



WIRC BULLETIN

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For Members only

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Communique from Chairman



Dear Professional Colleagues,

It gives me immense pleasure to have dialog with you. As usual April month remained eventful. Members in large numbers attended meeting to discuss recommendations made by Expert Group. Our President Mr. Kunal Banerjee addressed the WIRC members in Mumbai on the recommendations of the Experts

group on 18th April 2009. It is felt that looking at the India's biggest corporate scam that happened in highly competitive IT Industry, evasion of thousands of crores of rupees payable to Government by some Telecom companies, cartelization, exploitation by Construction Industry, malpractices followed by business houses, it is high time and need for introduction of Cost Accounting Record Rules as well as Cost Audit across the entire industry. The Audit can also help the Government in protecting the consumer. Expert Group recommendations to extend scope of CARR and Cost Audit to various fields like education, healthcare, banking insurance, financial services, transportation, information technology, public utilities and essential services like electricity, water supply, transport, etc. are really going to bring some discipline in the working of these organizations, block revenue leakages and benefit society.

ICWAI has signed Memorandum of Understanding with IMA USA to enable mutual co-operation of the two Institutes to develop the profession of Cost Accountancy. It is a welcome measure and will help our members to grab more opportunities internationally.

I would like to congratulate CCM Sanjay Bhargave and Council for entering into MOU with IGNOU, which has developed special courses exclusively for ICWAI members and students. This MOU enables ICWAI members and students to get B.Com and M.Com Degrees with fabulous exemptions.

As you are aware the Cost and Works Accountants Act, 1959 was passed by the Parliament on 19th May 1959 and we are completing 50 years of the enactment of the Act on 19th May, 2009. WIRC has taken lead in commemorating this event and His Highness, Bharatratna, Dr. A.P.J. Abdul Kalam, in the beginning of this year blessed the Profession and Institute in the words "Work with Integrity and Succeed with Integrity". He also advised us to have Motto of ICWAI - "Promote Profit with Integrity". Looking at the events in this Golden Jubilee Year, I would certainly say that the present council

is following the golden advise of Dr. A.P.J. Abdul Kalam. A programme has been arranged at Kolkata on 19th May, 2009 to celebrate the Golden Jubilee of the CWA Act, 1959. Let us participate in it and move one step ahead towards success with integrity.

Our Institute has introduced a Certificate Course in Accounting Technicians (CAT). The course is approved by MCA and is very good for the students in Rural Area and for students in Lower Income Group. Being approved by MCA, Government of India, it will carry lot of weight and help needy students in getting employment in Small & Medium Enterprises, Panchayat Raj Accounting, Retail Sector, BPO and KPO sector and Industry Houses.

Recently 'ICWAI National Award for Excellence in Cost Management' function was held in Delhi. Somehow, it is felt that the more participation in the competition is required. We should promote and propagate such activities among Industry. Ultimately it will help in enhancing the brand image of the Institute and enlarge the scope of our profession. I appeal to all members to extend full co-operation in promoting various activities of our Institute.

WIRC arranged a function to felicitate the successful students on 9th May 2009 at Mumbai. We experienced the overwhelming response from students. I congratulate my colleagues Mr. P. V. Wandrekar, Mr. Amit Apte, Mrs. Aruna Soman, staff of WIRC for their untiring efforts to make this programme a memorable event. I also congratulate the successful students and wish them a bright future.

WIRC has taken initiative in conducting interactive discussions on draft Cost Accounting Standards. During April, there was a CEP program to discuss CAS 11 & 12. I thank Mr. M. B. Ashtamker for agreeing to be the facilitator for the discussions. I also congratulate Nashik Chapter, Aurangabad Chapter, Surat Chapter, Kalyan - Ambarnath Chapter for organizing the professional development activities. I appeal to other Chapters in the Region to become more proactive and organize various Professional Development Activities.

In the previous WIRC Bulletin, we requested Chapters and members to send their comments on Expert Group Report. However, I observe that the response is not adequate. Except Kolhapur Chapter, other chapters are yet to arrange discussion meetings and send their suggestions on EG report. I once again request all of you to kindly send your comments on EG Report for compilation and sending it to MCA, since it is very crucial in the present economic scenario.

With Warm Regards,

Ashok B. Nawal

Bio-data – A Door Opener for Interview Opportunities

(with A to Z DON'Ts)

Article written by CWA, CA, CS, **Rammohan N. Bhave**
with 28 years industrial experience India and overseas

I found a marked difference in CVs of CWAs and B-School MBAs. After some 10000 + interviews taken in career and certainly 3000 plus people selected and 300 plus lectures delivered on this subject, I wish to impart this especially for young professionals looking for industry job in India. Variations for foreign jobs, retainerships, Govt jobs, etc will be covered in future articles.

Would be grateful to receive comments on mohanbhav@gmail.com or orkut profile Rammohan Bhav. This article is made short. Those who want expanded detailed version write email to mohanbhav@gmail.com or scrap to orkut profile Rammohan Bhav

1. Title - Bio-data words - most simple and suitable. One makes errors in spellings of curriculum-vitae. Writing name itself has again gone out of fashion.
2. Sequence - 1. Name, 2 Cell, 3. email, 4. Education, 5. I.T. Literacy & extra courses, 6. Experience, 7. Achievements, 8. Hobbies, 9. Personal Details
3. End – Left with Date and right with name in bracket to sign above it. With I.T. Revolution writing place has become outdated concept.
4. No. of pages – After long thoughts I have derived following formula. A professional fresher's CV should be one and half to two and half pages say average 2 pages. Subsequently, add half a page for each 2 years (or part of it) experience, add half a page. The maximum pages will be 6. Thus by above formula, number of pages will not increase after 16 years experience. Also note that one should constantly replace latest in place of old data even after 16 years.
5. Before I proceed, it is needed to write DON'Ts or DO NOTs

IT HAS BECOME HABIT TO WRITE THESE THINGS TO INCREASE LINES AND PAGES.

BUT ONE SHOULD NOTE THAT THEY DO NOT HAVE VALUE ADDs AND RATHER MAKE READER WARY AND GIVE A FEEL OF TIME-WASTE.

SO DON'Ts

- a. Father's name – outdated and irrelevant from professional perspective
- b. Mother's name – same as above (pl. do not be emotional)
- c. Last sentence "I confirm that above information is true and correct etc etc etc" Not needed at all. One is not writing a legal statement. And in any case one is legally bound.
- d. Decimal points in marks – not needed
- e. Outdated achievements e.g. prize in essay competition during 3rd standard
- f. Gender
- g. Nationality
- h. Languages known (unless one knows any foreign language)
- i. Marital status
- j. Present Or expected CTC
- k. Drop everything which one cannot speak about
- l. Scanned photo – this was in fashion during I.T. Boom, now outdated

for Indian jobs

- m. Passport no and validity date not needed – nowadays in global scenario, one must have it. If one does not, pl. apply immediately (overseas jobs, mention "hold valid passport")
- n. DD, MM, YYYY not needed. Only MM, YYYY is enough. Do not write 13th Oct 2006 to 27th Dec 2007 mention "Oct 2006 to Dec 2007"
- o. Covering letter – with emailed CVs gone out of fashion. If something very very specific to be highlighted which is your special USP, then exceptionally covering letter may be useful to serve some purpose. So 99.99% cases NO
- p. Words like "JUST" showing casualness, 'no' "not" showing negativity.
- q. Pursuing a course – does not add value, unless at least some prelim or entry or first level or first group is completed.
- r. Strengths – do not write. But rather state them indirectly by examples of experience or achievements in CV.
- s. Weaknesses – Interviewer will find any way some of them. But you should be able to show cool, humble and improving mode likes for same.
- t. References – write them only if very very strong. Or else leave them for giving in interview when asked for or while filling company's standard form which is normally green. But carry with you for interview.
- u. Height
- v. Weight
- w. Chest
- x. Colour of eyes, hairs
- y. Skin colour
- z. Last but not the least,
 - a. drop everything on which you cannot speak on – word, line, sentence whatever,
 - b. Drop everything on which speaking in interview will go against you,
 - c. Drop everything, speaking on which will appear a time-waste for interviewer

THEN WHAT IS MOST IMPORTANT PART OF CV,
WHICH SHOULD BE FOCUSED FOR CONTENTS

- A. EXPERIENCE
- B. ACHIEVEMENTS
- C. EDUCATION - DEGREE AND ABOVE

HOW TO WRITE EXPERIENCE

HERE IS A SCIENCE CREATED & TESTED WITH SOME RANK-HOLDERS

- a) First make or convert all points into bullet points, with sub-titles. (it means – NO FULL SENTENCES, Starts with verbs like completed, e.g. Cost Audit - done for sugar company etc)
- b) Put yourself in interviewers shoes and think

- c) Rank all points in order of importance from interviewers eyes
- d) Ruthlessly drop point no 11 onwards (for a fresher)
- e) Out of first 10 point put them in sequence 1 to 10. (Rethink if required)
- f) For first 3 points make 3 sub-points each say a, b, c
- g) Then imagine that you are asked a question on any of the 10 points plus $3*3=9$ sub-points i.e. total 19. So prepare 3 sentences on each of them. No sentence should exceed 10 words each. Thus you will have $19*3$ (57) sentences written with you. Literally memorise them. Wherever you cannot write, pl. consider removing those points or else go back to those scenarios and recap back knowledge by studying or interacting.
- g) Print and compare your old and new CV. You will find amazing results. Some of my ORKUT community youngsters (I call them bachchalog) have done it with me in personal meeting. Email your feedback by doing this.

HOW TO WRITE HOBBIES

Another science created out of experience below.

Hobbies can be classified in 4 types

- A) Having professional synergy- like internet, reading professional books, magazines, journals, chess, traveling (shows exposure).
If you have these hobbies it is best. But go prepared to prove them with some examples.
- B) Physical/mental strength-peace related - e.g. of course my pet squash, Tennis, badminton, Cricket, football, swim, gym, long walks
These show that you have hard working capacity and fitness. State them if you have and have been practising during last one year
Mental stress related - yoga, meditation, art of living, singing, dancing (more for girls), cooking.
- C) Social nature hobbies – NGO participation, Rotary, Lions, CRY, Blood donations, Animal anti-cruelty, handicapped children help etc
- D) Some examples of hobbies not worth stating (out of my experiences in taking interviews) - reading comics, watching movies, chatting, playing carom, housie stated in hobbies — better avoid.
Maximum hobbies to state 3 to 4.

One from A, B, C each is all-round personality – marketing, HR, Business development positions prefer this.

Two from A and one from B is career oriented personality – Finance, strategy, Operations, costing prefer this.

SOME TIT-BITS & LIVE EXP. TIPS. SOME FAQs

1. Address can go at end
2. Mention % only if they are good. If not, put marks in subjects where they are best for CWAs 55% & above
3. Stating achievements is a must
4. Put table for education, if it is on fast track. If it is on slow track then put descriptive and bullet points
5. At least put blue or brown/red colour for few words to highlight and be best at that points
6. Better to write computer skills than computer proficiency - (computer is such a vast field, nobody can be really proficient. so better be humble)
7. Do not write tally 5.4 - you must know latest version also. SO write just tally, but be conversant with latest version by studying from tally website
8. Do not make box and table for whole CV

9. In the end, put personal details which should include address & birth-date, age (and family background, if strong). Begin with name, cell and email only as stated before
10. Inter, foundation, FY, SY Commerce - generally not needed unless you are topper or so.
11. Have simple name based email id. Don't use collegian id for professional purposes. e.g. manisha_cutiepie@yahoo.com OR coolme_deepak@rediffmail.com. Do not use such ids for professional purpose.
12. Long career objectives with nothing special (and can be copied by anybody is meaningless to put) Better do not put any career objective.
13. If at all put career objective, from which your specialities and USP or differentiators can be identified. Otherwise DO NOT PUT.
14. Any sentence anywhere in CV more than 10 words, just break it or shorten it.
15. For a CWA CV mention of "key areas" stated as "costing, management accounting" not needed. It is too generic.
16. NO DATES exact.
17. Should you mention college name or university name - mention only that which has higher brand value.
18. The date at the bottom of CV should always be latest one. For that purpose use commands in "word" insert date & time" and "update automatically"
19. Whether family background should be mentioned - generally NO. Exceptionally "yes" if it is educationally or industrial position-wise is very strong.
20. Put cell no. as +91 9989056789 & landline no as +91 22 24041129. Prefix of +91 shows your understanding of global nature, so put it that way.
21. "Passed Senior Secondary Examination (Commerce with Maths) from C.B.S.E (2001)." Such Sentences make NO meaning. It should be part of education table. Even if it is bullet point make it as "S.S.C - CBSE - 2001" The remaining words are redundant.
22. Stated in CV - "won many prizes in public speaking" is stated as achievement. When interviewer asked question which subject you spoke on and in which year. It was in school in 8th std on a subject of about water drainage system in amaravati. Suggestion - do not write such achievements. Better drop them. Anything which is more than 5-7 years old is almost irrelevant nowadays.
23. Stated in one CV – "DESIRES: TO WORK HARD AND DEVELOP PROFESSIONAL EXCELLENCE."
This is not needed, simply drop it.
24. Stated in CV – "I am currently working with a Practicing Cost Accountant and have handled following work:"
This is waste of space. Simply put title or sub-title "work profile"
25. Check how many times the word "I" appears in CV. Simply drop it. No need to have full sentences at all. e.g. "I was awarded prize" replace by – "prize in....."
26. Do not give landline no. if it is likely to be lifted by family members who are not industry oriented. Only give cell no. There are experiences by HR managers - when they rang up landline nos. the previous generation family members talked in somewhat rough tone "kaun baat kar raha hai, kya kam hai" the opportunity for interview was lost by the person.
27. Address stated as "vadodara, Gujarat, India." address at the end should be given which postal dept or courier can find. It means give full address

28. Should CV be different for each position? - Most of my bachchalog are freshers or below 5 years experience now. So CV may not be very different. However, CV should be in tune with goal set or job profile demands.
29. My CV is too long. What do I do?
- Convert all sentences into bullet points.
 - use command find and replace and find all places where “and” word is used and replace it by “&”
 - check all words which make no meaning & drop them
30. FAQ - should I have more than one CV?
- Yes, precisely that is why naukri.com or monster encourages 5 CVs CV should keep changing with respect to
 - experience gained over time
 - new developments happening in your profession & your updation about that query - how frequently CV should be updated
 - Saying daily will be aggressive - try it weekly initially & then monthly.
 - Regular updation of CV will become a professional mirror for you. If here is no updation in CV in each month then think what value addition you are doing?
 - Regular CV updation also ensures that employers & placement consultants who keep searching latest CVs give search on CVs which are in last 15 days. Your updated CV will always get picked up as latest CV.
31. No need to state “The Institute of Cost and works Accountants of India, Kolkata” – ICWAI, Kolkata” is enough. This is an example of how to state maximum meaning in minimum words/letters.
32. Should I state my University name or my college name? State one of them which has higher brand value.
33. No need to state Bachelor of commerce (B.Com.) – stating B.Com. is enough.
34. FAQ - 250 hours compulsory Computer course HOW TO STATE?
NIIT program 250 hours - ICWA institute program based (all other words are redundant)
35. Worked with A & B (Partnership firm) in Bank Audit, Internal Audit and Individual Taxation from December 2003 to June 2004 as a part of ICWAI training curriculum.
State as follows:
Professional training - a & b, CWA firm Dec 03 to June 04
Work exposure - bank audit, internal audit, individual taxation
36. Stated in CV “Passed M.Com. in Nov 2003” impact - our education system is Apr to Mar. So interviewer is bound to ask about passing in Nov. The discussion in NO case can go favourably to you. So better state “passed M Com in 2003”
37. Stated in CV
Reference
Mr. Manoj Parikh
VP Baroda Textiles
Ensure to write cell (if not landline office/home), email, phone, designation, company of reference person while address not needed 38. The references should not be and need not be given in CV at all. Give them only when organisation gives you their standard form which is normally green. But if at all you give.
39. Some bachchas are doing boxes for whole CV. in that first column contains only titles like, name, age, experience. Since 2nd column has lot of lines, first column contains lot of empty space. On the other hands, the second column contains sentences which are really congested. So avoid box format.
40. The key portion of CV is highlights in exams & achievements in work exp. In case of freshers it is training for CWAs, articleship of CA, summer training for MBA, MGT Training for CS etc
41. Highlights in exams are represented by rank all India, – topper in city, college, branch, etc – first attempt in case of professional exams, in all exams or in finals or in inter or in foundation – if not overall marks high GPA in MBA or more than 55% marks in professional exam – if not, look for subject marks which are maximum - say about 80 or 70 or 65 or at least 60 state those with subject name.
42. USP – Differentiators must be noticeable – show your CV to friends or relatives or mentors - to know whether these highlights are immediately noticeable or not. Bigger or different font size or colour will achieve that purpose.
43. With all previous tips you have ensured following
 - making CV short
 - omitting useless and meaningless words
 - cut out long sentences
 - removed unnecessary details
 - avoided anything which leads to finding negative points by interviewer.
 This provides you space to write more so as to focus on experience and achievements which is a key to good CV and most freshers are missing that part.
44. ONE PERSON wrote in BODY OF EMAIL CONTAINED GREETING AS “hi”, I think employers have still not become so informal to look kindly at “hi” as greeting write “Dear sir” or nothing.
45. One student had passed B Com in 2001, CWA in 2004 and M Com 2007. I recommended to drop the M Com qualification from the CV. Any question asked on that would have led to uncomfortable answers and frankly this additional degree does not show great highlight beyond CWA.

Computer related

- Email body with attached CV in word file is normal way (no ppt, no pdf., no excel)
- Arial or times new roman fonts
- Font size 10 max 12

Best wishes to get interview calls doors open.

Refresher Course Lecture on Indirect Taxes

Refresher Course lecture on the subject “Applied Indirect Taxation” was conducted by WIRC for the intermediate students at Siddharth College of Commerce and Economics on Sunday, the 26th April 2009 from 10.00 am to 5.00 pm. Mr. V.S. Datey and Mr. S.G. Narasimhan were the faculty. Around 150 candidates attended the above lecture. Mr. P.V. Wandrekar, Chairman Professional Development Committee, WIRC was also present during the lecture.

“REQUEST FOR COMMENTS”

*WIRC had arranged CEP on 25-4-2009 on CAS 11 and CAS 12. Mr. M. B. Ashtamker was the facilitator for the said discussion.
The details of the discussion are given below:*

CAS 12: Cost Accounting Standard on Packing Material Cost

Paragraph Numbers:

6.6 Cost of secondary packing materials shall form part of marketing overheads.

Scope of Discussion:

- 1) Secondary packing material cost is mostly incurred at the end of the packing line within the factory premises (. i.e. on the shop floor itself) then how can it be excluded from ex-factory cost of production.
 - 2) Under DPCO1995, secondary packing is part of the direct cost of a product and does not form part of the “Post Manufacturing Expenses”.
 - 3) In Engineering Industry the need does exist to incur additional secondary packing material cost during the course of distribution / supply chain / during transit, in which case it would be correct to consider the secondary packing material as part of marketing / distribution overheads.
 - 4) Incidence of cost should be considered where it is incurred (. i.e. whether within the factory premises / out side the premises).
 - 5) In the Consumer goods industry & Pharmaceutical industry the secondary packing material is part of the direct cost of production.
- 6.3 The packing material cost of reusable packing shall be assigned to the cost object taking into account the number of times the relative packing is expected to be reused.
- 6.4 Variable expenses related to returnable packing containers such as, washing charges, handling charges, breakages shall be treated as a part of marketing overheads (selling and distribution overheads) and assigned to a cost object on a reasonable and consistent basis.

Scope of Discussion:

- 1) CAS-4 for valuation of captive consumption insists that in case of returnable packing containers the incidence should be based on the number of times the container can be reused and should be charged as a part of cost of production only.
 - 2) Cost of returnable packing material is also taken into consideration while fixing the percentage of commission to distributors, wholesalers and retailers.
 - 3) Logically it is then derived that “All Variable Expenses” incurred to make the returnable containers reusable since normally incurred on the factory shop floor only, should form part of the cost of production and not marketing / distribution overheads.
- 5.9 The credits / recoveries in the nature of scrap arising from packing materials if any should be deducted from the total cost of packing materials to arrive at the net cost of packing materials.

Scope of Discussion:

- 1) Scrap is generated over a period of time and may not be disposed of at regular intervals.
 - 2) Time linkage normally missing between generation & disposal of scrap
 - 3) It would be difficult to distribute the incidence of the credit for scrap sales equally over different time periods and hence would unnecessarily reduce the cost of packing in the month / period of sale.
 - 4) Scrap sales should be correctly considered as miscellaneous / other income.
 - 5) Scrap sales also has an incidence of excise duty and cenvat, hence best advised to keep it separate from cost of packing materials.
 - 6) Notional credit will have to be given to each time interval in order to ensure that the credit incidence to cost of packing is evenly spread out.
 - 7) Normal loss includes scrap generated and hence the credit on recovery should not distort the cost of production from time to time.
- 5.1.4 Self manufactured packing materials shall be valued including direct material cost, direct employee cost, direct expenses, job charges, factory

overheads, share of administrative overheads relating to production and share of research and development cost applicable thereto but excluding share of other administrative overheads and marketing overheads.

5.1.5 The valuation of captive consumption of packing materials shall be in accordance with paragraph 5 of Cost Accounting Standard.

Scope of Discussion:

- 1) The paragraph is once again silent on the incidence of interest cost on the cost of production of materials used for captive consumption.
- 2) The Institutes stand should be very clear with respect to the incidence of interest on cost of production.

5.1.8 Any demurrage or detention charges, or penalty levied by transport or other authorities shall not form part of the cost of packing materials.

Scope of Discussion:

- 1) Demurrage may be an avoidable cost but during the course of the business activity there are times when the circumstances become unavoidable.
- 2) Whether it forms part of packing cost / administration expenses / is a reconciliation item, would depend on the business conditions and normal practices of that particular industry.

4.12 Packing Development Cost: Cost of evaluation of packing such as pilot test, field test, consumer research, feed back, and final evaluation cost.

Scope of Discussion:

- 1) The Quantum of the expenditure will determine whether the same can be charged off to cost of production or needs to be amortized over the benefit period.
- 2) If these expenses cannot be related directly to the existing products then the expenditure should form part of overheads to the extent they are charged to profit and loss account.

4.8 Finance Costs: Exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest costs.

Scope of Discussion:

- 1) The Accounting Standards will have to be referred to ensure that the guidelines in the Cost Accounting Standards and the Accounting Standards are at par.
- 2) The IFRS will also play a major role in determining the incidence of exchange differences on interest cost for the period.

CAS 11: Cost Accounting Standard on Direct Expenses

Paragraph Numbers:

7.1 Direct Expenses, if material, shall be presented as a separate cost head with suitable classification. E.g. i) Subcontract charges
ii) Royalty on production

Scope of Discussion:

- 1) Only two examples have been given, which is quite insufficient (other examples: Warranty, installation etc).
 - 2) Industry wise nature of direct expenses would vary hence a much more elaborate listing is expected.
 - 3) The current draft format of CAS-11 is considered very short and hence is not a very comprehensive document to serve the purpose or objective of a standard cost accounting practice, considering the fact that in the near future the “Cost Accounting Standards” will be the main pillar of the profession.
- 8.1 The cost statements shall disclose the following:
1. The basis of distribution of Direct Expenses to the cost objects/ cost units.

3. Where Direct Expenses are disclosed at standard cost, the price and usage variances.
4. Direct Expenses paid/ payable to related parties.

Scope of Discussion:

- 1) The objective of related party disclosure under direct expenses is not fully understood / appreciated.
- 2) Is it referring to activities carried out under loan license manufacturing or principal-to-principal purchases relating to the main product manufactured by the company?
- 3) What is the objective of reporting this information and to whom?
- 8.4 Any change in the cost accounting principles and methods applied for the measurement and assignment of the Direct Expenses during the period covered by the cost statement, which has a material effect on the Direct Expenses. Where the effect of such change is not ascertainable wholly or partly the fact shall be indicated.

Scope of Discussion:

- 1) Is the costing procedure as a whole required to be documented each year?
- 2) Internally/ externally are we required to comment on changes in costing procedure with reference to direct cost in particular in any specific document / certificate?
- 3) Does CAS-11 have any direct reference to any specific certification work or attestation requirement?
- 5.4 Finance costs directly incurred in connection with the self-generated resources shall form part of Direct Expenses.
- 5.5 Finance costs incurred in connection with the resources procured shall not form part of Direct Expenses.

Scope of Discussion:

- 1) What is the difference between “in connection with the self-generated resources” & “in connection with the resources procured”.
- 2) Is it differentiating between own manufacturing activity and Loan license activity.
- 3) Examples should have been given under this paragraph to clearly indicate the purpose / objective of the issuing authority.
- 4.4 Finance Costs: Exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest costs.

Scope of Discussion:

The Accounting Standards will have to be referred to ensure that the guidelines in the Cost Accounting Standards and the Accounting Standards are at par.

- 4.7 Standard Cost: A predetermined norm applied as a scale of reference for assessing actual cost, whether these are more or less. The standard cost serves as a basis of cost control and as a measure of productive efficiency when ultimately posed with an actual cost

Scope of Discussion:

- 1) Limited use of Standard Costing in industry (i.e. material variances only) from the point of view of senior management for identifying reason for variance and corrective action.
- 2) Top management should be re-educated about the tremendous capabilities of standard costing exercises post ERP implementations.
- 3) Requirements of Transparency in corporate management have made management reluctant to identify and investigate all variances.

ECONOMY WATCH

1. **ALARM BELLS?** : U.S. President Mr. Barack Obama has put a big question mark for the Indian IT Companies. His statement that his administration would end tax breaks for American Companies expanding their overseas operations, has created new worries before these companies who are already battling with the slow down. Top US firms including Citigroup earn about 50% of their revenue from the overseas market. Actually these companies outsource the work to India for comparative cost advantage and not for evading taxes. Under the US Laws, the companies pay about 35% corporate tax on the income generated in that country. However, under the existing laws, a company is not required to pay taxes to the US Government on income earned abroad until they bring the money back to the US. President Obama wants to change this part of the Law and thus end the tax breaks to these companies. According to him, he wants to end the tax breaks to those who create jobs outside US. Definitely it is a worrying factor for Indian IT sector but one thing is sure, this difficulty will result in the IT Sector exploring new areas and the IT Sector may become more strong. Let us hope for the best.
2. **BRIGHT FORECAST:** According to the HSBC, the growth forecast for India in the current fiscal is expected to be 6.2%. The positive developments responsible for this optimism include monetary easing, improved oil and gas production, a fall in commodity prices and an export boosting stronger dollar. According to HSBC, the economic slump is expected to bottom out in the second quarter of financial year 2010. Therefore it will pick up gradually before culminating to 9.8% in the fourth quarter of FY11. The current upturn is based on improved outlook for economic fundamentals.
3. **FDI IN LEGAL SECTOR:** The Bar Council of India [BCI] has decided to reconsider its earlier decision to oppose the foreign investments in the law firms. According to the Bar Council, there has been a drastic changes in the earlier situation in which they were opposed to any foreign direct investments in the legal sector and hence they are reconsidering their opposition.
4. **NANO HOMES:** After the ‘nano’ cars, the TATA Group has now announced a new project titled as ‘Shubha Griha’. The scheme will be implemented by TATA Housing, a subsidiary of the TATA Sons and will be at affordable price. The scheme will be launched in ‘Boisar’ near Mumbai. The costs of the homes will be between Rs.3.9 lakhs to Rs.6.7 lakhs without the registration fees. The scheme will be launched on lottery system and will be offering houses in three sizes, i.e. 283 square feet, 360 square feet and 465 square feet. Really it will be a big boon to the housing sector. What is needed today is an affordable house for common man and not luxurious two-three-four bedroom flats. From this angle, this scheme is really the most appropriate and has come at a right time.
5. **INTERESTING RESULTS:** An interesting research study was conducted recently for finding out the strategies followed by SMEs for fighting the current slowdown. The most important and widely followed strategy, as emerged through this research was that of ‘Optimum utilization of the resources’ followed by ‘Cost Reduction’ and ‘Cost Control’. About 70% of the respondents replied that they have been following these strategies to keep them going. In case of cost reduction and cost control, the most common strategies were reducing manpower, ban on recruitments, and shutting the organization for at least 2-3 days in a week. It was interesting to note that though the banks have reduced their rate of interest, these enterprises were apprehensive about borrowings as they were not sure about their own repayment ability. About 40% of the respondents thought that aggressive marketing would solve their problem while about 30% thought that recovery in the current scenario is the biggest problem and hence they should concentrate on the recovery to solve the problem of cash crunch. Majority of the respondents feel that the present situation may continue for about 9-12 months and so survival in this period is extremely important. This survey was conducted of about 100 SME Enterprises in and around Pune in the months of February, March and April 2009. Interesting?

HC Judgment on Delhi Renting of Immovable Property – What Next?

V. S. Datey, Author of Taxman's Publication on Indirect Taxes

Recent decision of Delhi High Court that service tax cannot be imposed on renting of immovable property has raised hornet's nest. The judgment has raised many issues and created numerous problems to landlords (service providers) and tenants (service receiver). In this article, attempt has been made to discuss various questions arising out of the judgment and possible plans of action.

1. Background

As per section 65 (105) (zzzz) of Finance Act, 1994; any service provided or to be provided; to any person, by any other person *in relation to* renting of immovable property for use in the course or furtherance of business or commerce is a 'taxable service'.

Many writ petitions were filed and all these were transferred to Supreme Court. It seems these were transferred by Supreme Court to Delhi High Court to consider the matter. Delhi High Court has passed order on 18-4-2009. However, the judgment nowhere mentions that all writ petitions were transferred to Delhi High Court. In any case, that decision cannot be taken as decision of Supreme Court on the issue.

In *Home Solution Retail India Ltd. v. UOI* (WP(C) 1659/2008 and others decided on 18-4-2009), Hon. Delhi High Court has observed, 'Service tax is a value added tax. It is a tax on the value addition provided by some service provider. Insofar as renting of immovable property for use in the course or furtherance of business or commerce is concerned, we are unable to discern any value addition. Consequently, the renting of immovable property for use in the course or furtherance of business of commerce by itself does not entail any value addition and, therefore, cannot be regarded as a service. Of course, if there is some other service, such as air conditioning service provided along with the renting of immovable property, then it would fall within Section 65 (105) (zzzz)'.

In short, service *in relation to* renting of immovable property' is taxable (e.g. air conditioning of immovable property given on rent), but 'renting of immovable property' is a taxable service.

No decision about constitutional validity of the tax - It may be noted that Hon. High Court has *not* expressed any view regarding constitutional validity of the service tax on renting of immovable property. It was observed, 'We have not examined the alternative plea taken by the petitioners with regard to the legislative competence of the Parliament in the context of Entry 49 of List II of the Constitution of India. Such an examination has become unnecessary because of the view we have taken on the main plea taken by the petitioners as indicate above'.

1.1 Various definitions using the term 'in relation to'

In the judgment, Hon Delhi High Court observed, 'Sometimes, *in relation to*' would include the subject matter following it and on other occasions it would not. As in the case of the service of dry cleaning, the expression 'in relation to dry cleaning' also has reference to the very service of dry cleaning. On the other hand, the service referred to in Section 65 (105) (v), which refers to a service provided by a real estate agent 'in relation to real estate', does not, obviously, include the subject matter as a service. This is so because real estate by itself cannot by any stretch of imagination be regarded as a service.

There are many definitions of service where the term 'in relation to' has been used where the subject matter itself is a taxable service.

For example, any service provided or to be provided to a client, by any person *in relation to* business auxiliary service is a 'taxable service' [section 65 (105) (zzb)]. **This cannot be interpreted to mean that business auxiliary service itself would not be a taxable service.**

As per the section 65 (105) (zzq) of the Act, any service provided or to be provided to any person, by any other person *in relation to* commercial or industrial construction service is a taxable service. As per section 65 (105) (zzzh), any service provided or to be provided to any person, by any other person, *in relation to* construction of complex; will be taxable service. **Thus, construction itself is a taxable service.**

As per section 65 (105) (zzza), any service provided or to be provided; to any person, by any other person *in relation to* the execution of a works contract is a taxable service. Does it mean that 'works contract service' itself is not taxable?

Any service *in relation to* information technology software is a taxable service [section 65 (105) (zzze)]. Thus, it can be argued that IT software itself is not taxable.

As per section 65 (105) (zzx), any service *in relation to* telecommunication service is 'taxable service'.

As per section 65 (105) (o), any service provided or to be provided to any person, by a rent-a-cab scheme operator *in relation to* the renting of a cab is 'taxable service'.

As per section 65 (105) (zpz), any service, *in relation to* transport of goods by road in a goods carriage is a 'taxable service'.

As per section 65 (105) (zgz), any service provided or to be provided *in relation to* management, maintenance or repair, is a 'taxable service'.

There are over 60 definitions of services where the phrase 'in relation to' is used to cover the subject matter itself for levy of service tax.

These services are - Air transport of passenger embarking in India for international journey, Automated teller machine operations, maintenance or management service, Asset management including portfolio management, Beauty parlour, Auction of property, movable or immovable, tangible or intangible, Service, repair, reconditioning or restoration of motor cars, light motor vehicles or two wheeled motor vehicles, Banking and other financial services, Business exhibition, Support services of business or commerce, Cable services, Cargo handling agency, Cleaning activity, Clearing and forwarding operations, Advice, consultancy or technical assistance by consulting engineer, Credit card, debit card, charge card or other payment card service, Credit rating of any financial obligation, instrument or security, Design services, Development and supply of content, Dredging, will be taxable service, Dry cleaning, Erection, commissioning or installation, Event management, Fashion designing, Forward contract, Health and fitness services, Intellectual property service, Planning, design or beautification of spaces by interior decorator, Access of internet, Mailing list compilation and mailing, Use of a mandap in any manner, Manpower recruitment or supply, Market research of any product, Mining of mineral, oil or gas, On-line information and database access or retrieval, Opinion poll, Packaging activity, Pandal or shamiana, Photography, Port services, Programme service, Managing the public relations, Booking of passage for travel by rail, Sale of space or time for advertisement, Scientific or technical consultancy, Security of any property or person, Site formation and clearance, excavation and earthmoving and demolition, Any kind of sound recording, Sponsorship, Survey and exploration of mineral, Survey and map-

making, Technical inspection and certification, Technical testing and analysis agency, Tour, Transport of goods by aircraft, Booking of passage for travel by travel agent, Underwriting, Video-tape production.

In all these cases, it will have to be examined whether there is any value addition!

2. Meaning of ‘in relation to’

It is well settled that the term ‘in relation to’ is expansive [*That is the reason why it has been liberally used in service tax provisions*].

‘In relation to’ are words of comprehensiveness which might have both a direct significance or indirect significance depending on the context. They are not words of restrictive content. - *State Waqf Board v. Abdul Azeer Sahib* (1967) 1 MLJ 190 = AIR 1968 Mad 79.

The expression ‘in relation to’ is of widest import. - *Thyssen Stahlunion GMBH v. Steel Authority of India* 1999 AIR SCW 4016 = AIR 1999 SC 3923 = 1999 (6) SCC 334.

The expression ‘in relation to’ (so also ‘pertaining to’) is a very broad expression, which pre-supposes another subject matter. These are words of comprehension which might both have a direct significance as well as an indirect significance depending on the context. - ‘Relating to’ is equivalent to or synonymous with as to ‘concerning with’ and ‘pertaining to’. The expression ‘pertaining to’ is an expression of expansion and not of contraction - *Doypack Systems P Ltd. v. UOI* (1988) 2 SCR 962 = 1988 2 SCC 299 = (1989) 65 Comp Cas 1 = 1988 (36) ELT 201 (SC) = AIR 1988 SC 782 * *Tamil Nadu Kalyana Mandapam Association v. UOI* 2004 (167) ELT 3 = 4 STT 308 = 267 ITR 9 = 136 Taxman 596 = 135 STC 480 (SC) *CCE v. Solaris Chemtech* (2007) 7 SCC 347 = 9 STT 412 = 214 ELT 481 (SC).

3. Rule of purposive construction

The rule of purposive construction states that interpretation of statute should be done having regard to the purpose of the Statute. An eminent jurist of UK (Late) Lord Denning (1899 - 1999) has evolved this rule of construction.

Lord Denning had observed – ‘It is true that the words used, even in their literal sense, are the primary and ordinarily the most reliable source of interpreting the meaning of any writing: be it a statute, a contract or anything else. But it is one of the surest indexes of a mature and developed jurisprudence not to make a fortress out of the dictionary; but to remember that statutes always have some purpose or object to accomplish, whose sympathetic and imaginative discovery is the surest guide to their meaning’. - quoted with approval in *KP Varghese v. ITO* - (1981) 131 ITR 597 = AIR 1981 SC 1922. = 1982 (1) SCR 629 = (1981) 4 SCC 173 = 7 Taxman 13 (SC) * *DLF Universal Ltd. v. Appropriate Authority* 243 ITR 730 = 2000 AIR SCW 1838 = 110 Taxman 315 (SC) – same view in *Amrendra Pratap Singh v. Tej Bahadur Prajapati* 2004 AIR SCW 4103.

In *Pepper v. Hart* (1993) 1 All ER 42 (HL), it was observed, “The days have long passed when the courts adopted a strict constructionist view of interpretation which required them to adopt the literal meaning of the language. The courts now adopt a purposive approach which seeks to give effect to the true purpose of legislation and are prepared to look at much extraneous material that bears upon the background against which the legislation was enacted. – quoted with approval in – *Thyssen Stahlunion GMBH v. Steel Authority of India* 1999 AIR SCW 4016 = AIR 1999 SC 3923 = 1999(9) SCC 334.

If there exists some ambiguity in the language or the same is capable of two interpretations, it is trite that the interpretation which serves the object and purpose of the Act must be given effect to. In such a case, the doctrine of purposive construction should be adopted – *Nathi Devi v. Radha Devi Gupta* AIR 2005 SC 648 = (2005) 2 SCC 271 (SC 5 member bench).

When an expression is cable of more than one meaning, the Court would attempt to resolve the ambiguity in a manner consistent with the purpose of the provision, having regard to the consequences of alternative constructions - *Prakash Kumar v. State of Gujarat* AIR 2005 SC 1075 (SC 5 member bench) – same view in *South Eastern Coalfields v. CCE* 2006 (200) ELT 357 (SC).

Applying this rule, it is difficult to say that the purpose of legislation was not to tax renting of immovable property.

See the relevant definitions reproduced below-

As per section 65 (105) (zzzz), any service provided or to be provided; to any person, by any other person in relation to renting of immovable property for use in the course or furtherance of business or commerce is a ‘taxable service’.

Explanation 1. - For the purposes of this sub-clause, “immovable property” includes -

- i) building and part of a building, and the land appurtenant thereto;
- ii) land incidental to the use of such building or part of a building;
- iii) the common or shared areas and facilities relating thereto; and
- iv) in case of a building located in a complex or an industrial estate, all common areas and facilities relating thereto, within such complex or estate,

but does not include-

- (a) vacant land solely used for agriculture, aquaculture, farming, forestry, animal husbandry, mining purposes;
- (b) vacant land, whether or not having facilities clearly incidental to the use of such vacant land;
- (c) land used for educational, sports, circus, entertainment and parking purposes; and
- (d) building used solely for residential purposes and buildings used for the purposes of accommodation, including hotels, hostels, boarding houses, holiday accommodation, tents, camping facilities.

Explanation 2. - For the purposes of this sub-clause, an immovable property partly for use in the course or furtherance of business or commerce and partly for residential or any other purposes shall be deemed to be immovable property for use in the course or furtherance of business or commerce.

As per section 65 (90a), “renting of immovable property” includes renting, letting, leasing, licensing or other similar arrangements of immovable property for use in the course or furtherance of business or commerce but does not include -

- (i) renting of immovable property by a religious body or to a religious body; or
- (ii) renting of immovable property to an educational body, imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching center;

Explanation 1 – For the purposes of this clause, “for use in the course or furtherance of business or commerce” includes use of immovable property as factories, office buildings, warehouses, theatres, exhibition halls and multiple-use buildings.

Explanation 2 – For the removal of doubts, it is hereby declared that for the purposes of this clause “renting of immovable property” includes allowing or permitting the use of space in an immovable property, irrespective of the transfer of possession or control of the said immovable property [*explanation 2* inserted *vide* Finance Act, 2008 w.e.f. 16-5-2008].

The intention to levy service tax on renting of immovable property itself seems quite evident from aforesaid definitions.

4. Meaning of 'value addition'

The term 'value addition' is nowhere defined and in fact, nowhere used in the Finance Act, 1994 relating to service tax.

'Value addition' is a slippery and vague undefined term. The fact that someone is paying an amount for something means he is getting benefit out of that and hence it is 'value addition' for him. Otherwise, why he should agree to pay something?

Further, when legislature itself defines an activity as a taxable service and when there is no constitutional bar, there should be no impediment in imposing a tax.

5. Binding nature of Delhi HC judgment

It is well settled that decision of High Court is binding on all tribunals and quasi-judicial authorities within jurisdiction of that High Court but is not binding on other High Courts.

One question is whether the decision of one High Court is binding on tribunals and other quasi-judicial bodies in other States, in cases where there is no binding decision of High Court of the State where the tribunal or quasi-judicial body is situated. In such cases, in *CIT v. Thana Electric Supply Ltd.* (1994) 206 ITR 727 (Bom HC) - followed in *Consolidated Pneumatic Tool Co. (I) Ltd. v. CIT* - (1995) 79 Taxman 458 = (1994) 209 ITR 277 (Bom HC DB) * *CIT v. Highway Construction* 1999(105) ELT 14 (Gau HC DB) * *Geoffrey Manners & Co. Ltd. v. CIT* (1996) 89 Taxman 287 = 221 ITR 695 (Bom HC DB), where it has been held that decision of High Court is not binding precedent on Courts or Tribunals outside the jurisdiction of that High Court. It has only persuasive effect on courts and tribunals situated outside the jurisdiction of that High Court - same view in *Taylor Instrument Co. v. CIT* (1998) 99 Taxman 155 = 232 ITR 771 (Del HC DB) * *CIT v. Ved Prakash* (1989) 178 ITR 332 = 44 Taxman 365 (P&H HC).

However, Tribunals have expressed different views.

In *Madura Coats v. CCE* - (1996) 82 ELT 512 = 13 RIT 186 (CEGAT 3 member bench), it has been held that (a) decision of High Court having jurisdiction over the adjudication authority and assessee will have to be followed by Tribunals (b) When jurisdictional High Court has not taken a view and there are conflicting views of different High Courts, the Tribunal can formulate its own views (c) When there is decision of only one High Court (which is not connected with constitutional validity of a provision), the Tribunal is bound to follow that decision all over India. (d) However, when decision of one High Court is in respect of *vires* of any provision i.e. its constitutional validity, the decision of High Court is binding only in jurisdiction of that High Court - decision confirmed and followed in *CCE v. Kashmir Conductors* 1997 (96) ELT 257 = 22 RIT 343 (CEGAT 5 member bench).

In *Khanbhai Esoofbhai v. CCE* 1999(107) ELT 557 (CEGAT 5 member bench), it was held that in absence of any decision of a High Court holding a contrary view, decision given by a High Court is binding on Tribunal. (All over India - though these words were not used).

6. What assessee should do?

As discussed above, the decision of Delhi High Court is not on the basis of constitutional invalidity. It is only on the ground that in renting, there is no 'value addition'.

It is reported in some articles that Central Government has 90 days time to file appeal or SLP before Supreme Court. Really, Delhi High Court has not specified any such limit and in fact, for filing SLP, there is no time limit.

The (so called) defect in legislation is no minor that it can be easily corrected by making retrospective amendment. Government can also approach Supreme Court for stay of the decision.

In any case, decision of Delhi High Court is not the last word and in my view,

the decision will be unsettled either by Supreme Court or by retrospective amendment.

Action by landlord – It should be noted that statutory liability is on landlord. Liability of tenant is only contractual. In my view, it is safe to collect and pay service tax, particularly if he is outside the jurisdiction of Delhi High Court, binding nature of decision outside jurisdiction of Delhi High Court is weak. He should note that if tax is found to be payable later, it will have to be paid with interest @ 13%.

If possible, collect 'Deposit against possible service tax liability' from tenant assuring that if final decision is in your favour, you will refund the amount or it can be adjusted against future rent.

In any case, the landlord must safeguard his interest at least by getting undertaking from tenant that he will pay service tax amount if finally decision goes against the landlord. [Of course, such undertaking can be enforced only through civil court and not through any statutory provision].

Renting within group companies – If renting is within the group companies itself, payment of service tax can be avoided (at least deferred) by informing department.

Action by tenant, if he is able to avail Cenvat credit – If tenant is in position to avail Cenvat credit, better option is to ask landlord to continue charging service tax. It is well settled that once tax is paid, Cenvat credit can be availed whether tax was actually payable or not. In *CCE v. CEGAT 2006* (202) ELT 753 (Mad HC DB), it was held that the words used in rule 3(1) of Cenvat Credit Rules are 'excise duty and service tax paid' and not 'payable'. Thus, once duty is 'paid', Cenvat credit is available, whether duty was payable or not - same view in *CCE v. Ranbaxy Labs Ltd.* 2006 (203) ELT 213 (P&H HC DB) * *Manaksia Ltd. v. CCE* (2008) 232 ELT 497 (CESTAT 2 v. 1 order) * *Savera Pharmaceuticals v. CCE* (2008) 222 ELT 457 (CESTAT).

If tenant is in dictating position and not in position to avail Cenvat credit - If the tenant is not in position to avail Cenvat credit (and if he is in position to dictate terms to landlord), he can refuse to pay service tax (and let landlord suffer), since the tenant has no statutory liability to pay service tax or even interest.

6.1 Disclosure to department

Whatever you decide, it is highly advisable to write to department, so that charge of suppression of facts is avoided and your liability is restricted to service tax plus interest.

6.2 Can assessee or service receiver claim refund?

Assessee or service receiver claim refund, but chances of actually getting refund are negligible, in view of doctrine of unjust enrichment. Landlord cannot get refund if he has collected service tax from the tenant. The tenant can refund only if he can establish that he has not passed on the burden of tax to another person.

Refund claim beyond one year is anyway time barred even if it is found that the levy was illegal!

7. Conclusion

In my view, decision of Delhi High Court is not the last word on this issue, particularly because it is not on the basis of constitutional validity of a decision. It can be easily overturned by judgment of Supreme Court.

Central Government need not take even that trouble and can overturn the decision simply by making a minor retrospective amendment, particularly because the phrase 'in relation to' has been used in at least 60 definitions of services.

In any case, landlord should take steps to protect his liability and should make full disclosure to department. ★

CHAPTER NEWS

AURANGABAD

Felicitation function for successful students

The results of December - 2008 exams of ICWA Course were very encouraging for Aurangabad Chapter. 60 students passed the Foundation Course, and 43 & 50 students were successful in Intermediate and Final course respectively.

To celebrate this achievement & to boost moral of the students, a function was organized by Aurangabad Chapter. Mr. Ram Bhogle (Chairman, Nirlep Group, Aurangabad.) was the Chief Guest and Mr. R. N. Bhavne – (Group CFO & Head of Strategy, ACG Worldwide) was the Guest of Honour on the occasion.

Mr. S.P. Bhangale, Chairman of the Chapter welcomed the Chief Guest and narrated the activities of the Chapter. Mr. S. R. Pimple introduced the Guests to the audience and Mr. A.R. Joshi Chairman, Training Committee briefed about the achievements of the training committee.

Mr. Ram Bhogle appealed to students to plan their studies and work hard to achieve success. He emphasized importance of focus on their objectives for getting success in professional examinations and to build the confidence for increasing the percentage of success. He expressed happiness to note the efforts of chapter in creating infrastructure and awareness for the students towards pursuing the Course. He highlighted that the Chapter stood amongst few successful chapters in Maharashtra and congratulated office bearer for their efforts. He also highlighted the importance of costing knowledge to technocrats/engineers for success in their own enterprises.

Mr. R. N. Bhavne congratulated students for the success in Examinations. He narrated the importance of Communication and presentation skills of the students, professionals and suggested certain techniques to improve those.

Mr. M. R. Pandit, Mr. R. G. Modani, Mr. H. B. Shah, Mr. M. M. Patel, Mr. R. S. Deshmukh, Mr. R. P. Gore, and Mr. S.B. Maniyar attended the programme. Mr. Rajesh Shukla & Ms. Aditi Mandlik co-ordinated the programme and Mr. R. D. Khandalkar proposed a vote of thanks.

The programme was attended by a large number of students & their parents. Certain students and Parents also expressed their views about the Course, Teaching facilities at Chapter.

PUNE

Continuous Education Programme held on 28-3-2009 on Fundamental Technique of Root Cause Analysis

Chapter organized a C.E.P. on 28-3-2009 on "Fundamental Technique of Root Cause Analysis with Case Study" at its premises. Mr. Ashish Joshi, B.E in Mech Engg (Pune University) & M.S. in Industrial Engg from Ohio State University –USA, conducted the programme. Mr. Harshad Deshpande, Managing Committee member, PCCA, introduced the speaker to the gathering. Mr. Pramod Dube, Chairman P.D. Committee of PCCA, felicitated the speaker by offering him a bouquet. Mr. Dhananjay Joshi, Past President of the Institute was also present. Mr. Dube felicitated him by offering him a bouquet.

Mr. Ashish Joshi explained the term Root Cause Analysis and its significance in the present state of economy. He explained the concept. Root Cause Analysis is a structured and orderly approach for discovering the systemic sources of operations, problems and their solutions.

He pointed out that RCA forms

- the basis of: Continuous Improvement Process (CIP) as a part of Kaizen implementation (Kai = Change, Zen = Good)

- Identifying areas of inadequate business process,
- Management decision process involving: Efficiency Safety Quality and cost-effectiveness of operations
- Allocation and Investment of business resources

He felt that this technique can be used for any type of Organization and for any type of system thus having an universal application.

He highlighted the **Steps in a typical RCA** and illustrated with two case studies in practical life.

The programme was attended by many members, students and the faculties. There was a positive feedback about the programme from the audience.

Mr. Neeraj Joshi, Managing Committee Member –PCCA, proposed a vote of thanks.

* * *

One Day Lecture –Programme for Students on Indirect Taxes held on 19-4-2009

Chapter organized for its Intermediate and Final Students one full day lecture programme on 19th April 2009.

Mr. V.S. Datey, our senior member, Chairman of Nasik Chapter and author of many books on Indirect Taxes, was the speaker for the morning session of the day. Mr. N.K. Nimkar Chairman PCCA introduced the speaker to the gathering. Mr. Pramod Dube, Chairman P.D. Committee –PCCA, felicitated him by offering a bouquet

Mr. Datey explained the various basic concepts under excise such as excisable goods, manufacture, Classification, Valuation, related person, cenvat etc. in a very lucid style by giving practical illustrations.

The afternoon session was conducted by Mr. Ashok B. Nawal, our senior member, Practicing Cost Accountant and Chairman –WIRC-ICWAI. Mr. N.K. Nimkar Chairman, PCCA introduced the speaker to the gathering. Mr. Amit Apte, Secretary & Treasurer–WIRC-ICWAI, felicitated Mr. Nawal by offering him a bouquet.

Mr. Ashok B. Nawal covered the topics under Service Tax and Customs Laws. He explained the various terms under Service Tax and Customs in minute detail for the benefit of the students.

The students attended the whole day programme in large number and the feedback from them was very positive.

Mr. Nimkar Chairman PCCA proposed a vote of thanks.

OBITUARY

Mr. R. J. Goel, Past President, ICWAI (1998-1999) passed away on 18th April 2009 at Delhi. WIRC offers respectful homage to the departed soul and pray Almighty to rest his soul in eternal peace.

* * *

Pune Chapter had organized a condolence meeting at Chapter premises on 28th April 2009 to offer respectful homage to Mr. R. J. Goel, Past President, ICWAI.



Mr. Dhananjay V. Joshi, Past President, Mr. Sanjay Bhargave, CCM, Mr. Amit Apte, RCM, Mr. N.K. Nimkar, Chairman Pune Chapter, members of Pune Chapter Management Committee and students of Pune Chapter were present at the meeting.



From Left: Mr. Ram Bhogle (Chief Guest), Mr. Rajesh Shukla, Mr. A.R. Joshi, Mr. R.N.Bhave (Guest of Hon), Mr. S.P.Bhangale & Mr. R. D. Khandalkar during felicitation function organised by Aurangabad Chapter:



With the successful students of ICWA Final Course from Left Mr. Rajesh Shukla, Mr. S R Pimple, Mr. R G Modani, Mr. A R Joshi, Mr. R. N. Bhave (Guest of Hon.), Mr. S. P. Bhangale & Mr. R. D. Khandalkar during felicitation function organised by Aurangabad Chapter.



Mr. Harshad Deshpande, Managing Committee member, PCCA, introducing the speaker to the gathering during CEP held at Pune Chapter on 28-3-2009 (L to R): Mr. Neeraj Joshi, Member of the Managing Committee, Mr. Pramod Dube, Treasurer of PCCA, Mr. Ashish Joshi, faculty of Continuous Education Programme and Mr. Dhananjay Joshi, Past President of ICWA.



Mr. Ashok Nawal, Chairman, WIRC of ICWAI delivering lecture on Service Tax and Custom Laws. Also seen Mr. Amit Apte, Secretary & Treasurer, WIRC of ICWAI.



Mr. Raju P. Chhatpar, Executive Secretary of Kalyan-Ambarnath Chapter inaugurating the new batch of Oral Coaching of Kalyan-Ambarnath Chapter; Mr. D. M. Bathija, Chairman of the Chapter looks on.



Mr. M.B. Ashtamker interacting with the participants during CEP held at WIRC on 25th April 2009



Mr. Ashok Nawal, Chairman WIRC welcoming Mr. Kunal Banerjee, President ICWAI during Members' Meet held at WIRC on 18-4-2009



Mr. Kunal Banerjee, President ICWAI interacting with members during Members' Meet held at WIRC on 18th April 2009



Members of the Task force Committee during meeting held at WIRC on 18th April 2009 (L To R) Mr. P.V. Wandrekar, Mr. Vijay Joshi, Mr. Kirit Mehta, Mr. Amit Apte, Mr. Ashok Nawal, Mr. S.V. Diwanji and Dr. A.G. Anikhindi

TASK FORCE MEETING & MEMBERS MEET

A Task Force Committee has been formed by WIRC to study the report of Expert Group and give their recommendations to the council. The 1st Meeting of Task Force Committee was held on 18th April 2009 at WIRC. The task force is chaired by the Chairman of WIRC and is represented by Executive Council of WIRC and prominent Cost Accountants from the region.

On the same day evening a Members' Meet was arranged to discuss the report submitted by Expert Group. Mr. Kunal Banerjee, President ICWAI addressed the members. Large number of members participated.

CONTINUING EDUCATION PROGRAMMES

Date : 16th May 2009 – Time: 3.00 p.m. to 5.30 p.m.

Faculty: **CS. Bargir S D**, Former Director, Indian Institute of Banking and Finance (IIB)

Topic : **Diligence report to banks for lending under consortium /multiple banking**

Date : 13th June 2009 – Time: 3 p.m. to 5.30 p.m.

Faculty: **Dr. Gautam Mitra**, Head of Dept., Centre of Management Studies – Burdawn University

Topic : **Basics of Financial Derivatives**

Time : **3 p.m. to 6 p.m.** • Fees : **Rs. 250/- each**

Venue : **WIRC Office, Mumbai**

(2 CEP Credit hours will be provided)

Programme Co-ordinators

Ms. Aruna Soman : 98692 07020

Mr. S.G. Narasimhan : 93240 88382

Mr. Ashish Thatte : 98209 73559

For more details please contact: seminar@icwai-wirc.org

For online registration please visit: www.icwai-wirc.org



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To