



WIRC BULLETIN

Editorial Board

Chief Editor : Mr. Amit A. Apte

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Mr. S.G. Narasimhan – *Mumbai*
Mr. Ashish Thatte – *Mumbai*
Mr. S.W. Parnerkar – *Nashik*
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For Members only

August 2009

From the Desk of Chairman



My Dear Professional colleagues,
It is my proud privilege to have the first communiqué with you in the capacity of chairman of WIRC of ICWAI. I am indeed thankful to all the council members for reposing confidence in me to take this August responsibility. I also thank them for electing Sarvashree Amit Apte as Vice Chairman, P. V. Wandrekar as

Hon. Secretary and Dinesh Birla as Treasurer of our WIRC for 2009-10. I have chalked out the road map for the ensuing year which I would like to achieve with your active support; I have given the name of my plan as "MISSION 2009-10".

- To concentrate on revampation of inactive chapters in the region and to make them properly equipped with the necessary infrastructure.
- To have Inclusive growth of profession through involvement of all the members, especially those in service, in activities of Institute.
- To provide state of the art infrastructure for students of ICWAI.
- To have more emphasis on enrolment of Associate members and advancement to Fellow Members.
- To build the brand "ICWAI" and propagate it more aggressively in the economy.
- To build a bridge with the Corporate world for better opportunities to students qualifying ICWAI examinations.
- Above all to create dignity for the profession in the eyes of society at large, by contributing towards Inclusive Growth of Economy.

Our Heartiest congratulations to Mr. G.N. Venkataraman and Mr. Brij Mohan Sharma on being elected as President and Vice President of ICWAI respectively.

(contd... page 3)

Hearty Congratulations !

Mr. G.N. Venkataraman and Mr. Brij Mohan Sharma being elected as President and Vice President of ICWAI respectively for the term 2009-2010.

Communiqué from out going Chairman



Dear Professional Colleagues

I could not communicate with you in the July edition of the WIRC Bulletin. As already informed to you thru the editorial, I met with a serious accident on 18th June and have been recuperating in the hospital since then. However with the love, affection and the blessings received from all of you I am now on the fast track of recovery. I am keen to resume duties and pledge to work for the betterment of the Institute, Professional Colleagues and Students. It is a matter of one more month.

I take this opportunity to congratulate the new office bearers of the region namely Manubhai Desai – Chairman, Amit Apte – Vice Chairman, P. V. Wandrekar Secretary and D. K. Birla - Treasurer.

I am proud to state that during my Chairmanship the WIRC crossed the surplus figures of Rs. 50 Lacs for the first time. The surplus generated will certainly help in bringing financial stability to the WIRC and further the cause of the profession. Of course this could not have been achieved by the untiring efforts of all the council members and staff of WIRC. The Golden Jubilee National convention and the Golden Jubilee Commemorative Function blessed by His Highness Hon. Dr. A. P. J. Abdul Kalam were also feathers in the cap.

I am confident that my successors will take WIRC to new heights in the years to come. I assure them my wholehearted support. Once again thanking all of you for your love and blessings bestowed during my tough times.

Regards

Ashok B. Nawal

WIRC OFFICE BEARERS 2009 - 2010

Mr. Manubhai K. Desai ... *Chairman*
Mr. Amit A. Apte ... *Vice Chairman*
Mr. P. V. Wandrekar ... *Hon. Secretary*
Mr. D. K. Birla ... *Treasurer*



Mr. Manubhai Desai welcoming Mr. V.S. Datey during Study Circle Meeting at Mulund College on 11th July 2009.



Mr. P.D. Phadke, Past President ICWAI inaugurating the First Study Circle Meeting of Western Suburbs at N.M. College on 12th July 2009. Also seen Mr. C.B. Chhaya, Sr. Member of the Institute, Mr. P.V. Wandrekar, Mr. Amit Apte, Mr. Manubhai Desai, Mr. S.R. Bhargave and Mrs. Aruna Soman.



Mr. Amit Apte welcoming the members during Study Circle Meeting of Western Suburbs at N.M. College on 12th July 2009.



Mr. S.R. Bhargave interacting with members during Study Circle Meeting of Western Suburbs at N.M. College on 12th July 2009.



Mr. Amit Apte, Hon. Secretary & Treasurer WIRC welcoming members during Annual General Meeting of WIRC-ICWAI held on 18th July 2009 at Mumbai.



Prof. Vikram Gujar, Faculty of Pune Chapter expressing his views in Faculty Meeting held on 26th July 2009 at Pune. Also seen in the picture (from L to R): Mr. D. V. Patwardhan, Hon. Director of Pune Chapter, Mr. Pramod Dube, Chairman of Pune Chapter, Mr. S. R. Bhargave, CCM of ICWAI and Mr. Amit Apte, Hon. Secretary of WIRC of ICWAI.

(From desk of Chairman man contd... from first page)

I assure you that with the full co-operation of our new team; I shall, leave no stone unturned to firmly, and in an unbiased way, march on the path laid down by my immediate predecessors Mr. Ashok Nawal and Mr. P. V. Wandrekar.

The Month of July, 2009 has seen many professional and academic events organized at various places of WIRC, which includes Inauguration of New batch of Oral coaching classes with a record number of admissions, Study circle meetings on Union Budget 2009 at Mulund College on 11th July, 2009 and at N.M College Vile Parle on 12th July, 2009. The AGM of WIRC was held on 18th July, 2009, where the members actively discussed recent issues concerning the Profession.

On 4th August, 2009 we have launched the Second batch of "Reliance Certified Accountants Course" at Reliance Industries Ltd. Jamnagar. In the Inaugural function both the Reliance Management team and the participants of the First batch shared their satisfactory experience about the course.

At this juncture let me congratulate the meritorious students, who secured ranks in the recently announced merit list of December 2008 Examination though late, by our head quarters. More particularly I must mention Mr. Mayank Agarwal who secured first rank in Final examination and Mr. Mehul Shah who secured second rank in Intermediate Examination all over India, since both of them are from WIRC.

I am fully confident to meet your expectations with the whole hearted support of students, members and our dedicated staff. I welcome all positive suggestions from your end to make our region more dynamic. Let me conclude the message by a quote,

"Success in any endeavor does not happen by accident. Rather it's the result of deliberate decisions, Conscious efforts and immense persistence directed at Specific Goals."

With warm regards,

Manubhai K. Desai

Cost Accountant's View on Section 14A & 14AA

Mr. Ashish P. Thatte, Editorial Board Member of WIRC Bulletin has presented a strong case of Cost Accountant's regarding Section 14A and 14AA of Central Excise Act. Mr. Thatte's Article has been published in News Letter Loksatta on 27th July 2009.

The Article is also available on our website :

www.icwai-wirc.org

for the benefit of all the members.

Committees of the Council for 2009-2010

(Constituted at the 260th WIR Council Meeting held on 3-8-09)

1. Executive

- | | |
|---------------------------|-----------------|
| 1. Mr. Manubhai K. Desai | Chairman |
| 2. Mr. Amit A. Apte | Member |
| 3. Mr. P.V. Wandrekar | " |
| 4. Mr. D.K. Birla | " |
| 5. Mr. G.R. Paliwal | " |
| 6. Mr. Ashok B. Nawal | " |
| 7. Mr. Sanjay R. Bhargave | " |
| 8. Mr. Ashwin G. Dalwadi | " |
| 9. Mrs. Aruna Soman | Co-opted Member |

2. Professional Development, Program and CEP

- | | |
|---------------------------|-----------------|
| 1. Mr. P.V. Wandrekar | Chairman |
| 2. Mr. Sanjay R. Bhargave | Member |
| 3. Mr. D.K. Birla | " |
| 4. Mr. Ashwin G. Dalwadi | " |
| 5. Mr. A.R. Joshi | Co-opted Member |

3. Students, Members & Chapter Co-Ordination

- | | |
|--------------------------|-----------------------|
| 1. Mr. G.R. Paliwal | Chairman |
| 2. Mr. P.V. Wandrekar | Member |
| 3. Mr. D.K. Birla | " |
| 4. Mr. Ashok B. Nawal | " |
| 5. Mr. Ashwin G. Dalwadi | " |
| 6. Mr. Vinod B. Shinde | Student Rep. (Postal) |
| 7. Mr. Pankaj P. Mahajan | Student Rep. (Oral) |

4. Research & Publications

- | | |
|---------------------------|----------|
| 1. Mr. Ashok B. Nawal | Chairman |
| 2. Mr. P.V. Wandrekar | Member |
| 3. Mr. Sanjay R. Bhargave | " |
| 4. Mr. Ashwin G. Dalwadi | " |

5. CMA Research & Training Centre

- | | |
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| 2. Mr. Sanjay R. Bhargave | Member |
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| 4. Mr. B. M. Sharma | " |
| 5. Mr. P.V. Wandrekar | " |
| 6. Mr. D.K. Birla | " |

6. Image Building & Public Relations

- | | |
|-----------------------|----------|
| 1. Mr. D.K. Birla | Chairman |
| 2. Mr. G.R. Paliwal | Member |
| 3. Mr. P.V. Wandrekar | " |
| 4. Mr. Ashok B. Nawal | " |

7. Editorial Board

- | | |
|-------------------------|--------------|
| 1. Mr. Amit A. Apte | Chief Editor |
| 2. Mr. S.G. Narasimhan | Member |
| 3. Mr. Ashish P. Thatte | " |
| 4. Mr. S.W. Parnerkar | " |
| 5. Mr. Kenish Mehta | " |

(Chairman and Vice-Chairman, WIRC will be permanent invitees on all the Committees)

Development of International Airports in Public-Private Partnership in India

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Abstract

This paper attempts to analyze that how a public-private partnership in airport modernization/ development can not only develop better facilities for passengers, but also proper development of cargo handling system, having a fully trained and skilled personnel which will provide efficient service, as the international passenger traffic is expected to grow to around 253 lakh passenger by 2011-12 and the international cargo traffic to 2191 thousand tones by 2011-12

Objectives

- 1) To study the need & importance of infrastructure development in developing country like India.
- 2) To study the Public-Private Partnership (PPP) in one of the important area of infrastructure development of airports & ground handling services.
- 3) To suggest suitable measures for the effective development of international airport in India.

Key words

Airports Authority of India (AAI), Build-Own-Operate and Transfer basis (BOOT), Public-Private Partnership (PPP), Director General of Civil Aviation (DGCA), Infrastructure Finance Company Limited (IFCL), Bangalore International Airport Ltd. (BIAL)

Introduction

“The link between infrastructure and development is not a once for all affair. It is a continuous process; and progress in development has to be preceded, accompanied and followed by progress in infrastructure, if we are to fulfill our declared objective of self-accelerating process of economic development.” – Dr. V.K.R.V. Rao (Datt Rudar, Sundharam K. (1998) “*Indian Economy*” S. Chand & Company Ltd. New Delhi).

Infrastructure is the key to any development. The prosperity of any country directly depends upon the growth of infrastructure. The growths of agriculture, industry and service sector depends upon how well we develop our infrastructure, maintain it and as well as upgrade it to suit the changing times. The industrial revolution in England was accompanied by a revolution in transport and communications, the extensive use of coal, tremendous expansion of banking, insurance and an explosion of knowledge.

Indian planners were fully aware of the link between infrastructural facilities and general economic development and therefore gave high priority to the rapid expansion of these facilities from the first five year plan. The various plans have generally devoted around 50% of the total outlay on infrastructure development. The heavy investments made by the government on infrastructural facilities could be justified since they provided necessary inputs for rapid agricultural and industrial development. The successes of both these sectors depend upon the growth of transport sector of which civil aviation is an important part. By linking the backward regions with the relatively more advanced, transport facilities, in turn, helps in the better and fuller utilization of resources.

Air transport has a significant role to play. It offers saving in time that cannot be matched by surface transport over long distances. Air transport helps optimize technological, managerial and administrative skills in a resource scarce economy. The progress in civil aviation started in 1920 when government constructed a few aerodromes. The civil aviation Department was set up in 1927. In 1946, the Government of India laid down its aviation policy. The government also set up the Air transport Licensing Board.

In 1950, the Air Transport Enquiry Committee was appointed. It recommended the integration of all companies into four companies so as to remove cut-throat competition and secure scientific and zonal distribution of work. But the private companies did not voluntarily integrate and therefore the Government of India nationalized the civil aviation sector. The Airports Authority of India (AAI) and the Director General of Civil Aviation (DGCA) provide infrastructural services to the civil aviation sector in India. The AAI looks after the development of the airports in India and is responsible for maintenance and development of civil aerodromes, civil enclaves and aeronautical communication stations.

The important functions of the DGCA are like registration of civil aircraft; formulation of standards of airworthiness for civil aircraft registered in India and grant of certificates of airworthiness to such aircraft; licensing of air traffic controllers etc.

The government has set in motion to restructure and modernize the Mumbai and Delhi airports through joint venture route. Bangalore and Hyderabad international airports are being built on a Build-Own-Operate and Transfer basis (BOOT).

Private Investment in Infrastructure

The Government of India has increasingly realized that infrastructure need not be a public sector monopoly. Earlier infrastructure investments were funded by the government as it was assumed that such heavy investments can be made only by the public sector and the private sector will not come forward to invest money as the gestation period is very long. But the infrastructure under government ownership and management has however proved to be thoroughly inefficient and corrupt. The demand for infrastructure facilities and services has always outstripped its supply. The quality of the supply is also very poor.

In order to sustain an annual GDP growth rate of 8% or more, it is imperative to accelerate the rate of investment in infrastructure. The massive investment is beyond the capacity of the government. Since 1991, government strategy attaches high priority to the development of efficient infrastructure and towards creating an enabling environment for private participation in infrastructure sector. The public-private partnership also encourages better risk sharing, accountability, cost recovery, and management of infrastructure. The government has also announced various measures to also attract foreign investment in infrastructure. The government has allowed automatic approval for foreign equity participation upto 74% in key infrastructure industries including construction of ports. It has also announced guidelines for private investment through Build-Operate and Transfer (BOT) route.

With the opening of Indian skies to private and international operators,

between 2000-01 and 2005-06, the number of aircraft movements grew from 4.90 lakh to 8.38 lakh and passenger traffic from 4.20 crore to 7.33 crore. This put immense pressure on airport infrastructure especially at the metro airports. It was therefore laid down in the Tenth Five Year Plan that navigation and surveillance facilities were to be upgraded as a matter of priority to be in line with world standards.

Airports Authority of India

The Airports Authority of India (Authority) manages 15 international airports, 86 domestic airports and 26 civil enclaves as on 31 March 2006 covering the entire Indian airspace.

The 127 airports include 83 operational and 44 non operational and closed airports. The five international airports at Delhi, Mumbai, Chennai, Kolkata and Thiruvananthapuram were managed by the Authority's International Airports Division (IAD) and the other airports by the National Airports Division (NAD).

Air Transport Policy

The Air Corporations Act, 1953 was repealed with effect from 1 March 1994 and air transport in India was opened to operation of scheduled services by any carrier which fulfilled the statutory requirements ending the monopoly of the Indian Airlines Corporation and Air India International. Consequently, the number of scheduled operators grew steadily and as of March 2006, the number of such operators was 12. New bilateral agreements signed during the period with various countries also resulted in new international airlines starting international operations in airports other than at Delhi and Mumbai.

Shortcomings of AAI

The 84 airports which had meager/no commercial operations continued to incur revenue expenditure and in the four years upto 2005-06, 20 such airports ended with cash loss of Rs.50.38 crore. The share of non traffic revenue in the Authority which is above 50 % internationally was woefully short at around 11 to 14 per cent. The Authority did not finalize a land/ space lease policy for commercial exploitation of land to increase the share of non traffic revenue. Several works were foreclosed due to non availability of work sites/disputes leading to wasteful expenditure, cost and time overrun. Encroachments were not removed in time. 702 acres of land were still under encroachment in different airports depriving the Authority of land required for infrastructure development.

Installation and commissioning of Communication and Navigational equipment were inordinately delayed due to delays in finalization of orders, non availability of sites, non synchronization of allied activities etc. Terminal facilities at 11 out of 18 airports test checked were saturated. Customer satisfaction level in a number of airports was below 70 % *in* respect of general comfort, toilet facilities, flight information system and trolley availability.

According to the statistics released by the DGCA, 2005-06 there are many airports where there is no international traffic movement of passengers as well as that of cargo handled, e.g. airports in cities like Srinagar, Agra, Udaipur, Bhubaneswar, Khajuraho, Vizag, Bagdora, Bhavnagar and Jodhpur.

Public Private Partnership (PPP)

The Government of India aspires to accelerate the GDP growth rate to 10% by 2012. But such a high growth rate cannot be achieved without adequate growth of infrastructure. Today there are comparisons between India and China, but the existing mode of infrastructure investment by public sector has not kept pace with the requirements. Therefore the concept of Public private Partnership (PPP) is essential to solve the infrastructure woes of the country and the international airports are no exception to it.

In India, we allowed investment in infrastructure to decline to a historical low

of 3.3% of GDP in 2003 to the point where demand for infrastructure services far outstripped supply (before we started investing again). We have gradually increased our investment in infrastructure to 4.5% of GDP and the government hopes to increase investment on infrastructure to 8% of GDP by 2012. In India there is a huge opportunity for the private sector to develop and finance the country's infrastructure development. Public Private Partnership (PPP) is important to bridging the deficit which the country has accumulated in the last fifteen years.

Table 1: Real GDP growth in Asian countries during peak growth

Periods (Average annual percent change) %

Country	% Growth rate of Real GDP
India (1990-2000)	5.7
India (2000-2006)	6.9
China (1994-2004)*	9.7-10.4
Hong Kong (1960-1995)	7.7
South Korea (1960-1995)	8.1
Singapore (1960-1995)	8.4
Taiwan (1960-1995)	8.6
Thailand (1960-1995)	7.5
Malaysia (1960-1995)	6.9
Japan (1950-1980)	8.0

* The range reflects incomplete national income data in China

Following a statistical revision done in early 2006

Source: India: Asia's Next Productivity Success Story by

Joydeep Mukherji, a sovereign credit analyst for Standard & Poor's in New York

The above Table No. 1 shows that our Asian counterparts have a higher Real GDP growth as compared to India. This high growth is possible only with a better infrastructure, which is beyond the means if we have only public investment. If public investment is supplemented with private investment it can bring the much needed infrastructure for India which will accelerate its GDP.

Government of India Policy regarding PPP in Airports

- 100% FDI is permissible for existing airports; FIPB approval required for FDI beyond 74%
- 100% FDI under automatic route is permissible for Greenfield airports.
- 49% FDI is permissible in domestic airlines under the automatic route, but not by foreign airline companies. 100% equity ownership by Non Resident Indians (NRIs) is permitted
- AAI Act amended to provide legal framework for airport privatization
- 100% tax exemption for airport projects for a period of 10 years
- 'Open Sky' Policy of the Government and rapid air traffic growth have resulted in the entry of several new privately owned airlines and increased frequency/flights for international airlines.

Examples of PPP in International Airports in India

1. In January 2006, the consortium led by GVK Group and comprising Airports Company South Africa and Bidvest was awarded the mandate to modernize the Chhatrapati Shivaji International Airport (CSIA) at Mumbai. Mumbai International Airport Pvt. Ltd. (MIAL) is a joint venture company owned by the GVK led consortium (74%) and Airports Authority of India (26%) was formed in March 2006 to manage and develop CSIA.

2. On 31st May 2001, the Government of Andhra Pradesh selected the GMR-MAHB consortium as the preferred bidder for the Hyderabad Airport Project. GMR Hyderabad International Airport Ltd. was subsequently formed in June 2002. GMR Hyderabad International Airport Ltd., is a public-private joint venture between GMR Group, Malaysia Airports Holdings Berhad and both the State Government of Andhra Pradesh and Airports Authority of India (AAI). GMR Group holds 63% of the equity, MAHB 11%, while the Government of Andhra Pradesh and Airports Authority of India each hold 13%.
3. Delhi International Airport (P) Limited (DIAL) is a consortium led by GMR Group and comprises of Airports Authority of India, Fraport AG, Eraman Malaysia and India Development Fund. DIAL is working towards the modernization and restructuring of the IGI - Airport. DIAL has been given the mandate to operate, maintain, develop, design, construct, finance, upgrade and modernize IGI - Airport for a period of 30 years till 2036 with a further option to extend it by 30 years. GMR Group holds 50.1% of equity in the project, Airports Authority of India holds 26% Fraport & Eraman Malaysia hold 10% each and IDF has a 3.9% holding.
4. Cochin International Airport (CIAL) is the first Greenfield airport setup in the public private partnership (PPP) model in civil aviation infrastructure sector in India. The Airport has been planned in phases on a modular basis to suit future requirements and also to minimize the initial investments so as to generate revenue at the earliest possible time. Cochin International Airport is wholly managed and operated by Cochin International Airport Limited (CIAL). Cochin International Airport Limited (CIAL) was incorporated as a Public Limited Company under the Companies Act, 1956 on 30th March 1994. With equity participation from the Government of Kerala, Industrialists, NRIs, Financial Institutions, Airport Service Providers and the Public, the Cochin International Airport Limited (CIAL) has come to be a model enterprise with the first International Airport in India outside the ambit of the Government of India, the first of its kind in the history of civil aviation in India. It commenced operations in 1999.
5. Bangalore International Airport Ltd. (BIAL) is a Greenfield airport to be developed in the Public-Private partnership. The BIAL shareholding pattern consists of private promoters holding 74% equity stake and the state holding the remaining 26%. The private promoters include Siemens Projects Ventures, Larsen & Toubro and Unique Zurich Airport. The two state promoters are the Karnataka State Investment and Industrial Development Corporation and the Airports Authority of India. The new Bangalore International Airport is the largest Greenfield, private sector-owned and operated airport in India. Bangalore International Airport Limited (BIAL), the owner and operator of this new airport, is a public limited company, registered under the Indian Companies Act. A private-public venture, the project is being built and will be operated by the company for the next 30 years with an option to continue for another 30 years.

Policies Regarding PPP in India

Considering the global momentum in privatisation of port facilities, India has also started following the trend, enabling a policy framework for private player participation in shipping and ports. Construction of cargo handling berths, container terminals and warehousing facilities, airport, township development, road and highways, ship repair etc facilities are some of the areas opened up for the private operators. Depending on the nature of facility/service, private operators have the options of entering into a service contract, a management contract, a concession agreement or a divestiture to operate port services. With civil aviation expected to continue its high growth in the next 5 years, traffic congestions and delays at majority of the airports is

already causing a strain on the aviation infrastructure. The development of the international airport scheduled to open next year in Bangalore is the first project to take advantage of the new law, which will be owned by a private company who will turn it over to the Karnataka state government after 60 years. Global engineering and equipment giant Siemens is helping build this facility and Switzerland's Unique Ltd is going to manage it.

Central schemes

PPP is still a nascent concept in India and the lack of expertise at the Central as well as state level can act as a major deterrent for the success of PPP projects. The highway development programme in Mexico can be cited as an example where the BOT model was implemented on the criteria of shortest concession period. This resulted in newly built roads running empty due to high toll cost and the government renegotiating the contracts to bail out the private operators claiming enormous cost over run.

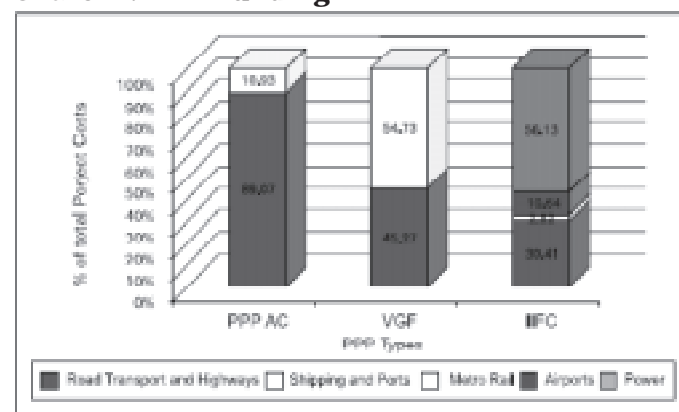
The awareness of concerns and issues relating to PPP's success and failures are not evenly spread across the different states. To promote the PPP programme on a uniform scale, all state governments and Central government departments have been advised to set up a PPP cell with a senior level officer deputed as a PPP nodal officer. Additionally, the Asian Development Bank will be providing technical assistance (TA) for overall capacity building in different states for PPP projects. The TA fund is expected to strengthen the PPP cell of the respective state governments, including hiring of consultants and training of personnel.

Two of the government's prominent initiatives for catering to the burgeoning financing gap in long-term financing of infrastructure projects in the public, private or PPP sector, include the India Infrastructure Finance Company Limited (IIFCL) and the VGF scheme. IIFCL is a wholly government-owned organisation for providing long-term finance to infrastructure projects, either directly or through refinance. Any government project awarded to a private sector company for development, financing and construction through PPP will have an overriding priority under the scheme. The VGF scheme is a special facility for supporting the financial viability of those infrastructure projects that are economically justifiable but do not seem to be commercially viable in the immediate future. The scheme provides an upfront grant assistance of up to 20 per cent of the total project cost for state or Central PPP projects.

According to the Asian Development Banks' PPP Workshop Report, 86 PPP projects totaling about Rs 340 billion were awarded till October 2006 in twelve states and three central agencies. During the same time period, 31 proposals were received under the VGF, of which twelve proposals were given in-principle approval. Most of the PPP projects (in terms of volume and revenue) included roads and bridges, followed by ports, particularly Greenfield ports.

PPP Funding Types

Chart - 1: PPP Funding



PPP AC - Includes only those projects that have been granted final approval as of August 8, 2007

Viability Gap Funding- Includes only those proposals given in-principle approval as of August 8, 2007

IIFC- Does not include pure public sector projects; central as well as state projects are included as of August 8, 2007

D&B Research

Source: Public Private Partnerships in India, Ministry of Finance.

The above bar diagram clearly indicates that the PPP funding for airport building and development is negligible as compared with other modes of transport.

1.1: Percentage distribution of total traffic handled at all twelve international Airports during the year 2005-06.

Airport	Passengers			Freight			Mail		
	Domestic	Inter-national	Total	Domestic	Inter-national	Total	Domestic	Inter-national	Total
Mumbai	63	37	100	33	67	100	72	28	100
Delhi	64	36	100	29	71	100	75	25	100
Kolkatta	83	17	100	57	43	100	94	6	100
Chennai	62	38	100	19	81	100	83	17	100
Thiruvantha-puram	24	76	100	5	95	100	100	0	100
Bangalore	85	15	100	41	59	100	100	0	100
Cochin	39	61	100	24	76	100	86	14	100
Hyderabad	75	25	100	54	46	100	100	0	100
Ahmadabad	76	24	100	79	21	100	100	0	100
Goa	76	24	100	74	26	100	100	0	100
Guwahati	99	1	100	97	3	100	100	0	100
Amritsar	16	84	100	5	95	100			

1.2: Annual – Average Traffic Handled at Mumbai Airport from the period 2001 to 2006

Year	Aircraft Movement	Passenger (Numbers)				Freight (Tonne)			Mail (Tonne)		
		Embarked	Disembarked	Total	Transit	Loaded	Unloaded	Total	Loaded	Unloaded	Total
Total	702,354	34,800,436	33,517,901	166,913,340	2720374	240575	731670	1744079	41417	8,921	77402
Average	140470.8	6960087.2	6703580	33382668	544074.8	48115	146334	348815.8	8283.4	7197	15480.4

The table shows the annual average traffic handled at Mumbai Airport from 2001-2006.

1.3: Annual –Average Traffic Handled at Delhi Airport from the period 2001 to 2006

Year	Aircraft Movement	Passenger (Numbers)				Freight (Tonne)			Mail (Tonne)		
		Embarked	Disembarked	Total	Transit	Loaded	Unloaded	Total	Loaded	Unloaded	Total
Total	558656	28,132,379	28,132,379	27,658,374	55,790,753	1,216,050	951,070	581,379	1,532,449	28,238	26,169
Average	111731.2	5626475.8	5626475.8	5531674.8	11158150.6	243210	190214	116275.8	306489.8	5647.6	5233.8

1.4 Airport-wise International Average Traffic - to & from India - at five Major International Airports from the period 2001 to 2006

Year	Five Major International Airports					Sub Total	Other International Airports *	Other Airports having Int. flights **	Total
	Mumbai	Kolkatta	Delhi	Chennai	Thiruvanthapuram				
Passenger Traffic (Nos.)									
Total	25,410,461	2,925,964	21,373,011	10,496,639	4,207,336	64,443,411	13,720,428	3,951,816	82,110,655
Average	5082092.2	585192.8	4274602.2	2099327.8	841467.2	12888682.2	2744085.6	790363.2	16422131
Freighter Traffic (Tonnes)									
Total	1,220,259	142,171	1,080,981	623,091	119,021	3,185,523	500,814	44,157	3,730,494
Average	244051.8	28434.2	216196.2	124618.2	23804.2	637104.6	100162.8	8831.4	746098.8

* Bangalore, Cochin, Hyderabad, Ahmadabad, Goa, Guwahati, Amritsar Airports ** Includes All Domestic Airports from Where International Traffic Is Carried

From the above table it is observed that International passenger traffic was highest on Mumbai Airport followed by Delhi, Chennai, Thiruvanthapuram & Kolkatta and the total reported freighter traffic was highest on Mumbai Airport, followed by Delhi, Chennai, Thiruvanthapuram & Kolkatta.

1.5 Airport-wise International Average traffic - to & from India - at five major international airports for the period 2001 to 2006

Year 2001 to 2006	Five Major International Airports					International	Sub Total Having Int. Airports*	Other Total Flights **	Other Airports
	Mumbai	Kolkatta	Delhi	Chennai	Thiruvanthapuram				
Passenger Traffic (Nos.)									
Average	31.36	3.62	26.08	12.92	5.22	79.22	16.08	4.68	100
Freighteer Traffic (Tonnes)									
Average	33.18	3.92	29.24	16.6	3.34	86.22	12.62	1.12	100

Bangalore, Cochin, Hyderabad, Ahmedabad, Goa, Guwahati, Amritsar Airports

** Includes all domestic airports from where international traffic is carried

The table shows the recorded percentage of International Traffic & freighter traffic at five major international Airports in India.

Source: India Air Transport Statistics published by DGCA, New Delhi.

Table 1.6 shows Annual Average Growth of Total Traffic Handled at Five Major International Airports from the period 2001 to 2006

Year	Mumbai	Kolkatta	Delhi	Chennai	Thiruvanthapuram	Total
Passenger Traffic (Nos.)						
Average	11.5	13.76	16.8	14.46	7.44	13.68
COMPOUND ANNUAL GROWTH RATE	12.6	14.5	17.6	15.7	8.4	14.7
Freighteer Traffic (Tonnes)						
Average	8.78	6.66	10.5	14.28	-0.96	9.76
COMPOUND ANNUAL GROWTH RATE	11.8	7.3	13.2	17.0	-1.3	12.4

During the period 2001-2006, the Average growth of passenger traffic is recorded as 14.7 % where as the average growth rate of passenger traffic on Delhi International Airport was 17.6% followed by, Chennai & Kolkatta.

During the period 2001-2006, the Average growth of freighter traffic is recorded as 12.4%. The average growth rate of freighter traffic on Chennai International Airport was 17% followed by, Delhi & Mumbai.

1.7 Annual Growth of Scheduled International Traffic to and from India from the period 2001 to 2006

Year	Operator	Passengers (No.)			% Change Over Previous Year	Freight (Tonne)			% Change Over Previous Year
		TO	From	Total		To	From	Total	
2001-02 @	Indian	1,683,962	1,772,973	3,456,935	-3.8	26,564	59,506	86,070	-3.6
	Foreign	4,146,327	4,304,511	8,450,838	-2.7	147,806	263,888	411,694	-2.1
	Total	5,830,289	6,077,484	11,907,773	-3.0	174,370	323,394	497,764	-2.4
2002-03	Indian	1,909,443	2,047,591	3,957,034	14.5	27,884	64,982	92,866	7.9
	Foreign	4,464,419	4,738,749	9,203,168	8.9	162,495	299,645	462,140	12.3
	Total	6,373,862	6,786,340	13,160,202	10.5	190,379	364,627	555,006	11.5
2003-04	Indian	2,008,535	2,248,126	4,256,661	7.6	28,489	59,598	88,087	-5.1
	Foreign	5,032,316	5,339,378	10,371,694	12.7	197,447	331,212	528,659	14.4
	Total	7,040,851	7,587,504	14,628,355	11.2	225,936	390,810	616,746	11.1
2004-05	Indian	2,404,435	2,601,488	5,005,923	17.6	33,493	67,394	100,887	14.5
	Foreign	5,957,769	6,303,223	12,260,992	18.2	249,398	389,166	638,564	20.8
	Total	8,362,204	8,904,711	17,266,915	18.0	282,891	456,560	739,451	19.9
2005-06	Indian	2,944,888	3,204,672	6,149,560	22.8	34,876	63,870	98,746	-2.1
	Foreign	6,791,643	7,224,041	14,015,684	14.3	293,867	422,266	716,132	12.1
	Total	9,736,531	10,428,713	20,165,244	16.8	328,742	486,136	814,878	10.2

The table indicate that there is a phenomenal growth in scheduled International Traffic to & from India

Suggestions & Conclusion

The airports in India are being supported mainly by the landing charges whereas in developed countries the airports are being managed on purely commercial lines. The airports in developed countries have number of distinct financially viable cost centers. Such as a terminal buildings, operational payment system (runway, taxiway) Cargo complexes, export processing Zones, duty free area, transit facilities including hotels, Business Centers including commercial areas, Air traffic control, Recreation & leisure facilities, such as Executive clubs, golf courts, Art galleries, Cinema theaters etc. It is suggested that to adopt such a policy which can make sure the proper utilization of the existing network of Airport infrastructure. And which can commit considerable funds by various commercial interests for the development of Airport.

In this regards it is further suggested that the large portion of untapped sources of non aeronautical activities such as concession in an around the terminals, rest rooms, Restaurant, Bars, Duty free and other shops, car-rent services, money changers, vending machines etc. should be exploited. Rentals for space allocated to Airlines, Tourism, & travel Agencies, Lounges etc. Should be rationalized. In fact there is an urgent need for developing the air ports on sound commercial lines. The airports of Bangalore, Hyderabad & Kochi are good examples of public – partnership & therefore it is suggested that the development Management of other Airports should be on the built – own –transfer, or built own operate concept. The airports of Mumbai & Delhi are being developed under public private partnership.

It is also suggested that, some more number of airports should be converted into international airports to avoid frequent traffic congestion at the present international airports & for having paced to accommodate increasing air traffic. Civil aviation policy should promote the development of the civil Aviation sector. The specific policy objective for each major category of activities in the Civil Aviation sector can be as follows: —

Infrastructure

1. Emergence of adequate airport infrastructure consistent with the demand for aviation services.
2. Excellent infrastructure provision at the lowest cost to aviation operators.
3. Economical and commercial viability of airport operation.
4. Setting and enforcing adequate safety standards and measures and exercising effective control on it.
5. Encouraging and facilitating the modest technology.
6. Consistency with broader economic policies.

The expansion plans of all international airports are needed on war footing as serious difficulties are being faced in air cargo handling by the trade in these airports, with steep increase in the inbound cargo during the past few years.

Today even though the Asian region accounts for about 26% of the total air traffic in terms of passengers carried, this may increase to about 32-35% by the year 2010. The airlines' growth in Asia-Pacific Region is accepted to be 8.5% annually. In order of this, it would double the traffic by turn of the century in terms of Revenue passenger Kilometers (RPK) by 2010, which is increasing world wide from 1.2 billion in 1991 to 2.8 billion in 2010, Asia and the Pacific region is expected to have the highest growth rate of 8 – 8.5 % upto the year 2000 and 7.5 % upto 2010. Asia Pacific region will be sharing almost 32% of worlds passenger traffic coupled with this the fact that Asian region to trying to develop in an integrated manner with travel and tourism industry and also opening many tourist destinations with all these developments and emphasis on closed regional cooperation and broad global interdependence, the aviation sector in India must plunged into establishing its lead in the region. It is estimated that Asia – Pacific region will be only next to the North American continent in terms of revenue passenger Kilometers (RPK) carried with about one third total demand of 11,000 aircraft by 2010 costing about US \$ 250 billion. The region is likely to spend US\$ 10.2 Billion annually till 2000 AD and will be logging 2 trillion. Revenue Passenger Kilometers about 31% of worlds total. In order to derive maximum benefit of such high growth, India needs an integrated approach to aviation development and close cooperation with other countries to face this challenge. The economic benefits and employment potential by the Travel and Transport Industry will surpass the benefits; any other industry has given so far to India. The era of fragmented development in aviation as has happened in the past must be discarded and new approach to aviation planning should be made in an integrated manner.

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OBITUARY



Mr A V Ramana Rao, (M/ 1854)
Past President - ICWAI - 1981-
82, passed away on 4th August,
2009, at Delhi.



Mr. D.K. Visariya (M/4130)
Fellow member of our Institute
and Practicing Cost Accountant
has expired on 20th July 2009.

May their soul rest in eternal peace.

Bring Value To Your Investments !

Ashish Pai, AICWA, Member ship No. M/25789

Whether the market is bullish or bearish, the common dilemma investors face is what to buy or sell. For that he wants to know value the stock that he is going to buy, sell or hold. Value investing, or buying stocks that trade far below their intrinsic value. The value of the stock may be current value or future value. Investors buy stocks that are more valuable than their market price and sell stocks that have lower value than the market price. The million dollar (or rupees!) question is how to value the stock. From the time the concept of stock market originated, many experts such as Benjamin Graham, David L Dodd have researched on this subject to arrive at techniques to value the stock. Valuation is a subjective concept and it differs from person to person. Just like a person may find value in owning gold whereas another person may find value in owning a car, similarly different people will have different perception of value in the same stock.

During market frenzy, stocks are valued at astronomical valuation. We had seen this during Technology boom, Commodities boom, real estate boom etc. Prices of stocks peak during the boom phase and crash once sentiment changes, leaving the investors in the lurch. Such situations can be avoided by knowing how to value a stock? There are different methods to value stocks. Let us understand some of the commonly used methods.

Price earnings ratio (P/E ratio) : It is one of the most used ratio to value stocks. It is arrived at by dividing Market price with Earnings per share (EPS). A high P/E suggests that investors expect higher earnings growth in the future as compared to the companies with a lower P/E. It's usually more useful to compare the P/E ratios of one company to other companies in the same industry or against the company's own historical P/E. The P/E is sometimes referred to as the "price multiple", because it shows how much investors are willing to pay per rupee of earnings. If a company were currently trading at a multiple (P/E) of 10, the interpretation is that an investor is willing to pay Rs. 10 for Re.1 of current earnings.

Investors may avoid basing a decision with the P/E measure alone. The denominator i.e. earnings is based on an accounting measure of earnings, making the quality of the P/E only as good as the quality of the underlying earnings number. During the last boom in the market, some of the real estate companies were having a P/E ratio of 50 to 70. Such a high P/E is a clear indication of the irrational exuberance in the market.

Price to Book value (P/BV ratio) : Book value is arrived at by dividing equity shareholder's funds by number of shares issued. In P/BV method, the stock is valued as a multiple of book value. For example, the price of a stock say 'X' is Rs. 100 and the book value is Rs. 50. Then the stock is valued at twice its book value. Higher the price to book value multiple, higher is the valuation of the stock. Stocks in the high growth sectors such as Telecommunication, FMCG, etc. have a higher Price to book value ratio as compared to traditional sectors such as Banking, Commodities, etc. It can be used as basis to compare stocks that have a matured business model.

Market capitalization to sales ratio : The ratio is calculated by dividing market capitalisation of a company by its annual sales. As a rule of thumb, a lower ratio indicates undervaluation and vice versa. However, higher ratio is not always an indication of overvaluation. Investors should also look at the rate at which net sales is growing. Thus, if the growth is exceptionally higher and likely to sustain in future as well, investors can consider investing in stocks with high market capitalisation to sales ratio. This is mostly used to value stocks that are having low earnings but high volumes.

Discounted cash flow method : This is a complicated method to value stocks which may not be easy for common investors. It is mostly used by the analyst. However it is being mentioned so that it is known to investors. DCF takes into consideration the future cash flows arising to the company and also the time value of money. The expected cash flows are calculated for a particular time interval. These cash flows are discounted to the present at the cost of capital of the company. The discounted cash flows are divided by the total number of outstanding shares to get the intrinsic worth per share. In case the market price is below the intrinsic worth, then the stock offers value at current price. In vice versa situation, the stock is not valuable.

Sum of parts valuation : This is mostly done for stocks which have multiple business. In this method each business is valued separately, based on any of the valuation methods and then the sum of all business is taken to value the stock. Prime example of this is ICICI Bank, which is not only in banking but has life insurance, general insurance, asset management, securities, venture capital business.

Valuing the market: Just as you value a stock individually, you can value the market as a whole. This can be done based on Price earnings multiple, Price to book value multiple, Price to sales ratio etc. By valuing the market thus, you can find out whether a particular market is relatively undervalued, overvalued or rightly valued.

Valuation and market : In a dynamic environment where investors try to value stocks, market move randomly at its own pace. It may be noted that valuation is never a constant. Market moves based on sentiments, general economic conditions, liquidity conditions, govt. Policy etc. Another aspect to be remembered is that valuation may not indicate the right trend. The stock prices are affected by lot of factors, external as well as internal to the company. The external factors that are important is GDP growth of not only the country but other world economies, interest rate, inflation, demographic changes, government policy, liquidity conditions, etc. The internal factors are productivity, cost efficiency, product innovation, de-risking of business etc.

Investors should look beyond greed and fear and do value investing. Before taking the decision to buy, sell or hold any stock, do find out if there is value in the stock. By doing so you will be able to optimise your portfolio investment and plan your entry or exit from a stock. You too can be one of those who have made fortunes using a value-based approach to investing.

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Register by sending email to mohanbhave@gmail.com / admin@icwai-wirc.org Or SMS to 9004043365

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CHAPTER NEWS

AHMEDANAD

Office Bearers for 2009-10

Mr. H.C. Shah	<i>Chairman</i>
Mr. N.A. Shah	<i>Vice Chairman</i>
Mr. P.H. Desai	....	<i>Secretary</i>
Mr. V.H. Savalia	....	<i>Treasurer</i>

AURANGABAD

Office Bearers for 2009-10

Mr. S.H. Mundade	....	<i>Chairman</i>
Mr. R.D.Khandalkar	....	<i>Vice Chairman</i>
Mr. H.B. Shah	....	<i>Secretary</i>
Mr. P.P. Mohani	....	<i>Treasurer</i>

Aurangabad Chapter of Cost & Works Accountants [ACCA] inaugurated its December 2009 session for the ICWAI foundation, Intermediate and Final oral coaching classes on 8th July 2009 in a function organized at Hotel Atithi.

The inauguration was followed by a small seminar on "Budget 2009 Highlights"

ACCA has completed 20 years of existence and it was opening of 14th session of the courses. ACCA is one of the leading Chapter of ICWAI and has secured 'BEST CHAPTER' award consecutively for three years.

Programme was co-ordinated by Miss Aboli Pathak and Mr. S R Pimpale. Guests were introduced by Mr. R D Khandalkar

Initially Mr. A R Joshi presented the achievements of Training activities of Chapter. Chief Guest for the function was Mr. Sanjay Bhargave, eminent Practicing Cost Accountant and Central Council member of ICWAI. Two other guests of Honor were Dr. M A Lokhande (HOD, Commerce Dept, BAMU) and Prof. Shrinivas Dhoot (Senior Faculty, Commerce) Programme was widely attended by the new students of Chapter, Members of Chapter and the other professionals etc.

Mr. Sanjay Bhargave, Chief Guest spoke about the importance/relevance of the Course and the opportunities to passing students. ICWAI has recently revised the course to match the requirements of IES and hence the course is meeting the world standards. ICWAI has entered into the MOU with reputed international organizations of Cost and Management Accountants viz. CIMA (UK), IMA (US), Shrilanka. As such, the members get an opportunity to have membership of these institutes and practice abroad. He also guided, motivated the students to be consistent in their studies and attending the classes. Mr. Bhargave also reminded the students the efforts taken by ACCA and its success. He appealed them to exploit maximum advantage of this to succeed.

Another Guest Dr. Lokande appreciated the consistency

of ACCA, efforts taken by the members. He guided the students to pursue the course with full vigor and enthusiasm and further increase the height of success of ACCA.

Prof. Shrinivas Dhoot veteran educationalist of Commerce faculty and writer of commerce books thrown light on the study techniques and also motivated the students.

Merit Rank Holder Students from Aurangabad Chapter (ICWAI Final Dec- 08 Exam) namely – Ms. Manisha Manal, Ms. Prachi Pohre, Ms. Shital Totala, Mr Bhushan Mantri & Mr. Sachin Digraskar felicitated by the auspicious hands of Chief Guest,

Programme was followed by a session on "BUDGET HIGHLIGHTS"

Power point presentations on the various sections of budget were made by:

- Mr. M. R. Pandit – Economic Survey and Memorandum by ICWAI to FM.
- Mr. Nitin Sharma- Direct Taxation
- Mr. Rajesh Shukla - GST
- Mr. Sanjay Bhargave – Central Excise & Service Tax

Mr. Sanjay Mundade Chairman, ACCA, spoke about the special initiatives by the Chapter for personality development, improvement of presentation techniques for the students. A HELPBOOK [Dictionary of about 1000 useful words and abbreviations] was also published at the occasion for the use of students.

Programme came to end with vote of thanks by Mr.Khandalkar.

Mr. L.G.Toshniwal, Mr. G.R. Kulkarni, Mr. Akash Choudhary, Mr. M.A.Avad, Mr. Heman Ghiya, Mr. R.S.Deshmukh, Mr. Mangesh Joshi, Mr. Sunil Maniyar, Mr. Amit Talreja, Ms. Aditi Mandlik, Mr. Rajendra Padole etc members of the Chapter & lot of students and their parents attended the Programme

KALYAN AMBERNATH

Chapter arranged the inauguration function of 54th batch of its oral coaching classes on 5th July 2009 at the hands of Dr. L. Natarajan, Principal R.K. Talreja College of Arts, Science and Commerce, Ulhasnagar. Mr. G.B. Shamnani, Chairman of the Chapter welcomed the students and introduced Chief guests. In his inaugural address, Dr. Natarajan said that Cost and Management Accountants have to play important role in recovery of Indian and Global Economy. On this occasion staff members of the Chapter Mr. Shamsheer Chand, Mr. Ravi Rohra, Mr. Omprakash Dalwani were honoured by the Chief guest for their valuable services to the students of the Chapter.

Programme was anchored by Mr. Raju Chhatpar, Executive Secretary of the Chapter. The programme was attended by Mr. G.U. Keswani, Treasurer of the Chapter, Mr. M.R. Dudani and many students. Mr. S.G. Narasimhan, Vice Chairman (Prof. Development) of the Chapter presented vote of thanks.

* * *

Chapter organized 15 days Modular Training Programme from 19th July to 2nd August 2009. On 19th July, Inauguration of Training was done at the hands of Sai Assandas Udasin, Chief Trustee of Baba Sai High School, Ulhasnagar. 35 students of Final attended the training. On 2nd August Valedictory function was arranged and Certificates were issued at the hands of Mr. M.R. Dudani, Vice Chairman (Admn) of the Chapter. Mr. Raju Chhatpar, Executive Secretary of the Chapter proposed vote of thanks.

PUNE

Pune Chapter of Cost Accountants – Solapur Unit

PCCA- SOLAPUR UNIT organized seminar on “ICWA COURSE Career” on 30.05.2009 at 6.00 p.m. at IMA Hall, Solapur.

Initially, Mr. N. D. Dontul, Chairman of Solapur Unit, PCCI welcomed the guest and the speakers

Seminar is inaugurated by lighting the lamps by Mr. N. K. Nimkar, Chairman of PCCI, Pune.

Mr. N. K. Nimkar explained about ICWA Course i.e. Foundation, Intermediate, Final and explained its scope in various industries and practice in the field of Costing, Direct Taxes and Indirect Taxes. He also explained about details of CAT course.

Mrs. Dhekhane, New India Insurance Co. Ltd., explained role of Cost Accountants in General Insurance companies i.e. loss assessor, surveyors and approved valuer etc.

Mr. Kiran Desphande, Development Office, LIC of India explained the role of Cost Accountants in Life Insurance field.

Mr. Murli Iyengar, Cost Accountant, conveyed vote of thanks and

Mr. R.V.Kshirsagar, Cost Accountant, anchored the function.

The said seminar was attended by students and parents.

Inauguration of Pune Chapter's Oral Coaching Classes

The inaugural function of Oral Coaching classes for July to Dec. 2009 was organized at various centers of Pune Chapter on 2nd July 2009.

The Classes were inaugurated by :

Mr. Pramod Dube - Chairman PCCA, at Laxminagar (Inter)

Mr. C.S. Adawadkar - Hon. Secretary at Laxminagar (Inter)

Mr. Harshad Deshpande - Treasurer at Rajgurunagar (Foundation)

Mr. N.K Nimkar - Past Chairman of PCCA and member of the Managing Committee at Laxminagar (Final)

Mr. Neeraj Joshi - Chairman Professional Development Committee. PCCA, at Ram Krishna More Mahavidyalaya - Akurdi (Foundation)

Mr. Madhuvanti Sathe - Vice Chairman - PCCA, at Garware College (Inter)

Mr. B.R Fernandes - Advisor - PCCA, at Ness Wadia College (Foundation and Inter)

Mr. S. R. Bhargave - CCM - ICWAI, at Ram Krishna More Mahavidyalaya - Akurdi (Inter) and

Mr. D. V. Patwardhan - Hon. Director PCCA, at Laxminagar Pune (Foundation).

Pune Chapter has received highest ever admissions for July to December . semester for Oral Coaching. This is due to the tireless efforts put in by all the members of the present and past Managing Committee and Staff of the Chapter

Budget Seminar on Changes in Direct and Indirect Taxes

The Union Budget 2009 - 10 was presented in the Loksabha on 6th July 2009

Immediately on 9th July and 10th July Pune Chapter of Cost Accountants organized half day seminars at Pune and Pimpri respectively.

Mr. R. Sekar Commissioner of Customs and Service Tax Pune was the Chief Guest for the Seminar at Pune and Mr. V. S. Datey , eminent personality in Indirect Taxes was the Chief Guest at Pimpri Seminar.

Mr. Pramod Dube - Chairman Pune Chapter welcomed the Chief Guests, faculties and the participants. Mr. Neeraj Joshi - Chairman Professional Development Committee of PCCA introduced the Chief Guests. The programme started with tradition of lighting of lamp at the hands of Chief Guests and other dignitaries. Mr. Dube - Chairman - PCCA felicitated all the dignitaries by offering them bouquets.

Mr. Dhnanjay Joshi, Past President of ICWAI, delivered Key Note Address. Analysing the main features of the Budget, he highlighted the impact of Deficit Financing. Budgetary gap, he observed is always met by borrowing. The level of borrowing as indicated in the budget shows increase of 245% as compared to earlier year. Revenue deficit has risen to 400% These indicators reveal how the economy is going to take shape in future. He further observed this is a Debt Trap situation .He explained how we are moving away from FRBM objective. He appreciated the stand of the Government on

disinvestments in Government Enterprises, changes in the base on Fertiliser Subsidy by moving to nutrient value structure proposed reforms in direct taxes etc. He concluded his speech by saying that the budget does not indicate any steps for reducing the alarming level of Government Expenditure.

Mr. R. Sekar Commissioner of Customs and Services Tax Pune, in his speech observed that while framing a budget the political realities cannot be ignored and further remarked that Finance Minister has taken high risk- a calculated one in moving the economy from recessionary trends. He commented that the Govt. had no option but to keep growth rate for Indirect Taxes merely at 2% as against 18% for the previous year. He observed that the various steps the Govt has taken to improve the economy is giving + ve signals on many fronts. He briefly reviewed the various budget proposals and concluded by saying that Taxes is not a major issue in the budget.

Mr. V. S. Datey - senior member of the Institute and author of many books on Indirect Taxes referred to the proposed introduction of GST by 2010 and the likely consequences of this on the total indirect Tax system. He reviewed the various provisions in the budget on indirect taxes and import export customs tariffs

For both seminars, the Technical sessions were taken by. Mr. C.V Chitale - Practicing C.A and eminent Tax Practitioner from Pune and Mr. S.R. Bhargave, CCM. Mr. Chitale referred to the direct Tax Code as one of the Tax reforms the Govt. proposes to introduce. He covered in his speech various provisions in the budget on Wealth Tax, Fringe Benefit Tax, Advance Tax Payment etc.

Mr. S.R Bhargave - CCM, referred to the various proposals pertaining to Service Tax, Cenvat credit in the budget. He dealt at length with the proposed new services to be covered under the Service tax net and the implication of the same.

The seminars ended with questions from the audience and answers to same by the speakers.

The response to both seminars was overwhelming. Practicing and other members of the Institute and representatives from the Corporate sectors attended the seminar in large numbers.

Mr. C.S. Adawadkar , Secretary - PCCA and Mr. Aralikatti, Chairman Research and Project Committee - PCCA, gave a vote of thanks

Comparing of both the seminars was done by. Mr. Harshad Deshpande, Treasurer - PCCA.

Faculty Meeting

Pune Chapter of Cost Accountants organized a meeting of Faculties of Coaching Classes on 26th July 2009 at 6.30 p.m. at Pune.

The meeting was presided over by Mr. S R Bhargave, CCM, and chaired by Mr. Amit Apte Secretary— WIRC, Mr. Pramod Dube Chairman of Pune Chapter, Mr. N K Nimkar Past Chairman of Pune Chapter and Mr. D V Patwardhan Hon. Director of Pune Chapter.

All the Faculties from various Coaching Centers of PCCA were present and other members of Managing Committee of PCCA were present on this occasion.

Mr. Pramod Dube, Chairman PCCA, welcomed all the faculties.

He felicitated Mr. S. R. Bhargave, CCM and Mr. Amit Apte, Hon. Secretary, WIRC by offering them bouquets.

Faculty Members and others present introduced themselves.

Mr. Pramod Dube, Chairman PCCA, took overview of the coaching activities of the Chapter. He referred to the number of latest enrollments for current session and observed that this is the highest ever admissions the Chapter had in one session .He observed that this was possible due to the tireless efforts the faculties had taken during Coaching.

Mr. Pramod Dube-Chairman PCCA felicitated Prof. Gijare our Faculty in Commercial & Ind. Law, for his sponsoring prizes to first three students securing highest marks in the subject during the year.

Mr. D. V. Patwardhan—Hon. Director of Pune Chapter informed that the Chapter proposes to introduce Online Banking Facility for effecting payment of Faculty Remuneration.

The faculty members present expressed their views on various topics like attendance of students, exhaustive syllabus, errors in the study material supplied by the Institute, library facility for outstation students etc.

Mr. S R Bhargave, CCM and Mr. Amit Apte, Secretary WIRC covered in their speech all the issues raised by the faculties.

Mr. N. K. Nimkar-member of Managing Committee of PCCA & past Chairman PCCA, gave a vote of thanks.

SURAT SOUTH GUJRAT

On 25th July, 2009, a Study Circle Meeting on LLP was organized by the Chapter, where Mr. Kenish Mehta, Cost Accountant gave an overview of LLP Act-2008 and various rules and regulations.

The programme was well attended by around 20 members and 15 students; Mr. Manubhai K. Desai Vice Chairman WIRC also expressed his views on LLP and opportunities for Cost Accountants. Mr. Nishant Kapadia proposed formal vote of thanks.Mr. R.V.Kshirsagar, Cost Accountant, has anchored the function.

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Mr. R. Sekar, Commissioner of Customs & Service Tax, Pune inaugurating the Seminar on Budget held at Pune Chapter on 9th July 2009. Also seen Mr. Harshad Deshpande, Treasurer of Pune Chapter; Mr. Neeraj Joshi, P D Committee Chairman of Pune Chapter; Mr. V S Datey, Cost Accountant & Author of Indirect Taxes, Mr. Chandrashekhar Chitale, Practicing Chartered Accountant, Mr. S R Bhargave, CCM - ICWAI, Mr. Dhananjay Joshi, Past President of ICWAI, Mr. Amit Apte, Hon. Secretary, WIRC of ICWAI and Mr. Pramod Dube, Chairman of Pune Chapter.

Mr. V S Datey, Cost Accountant & Author of many books on Indirect Taxes inaugurating the Budget Seminar at Pune. Also seen Mr. Neeraj Joshi, P D Committee Chairman of Pune Chapter; Mr. Harshad Deshpande, Treasurer of Pune Chapter; Mr. Pramod Dube, Chairman of Pune Chapter; Mr. Chandrashekhar Chitale, Practicing Chartered Accountant, Mr. Dhananjay Joshi, Past President of ICWAI, Mr. S R Bhargave, CCM - ICWAI, Mr. Amit Apte, Hon. Secretary, WIRC of ICWAI.



Mr. N K Nimkar, Chairman of Pune Chapter explaining about ICWA and CAT Course in the Seminar on 'ICWA Course Career' held on 30th May 2009 at Solapur. Also seen in the picture (from L to R): Mr. N. D. Dontul, Chairman of Solapur Unit, PCCA, Mr. Kiran Deshpande, Development Office, LIC of India and Mrs. Dhekhane, New India Insurance Co. Ltd.

Chief Guest Mr. S.R. Bhargave guiding the students during inauguration of Oral Coaching Classes of Aurangabad Chapter on 8th July 2009. Also seen Mr. S.B. Mundade, Mr. A. R. Joshi, Dr. M.A. Lokhande, Prof. S.B. Dhoot & Mr. M.R. Pandit.



Publication of Help Book for Foundation Course Students: Mr. S.B. Mundade, Dr. M.A. Lokhande, Mr. A. R. Joshi, Mr. S.R. Bhargave, Prof. S.B. Dhoot & Mr. M.R. Pandit at Aurangabad Chapter.

Mr. Sanat Kumar Joshi, Secretary Raipur Chapter during inauguration of the New batch of Oral Coaching classes on 6th July 2009. Also seen Mr. Ratan Khatwani Managing Committee member of Chapter; Mr. Arindam Goswami, Treasurer of the Chapter; Mr. Samir Rakshit, Chairman of the Chapter; Mr. R.C. Chandak, Managing Committee member of the Chapter; Mr. Achyutanand Mishra, & Mr. Gopi Gupta, members of the Chapter.



Mr. Raju Chhaptar, Executive Secretary of Kalyan Ambernath Chapter interacting with students during inaugural function of Oral Coaching classes on 5th July 2009. Also seen Mr. D.M. Bathija, Managing Committee Member of the Chapter; Mr. G.B. Shamnani, Chairman of the Chapter; Dr. (Mrs.) L.Natarajan, Chief Guest of the programme, Mr. M.R. Dudani, Vice Chairman (Admn) of the Chapter; Mr. S.G. Narasimhan, Vice Chairman (Professional Development) of the Chapter and Mr. B.U. Keswani, Treasurer of Chapter.



New Office Bearers of WIRC for the term 2009-10. Standing Mr. B.M. Sharma Vice President of ICWAI, Mr. V.C. Kothari, CCM, Mr. A.G. Dalwadi, CCM and Mr. S.R. Bhargave, CCM. Sitting: Mr. G.R. Paliwal, RCM, Mr. P.V. Wandrekar, Hon. Secretary WIRC, Mr. Manubhai Desai, Chairman of WIRC, Mr. Amit Apte, Vice Chairman WIRC and Mr. Dinesh Birla, Treasurer WIRC.



Happy Moments Mr. S.R. Bhargave, CCM - ICWAI greeting Mr. Manubhai Desai, Newly elected Chairman of WIRC.



Council Meeting in Progress under the Chairmanship of Mr. Manubhai Desai.



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