



WIRC BULLETIN

EDITORIAL BOARD

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For Members only

May 2013

From the Desk of Chairman



Dear Professional Colleagues,

Globalization has been driven not only by trade and investment, but equally through bonds of religion and ideology, which transcend national boundaries. The battles of today are for the hearts and minds of people rather than territory. In a world where wars between countries have become rare, "soft power" has become important. While the economic dimension is important, the image of India needs to go beyond that. India's unique advantages lie, in fact, in other areas. India has substantial soft power assets; its culture, films, music, yoga and spirituality, cuisines, heritage and natural beauty. These are a powerful magnet for the people around the world. India is also recognized as a hub for innovation. In the developing world, its democracy and electoral process are highly regarded. Many countries admire our higher education system, despite its many flaws, and the top institutions are admired everywhere. Leveraging these can position India strongly in the global community. But that demands action by both state and industry. Image building without substances is like a soufflé; hot air will hold it up, but it will soon collapse.

The Indian economy has shown remarkable resilience compared to other global economies. However, the stress was visible in below 6% projected GDP growth in 2012 vis-a-vis aspirations of over 7% growth, in stark contrast to an average of 8% growth achieved during 2007-2011. Economic growth declined across all the sectors due to domestic and external factors, high inflation, wide fiscal deficit and unfavourable domestic savings and investment rate. Despite strong fundamentals and structural support, uncertainty and consequent lack of confidence held back investments in capital formation. Output was disrupted due to power outages and stalled projects. Services also slowed down to both cyclical and structural factors. High inflation was a cause of worry, with wholesale price index hovering over 7%. The weak rupee increased the import bill of crucial fuel supplies, thus driving up the current account deficit.

The maiden campus placement was organized at Ahmedabad where five companies participated and six final passed students has been selected by the companies.

This has been an encouraging for all of us and I put on record the initiative of HO for their extended support for conducting the campus at the additional four cities of India other than Metros. WIRC also conducted campus placement at Mumbai and six companies participated and 49 students has been selected by the companies. I puts on record the untiring support extended by CMA Ashish Thatte, Vice Chairman, CMA Neeraj Joshi, Secretary, CMA Ashok Nawal, Treasurer and the Administrative staff of WIRC for successfully organizing the campus at Mumbai.

The Institute has organized two day's "International Professional Summit - New Approach to Sustainable Growth" at The Leela Kempinski Hotel, Gurgaon, during 26th - 27th April 2013. Good number of delegates actively participated in the summit and it was divided in to three technical sessions where deliberations on Emerging sustainability trends and opportunities, integrating sustainability into strategy, Sustainable practices with case studies. The delegates had an opportunity to understand the ways to create, preserve, and report sustainable value for their organizations, to examine their roles through organizational sustainability, and requirement to deliver economic, environmental, and social performance. The sustainability strategy for improving investor relations, risk management, procurement, facilities, IT, human resources, supply chain and more were the areas of additional value addition to the delegates. I am sure the seminar has widened the canvass of all delegates for thinking engaging, developing, implementation and monitoring sustainability in the workplace.

I wish to you and to your family members a very happy "Akshaya Trutiya" a festival of joy and happiness. Hope your personal and professional life glitters like precious yellow metal and brings prosperity and success in your feet.

With Warm Regards,

CMA SHRENIK S. SHAH

Satisfaction lies in the effort, not in the attainment. Full effort is full victory.

– Mahatma Gandhi

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WESTERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

announces Seminar on

Industry Specific Cost Audit - Pharmaceutical Industry

Date: 24th May 2013 • **Time:** 9.30 a.m. to 5.30 p.m.

Venue: Hotel VITS, Andheri Kurla Road, International Airport Zone, Andheri (E), Mumbai 400 059

Fees: *Rs. 1,000/- for students *Rs. 1,500/-for PCA *Rs. 2,500/- for Company Representatives
(*12.36% Service Tax extra)

Four CEP credit hours will be provided

SESSIONS:

10.00 a.m. to 10.30 a.m.	:	Inauguration
10.30 a.m. to 10.45 a.m.	:	Tea Break
10.45 a.m. to 01.15 p.m.	:	Industry's Expectations from Cost Audit
01.15 p.m. to 01.45 p.m.	:	Lunch
02.00 p.m. to 03.30 p.m.	:	Pharma CARR
03.30 p.m. to 03.45 p.m.	:	Tea Break
03.45 p.m. to 05.15 p.m.	:	Panel Discussion on Cost Audit Report and Presentations

For details & Registration Contact:

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

Tel. 022 - 2204 3406 / 2204 3416 Extn. 30,

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

CONTINUING EDUCATION PROGRAMME

Date : Friday, 10th May 2013 at 5.30 p.m. to 8.00 p.m.

Topic : **Discussion on ED on GN for Direct Expenses CAS 10.**

Venue : Mulund College of Commerce, Mulund (West), Mumbai 400 080.

Fees : No Participation Fees

Date : Saturday, 18th May 2013 at 5.30 p.m. to 8.00 p.m.

Topic : **Transfer Pricing**

Speaker : CS A.Sekar & CA Sudha Bhushan

Venue : St. Francis Inst. of Mgt. & Research, Mt. Painsur, S.V. P. Road, Borivali (W), Mumbai 400 103.

Fees : **Rs. 200/-**

Date : Saturday, 25th May 2013 at 5.30 p.m. to 8.00 p.m.

Topic : **Discussion on ED on GN for Direct Expenses CAS 10, led by CMA Rajesh Shah**

Venue : St. Francis Inst. of Mgt. & Research, Mt. Painsur, S.V. P. Road, Borivali (W), Mumbai 400 103.

Fees : No Participation Fees

(2 CEP Credit hours will be provided)

For details & Registration Contact:

Rohit Chambers, 4th Floor,
Janmabhoomi Marg,
Fort, Mumbai 400 001.
Tel. 022 - 2204 3406 / 16 Extn. 30
E-mail: seminar@icwai-wirc.org /
wirc@icmai.in
Website: www.icwai-wirc.org

Thane SMF Centre,
Bldg. No. 8, Ground Floor,
Damani Hsg. Soc. Ltd.,
Damani Estate,
Naupada, Thane (W) 400 602.
Tel. 022-2545 0763
E-mail : wirc@icmai.in

Borivali SMF Centre,
C/o. St. Francis Institute of
Management and Research,
Mt. Painsur, S. V. P. Road,
Borivali (W), Mumbai 400 103.
Tel. 022-2894 8302
E-mail : wirc@icmai.in



New Business Strategy in the Era of New Foreign Trade Policy

By **CMA Ashok Nawal**, *Past Chairman and Treasurer of WIRC of ICAI*
E-mail: nawal@bizsolindia.com • Mobile: +91 98901 65001

Hon'ble Ministry of Commerce has announced New Foreign trade Policy (FTP) which was long awaited especially on the background of Budget speech wherein Hon'ble Finance Minister P. Chidambaram stated that

Quote

I look forward to the changes that will be made to the Foreign Trade Policy next month and I assure my support to measures that will be taken to boost exports of goods and services

Unquote

It was expected by the Trade there will be substantial benefits and incentives which will be offered to the exporters. Moreover it was also expected that the task force which was set up for revamping the EOU scheme and recommendation were released by then Secretary, Ministry of Commerce after acceptance will find the place in the New FTP. It was also expected that huge investments made in SEZ by FDI & Other entrepreneurs who are almost idle will have green signal and there will be promotion by withdrawing certain provision like imposition of MAT and limitation factor to start commercial production for availing income tax exemption under Section 10AA of Income Tax or 80IAB of Income Tax Act 1961.

However, marginal relief was given to the exporters by way of enhancing the products in Focus Product Scheme, including some countries in Focus Market Scheme and extending the period till end of 2014 for Incremental Export Incentivization Scheme.

Now, there is a need to focus Business Strategy for enhancing exports through competitiveness by availing benefits offered through such schemes.

A. Procurement of Capital goods :

If maximum benefits needs to be achieved, benefit under EPCG Scheme needs to be availed. Major changes in the EPCG Scheme are :

1. 3% EPCG Scheme has been dispensed with and Zero Duty EPCG Scheme made applicable for all products
2. No second hand capital goods can be imported under EPCG Scheme
3. Imports of capital goods can be made within 18 months
4. Export obligations through alternate products or export of Group companies not permitted under EPCG
5. Textile units under Technology Up-gradation Fund Scheme can also avail Zero Duty EPCG Scheme
6. No motor cars / SUV can be imported under EPCG Scheme by service providers
7. Reduced Export Obligation if goods procured from Indian manufacturers against invalidation
8. Reduced Export Obligation to the extent of 25% to the exporters of Jammu & Kashmir

It means benefit under Zero Duty EPCG Scheme needs to be

taken and save custom duty to the extent of 3% which was otherwise payable. However, no second hand capital goods can be imported under EPCG scheme.

When procurement of capital goods is envisaged, comparative benefit under Post Export EPCG scheme also needs to be evaluated to avoid the risk of achieving the export obligation since now, export obligation through alternate product or export of group companies will not be permitted under EPCG Scheme. Unfortunately, EPCG Authorization needs to be applied and obtained prior to import of capital goods or spares or domestic procurement thereof, since corresponding notification 23/2013 CUS dated 18.04.2013 provides the pre-condition of registration of such authorization prior to procurement.

I strongly recommend to optimize the benefit under EPCG Scheme no sooner Capital Expenditure Budget (CAPEX) is finalised or procurement of capital goods or indigenous are planned. Fortunately, there is no change in Chapter 8 of FTP, for extending deemed export Benefit to the supplies against EPCG Authorization. Such supplies will still be entitled for :

1. Refund of terminal excise duty
2. Deemed export duty drawback
3. Import under Advance Authorization / DFIA for free imports on raw materials, components of capital goods thereby reducing cost of such procurement.

Moreover, there will be reduced obligation to the extent of 10% when goods are procured ingeniously against EPCG Authorization.

B. Business expansion plan

Units located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Jammu & Kashmir, specific EO shall be 25% of the EO, as stipulated in Para 5.1 or Para 5.2, as applicable. There shall be no change in average EO as stipulated in Para 5.5, if any

However, Cost benefit analysis of logistic cost vis-à-vis reducing the export obligation can be evaluated or if company having multiple units and import capital goods in such area and after completing export obligation can transfer such goods to any other plant in India.

C. Marketing Focus

Following schemes are implemented under Promotional measures:

1. Vishesh Krushi and Gram Udyog Yojana (VKGUY) (Special Agriculture and Village Industry Scheme)
2. Focus Product Scheme (FPS)
3. Focus Market Scheme (FMS)
4. Market Link Focus Product Scheme (MLFPS)
5. Status Holder Incentive Scheme (SHIS)

6. Serve from India Scheme (SFIS)
7. Agri- Infrastructure Incentive Scheme (AIIS)

Government of India is focusing only on giving some relief to such schemes which is mainly with the object to have the level playing to the extent of cost of market development and additional logistic cost on account of distant market. Therefore, in this year also, Ministry of Commerce have enhanced the scope including number of products and number of amrkets . Highlights are given below:

1. Norway and Venezuela has been added under Special Focus Market Scheme
2. 126 products including engineering, electronics , chemicals , pharmaceuticals and textile sectors have been added under Focus Product Scheme
3. 47 new products from engineering , auto components and textile has been added and Brunei and Yamen has been included in Market Link Focus Product Link
4. Additional incentive on export of High Tech Products will be separately notified by 30.06.2013
5. Morbi (Gujarat) has been notified as Town of Excellence for Ceramic Tiles and Gurgaon , Haryana for Apparels Exports

Similarly, Incremental Export Incentivization Scheme has been also made applicable for exports to USA, European Union and ASIA and extended for the year 2013-14 and calculation will be done on annual basis. Additional 53 countries have been included in the Scheme

Duty Free Scrip availed from above schemes can be utilized either for payment of custom duty including basic custom duty, additional duty (CVD), special additional duty (SAD) or payment of Central Excise Duty on clearance of excisable goods or payment of service tax and facility to avail Cenvat Credit on such debits in duty free scrip in also extended or drawback can also be claimed against such debits made in Duty Free Scrips, This will definitely help in better liquidity in the hands of exporters.

D. Export Oriented Units (EOU) / Software Technology Park Units (STP) / Electronic Hardware Technology Park (EHTP) / Biotechnology Park (BTP)

Lot of relief was expected but there was total disappointment to all the units. There was high expectation that there will be lot of changes with the focus to revamp this scheme. However, they are at the jolt on account of following amendments:

1. Such units were earlier entitled to get refund of central excise duty paid by their suppliers under Chapter 8 of FTP. However, now they will not be entitled for refund of terminal excise duty and they will have to issue CT 3 without payment of duty and therefore, there may be accumulated Cenvat Credit which cannot be refunded under Rule 5 of Cenvat Credit Rules, 2004 since Central Excise Department is of the view that refund under Rule 5 of Cenvat Credit Rules, 2004 can be granted only against physical exports and not against deemed exports even though there are certain tribunal decisions to allow in case goods are finally exported by EOU but it is the matter of litigation therefore supplier to EOU may consider this as a cost which will be included in the value of goods supplied to EOU therefore defeating the objective that taxes should not get exported directly or indirectly.
2. Para 6.18(d) of FTP allows EOU to exit from EOU Scheme, i.e. opt of debonding and an EOU//EHTP/STP/BTP unit

may also be permitted by the Development Commissioner, to exit from the scheme on payment of duty on capital goods under the prevailing EPCG Scheme as a one time option. This will be subject to fulfilment of the eligibility criteria under that Scheme and standard conditions indicated in Handbook (Vol-I).

Now, Regional DGFTs have already started rejecting EPCG authorisation to EOUs and disallowing the benefit granted under Para 6.18 (d) of FTP o the ground that second hand goods can be imported under EPCG Scheme. They wrongly treat such conversion at par with fresh imports and treat capital goods even though these might have imported new in EOU Regime and thereby adding to cost of exit from EOU, even though such units are ready to take export obligations.

However, some marginal relief has been given to STPI units allowing Person(s)/employee(s) authorized by a unit of (i) IT related EOU or (ii) STP or (iii) EHTP or (iv) BTP may work from a place outside the said unit, subject to the following conditions:

- (a) There must be an Authorization from the unit specifying the duration of such authorization.
- (b) Responsibility for carrying out the work and supervision, if any, is that of the unit, which will be liable for any misuse.
- (c) Export of the resultant products/ services would take place only from the premises of the unit

E. Interest Subvention Scheme has been extended upto 31.03.2013 and additional 134 sub sectors of engineering have been added and also continued for handicraft, handloom, carpets, readymade garments, sports goods and toys and processed agricultural products

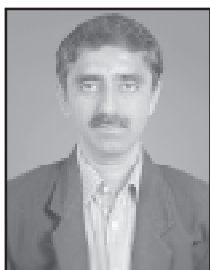
This benefit ought to have extended to all sectors and it is expected RBI will issue necessary notification to extend the benefit under Interest Subvention Scheme,

F. Special Economic Zone (SEZ)

They were high expectations to extend income tax benefit under section 10AA for those who are planning to start commercial production on or before 31.03.2016. At present, this benefit is available only to those units who will start their commercial production on or before 31.03.2014. It was further expected that provisions of MAT will be dispensed with or it will be reduced to 7.5% than that of 18.5%, but only few changes has been announced but still not notified even after 18 days of announcement.

1. Requirement of land for setting SEZ has been made 50% of the existing minimum limit
2. Sector specific SEZ can have the sectorial Broad banding for similar and related area.
3. Pre-existing structure not in commercial use can be considered for notifying the SEZ without any duty benefit thereon, i.e. existing structure
4. Minimum land area of 10 hectors of IT & ITES SEZ has been dispensed with reduction in built up area by 50% in CLASS B cities and 75% in CLASS C Cities
5. Exit Policy for SEZ Unit has been permitted by way of transfer of ownership or sale

However, such type of small amendments may not yield the positive result for re-surgng the economy and boost the export.



Grey areas in the Companies Bill 2012

*CMA Jagdish Ahuja,
ahuja.jag@gmail.com

The Companies Bill 2012 is already passed in Lok-Sabha on 18th December 2012 and we all are now eagerly waiting for its go-ahead by Rajya-Sabha. For a long time the India Inc remained a silent spectator to the corporate scams and frauds taking place. You all will acknowledge that the biggest challenge before us is to tackle corporate corruption and frauds without hurting the well-known Indian enterprise. This can be achieved by bringing in prohibition against corrupt practices and providing strictest punishment for violation of law. Experience has shown that it is not a change of law alone which matters, it is the effective administration of law which matters more.

There are drastic changes proposed in the new legislation. At macro level, the Bill is divided into 29 chapters, 470 clauses and 7 schedules as against 13 parts, 658 sections and 15 schedules in the existing Act. The Bill empowers CG to make rules through delegated legislation after having detailed consultative process. The Bill provides for self-regulatory process and stringent compliance regime. There are several welcome provisions in the new bill. To name a few, maximum number of members in private company will be increased from 50 to 200, mandatory consolidation of financial statements, for infrastructure projects preference shares are proposed to be issued for a period greater than 20 years, the condition of mandatory transfer of profits to reserve for dividend declaration and obtaining Central Government approval for related party transaction proposed to be relaxed, compulsory rotation of auditors, introduction of concepts such as small company, dormant company, one person company, Key Managerial Personnel, Registered Valuers, Private placement, etc.

Although Bill envisages several welcome provisions as discussed above, it is not free from flaw. There are a few grey areas which are discussed at length below:

1. **Excessive reliance on delegated legislation:** Major part of the substantive law is covered under rules and notifications to be issued by the Central Government at a later date. This will create uncertainty and lead to confusions. Moreover rules can be made and amended by the Central Government simply by issuing notifications without undergoing the cumbersome process of parliament approval. Thus there will be scope for misusing law.
2. **Restriction on layers of subsidiary companies:** As per the newly introduced provision, a specified class of holding companies shall not have layers of subsidiaries beyond such numbers as may be prescribed. This provision needs to be deleted in the light of the fact that the law now provides for consolidation of accounts of subsidiaries including associates and joint ventures.
3. **Small Companies:** As per the newly introduced provision, a small company is a company other than a public company, the paid up capital of which does not exceed RS fifty lakhs or such higher amounts as may be prescribed which shall not be more than RS 5 Crores. It is argued that the limit of RS 50 lakhs for treating a company as a small company is too small and must be increased to RS 5 Crores.
4. **Appointment and rotation of auditors:** As per the clause on appointment and rotation of auditors, an individual cannot be auditor for more than one term of 5 years and in case of audit firm, the tenure is two terms of five years with a cooling period of 5 years for reappointment. It is argued that as per the practice followed world over, the rotation to be of the audit firms and not of the partners within the firm. Moreover, in big corporate houses, it takes several years to implement automated systems such as SAP and ORACLE and auditors too take long time to understand the entire process flow of information in such companies. If this provision is implemented, by the time the auditor will get conversant to the systems, he will have to resign and some other auditor will join who will once again undergo the cumbersome process of understanding flow of information. This is only expected to lead to increased time and cost. The other issue is with respect to eligibility for appointment of auditors. A relative holding any security or interest in the company of the face value of more than RS 1,000 will disqualify a person from appointment as auditor.
5. **Certain management services not to be provided by auditors:** It is not clear but assumed that such services will include even tax advisory and representation services. This will lead to appointment of multiple professionals as against current trend of obtaining majority of services under one roof. Moreover, as per this provision, auditors are not allowed to render services such as Actuarial services, internal audit, management consultancy services, etc.
6. **Punishment where audit is conducted by firm:** In such cases, there will be vicarious criminal liability on all the partners of the firm where one or more partners are found to be involved in fraud, which is unfair.

7. **Harmonisation with other laws:** Some of the provisions of the Bill are not in harmony with the provisions of other laws. For example as per the provision of the Bill, an independent director is not entitled to stock option scheme whereas as per SEBI guidelines there is no restriction on ESOP to be given to independent directors.
8. **Loans to directors:** As per the existing Section 295 of the Companies Act, approval of Central Government is not required for loans made, guarantee given or security provided by independent private companies although it is applicable to public companies and private companies which are subsidiaries of public companies. As per the provision of the Bill, the restriction would now apply even to independent private companies.
9. **Class action suits by shareholders:** Although introduction of class action suit is a welcome move, it is apprehended that it may give rise to frivolous complaints by shareholders leading to harassment of Indian enterprise.
10. **Insider trading regulations:** Private companies are not exempted from applicability of Insider trading regulations which will be unfair.
11. **Constitution of Audit Committee:** As per the relevant clause of the Bill, every listed company and such other class or classes of companies as Central Government may prescribe shall constitute an audit committee. In other words now even the private companies, small companies or one man companies would be required to constitute audit committees which will be unfair.
- Conclusion:**
Let us hope that before the Bill gets converted to Act, the above grey areas would be appropriately addressed and the new company legislation will be better than the existing one in all respects.
- *Jagdish is a Mumbai based Company Secretary in Practice.*

CAMPUS INTERVIEW

The Institute of Cost Accountants of India - Western India Regional Council organized the Campus Interview for Final students who passed in December 2012 Examination, on Saturday, 20th & 21st April 2013 at SGSJK's Aruna Manharlal Shah Institute of Management & Research, Ghatkopar (W), Mumbai. Around 200 students from all over Western Region participated in Campus.

WIRC received excellent feedback from the students and the Companies who participated in the Campus. CMAs A.B. Nawal, Chairman Students, Members and Chapter Co-ordination Committee WIRC, Shrenik Shah, Chairman WIRC, Ashish Thatte, Chairman PD Committee, WIRC, Neeraj Joshi, Hon. Secretary WIRC, and were present on the occasion.

WIRC conducted special programmes on "Personality & Communication Skills Development" on 6th, 13th & 19th April 2013 to help students to prepare for Campus Interview. Mr. Gurmeet Singh was the faculty for the programme.

List of Companies Participated

- ACCENTURE
- KPMG
- IFFCO (UAE)
- TCS
- ITC
- WIPRO

Campus Selection Details

Total Companies participated – 6

Sr. No.	Name of the Company	No. of Students Selected	CTC (in Lacs)
1	ACCENTURE	26	6.25
2	IFFCO (UAE)	5	8.00
3	KPMG	3	5.25
4	ITC (5+1)	6	6.30
5	WIPRO	9	4.00
6	TCS	Awaited	5.27

Total Students Selected 49 out of 200.

MIS Reports for Monitoring, Controlling & Reducing Raw Material Cost

CMA Rajesh Kapadia



In Manufacturing industry, raw material cost often constitutes 50% to 75% of total product cost.

So, it becomes imperative for management to monitor, control and reduce raw material cost to make its product competitive in the market.

Here, CMA Department can play a very important role by preparing & submitting following MIS reports to help management in their endeavour to monitor, control & reduce raw material cost content of the total product cost.

Report 1

Usage of key raw materials per mt of production.

For Product 1

Name of raw materials	Unit	As per budget	As per Current F.Y.	As per Previous F.Y.
Raw material 1	Mt /Mt			
Raw material 2	Mt /Mt			
Raw material 3	Mt /Mt			
Raw material 4	Mt /Mt			

This report should be prepared only for key raw materials of the product. Any excess consumption (say more than 5%) in current F.Y. as compared to previous year as well as budget requires attention of the management.

The reasons for excess consumption can be any one or more of the following:

- 1) Excess consumption due to breakdown of plant machinery
- 2) Poor quality of material resulting into excess consumption.

Utilities of this report:

1. Analysis of causes would suggest suitable remedial measures.
2. Analysis of excess consumption by cost centres (whether production or utility or purchase) enables fixation of responsibility
3. It provides a basis for establishing actual material cost for pricing.
4. The R & D department of the company can play very important role by suggesting improvement in production process/ modification in production process which will result in achieving permanent reduction in usage of key raw material/materials per mt of product. This will also nullify the effect of increase in raw material price.

Report 2

Price of key raw materials (Rs / MT)

For Product 1

Name of raw materials	Unit	As per budget	As per Current F.Y.	As per Previous F.Y.
Raw material 1	Rs /Mt			
Raw material 2	Rs /Mt			
Raw material 3	Rs /Mt			
Raw material 4	Rs /Mt			

This report should be prepared only for key raw materials of the product. Any excess price (say more than 5%) in current F.Y. as compared to previous year as well as budget requires attention of the management.

Reasons for excess price can be the following:

Obtaining supplies urgently which may be due to the following reasons:

- 1 Sudden procurement of sales order by marketing department for which there is no production planning & consequently there is no planning for procurement of Raw Materials required for that product.
- 2 Lack of coordination between production department and purchase department.

General Inflation

Utilities of this report

- 1 Analysis of causes would suggest suitable remedial measures.
- 2 It provides a basis for establishing actual material cost for pricing.
- 3 With respect to key raw material/materials of a product, the requirement of which is very huge, management can explore the possibility of putting up its own plant to manufacture this key raw material by carrying out proper cost benefit analysis . This is also known as backward integration.

This will also ensure regular supply of this key raw material at own manufactured cost (reduced cost).

Conclusion

Once the above mention reports are prepared, submitted and discussed with the management, it will facilitate taking up of appropriate and suitable corrective and remedial actions by the concern departments and authorities of the company to monitor, control and reduce raw material cost of the product. ■

Glimpses of BHOOMI POOJAN OF CMA BHAWAN Pune Chapter – 11th April 2013



CMA D V Joshi, Former President, along with CMA Priyamwada Joshi, performing the Bhoomi Poojan



Dignitaries present at the time of inauguration



CMA Pramod Dube, Chairman, Pune Chapter felicitating Mr. Mahesh Pathak, Commissioner, Pune Municipal Corporation. Also seen CMAs Dhananjay Joshi and Sanjay Bhargave.



Mr. Rajabhau Barate, Corporator, PMC, being felicitated by CMA Pramod Dube, Chairman-PCCA. Also seen Mr. Madhavrao Joshi, Contractor, Mr. Hrishikesh Joshi, Architect and other dignitaries



CMA Shirish Phadtare, Member, PMC School Board, seems delighted on the Bhoomi Poojan of "CMA Bhawan"



Speakers during the Students interaction programme

Glimpses from Campus Interview held on 20th & 21st April 2013



CMA Ashish Thatte, Chairman-PD Committee, WIRC interacting with the students during Personality & Communication Skills Development organized by WIRC.



View of students during Personality & Communication Skills Development



CMA A. B. Nawal, Chairman-Students, Members and Chapters Co-ordination Committee, WIRC, addressing the students



CMA Shrenik Shah, Chairman, WIRC, interacting with students



Interview in Progress : ACCENTURE



Interview in Progress : IFFCO



Interview in Progress : ITC



Interview in Progress : KPMG



Written test in progress : TCS



Interview in Progress : WIPRO



CMA Dr. Heena Oza welcoming the Faculty during CEP on Indirect Tax Management organized by Surat-South Gujarat Chapter. Also seen CMA Hemant Joshi, Manager-Excise, Reliance Industries and CMA J. T. Parmar, Secretary of the Chapter



Satyanarayan puja at New Premises of Surat-South Gujarat Chapter



**WESTERN INDIAN REGIONAL COUNCIL
OF
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

Announces

Full Day Seminar on

"IMPORTANT ASPECTS OF COST AUDIT AND COST COMPLIANCE CERTIFICATE"

Date :

Saturday, 18th May 2013 Time: 10.00 a.m. to 5.00 p.m.

Venue :

Hotel Adityaz, Airport Road, Opp. Deendayal Nagar, Gwalior 474 005 (M.P.)

Delegate Fees : Rs. 500/- (Students) Rs. 1,000/- (PCA) Rs. 1,200/- (Company Representatives)
(12.36% Service Tax extra)

Cheque / DD in favour of WIRC-ICAI

(Four CEP Credit Hours will be provided)

For Details & Registration Contact:

Shilpa Jain : Mob.: 097547 00001 • E-mail: indore@icmai.in

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

Tel. 022 - 2204 3406/16 Extn. 30

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

Deliberation on MCA - 21

The Ministry of Corporate Affairs has conducted a meeting of stakeholders consideration on 6th May, 2013, at ICAI Bhawan, Mumbai. Shri Amardeep Singh Bhatia, Joint Secretary, MCA chaired the consultation. Shri Anil Kumar Bharadwaj, Director, MCA, Shri M.A. Kuvadia, Regional Director, Western Region, Senior Officials of the Directorate and ROC., Mumbai and Senior Officials of Infosys were attended the consultation. CMA Ashish P. Thatte, Chairman, PD Committee, WIRC-ICAI and CMA Ashwin G. Dalwadi, Past Chairman, WIRC-ICAI and Ex-CCM, ICAI, represented The Institute of Cost Accountants of India.



CMA Ashish P. Thatte, Chairman, PD Committee, WIRC-ICAI addressing the session. Also seen ICSI Council Members along with him.



CMA Ashwin G. Dalwadi, Past Chairman, WIRC-ICAI, addressing the audience.



CMA Ashish P. Thatte & CMA Ashwin G. Dalwadi along with MCA Officials Shri Anil Kumar Bharadwaj, Director, Shri M.A. Kuvadia, Regional Director and Shri Amardeep Singh Bhatia, Joint Secretary.



A view of the invitees who attended the Deliberation MCA-21, represented from all the three Professional bodies.

CEP REPORT

On 13th & 20th April, WIRC organized CEP on Discussion on Exposure Draft CAS - 17" at Mulund College & Borivli SMFC Centre respectively. CMA Chandrashekhar Joshi was the speaker at Mulund College & CMAs Shrikant Jadhav was the speakers for the programme.

On 23rd April, WIRC organized CEP on "Practical Aspects of CAS -4" at PTVAs Institute of Management, Vile Parle. CMA Ravi Sahani was the faculty for the programme.

On 24th April, WIRC organized Full Day Seminar on Cost Audit Preparations, Cost Audit Plan, Audit Assurance Standard and Cost Audit Paras at N.M. College. CMA Ravi Sahani was the faculty for the programme.

Large number of members attended the programme.

CHAPTER NEWS

PUNE

"CMA Bhawan", Pune - Bhoomi Poojan Ceremony

Bhoomi Poojan and Foundation Stone Laying Ceremony of New Educational Complex of The Institute of Cost Accountants of India - Pune Chapter of Cost Accountants was performed on New Year Day of Goodhi Padwa, on Thursday 11th April, 2013, at the auspicious hands of CMA Dhananjay Joshi, Former President of the Institute, CMAs Sanjay Bhargave and Amit Apte, CCMs, Shrenik Shah, Chairman WIRC, Dr. Vechalekar, Ashok Nawal Former Chairman WIRC, Neeraj Joshi, RCM, Pramod Dube, Chairman PCCA, Narhar Nimkar, Former Chairman PCCA and Managing Committee members of PCCA Madhuvanti Sathe, Milind Date, Anant Dhavale, Harshad Deshpande, Amit Shahane, & Chaitanya Mohrir.

Mr. Mahesh Pathak, Commissioner, Pune Municipal Corporation and Mrs. Pathak were special invitees. Mr. Pathak discussed in details about the project and he has kindly blessed the project and assured required support. Shri Rajabhau Barate, Corporator, offered full co-operation and necessary help for "CMA Bhawan" and expressed that this project will be a prestigious project in the constituency which he currently represents in PMC.

CMAs M. K. Kanade, Former Chairman WIRC and A V Salunke, Sriram Sane, Dr S U Gawade, B R Fernandes, Rasomay Chakraborty, Former Chairman PCCA, CMAs Shirish Phadtare, Sandesh Badkas, Suhas Jagtap, Vaishali Limaye, Waman Parkhi, Vishvesh Desai, Meena Vaidya and many other senior members of the profession, Advocate Kaumudi Tulpule, Shri Waghmare, Structural Engineer, Shri Shrirang Abhyankar, honorary director, PCCA, and many other dignitaries graced the occasion.

This was a very proud moment for Cost Accounting fraternity and the function was attended by faculty members of Pune Chapter, professionals from other Institutes and large no. of students.

The new building "CMA Bhawan" is proposed to be constructed to house administrative block, class rooms, library, Computer Lab, Conference Halls, Meeting Halls and such other state of the art facilities for the students and members of the Institute and will also provide excellent facilities for educational and cultural activities in the Karve Nagar area.

The function was followed by a Students Interaction Programme. CCM Amit Apte, CMA Shrenik Shah, Chairman WIRC, CMA Neeraj Joshi, Secretary WIRC, Pramod Dube, Chairman Pune Chapter, CMA Milind Date, Secretary Pune Chapter, CMA Narhar Nimkar, CMA Waman Parkhi, Partner Indirect Tax KPMG addressed the students. The programme was compered by CMA Amey Tikale.

SURAT SOUTH GUJARAT

Career Fair organized by the Institute

On 13-14th April, 2013 Career fair was organized by the Institute through Times Educations of Times Group at Maharaja Agrasen Bhavan, City Light, Surat.

During the two days many students, professionals and parents visited the fair.

Pooja at New Premises

Chapter organized a "Satyanarayan Katha" at new purchased premises 103- Ritz Square, Ghod Dod Road, Surat. CMA Dr. Heena Sunil Oza, Chairperson participated in it. Members and final students also took part in pooja.

CEP on Indirect Tax Management in Manufacturing Sector

A CEP on above subject was organized by Chapter on 10-03-2013 at Surat Citizens' Council Hall, Athwagate, Surat. CMA Dr. Heena Oza welcomes the faculty and members. CMA Hemant Joshi, Manager (Excise), Reliance Industries, Hazira discussed the changes in Excise and Service Tax provisions and its implication to the Industry, CMAs and Economy at large. CMAs of Surat and Final Students took advantage of it. CMA Rakesh Verma, member of Surat Chapter proposed vote of thanks The programme was well - attended by members and students.

Full Day Seminar on 5.3.2012 at Ankleshwar by Bharuch Ankleshwar facility Centre IACI (Surat-South Gujarat Chapter of Cost Accountants)

ICAI Facility Centre organized a Full day seminar on Budget 2013 on 05.03.2013 at Hotel Lord Plaza Ankleshwar. Seminar was also attended by Commissioner of Central Excise Ankleshwar -II Mr. Ajay Saxena. He appreciated the efforts of organizing such seminar for the awareness of industries at large which is the need of time. On behalf of trade CMA A.B Nawal has made representation regarding stringent rule of offence & penalty which may affect honest assesses also for which he assured that such thing will be ensured by commissioner that there should not be any undue harassment to assesses. More than 150 participants were present in the seminar from Bharuch, Dahej, Ankleshwar, Surat & Baroda. Welcome Note was presented by conference CMA Satyanarayan Mundra (Vice chairman Surat South Gujarat Chapter of Cost Accountant) explaining the activities of facility Centre and support of all industry. CMA Ashok Nawal, had explained the impact of budget specially on Excise, Customs & Service Tax in detail nicely for awareness of all. He also explained the FTP provisions and recent ST-3 Return. CA Surendra Rakhecha had made very good presentation on changes relating to direct Tax.

Question Answer session was very interactive and all the participant had taken active part in clarifying the doubts. This time many senior official from Reliance, Birla, Well spun GNFC were present and they have appreciated the efforts of our profession in organizing such useful seminar inviting knowledgeable faculties who are hardly available for whole day. Programme was coordinated by CMA R.K.Rathi. CMA R.A.Mehta and Rajesh Makwana. proposed vote of thanks for success of seminar. CMA Amish Parmar presented Memento to Chief Guest.

Status of a Nominee : A Trustee or an Owner

By **S. G. Gokhale**, B.Com. (Hons.), LL.M., F.C.S., F.I.I.I.

Advocate and Legal Advisor, Mumbai.

Mobile : 9821467264 • E-mail: gokhalesg@rediffmail.com

(The legal position about the status of a person in respect of the property for which he/she is appointed as a Nominee is analyzed in this Article.)

1. There are two modes of succession to the property of the deceased i.e. testamentary and intestate. In the testamentary mode of succession, the property of the deceased devolves as per the wishes of the deceased, expressed through the document called "will". In the absence of the will or on the failure of the will by not acceptance by the Court, the property devolves on the person/s in accordance with the Law of succession. The nomination can be said to be a mode of testamentary succession, otherwise than through the will, to the extent and/or in a cases where the nominee becomes absolute owner of the property. The nomination is primarily a facility for quickly and easily realizing the property from third parties, belonging to the deceased. It also helps the third parties of being relieved and discharged from the liability by making the payment or transferring the property to the person nominated by the deceased. It is a question thereafter, as to in which capacity the nominee holds the property.
2. There is only one law relating to the testamentary or intestate succession for the entire property of the deceased. However, there is no all inclusive or uniform Law of nomination applicable in respect of entire property. The provision relating to the nomination is to be found in the respective Law in respect of a particular property. There are many property for which provision or facility of nomination is not available. The person owning a flat in the building of a Co operative Housing Society by holding the shares of the Society can make the nomination in respect of the shares and the interest in the flat. But to a person owning the plot of land and the bungalow thereon, has no facility of making nomination in respect of the same.
3. The question of the status of the nominee vis-a-vis the property received by him in that capacity has arisen for consideration by the Courts on many occasions. The consistent view after 1984 Judgment of the Supreme Court in the case of Sarbati Devi, dealt with hereinafter, has been that the nominee is only the "Trustee", for the persons entitled to the property in accordance with testamentary/intestate succession. This possibly generated a perception that it is a proposition of Law that the nominee is always the "Trustee" and not the "Owner". However, the rulings all along by the Courts were attributable to the language/expressions used in the particular enactment and not as a general rule. It may be a coincidence that in all the cases considered by the Courts, the language/expressions have been such to make the nominee the "Trustee." In the recent case, of 2010, dealt with hereinafter, the Bombay High Court has held that the nominee is the "Owner" and not the "Trustee." This is with reference to the provisions of nomination contained in the Companies Act, 1956 and the Bye Laws of Depositories. In view of this, the proposition has to be that the nominee can be the "Trustee" or the "Owner", depending on the meaning and/or an interpretation of the provisions contained in the particular enactment. While on the subject, it can be advantageously noted that the Succession Certificate or Letters of Administration issued by the Courts are only for realizing the debts and securities/administering the property and the holder does not become the owner. Further, subject to specific protection against the attachment wherever applicable, the property in the hands of the nominee in either capacity, is available for discharge of liabilities of the deceased.
4. The language/expressions used in the provisions for nomination in some enactments and the Judgments wherever available considered, are as under:
 - (a) Insurance Act, 1938, Section 39:
Nominee is a person to whom the policy money is to be "paid".
Possibly, the provision under this Act came up for consideration for first time by the Courts. Some High Courts took the view that the nominee is the "Trustee" while some others took the view that the nominee is the "Owner". The Supreme Court in the case of Smt. Sarbati Devi and Anr. Vs. Smt. Usha Devi (AIR 1984 SC 346) approved the view that the nominee is the "Trustee". The Supreme Court observed that the language of this Section does not warrant to hold that the nomination is one more kind of succession. Therefore, the law of succession applicable to the estate of the deceased continues to apply without being varied by the nomination.
 - (b) The Gratuity Act, 1972, Section 4:
The gratuity amount shall be "paid" to the nominee. On the basis of language of the Act and applying the ratio of the Sarbati Devi's case, the Bombay High Court, in the case of Gangubai Bhagwan Salawde and Ors. Vs. Chimnabai Suryabhan Salwade and Ors, [2005(104) FLR 158] held to the effect that the nominee under the Gratuity Act, 1972 is the "Trustee" and not the "Owner".

- (c) The Employees' State Insurance Act, 1948, Section 71:

The benefits under the Act due up to the date of death are to be "paid" to the nominee.

No reported case is found directly with reference to this provision. However, on the basis of the language of the provision, the ratio in the Sarbati Devi's case would squarely apply.

- (d) The Maharashtra Co-operative Societies Act, 1960, Section 30:

The share or interest of the deceased member is to be "transferred" to the nominee. In the absence of nomination, the share or interest is to be "transferred" to a person as may appear to the committee to be the heir or legal representative. Other moneys due to the deceased member are to be "paid" to the nominee, heir or legal representative as the case may be.

In the case of Gopal Vishnu Ghatnekar Vs. Madhukar Vishnu Ghatnekar, 1982 (84) BLR 41, the Bombay High Court held to the effect that the nominee under the above provision is only the "Trustee" and not the "Owner". The Section deals with two situations namely, where there is a nomination and where there is no nomination. In respect of both the situations, the word used is "transfer", which is in fact closer to ownership rather than trusteeship. The transfer is something more than paying/receiving. In respect of the second situation, the Act provides for transfer to any of the heirs or legal representatives as may be decided by the committee. On combining both the situations, the Honourable Court considered that the committee is not competent to decide about the heirship and the provision relating to "transfer" to heir is to be considered as provisional arrangement and this would apply to "transfer" even in favour of the nominee. If the two situations are considered independently, there can be a possible view that "transfer" to the nominee is absolute.

- (e) Government Savings Certificates Act, 1959, Section 6, 7 and 8:

The payment due on the savings certificates is to be "paid" to the nominee. A right is conferred on the nominee to "receive" the payment. The nominee becomes "entitled" to the savings certificates and to be "paid" the sum due thereon to the exclusion of all other persons. The above provisions are subject to non obstinate clause to the effect that the provisions of the nomination are notwithstanding anything contained in any Law for the time being in force or any other disposition, testamentary or otherwise. Sub section 2 of Section 8 provides to the effect that the executor, the administrator or other representative of a deceased are not precluded from recovering the amount from the nominee, subject to deduction of expenses paid and liability discharged by the nominee.

In the case of Vishin N. Khanchandani and Anr. Vs. Vidya Lachmandas Khanchandani and Anr., (2000)6 SCC 724, the Supreme Court held to the effect that

the nominee is the "Trustee" and not the "Owner". This finding is based on the overall reading of the Section. The non obstante clause, the words like "entitled" and "to the exclusion of other persons" also were held to have no effect in view of other specific provision in the Section to the effect that the executor, the administrator or other representative is entitled to recover money from the nominee.

- (f) Banking Regulation Act, 1949, Section 45-ZA:

This Section was introduced in the year 1985. The Section is reproduced as it is, instead of giving the language and expressions in the narrative form, for specific purpose of appreciating the Judgment of the Supreme Court thereon noted hereinafter.

"45 -ZA. Nomination for payment of depositors' money.

- (1) Where a deposit is held by a banking company to the credit of one or more persons, the depositor or, as the case may be, all the depositors together, may nominate, in the prescribed manner, one person to whom in the event of the death of the sole depositor or the death of all the depositors, the amount of deposit may be returned by the banking company.
- (2) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such deposit, where a nomination made in the prescribed manner purports to confer on any person the right to receive the amount of deposit from the banking company, the nominee shall, on the death of the sole depositor or, as the case may be, on the death of all the depositors, become entitled to all the rights of the sole depositor or, as the case may be, of the depositors, in relation to such deposit to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (3) Where the nominee is a minor, it shall be lawful for the depositor making the nomination to appoint in the prescribed manner any person to receive the amount of deposit in the event of his death during the minority of the nominee.
- (4) Payment by a banking company in accordance with the provisions of this section shall constitute a full discharge to the banking company of its liability in respect of the deposit:

Provided that nothing contained in this sub-section shall affect the right or claim which any person may have against the person to whom any payment is made under this section."

In the case of Ram Chander Talwar and Anr. Vs. Devender Kumar Talwar and Ors. (2010) 10 SCC 671, the Supreme Court held to the effect that the nominee under this Act is the "Trustee" and not the "Owner". This finding is based on the words "right to receive" used in the Section and following the decision in the case of Vishin N. Khanchandani with reference to provisions of nomination in the Government Saving Certificates Act, 1959.

In this case the Supreme Court does not seem to have given proper weightage to the words "became entitled to all the rights of the sole depositor or as the case may be, of all the depositors" and "to the exclusion of other persons". For this, the Supreme Court has only observed that "But it by no stretch of imagination make the nominee as the owner of the money lying in the account". The plain reading of the Section puts the nominee into the shoes of the depositor himself who has full disposition power over the money lying in the account. The provision of right of executor, the administrator or other representative to recover money from the nominee as contained in the Government Saving Certificate Act, 1959 is not found in this Section. Therefore, the comparison of two provisions does not seem to have been properly made. One more reason given by the Supreme Court is that the Banking Regulation Act, 1949 is enacted to consolidate and amend the law relating the banking and it is in no way concerned with the question of succession. This reason, at the most can be said to be as to what should be the Law and can be applied if there is an ambiguity. But if the language is clear and unambiguous, the way should be given to it. It is respectfully submitted that on all the three counts, this decision of the Supreme Court requires reconsideration.

- (g) Companies Act, 1956, Section 109A & Bye Law 9.11 of Bye Laws of Depositories.

The shares in or debentures of the Company of the deceased member "vest" in the nominee. This is not withstanding anything contained in any other Law for the time being in force or any other disposition, testamentary or otherwise. The nominee is entitled to all the rights in the shares and debentures to the exclusion of all other persons. The securities held by beneficial owner "vest" in the nominee in the event of death of a beneficial owner. The depository to rely upon the nomination, not withstanding anything contained in any other disposition and or nomination under any other Law.

The Bombay High Court in the case of Harsha Nitin Kokate Vs. Saraswat Co-operative Bank Ltd. and Ors., (2010) 3 Comp. L.J. 508 (Bom), held to the effect that the nominee in respect of the shares/debentures and the securities held in the depository account is the "Owner" and not the "Trustee". The High Court has considered the ratio in the case of Sarbati Devi and distinguished the said case. The finding of the Court is essentially based on the expression "vest" in both the provisions as opposed to other expressions like "paid" and "receive" in other enactments. The High Court also has clarified that depending on the nature of the case, the expression "vest" may have other meaning and effect. For example, vesting of the property in the Court Receiver, which is always provisional and for the purpose of the managing the property. (The reference to depository bye law 9.11 is made in Judgment as Section 9.11 of the Depositories

Act, 1996. This may be due to inadvertence.)

- (h) The Employee' Provident Fund and Miscellaneous Provision Act, 1952, Section 10(2) and The Employees Provident Fund Scheme, 1952, para 61:

As per the Act the amount of Provident Fund "vest" in the nominee. This applies to the pension and the insurance under the Act. As per the Scheme, the nominee is a person appointed to "receive" the provident fund amount.

There does not appear any reported Judgment on the expression "vest" under this Act. Going by the interpretation given by the Bombay High Court with reference to the nomination under the Companies Act and the Bye Laws of Depositories, on the basis of expression "vest", the nominee under this Act should also be the "Owner". The expression "vest" in the Act is to override the expression "receive" in the Scheme.

5. The above instances can be categorized into four parts on the basis of relevant language/expressions as follows:

- (i) In (a) to (c) the words such as "payment" or "receipt" are used. (ii) In (d) the words "transfer" and "paid" are used. (iii) In (e) and (f) in addition to the expressions such as "receipt/ payment/return" the non obstinate clause is used. The words "to the exclusion of any other persons" are also used. (iv) In (g) and (h) the word used is "vest". In addition an non obstinate clause is also used. In (g) the words "entitled" and "to the exclusion of any other persons" are also used.

Generally, there is a provision in all cases of giving valid discharge to the person making the payment/ transferring interest, shares/securities etc. to the nominee.

6. Comments and Suggestions:

- a. On the basis of above discussion and at the cost of repetition, it is stated that the status of the nominee i.e. whether as the "Trustee" or the "Owner" depends on the language and expressions used in the concerned Act and also further on the interpretation given to them by the Courts. This leads to a state of total uncertainty for a common man in arranging the financial affairs. It is absolutely necessary that there is a common or uniform Law with regard to nomination or the provisions contained in different legislations are kept identical. Of course, the uncertainty in Law is not limited to the nomination alone.
- b. The uncertainty in Law is very often attributed to making of Law. However, the process of interpretation of Law also contributes and may be more, to the uncertainty in Law. The uncertainty attributable to making of Law, when noticed, can be corrected in one go. But uncertainty through interpretation is a continuous process. More alarming is the fact that while the change by making operates prospectively, the change by interpretation operates retrospectively. Pending any view by the Supreme Court on any point of Law, the different position may prevail in different

States depending on the view taken by the High Courts. The view of the Supreme Court can also be overruled by it, in subsequent rulings.

- c. The issue of the status of nominee is relevant only if there can be disputes. If there is only heir to the deceased who is also a nominee there would not be question of any dispute. If heirs consist of a spouse & child/children and the nomination is in favour of a spouse, chances of disputes are less. If there are two and more children but nomination is only in favour of one, the chances of disputes are high. When the heirs include mother & widow, the chances of disputes are still higher. If the nomination is in favour of brother, sister or other relatives / friends when there are natural heirs like spouse, children and parents then the chances of disputes are highest. In some enactments, there is a specific provision for nomination only in favour of a member of family, as defined there. This has the effect of reducing the disputes. In the event of disputes, normally a person
- d. Having said as above, it is necessary to find a way out. Firstly, the nominations should be so made with least possibility of disputes. For the present, the Law relating to will is fairly settled and uniform. One should therefore have the will made and to the extent possible make the nominations also, as nearly as possible close to the distribution made in the will. The nomination may be primarily used for realizing the money quickly and conveniently from third parties. Thereafter, the will can be used as stand by document only if there are disputes. The possibilities of disputes are minimum when the distribution through the nominations and the distribution through the will are substantially, if not fully, close to each other. The will should consider both the possibilities about the status of a nominee.

Seminar on Cost Audit, GST & Service Tax organized by Raipur Chapter

A seminar was organized by Raipur Chapter of Cost Accountants on 6th April 2013, Saturday at Hotel Mayura, Raipur on Cost Audit, GST and Service Tax. CMA A.B. Nawal (Treasure WIRC and MD Bizsolindia Pvt. Ltd.), CMA Vijay P. Joshi (Ex Chairman WIRC and Regional Council Member) and CMA V.S. Datey (renowned author of taxation books) were the resource person for the seminar. Vice Chancellor of

Ravishankar University Prof. S.K. Pandey was the chief guest for the program. Chapter Chairman CMA Rakshit, Vice Chairman CMA Ratan Khatwani, Secretary CMA Sanat Joshi and Treasurer CMA Arindam Goswami were present on this occasion. Anchoring was well managed by Miss. Niharika Rai. Seminar was attended by many delegates from Industries located in and around Chhattisgarh and Maharashtra. Many members and students were also present during the seminar. The seminar was covered by local media and almost all leading newspapers gave good coverage to the event.

(See photos on last page)

CAT COURSE

Happy to inform that the Govt. of Rajasthan has issued letters to 40 Govt. colleges, 30 private colleges and 12 Universities to become CAT ROOCs for offering the CAT Course from 2013-14 Academic session onward.

CAREER FAIR

WIRC participated in Career Fair organized by Sandesh Pratishtan, an NGO at Andheri (E) on 20th & 21st April 2013. Fair is an initiative of Mr. Suresh Shetty, (Hon. Minister of Public Health, Govt. of Maharashtra).

WIRC participated in Career Fair organized by Sanjeevani Career Fair at Navghar Municipal School Ground, Bhayander on 6th & 7th April 2013. Dr. Sanjeev Ganesh Naik, Member of Parliament graced the occasion on last day of the fair and gave away the participation trophies to all the organizations.

WIRC participated in Career Fair organized by Times Education Expo on 19th, 20th & 21st April 2013 at MMRDA Ground, BKC, Bandra (E).

WIRC also participated under various career fairs organized by 'Yuva Disha', an initiative of Lodha Foundation

Date	Venue
07-04-2013	Shivseva Samajik Shikshana Sanstha, Nr. Rajendra Nagar Flyover, Borivali (E)
13-04-2013	Parle Tilak Marathi Medium School Grnd., Off Hanuman Rd., Vile Parle (E)
14-04-2013	BMC Club Ground, Near Vanita Samaj, Shivaji Park, Dadar (W)
05-05-2013	Vikas College Ground, Kannamwar Nagar, Vikhroli (E)
Large number of students visited the Institute's stall.	

Selling Insights ...new concept for Practicing Members

Indraneel Sen Gupta

Master of Economics, MBA in International Business, ICWAI (Final)

Global Macro Economic Researcher, neel19414@gmail.com



The days of providing services are over, the days of providing solutions are over for the practicing fields. The changing technology followed with changes in client's behaviors and requirements, selling solutions for the practicing firms have taken a radical change. Those who are in the fields of practicing are the ones who sell their expertise to the various companies and clients. Professionals like the practicing CMA are the ones who hold and immense expertise in cost management followed with business strategy. Well cost management alone cannot enable to win the game unless business strategy is being mingled up with the same.

Selling solutions by the consultants/practicing CMA are now turning out to be an old. Change in demand and extensive free knowledge being easily available on the internet has changed the solution providing old game. Well majority of the new comers in the segments are following the herd which has lead practicing to be less lucrative compared to service. Increasing competitors has changed the rules of the games which would survive one practicing fellow over the long ter.

Today those who are entering into the practicing filed should be well prepared that they are able to provide insights and not solutions. Insights are the ones which would create the long term value of a consumer which would create a premium for fighting the rising peer competitors. Developing insights would help the new practicing CMA's to have competitiveness over the peers in the long term.

The best way to identify and implement the insight selling practicing is:

- Evaluate prospects according to criteria different from those used by during the traditional practicing .Target agile organizations which are in a state of flux rather than those with a clear understanding of their needs. This would further increase the complexity and knowledge of managing the next higher level of changing dynamics in the business cycles.
- Seek out a very different set of stakeholders, preferring skeptical change agents over friendly informants. Skeptical stake holder's outlook would give you the space to leverage and built the long term insights depending upon your skills.
- One of the most important parts would be to coach those change agents on how to move instead of quizzing them about their company's movement

process. Designing the process is much easier than following the process since in the latter one has nothing to explore and create.

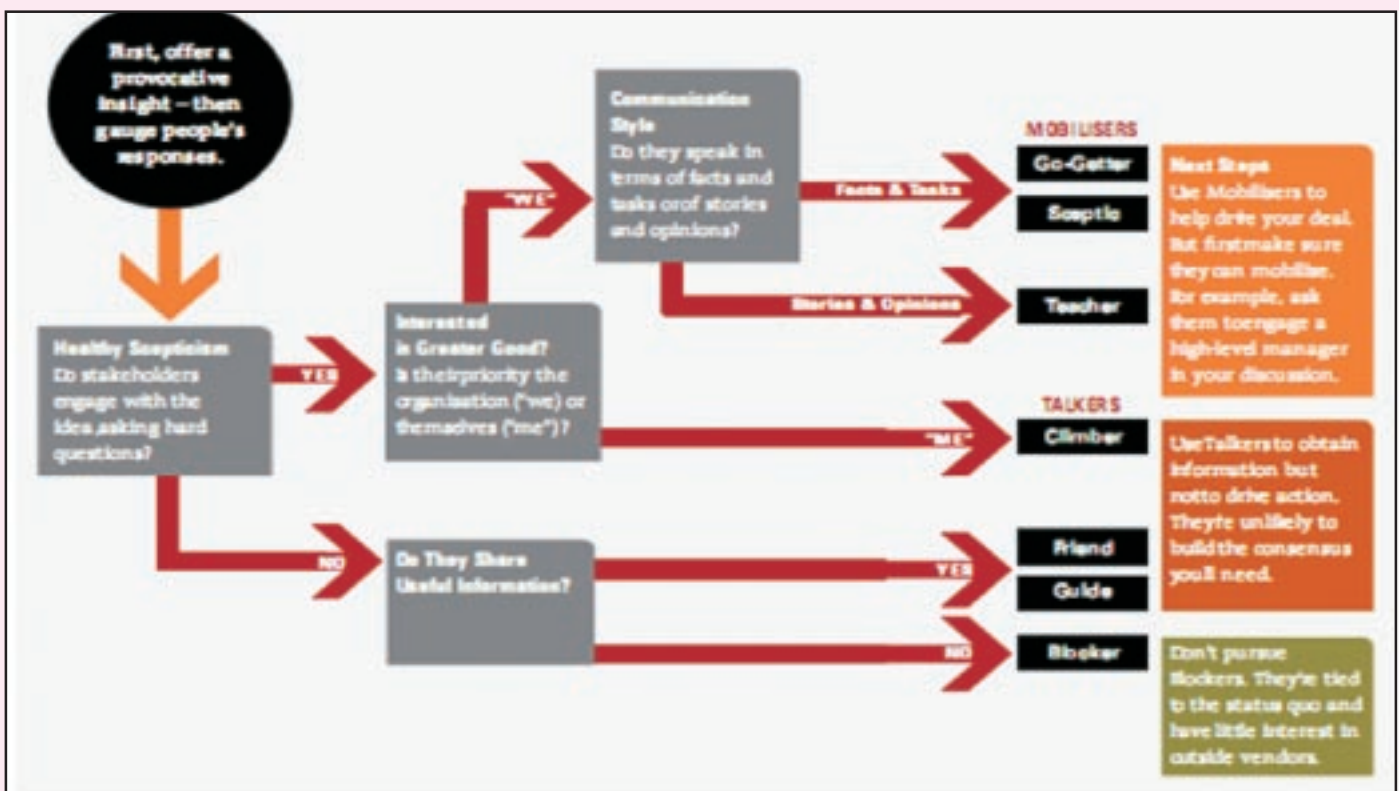
One practicing fellow would develop these segments then selling insights would be much easier and lucrative rather than fighting within the traditional practicing areas. This is also one of the prime reason behind the decline and skeptical mind set behind coming into the field of practicing. The change we need to adopt is that not to sell effectively only but to sell differently.

Developing new challenges in the practicing filed and moreover having a clear vision to handle complex projects are the ideal roots of getting success from today's practicing fields. In the process of my research while interacting with various professionals and organization I found the following players who are being categorized for the practicing fields. These are the new type of natures being built among the practicing fields that are classified by the organizations:

1. Go-Getters. Motivated by organizational improvement and constantly looking for good ideas, Go-Getters champion action around great insights wherever they find them.
2. Teachers. Passionate about sharing insights, Teachers are sought out by colleagues for their input. They're especially good at persuading others to take a specific course of action.
3. Skeptics. Wary of large, complicated projects, Skeptics push back on almost everything. Even when championing a new idea, they counsel careful, measured implementation.
4. Guides. Willing to share the organization's latest gossip, Guides furnish information that's typically unavailable to outsiders
5. Friends. Just as nice as the name suggests, Friends are readily accessible and will happily help reps network with other stakeholders in the organization.
6. Climbers. Focused primarily on personal gain, Climbers back projects that will raise their own profiles, and they expect to be rewarded when those projects succeed.

Above 6 characters of the new practicing segment would create confusion for the new practicing CMA's. They would be confused to adopt and implement the same characters which are being demanded by the organizations. Hence I have tried to give an flowchart of how to adopt and implement which character and where:

Solution Selling	Insight Selling
What kind of company to target	
Organisations that have a clear vision and established demands	Agile organisations that have emerging demands or are in a state of flux
What sort of initial information to gather	
What need is the customer seeking to address?	What unrecognised need does the customer have?
When to engage	
After the customer has identified a problem the supplier can solve	Before the customer has pinpointed a problem
How to begin the conversation	
Ask questions about the customer's need and look for a "hook" for your solution	Offer proactive insights about what the customer should do
How to direct the flow of information	
Ask questions so that the customer can steer you through its purchasing process	Coach the customer about how to buy, and support it throughout the process



The area of practicing has taken a great revolutionary change which needs to be understood. The days of selling solutions are getting over. Selling Insights would help the practicing members to build long term

competitiveness over the peers from all angles. Increasing competitions in the practicing field is increasing the demand of insight selling from the service selling areas.



CMA Ashish Thatte, Chairman-PD Committee, WIRC, welcoming members during Seminar on Cost Audit organized by WIRC on 24th April 2013 at N.M. College.



CMA Kishore Bhatia felicitating CMA Ravi Sahni during Seminar on Cost Audit organized by WIRC on 24th April 2013 at N.M. College.



CMA A.B.Nawal with CMA S. Saxena, CMA S. N. Mundra, CA S. M. Parikh & CMA M. K. Desai during Full Day Seminar held on 5.3.2013 at Ankleshwar organised by Bharuch-Ankleshwar facility centre.



CMA Ashok Nawal with Mr. Ajay Saxena, Commissioner Central Excise & Customs, Ankleshwar-II during Full Day Seminar held on 5.3.2013 at Ankleshwar organised by Bharuch-Ankleshwar facility Centre.



CMAs Vijay Joshi, Samir Rakshit, Dr. S.K. Pandey, CMAs Shrenik Shah, A.B. Nawal & V.S. Datey during Cost Seminar 2013 organised by Raipur Chapter on 6th April 2013



View of Audience during Cost Seminar 2013 organised by Raipur Chapter on 6th April 2013



If undelivered please return to:

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

To