the day. Based on this input, they can decide further course of their action.
- The protocol expects every CHA to inform customs enforcement branch if any foreign document appears in the list given by EDI. This helps to detect customs offences committed by the criminal elements by forging identities i.e. using names of genuine CHAs in filing documents in EDI without their knowledge.
- Since protocol gives full and complete information about document filed in a day; it prevents CHA employees to conduct parallel business in the name of their employers but in personal account.

The beneficiaries are:

1. Importers/exporters/CHA firms/ lines;
2. Customs House and Customs enforcement branch
3. Government and community in general

As long as application was local in nature, operational responsibility and ownership rested with the designated officers of the Customs House. "You" could be identified with the designated officers of the Customs House including Chief Officer of the Customs House as per laid down protocol. But once innovation is moved out of local jurisdiction and taken to the national jurisdiction, obviously ownership gets transferred to the national level. For making it operational and useful to all stakeholders across the country, responsibility rests with the Headquarters of Directorate of Systems. The Director General and his concerned team need to own and sustain the new Acquisitions. The following steps by the Directorate are necessary to meet the objectives:-

- A team needs to be nominated in the Directorate of Systems who will own and ensure successful migration of innovations from local to national level. The "you" will relate to this team.(The successful migration would mean the actual flow of benefits to stakeholders at the ground level on sustainable basis)
- A Memorandum of Understanding between the transferor and transferee needs to be put in place and notified to all Customs Houses to advertise the new innovations, their ownership and benefits to the customs and stakeholders. The idea is to create awareness so that people make use of these.

- Operational guidelines need also to be notified to all Customs Houses to enable them to use the new innovations for improving efficiency and effectiveness in operations.
- A standard Public Notice describing the protocol should be issued for usage, compliance and general information of the trade and CHAs.
- Feedback mechanism needs to be in place to see whether objectives are being achieved across the country.

Last four initiatives have to be taken by the team "you". The wise men say, "When we point a finger towards others (you), three fingers point towards us also". Therefore, following initiative is necessary on the part of transferor:-

- Since transferring organization was the only beneficiary of the innovation and only they know about it, responsibility rests with the concerned senior officers here to see that transition from local to national level is smooth and sure. For this, they need to display leadership and consistently need to follow up with the Directorate of System to see their innovation becoming a national level tool. If they lose interest; nothing may happen and benefits, they were getting in past may not accrue to them.
- Strengthening of leadership at all levels in the department is necessary. In a dynamic environment, it may happen that concerned officers at senior positions may get retired / transferred. If junior managers do not display initiative and leadership in the transition phase, successful transition may not take place. To prevent such happenings, Customs House must strengthen leadership at all levels.

And the following initiative is necessary from the CHA Association of transferring jurisdiction in the interest of their members:-

- The innovation prevents abuse of their identities by the criminals and their own employees. It is important for them to see that innovation is re-operationalized in the 1.5 environment. Abuse by own employees reduces their own business/income; and unethical practice by employees can invite action under Service Tax and Customs laws. Hence, they must pursue with the Directorate of System to get the Dock Track operationalised in 1.5.

Each partner/player in Dock Tack must remember that all partners/players are busy in their businesses. There are new top dictated priorities/ emergencies and daily routine jobs for everyone to perform. In this hard pressed scenario, often, it is difficult to plant new seedlings/ innovations. But as usefulness of new seedling/innovation is already established; it is important for all partners to tirelessly pursue as if other partner is not pursuing. It is important to assume so because changes in partner organization may lead to emergence of an environment where importance of innovation or new seedling is lost.

In conclusions, a combination of "you" and "us" can mine the goldmine (innovation) and raise gold (net worth) for the organization but mining is must. ■

Services availed for Export of Goods - Refund or Refund by way of Drawback or CENVAT

CMA A. B. Nawal (Regional Council Member) nawal@bizsolindia.com



Ministry of Finance have made their intention very clear from the day one that service tax on services availed for export of goods should not be taxed / it should not be part of cost of exports. Therefore Government issued various notifications for refund of specified services vide their notification

number 41/2007-ST dated 6th October 2007 and thereafter added number of specified services. The notifications issued in the year 2007 were consolidated and new notification no 17/2009-ST was issued on 7th July 2009 granting refund on following specified services.

Sl.No.	Classification under sub-clauses of clause (105) of section 65 of the said Act	Taxable Services (referred to as 'specified services')	Conditions (Notification No. 17/2009 dated 7.07.2009)
1	2	3	4
1	(d)	Service provided to an exporter by an insurer, including a reinsurer carrying on general insurance business in relation to insurance of said goods.	Exporter shall submit document issued by the insurer, including re-insurer, for payment of insurance premium and the document shall be specific to export goods and shall be in the name of the exporter.
2	(zn)	Service provided by a port or any person authorised by the port in respect of the export of said goods.	–
3	(zzh)	Service provided by a technical testing and analysis agency, in relation to technical testing and analysis of said goods.	–
4	(zzi)	Service provided by a technical inspection and certification agency in relation to inspection and certification of export goods.	–
5	(zsl)	Service provided by other port or any person authorised by that port in respect for export of said goods.	–
6	(zzp)	<ul style="list-style-type: none"> i) Service provided for transport of said goods from the inland container depot to the port of export ii) Service provided to an exporter in relation to transport of export goods directly from the place of removal, to inland container depot or port or airport, as the case may be, from where the goods are exported. 	<ul style="list-style-type: none"> i) exporter shall certify that the benefit of exemption provided vide notification number 18/2009-S.T. has not been claimed; and ii) details, those are specified in the invoice of exporter relating to export goods, are specifically mentioned in the lorry receipt and the corresponding shipping bill;
7	(zzzp)	<ul style="list-style-type: none"> i) Service provided for transport of said goods from the inland container depot to the port of export, and ii) services provided to an exporter in relation to transport of export goods directly from the place of removal to inland container depot or port or airport, as the case may be, from where the goods are exported. 	<ul style="list-style-type: none"> iii) invoice issued by the exporter in relation to export goods shall indicate the inland container depot or port or airport from where the goods are exported.
8	(zzzd)	Specialized cleaning services namely disinfecting, exterminating, sterilizing or fumigating of containers used for export of said goods provided to an exporter.	–
9	(zza)	Service provided for storage and warehousing of said goods.	–

1	2	3	4
10	(f)	Service provided by a courier agency to an exporter in relation to transportation of time sensitive documents, goods or articles relating to export, to a destination outside India.	i) The receipt issued by the courier agency shall specify the importer exporter code (IEC) number of the exporter, export invoice number, nature of courier, destination of the courier including name and address of the recipient of the courier; and ii) exporter produces documents relating to the use of courier service to export goods.
11	(h)	Service provided by a custom house agent in relation to export goods exported by the exporter.	Exporter shall produce – i) invoice issued by custom house agent for providing services specified in column (3) specifying,- a) number and date of shipping bill; b) number and date of the invoice issued by the exporter relating to export goods; c) details of all the charges, whether or not reimbursable, collected by the custom house agent from the exporter in relation to export goods; ii) details of other taxable services provided by the said custom house agent and received by the exporter, whether or not relatable to export goods.
12	(zm)	i) Service provided in relation to collection of export bills; ii) Service provided in relation to export letters of credit such as advising commission, advising amendment, confirmation charges; iii) Service of purchase or sale of foreign currency, including money changing provided to an exporter in relation to export goods.	–
13	(zzk)	Service of purchase or sale of foreign currency including money changing provided to an exporter in relation to export goods.	–
14	(zzzi)	Service of supply of tangible goods for use, without transferring right of possession and effective control of tangible goods, provided to an exporter in relation to goods exported by the exporter.	–
15	(j)	Service provided by a clearing and forwarding agent in relation to export goods exported by the exporter.	Exporter shall produce,- i) invoice issued by clearing and forwarding agent for providing services specified in column (3) specifying,- a) number and date of shipping bill; b) description of export goods; c) number and date of the invoice issued by the exporter relating to export goods; d) details of all the charges, whether or not reimbursable, collected by the clearing and forwarding agent from the exporter in relation to export goods; ii) details of other taxable services provided by the said clearing and forwarding agent and received by the exporter, whether or not relatable to export goods.

1	2	3	4
16	classified under any sub-clause of clause (105) of section 65.	Payment of service tax paid on services commonly known as terminal handling charges in relation to export goods exported by the exporter	i)
17	(zzzz)	Service provided for transport of export goods through national waterway, inland water and coastal shipping.	i) The exporter shall- a) produce the Bill of Lading or a Consignment Note or a similar document by whatever name called, issued by name; b) produce evidence to the effect that the said transport is provided for export of said goods.
18	(zzm)	Service provided by airports authority or any other person in any airport in respect of the export of said goods.	–

CBEC was seriously concerned on the fact of the non receipt of refund to the exporters as well as concern for difficulties of field formation. Therefore department issued the instructions and also asked field formation to grant 80% of the refund after primary scrutiny of the documents and also included pending refund status in their monthly reports.

However there was no substantial progress and therefore new scheme of granting refund in line with Drawback Schedule has been implemented and accordingly Notification No 52/2011-ST dated 30th December 2011 has been notified and made applicable w.e.f. 3RD January 2012.

It is one the welcome move and to be appreciable on following counts,

- Automatic refund will be credited in the bank account no sooner the export takes place.
- Less of Burocracy and documentation thereby reduction in transaction cost and the time
- If the service tax amount is higher than that of rates specified then option is provided to the exporter to claim the refund after providing prescribed documents.
- It is fulfillment of one promise which was given in the budget speech by Hon'ble Finance Minister Shri Pranav Mukharjee

Following common factors for claiming refund in all the notification as mentioned above are given below,

- No Cenvat Credit of service tax paid on these specified services used for export of the goods has been taken under Cenvat Credit Rules, 2004
- The Refund was payable only after export and subject to realisation of export proceeds.
- Payment of Invoice / Bill of the service provider and service tax payment thereof
- Exemption or refund of service tax paid on the specified services used for export of said goods shall not be claimed

Procedure of claiming refund has been clearly specified in the notification 52/2011-ST dated 30th December 2011 which given below,

- Manufacturer exporter shall register his Central Excise Registration number and Bank Account Number with the Customs
- The manufacturer exporter / Merchant Exporter who do not have

Central Excise Registration shall obtain service tax code and register the same with Bank account number with Customs.

- Service tax code can be obtained by filing Declaration in Form A-2 with the Office of Assistant / Deputy Commissioner of Central Excise having jurisdiction over the exporter registered office or Head Office
- Following declaration will be required to be made on electronic shipping bill at the time of exports or bill of exports when goods are supplied to SEZ Developer / Co-developer / Unit subject to non-availment of exemption by them.
- the refund of service tax paid on the specified services is claimed as a percentage of the declared FOB value of the said goods, on the basis of rate specified in the Schedule;
- no further refund shall be claimed in respect of the specified services, under procedure specified in paragraph 3 of the Notification or in any other manner, including on the ground that the refund obtained is less than the service tax paid on the specified services;
- No refund will be granted if refund involved is less than Rs 50/-
- If export proceeds have not been received with the stipulated period as per FEMA Regulations or extended period as approved by RBI then it will be termed as refund was not payable and the same is recoverable with specified rate of interest from the date of receiving the refund. It is in the same line of Drawback Rules

If exporter do not wish to claim service tax refund based on specified percentage of declared FOB Value of the goods on the basis of rates specified in the Schedule to the notification then following procedures needs to be followed for getting the refund.

- Manufacturer exporter shall register his Central Excise Registration number and Bank Account Number with the Customs
- The manufacturer exporter / Merchant Exporter who do not have Central Excise Registration shall obtain service tax code and register the same with Bank account number with Customs.
- Service tax code can be obtained by filing Declaration in Form A-2 with the Office of Assistant / Deputy Commissioner of Central Excise having jurisdiction over the exporter registered office or Head Office
- Refund claim should be filed within a period of one year from the date of exports i.e. Let Export Order (LEO)

- If refund claim is less than 0.25% of FOB Value of exports then self certified documents mentioned against each services duly signed by the Proprietor / Partner or Authorised representative duly authorized by Board of Directors to be submitted to the proper officer.
- If refund claim is more than 0.25% of FOB Value of exports then the refund application will be required to certified by the Chartered Accountant i.e. Auditors appointed under Companies Act, 1956 or Auditors who certified Tax Audit Report under Income Tax Act, 1961 and exporter also needs to furnish membership number of export promotion council along with the application.
- Documents enclosed with the claim shall contain a certificate to the effect that specified services to which documents pertains has been received, the service tax payable thereon has been paid and the specified service has been used for export of the said goods giving the reference of corresponding shipping bill number.

The services as specified in earlier table are covered under the said option. Service provided for transport of export of goods through National Water Way / Inland Water / Coastal Shipping are also covered for refund of service tax in the said option.

Specified rates for refund of service tax has been given in separate schedule enclosed and marked as "Annexure -A".

The exporter can have one more option to avail Cenvat Credit on above services since input service includes the service availed upto place of removal. Place of removal has been defined under Sec 4 of Central Excise Act, 1944 as under,

- c) "place of removal" means -
- i) a factory or any other place or premises of production or manufacture of the excisable goods;
 - ii) a warehouse or any other place or premises wherein the excisable goods have been permitted to be deposited without payment of duty;
 - iii) a depot, premises of a consignment agent or any other place or premises from where the excisable goods are to be sold after their clearance from the factory; from where such goods are removed;

It has been settled in number of judicial decisions wherein it has been held that for the purpose of exports, place of removal is the "Port". Some of the citations of the decisions are listed below.

- Modern Petrofils Versus Commr. Of C. Ex., Vadodara [2010 (253) E.L.T. 609 (Tri. - Ahmd.)]
- Commissioner v. Adani Pharmachem Pvt. Ltd. - 2008 (232) E.L.T. 804 (Tribunal) = 2008 (12) S.T.R. 593 (Tribunal)
- Commissioner v. Colour Synth Industries Pvt. Ltd. - 2009 (14) S.T.R. 309 (Tribunal)
- Commissioner v. Fine Care Biosystems - 2009 (244) E.L.T. 372 (Tribunal) = 2009 (16) S.T.R. 701 (Tribunal)
- Commissioner v. Rolex Rings Pvt. Ltd. - 2008 (230) E.L.T. 569 (Tribunal)

In view of above it is recommended that,

- If there is accumulated Cenvat Credit then Refund at specified rates to be obtained instead of claiming Cenvat Benefit. However cost benefit

analysis needs to be undertaken prior to choosing the option of claiming refund at specified rates and actual service tax payment on specified services availed for exports.

- If there is no accumulated Cenvat Credit then it is recommended to avail Cenvat Credit since it is not linked with realization of export proceeds and instant credit will be available without payment to the service provider based on the point of taxation rules.
- Merchant Exporters are advised to avail refund at specified rates. However cost benefit analysis needs to be undertaken prior to choosing the option of claiming refund at specified rates and actual service tax payment on specified services availed for exports.
- Service tax on specified services availed for exports prior to 3rd January 2012 or till the time obtaining service tax code number, it is recommend to avail Cenvat Credit rather than waiting for refund. Moreover refund under Notification No 17/2009-ST may not be allowed since the said notification has been rescinded.
- The exporters who are claiming Duty Drawback based on All industry rate without availing Cenvat should claim refund at specified rates which will be more beneficial.
- The exporter who are claiming duty drawback based on all industry rates with availing Cenvat should not avail Cenvat on specified services and then only claim refund at specified rates.
- Exporter who is claiming duty drawback under Brand Rate fixation and also including service tax element thereto should not consider the service tax of these specified services and then claim refund of service tax under specified rate option.
- If there are no specified rates for particular item of export for claiming service tax refund, it is advisable to claim service tax refund with the option of providing actual documents as mentioned in the notification. However care has to be taken to segregate documents of the services for the export items available in the schedule and not available in the schedule
- Last but not the least, CHA are to be advised to ensure declaration to appear on electronic shipping bill which is the pre-requisite for claiming refund of service tax on specified rates otherwise there will no alternative but to either avail Cenvat Credit or claim refund by submitting actual documents as mentioned in the notification. ■

CAREER FAIR

WIRC-ICWAI participated in Career Fair organized by various colleges in Mumbai.

7th January 2012

Gurukul College, Ghatkopar (E)

20th January 2012

Kirti College, Dadar

27th & 28th January 2012

Sathaye College, Vile Parle (E)

28th January 2012

N.E.S. Ratnam College - Bhandup (W)

Good numbers of students visited the Institute's stall.



**THE INSTITUTE OF
COST AND WORKS ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
HQ: 12, Sudder Street, Kolkata-70016

Telephones: 91-11-24622156-58
Fax No. 91-11-43583642
Email: info@icwai.org
Website: www.icwai.org

PRESS RELEASE

January 19, 2012

ICWAI gets its name changed to ICAI and its members to use ACMA and FCMA:

Mr. M.Gopalakrishnan, President of ICWAI announced in the press meet held on 19th Jan 2012, on the sidelines of the Regional Conference being held at Bangalore, by Southern Regional Council that the Institute has been given a new year gift by the Government of India, by virtue of the passing of ICWAI Amendment Act 2011, to enable their members to use the designation ACMA and FCMA denoting Associate and Fellow membership of the Institute respectively. This will enable the members working in India and abroad, being recognized by a common designation by which similar members are known throughout the globe. This is a major boost to the members of the Institute who serve in various countries across the world and were facing discrimination due to their earlier designation AICWA and FICWA.

He said that the entire members community thank the Honourable Union Minister of Corporate Affairs, Dr.Veerappa Moily, for his scholarly statesmanship for accepting their just demand that has been pending for decades. He complemented the Ministry for their unstinted effort to promote good corporate citizenship through various landmark initiatives such as Business Responsibility Guidelines (CSR), e-governance and Investor Enlightenment which are pioneering moves at a global level.

In another amendment, in the same Act, The Institute of Cost and Works Accountants of India (ICWAI) will be henceforth be known as The Institute of Cost Accountants of India (ICAI). Asked whether this will create confusion amongst the public due to similar accounting body already in existence, he affirmed that the ICWAI tried its level best to convince the Parliamentary Committee which deliberated on the name change that the name that was introduced by the Ministry in the Bill i.e "The Institute of Cost and Management Accountants of India" will be the best choice. Although the Committee accepted the logic as correct, but could not accede to the demand, as there was vehement opposition from the sister body. He said that the members of the ICAI (New) are clear that their profession is for developing and propagating "Cost and Management Accounting", irrespective of their name being ICAI.

Making Indian economy cost competitive:

Queried about the need for emphasis on cost accounting, Mr.Gopalakrishnan highlighted that mere reporting of the transactional summary through Financial Statements or compliance with law does not make an enterprise competitive. It is the efficient utilization of limited resources or eliminating wastage and inefficiencies makes them competitive. In a market economy, those who are efficient survive and others fall by wayside or get absorbed by better managed companies. He pointed out that Indian corporate sector need cost consciousness more than ever in the coming years, as they are facing flatter income, high prices and shrinking margins. In a well connected world the domestic economy gets hammered by the happenings across the world.

Cost Competitiveness in Government Schemes:

He also pointed out that Cost Competitiveness extends to Government Schemes also. He said that the Institute has been approached for providing training to Officers of Comptroller and Auditor General through their Regional Training Institute at Kolkata to do Performance Audit of Government Schemes such as MGNREGA, on a Pilot Study basis. Based on the success of the programme, it will also be extended to other schemes such as

- Rajiv Gandhi GrameenVidyutikaranYojana • SarvaSikshaAbhijan
- Pradhan Mantri Gram SadakYojana • PradhanMantriGramodayaYojana
- Swarnajayanti Gram SwarozgarYojana • SwarnaJayantiShahariRozgarYojana

Legislative mechanism for Cost Accounting and Cost Audit:

He said that in order to make the cost accounting practices uniform, the Institute has come out with Cost Accounting Standards and Generally Accepted Cost Accounting Principles, which will remove the subjective element in computation of costs and make them comparable across entities. It will be very useful to arrive at the reasonable prices to be charged to public based on costs for public services like education, medical treatment, toll roads, municipal services and public transport.

The Government has also recently revised the Cost Accounting Records and Cost Audit mechanism from a format based to a principle based approach, which will enable various entities to introduce cost accounting systems and provide assurance to various tariff authorities such telecom, pharmaceuticals, sugar, cement, pesticides, electricity and chemicals to fix tariffs based on a reasonable return over costs.

Helping transformation of Reporting:

He informed that the Institute is also spearheading the new form of Corporate Reporting known as Integrated Reporting, which aims to reduce the voluminous Annual Reports which report predominantly only the financial reports, and make slim but meaningful reports on environment, social and governance aspects apart from financial reports. The Institute has been admitted as a member of Accounting Bodies Network of Prince of Wales A4S Foundation, which aims at making Accounting work for Sustainability of the world.

Contributing to robust Government Accounting:

He also pointed out that the Institute also has been admitted as a member of Government Accounting Standards Board, which is introducing Government Accounting Standards for Financial Reporting both for commercial entities such as railways but also for service providers like local bodies. The Institute is also helping Department of Posts to introduce modern Cost Accounting Systems to efficiently use the 1,50,000 post offices across the country deliver communication services at reasonable cost to more than 6 lac villages in the country.

Raising new global generation:

Mr.Gopalakrishnan said that the Institute has also introduced e-governance for providing best service to more than 4 lac students who study the course. Through the Distance learning and Direct Learning centres, they enable more than 50,000 students acquire qualification which are recognized all over the world. The Institute also organizes campus Placement to successful candidates twice in a year with a success rate of 70%. As a body promoting cost consciousness, it charges a very reasonable cost of below Rs.50,000/- per person for the entire course. The members can acquire automatic membership of Institute of Management Accountants -USA and Institute of Public Accountants-Australia. They are exempted from 11 papers in another global management accounting body-CIMA-UK.

Presence across the country and abroad:

Mr. Gopalakrishnan said that the Institute through its 4 Regional Councils and around 95 Chapters throughout the country caters to around 50,000 members and 4.50 lac students. More than 70 centres conduct examinations twice a year in which around 1,40,000 students appear. With the demand for professionals who help different entities to take informed decisions based on costs, growing by leaps and bounds, it provides a very good opportunity to any young person aspiring to become a globally renowned CMA. The Regional Conference which is being inaugurated by Dr.Veerappa Moily, Honourable Minister of Corporate Affairs, will enable around 1000 professionals across the five states to meet and exchange ideas on making their organisations more competitive. Eminent experts from across the country are expected to address the participants.

CHAPTER NEWS

AURANGABAD

Chapter and Ladies wing of Sakal group of Papers Madhurangan jointly organized "Investors Awareness Programme" at Yashwantrao Chavan Natyagrah on 8th January 2012 at Aurangabad.

Mr. S.V. Hajeri, Financial Consultant, Pune was the Chief Guest, Mr. Kailash Malpani, Professional Financial Consultant, Aurangabad, Mr. Abhijeet Bothara, Business Associate, Motilal Oswal Securities Ltd, Aurangabad and Mr. Ashish Lahoti, Branch Head, Anant Rathi Shares & Brokers Ltd., Aurangabad were the faculties for the programme. They shared their views on the subject matter. CMA R.S. Deshmukh described the activities of Chapter.

On the occasion CMA Bisheshwar Sen explained the theme of the programme. He said that the main objective of this programme is to make Investors aware about opportunities & risk in investments in Shares & stocks, government efforts in enacting various legal provisions for safeguarding interest of investors etc.

CMA S.J. Deore & Co-ordinator of Sakal Madhurangan Group Mrs. Chitralekha Patil welcomed the speakers and the audience. Savings should be converted into investments, said Mr. Hajeri, Long term investment gets better returns, said Mr. Malpani. Proper Management of money plays crucial role, described Mr. Bothara & Lahoti. CMA Ms. Vaishali Mansabdar co-ordinated the programme & CMA P.P. Mohani proposed vote of thanks. CMAs Sanjay Mundade, Rajesh Goud & many senior members were present on the occasion. About 250 participants attended the programme.

INDORE-DEWAS

A workshop on Single Diamond Rule of Debit and Credit was organized by Indore Dewas Chapter of Cost Accountants for students of oral coaching centre. Prof. O.S.Gupta and Prof. Pankaj Kothari were the resource persons for the workshop. Prof. O.S. Gupta explained the fundamental logic behind three golden rules of debit and credit through linking them with a common diamond rule under which transfer of value from one account to another becomes the base for deciding debit and credit about a transaction. Prof. Pankaj Kothari illustrated the convenience of single diamond rule for the decision of debit and credit with the help of practical transactions comparing the decision of debit and credit using three golden rules.

Professor Mukesh Brahmabhatt co-ordinated the event. Students Mr. Ashish Agrawal and Mr. Rahul Jain were the volunteers for the event. Chapter chairman Dr. Niranjana Shastri expressed vote of thanks and highlighted the utility of the workshop for the students. Treasurer Mr. Ashish Jain was also present during the workshop.

KALYAN-AMBERNATH

Inauguration of new batch & Prize Distribution Function

The inauguration function of new batch of oral coaching was held on 7th Jan 2012 at Conference Hall of Smt. C.H.M.College of Arts, Science & Commerce, Ulhasnagar at 6.30 pm, CMA. G.B.Shamnani, Chairman of Chapter welcomed and introduced the Chief Guests CMA M.R.Dudani, Vice-Chairman of Chapter who inaugurated the session by lighting of lamp. CA Bhawna Binwani, Ms. Sneha Mirchnadani, Ms. Kirti Sharma, Prof. Sunil Lalchnadani faculty members also joined the Chief Guest while

inaugurating the session. During his inaugural lecture Chief Guest gave valuable tips to students for being successful in their career and about time management. Mr. Raju P.Chhatpar Executive Secretary informed the fresh students, members and guests present about details of I.C.W.A.I course, history of Chapter and achievements of Chapter since its formation. Prof. Srichnad Hinduja delivered lecture on "Motivation" with power point presentation.

Inaugural lecture was followed by Prize Distribution Function for Students passing June 2011 examination. Students were awarded prizes at the hands of chief guest, CMA M.R.Dudani, Chief Guest, and faculty members. Total 93 students awarded prizes out of that 50 students passed examination with first attempt.

The Programme was attended by CMA G.U. Keswani Treasurer of Chapter Ms. Kirti Sharma, Mr. Sunil Lalchandani, CA Bhavna Binwani, faculty members and more than 150 students of Inter, Foundation and Final attended. Programme was anchored and co-ordinated by Prof. Krishna Naidu along with staff of chapter, Mr. Ravi Rohra, Mr. Shamsher Chand. Prof. Sunil Lalchandani proposed vote of thanks. Programme ended with National Anthem.

Group Discussion

On Saturday 14th Jan. 2012 at 6.30 p.m Chapter organized Group Discussion for Intermediate students. CMA G.B.SHAMNANI, Chairman of Chapter welcomed Prof. Sunil Lalchandani, faculty member of Management Courses conducted by Smt. C.H.M.College of Arts, Science & Commerce, Ulhasnagar. Prof. Sunil Lalchandani explained briefly purpose of introduction of group discussion in professional courses. He informed students parameters on performances of students was judged in group discussion. He also informed Do's and Don'ts of Group Discussion. He divided the students in Two groups and gave topics for group discussion on which there was interaction between two groups. After completion of discussion he gave valuable tips to students to enable them to perform better. Mr. Raju P.C. Executive Secretary of Chapter proposed vote of thanks.

63rd Republic Day Celebrations

Chapter celebrated Republic Day at Chapter premises. CMA. G.B. Shamnani Chairman of Chapter hoisted the flag along with Prof. Srichand Hinduja, Mr. Raju P.C Executive Secretary many students of Inter and Final. Chairman informed students and the members present about Change of name of Institute from I.C.W.A.I. to I.C.A.I. He informed that after the announcement of effective date the bill passed by both the houses of parliament members will be able to use the qualifications "ACMA" and "FCMA". On the occasion, Mr. Shamsher Chand and Mr. Ravi Rohra. Staff of Chapter were also present Mr. Raju P.C. Executive Secretary of chapter, proposed vote of thanks.

CEP Lecture

On 26th January 2012 at 9.00 p.m Chapter organized Continue Education Programme on "Corporate Governance and its Scope in Corporate Social Responsibility". Mr. Raju P.C. Executive Secretary of Chapter welcomed the members and introduced the speaker Prof. G.B.Shamnani, Vice Principal and faculty of Smt. C.H.M.College of Arts, Science & Commerce, Ulhasnagar. Lecture was divided in to two sessions. In the First session speaker explained the meaning of Corporate Governance and role of various stake holders. In Second session speaker informed about how Social Responsibility is discharged by following the provisions of Company Law

and Listing agreement of Stock exchanges. Lecture was followed by question answer session. Many members of the area including CMA G. U. Keswani, Treasurer of the Chapter, Mr Ravi Rohra and Mr. Shamsher K. Chand attended the lecture. Vote of thanks was proposed by Prof. Srichand Hinduja, Faculty member of Sree Narayan Guru College, Chembur, Mumbai.

NAVI MUMBAI

Inauguration of Oral Coaching Classes

The Oral Coaching classes of Navi Mumbai Chapter of Cost Accountants for Jan-2012 batch of both Foundation and Intermediate level students was inaugurated at the hands of the Chief Guest, Prof. Tapase, Vice Principal, KB Patil College, Vashi, on Sunday, the 1st January, 2012.

CMA G.K.Das, Secretary, CMA-Kishan Jethani, CMA-K V V S Murthy, CMA-V.Narayanan, CMA-Vivek Bhalerao, have given the words of wisdom to the students.

The Chief Guest, Prof. Tapase, expressed his happiness over the steady growth of the Chapter activities and assured all help and support to the Chapter and the students. RC Member from WIRC, CMA-Debashish Mitra, attended the function and shared his thoughts with the students. The function was well attended by the students and members of the chapter. CMA-Amit Sarker proposed vote of thanks.

* * *

The Navi Mumbai Chapter of Cost Accountants of ICWAI, has acquired an independent Office for the Chapter in the Campus of K.B.Patil College, Vashi. The new Office was inaugurated at the hands of Corporator of NMMC, Mr. Dashrath Bhagat on Sunday, the 29th January, 2012. The function was graced by Mr. Shivankar, Principal and Mr. K.G.Tapase, Vice Principal of K.B.Patil College, Vashi. CMA Ashish Thatte, Secretary of WIRC welcomed the move in his address. It was well attended by professionals and members of the Chapter and the students.

CMA Vivek Bhalerao, Chairman of the Chapter stated that the new office will function as Students and Members Facilitation Centre and will go a long way in fulfilling the requirements of the people residing in Navi Mumbai in their professional pursuit. The senior members of the Chapter spoke on the occasion and urged the students to take full advantage of the opportunity made available to them and come out with good success rate in their studies.

The student representative also expressed sense of gratitude at the initiative to open the office right in the place where they have their oral Coaching Centre for studies.

New Address : NAVI MUMBAI CHAPTER OF COST ACCOUNTANTS
K. B. Patil College Premises, Sec 9A, Vashi 400 703

PUNE

Inauguration of Oral Coaching Classes -Pune

The Oral Coaching Classes for Session No.8, covering the period - January to June 2012, were inaugurated at various centers of Pune Chapter on 2nd January 2012 by

1. CMA Dr. N.M. Vechalekar, Past Chairman-WIRC - Intermediate Morning batch at Laxminagar Premises Pune.
2. CMA Milind Date, Hon. Secretary, PCCA - Intermediate & Final evening batches at Laxminagar Premises Pune.
3. CMA N K Nimkar, Past Chairman, PCCA - Intermediate evening batches at Garware College, Pune.

4. CMA D. V. Patwardhan - Hon. Director PCCA - Foundation batch at Laxminagar Pune.
5. Mr. Vikas Adawade Sr. Officer, Pune Chapter - Intermediate evening batch at Wadia College, Pune.
6. CMA Sandesh Badkas, Secretary, Working Committee, PCAC - Intermediate Morning batch at PCAC & CMA D T Londhe, Member - Working Committee, PCAC - Intermediate batch at RMC, Pune .
7. Inauguration of Oral Coaching Classes of Solapur Center of Pune Chapter

Oral Coaching classes for Intermediate and Foundation course of ICWA at Solapur Center of Pune Chapter were inaugurated on 7th January 2012 at 6.30 pm. by CMA Pramod Dube, Chairman, Pune Chapter in Solapur. CMA Murli Iyengar introduced the dignitaries present for the function.

CMA Sunil Ingale, Chairman, Solapur Unit welcomed the gathering & felicitated CMA Pramod Dube by offering a bouquet. CMA Sunil Ingale while addressing the students explained about the ICWAI course and reviewed the progress of Solapur Unit.

CMA Dontul explained the various opportunities available in practice. CMA N K Nimkar, Ex. Chairman PCCA, gave tips on how to study for getting success in ICWA exams. CMA Milind Date, Secretary PCCA. urged the students to be attentive during the lectures and study at home for minimum 2 hrs daily. He motivated the students by saying that the examination is not at all difficult if they really work hard. Mr. Pramod Vaidya, Director MIM explained the importance of cost accountants in global market. CMA Pramod Dube, Chairman Pune Chapter stressed the need of regular study and hard work and explained the scope available to cost accountants.

CMA R.V. Kshirsagar proposed vote of thanks. Students, parents, members and faculties were present for this programme in large number. Anchoring of the programme was done by Mr. Dolas, faculty of the center.

B) Continuing Education Programmes

Adherence to CAS issued by the ICWAI is now mandatory and in light of the recent introduction of Cost Accounting Record Rules 2011 and Cost Audit Report Rules 2011, its importance has grown manifold. The Institute expects its members to deliberate on such exposure drafts and give their valuable inputs. Pune Chapter considering this as a commitment to professional development organized a CEP on 19-1-2012 to discuss the Exposure Draft on CAS-14 on Pollution Control Costs for the benefit of its Members.

CMA Dhananjay Joshi -Former President of ICWAI, CMA S. R. Bhargave CCM, ICWAI and CMA Pramod Dube -Chairman PCCA were on the dais. The discussion was initiated by CMA Dhananjay Joshi by referring to various definitions given in the ED. The comments from the members present were noted and discussed in the light of various requirements under the record and audit rules. The areas where a consensus was reached about modifying certain terminology/ phrasing in the proposed ED were finalized and it was decided to submit the same to the ICWAI. A large number of members were present for the programme.

Similarly, Pune Chapter organized a CEP on 28th Jan. 2012 to discuss the ED on Product Grouping. A concept of Product Groups has been introduced for the first time in the Cost Accounting Record Rules & Cost Audit Report Rules 2011 by the Government of India. However, the new mechanism does not prescribe specific product groups as such. In view of this, the ICWAI has decided to issue Guidance Note on Product Grouping specifying the logic that can be used in defining Product Groups.

With this objective the Institute released the said ED. The topic is very important for all members in practice and in employment.

CMA Dhananjay Joshi - Former President of ICWAI, CMA S. R. Bhargave CCM, ICWAI, CMA Amit Apte, CCM - ICWAI and CMA Pramod Dube - Chairman PCCA were on the dais. CMA Dhananjay Joshi gave a brief about the proposed ED and led the discussion. Many members raised various points on the terminology and definitions adopted and detailed discussion took place on the same. At the end the views of the members were summarized and it was decided to forward the same to the ICWAI. A large number of members in practice as well as in employment was present for the programme.

C) Faculty Meeting

Pune Chapter organized a meeting of Faculties of Oral Coaching of all centers on 22nd January 2012. CMA Dhananjay Joshi Former President of ICWAI was invited as the Chief Guest for this meeting.

On the dais were CMA Dhananjay Joshi Former President of ICWAI, CMA Pramod Dube, Chairman Pune Chapter, CMA Milind Date - Chairman (Coaching Committee), Dr. N M Vechalekar, Past Chairman of WIRC, CMA D. V. Patwardhan - Director PCCA and CMA D. R. Kulkarni - Working Committee Chairman - PCAC.

CMA Pramod Dube welcomed the faculty members and reviewed the progress of the Chapter in terms of admissions. He felicitated CMA Dhananjay Joshi and CMA Dr. N M Vechalekar.

CMA D V Patwardhan reviewed and presented the analysis of performance of students in June 2011 ICWAI Exams. He explained the various measures the Chapter has planned to improve the performance of the students.

CMA Dhananjay Joshi Former President of ICWAI in his address observed that the students' performance at June 2011 exam. was very poor as compared to Dec 2010 exam. and appreciated the efforts the Chapter is planning with the help of the faculties and thanked them for actively supporting the efforts of the Chapter.

The faculty members had an interactive session with the dignitaries on the dais. The main point of the faculty members was that the topics covered under each subject are very vast and the time available is limited.

In response to this, CMA Milind Date explained how to cover the syllabus in the classrooms within time and gave a very lucid presentation on the same. All the faculties were much impressed by both the presentations and assured their full support for the measures being taken by the Chapter. Mr. Vikas Adawade - Sr. Officer, Pune Chapter proposed vote of thanks.

D) Modular Training Programme

Modular Training programme for Final year students of Oral & Postal Coaching for the current Semester was inaugurated on 15th January 2012 by Dr. N.M.Vechalekar, Past Chairman-WIRC. Mr. Sandip Joshi, Officer of Pune Chapter introduced and felicitated him by offering a bouquet.

Every Sunday the Modular Training sessions are being organized for the benefit of the students.

E) Flag Hoisting Ceremony

Flag Hoisting Ceremony was held on Republic Day at Chapter's premises at Laxminagar Pune on 26th January 2012. Present on this occasion were, CMA Sanjay Bhargave CCM-ICWAI, CMA Neeraj Joshi, Treasurer, WIRC of ICWAI, CMA Pramod Dube -Chairman Pune Chapter, CMA Amit Shahane-Member-Managing Committee of PCCA, CMA N.K.Nimkar Past Chairman PCCA, Students, Faculties and Staff of Pune Chapter.

CMA Sanjay Bhargave welcomed the gathering and requested CMA Neeraj

Joshi to unfurl the flag. This was followed by recital of National Anthem by all. CMA Neeraj Joshi in his address referred to recent amendments to Cost Audit and Record Rules and stated that as a result large opportunities are now being made open to our members. He advised students to complete the ICWAI course with full concentration on studies. CMA Sanjay Bhargave in his address gave the importance of Cost Accountancy in global market and need of cost accountants in changing economic scenario in the world. He also explained the importance of Practical Training prescribed by the ICWA for students. CMA Pramod Dube wished success to the students in pursuing their studies.

Large number of students and faculty members attended the celebration.

SURAT-SOUTH GUJARAT

Report of the seminar at Surat on 07/01/12

A half day seminar on 'Statutory And Voluntary Cost Management Systems In Industries' was organized jointly by Surat South Gujarat Chapter Of Cost Accountants, Surat and South Gujarat Textile Processors' Association, SURAT on 07/01/12 at Dhamanwala Hall, GIDC, Pandesara.

The Chairman of the Association Mr. Pramod Chaudhari welcomed the participants and informed that Surat Dyeing and processing units are passing through crucial time due to increase cost of production and Cost Accountants can play a major role by implementing various cost effective techniques. He also stressed that there should be real value additions by the Cost Accountants rather than just following up statutory compliance, then only the dyeing house will accept the same.

Chairperson of the Chapter CMA Dr. Heena Oza gave brief of the Chapter and its activity and informed that the Chapter will provide all the services to the members of the Association which is value addition to them.

Expert faculties Mr. Sanjay Bhargave and Mr. Amit Apte, both Central Council Members of the Institute, gave brief on the voluntary cost management system as well as Statutory Cost Management System and gave brief on the inclusion of activity of corporate dyeing houses in the Cost Accounting Record Rules 2011.

Mr. Binay Agarwal, Secretary of the Association proposed formal votes of thanks.

The seminar was participated by members of the Associations, members of our Institute and the committee members of the Chapter and also Students of the Chapter.

Two Day Intensive Workshop on Indirect Taxation

The Surat South Gujarat Chapter organized two day workshop on 21ST & 22nd January, 2012 at Auditorium, Commerce Bhavan, K. P. Commerce College Campus, Surat. CMA Shri V. S. Datey was the Expert faculty.

In the inaugural speech CMA J. T. Parmar, Secretary of Surat South Gujarat Chapter welcomed the students and advised them to take full benefit of workshop as Shri Datey Sir's knowledge in the indirect taxes.

CMA V. S. Datey dealt with Indirect Taxes background & VAT on the first day and presented the complex topics in his own lucid style. On the second day he dealt with the Service Tax, Custom, Cenvat provisions. Chairperson CMA Dr. Heena Oza also briefly guided the students on the Seminar. At the end of the function CMA Mr. Sanjay Parari, the Member of the Chapter gave vote of Thanks. More than 300 students from Surat South Gujarat Chapter took benefit of this workshop.



The office of Navi Mumbai Chapter was inaugurated at the hands of Mr Dashrath Bhagat, Corporator, NMMC.



Committee Members of NMCCA on the occasion of inauguration of its office. (L to R): CMA K.V.V.S. Murthy, CMA Ashish Thatte, Hon Secretary WIRC , CMA V. Narayanan, CMA M.K. Narayanaswamy, CMA G.K. Das



CMA Sanjay Pasari Member of Surat Chapter Welcoming CMA V. S. Datey on Educational Programme on Indirect Taxes organized by Surat South Gujarat Chapter.



(L to R) Mr. Binay Agrawal, Secretary SGTPA, Mr. Pramod Chaudhary, President, SGTPA, CMA Sanjay Bhargave, CCM, CMA Vijay Joshi, Chairman WIRC, CMA Amit Apte, CCM, CMA Dr. Heena oza, Chairperson & CMA J. T. Parmar, Secretary of the Chapter during the seminar organized by Surat South Gujarat Chapter on 7-1-2012



CMA M.R. Dudani Vice-Chairman of Chapter inaugurating new batch of oral coaching of Kalyan Ambarnath Chapter on 7th January 2012



CMA N K Nimkar, Past Chairman of Pune Chapter addressing the students on inaugural function of Oral Coaching Classes at PCCA's Solapur Center.



CMA Milind Date, Hon. Secretary, PCCA addressing the faculties of oral coaching of Pune Chapter on the occasion of Faculty Meet.



CMA Neeraj Joshi, Treasurer, WIRC hoisting the flag on the occasion of Republic Day at Pune Chapter

Reproducing below the circular received in connection with the Name Change of the Institute.

NOTIFICATION

The Chairman,
Regional Councils & Chapters
The Institute of Cost Accountants of India

Dear Sir,

This is to inform you that The CWA (Amendment) Act, 2011 has come into force with effect from 1st February 2012, whereby the name of our Institute has been changed to "The Institute of Cost Accountants of India" and the Associate & Fellow Members of the Institute are entitled to use the letters "ACMA" & "FCMA" respectively after their names.

In this connection, please use the attached logo and the name "The Institute of Cost Accountants of India (Statutory body under an Act of Parliament)" on letter-heads and other documents in appropriate places. Please also inform the office bearers and employees of your Regional Council/Chapter in this regard.



Thanks & Regards

Kaushik Banerjee
Director & Joint Secretary
The Institute of Cost Accountants of India

ATTENTION MEMBERS !!!

Revised Membership Fee

The fees payable by the members of the Institute have been revised by the Council with effect from **1st April, 2012 from the Financial year 2012-13 onwards** as follows:

Category of fees	Amount Payable
Associate Entrance Fee	Rs. 1,000/-
Associate Membership Fee	Rs. 800/- p.a.
Fellow Entrance Fee	Rs. 1,000/-
Fellow Membership Fee	Rs. 1,500/- p.a.
Certificate of Practice Fee	Rs. 1,000/- p.a.

The fees payable by the retired members entitled to pay at reduced rate in pursuance of Regulation 7 (4) of the Cost and Works Accountants Regulations, 1959 with effect from 1st April, 2012 from the financial year 2012-2013 onwards shall be as follows:

Category of fees	Amount Payable
Associate Membership Fee	Rs. 200/- p.a.
Fellow Membership Fee	Rs. 375/- p.a.



If undelivered please return to:

THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.
Tel.: 2204 3406 / 2204 3416 / 2284 1138
Fax : 2287 0763
E-mail : bulletin@icwai-wirc.org
Website : www.icwai-wirc.org

To