

Changing Paradigms of Professional Excellence

Mysore Chapter of ICSI has announced a 3-day Residential Program on the above subject from 26th, 27th and 28th January 2006 at an exotic location on the banks of river Cauvery - Young Island Resorts, Srirangapatna, Mysore.

Ever since our country embarked on economic reforms, we have witnessed radical changes in all spheres of activities, be they in industry and commerce, civic administration, education or professional competency levels. The expectations of the society in general and our clientele in particular, from the professionals, whether in employment or in practice have risen to unprecedented levels. Meeting these levels of expectations effectively requires paradigm shift in our outlooks from being service providers to becoming solution providers. This, indeed, is a daunting task for any professional. This program aims at equipping the participants with both understanding and managing this paradigm shift. This program is structured to include topic wise exposition of some professional core subjects as well some that have management orientation.

The program is targeting Company Secretaries, Chartered Accountants, Management Accountants, Lawyers, Professional Directors and Corporate Executives.

Technical Sessions are as follows:

1. Corporate Governance - Clause 49 by Sri S V Raman, Institute of financial Management research, Chennai
2. Insights into IPOs by Sri Narasimhan, Karvy Consultants, Hyderabad
3. Shareholder Value Creation and Management by Dr. Prasanna Chandra, Center of Financial Management, Bangalore
4. Company Law Reforms by T V Ramachandran, Wipro
5. Mergers and Acquisition - Strategic, Legal and Financial perspectives by K R Sekhar, Deloitte Haskins & Sells, Bangalore
6. Achieving Personnel Excellence by Dr. M J Arul, SDM Institute for Management Development, Mysore



Fee Structure: Residential delegates who are members of ICSI/ICAI/ICWAI - Rs. 3500/- Other residential delegates: Rs. 4000/- If accompanied by spouse and children Rs. 1800/- per person. No fee for children below 12 years of age. Fee for non residential delegates is Rs. 2,200/-

A special sight seeing arrangements will be made to the family members on actual cost basis during the program. Weekend packages to Ooty/Wynad can be coordinated on request for the delegates and their families on actual cost basis.

Mysore Chapter welcomes you all for this residential program.

From Chairman's desk...

Dear Friends, Warm Greetings for New Year to you all!

The Year 2005 is drawing to close in a few days. The year gone by was eventful and the Silver Jubilee spirit kept the Chapter active throughout the year. The students, the members and the management committee deserve all the credit for the successful completion of the Silver Jubilee Year.


The members are requested to actively contribute to the following events scheduled in the month of January 2006.

1. The National President accompanied by the SIRC Chairman is visiting Mysore Chapter on 3rd January 2006. They want to meet all the members and also meet the students. The members may also note that the Annual General meeting of the Chapter will be held on 3rd January 2006. The Annual Meeting will be followed by Dinner. The details of the program will be circulated shortly.

2. The 3-day Residential program at "Young Island Resorts, Srirangapatna from 26th January, 2006 to 28th January, 2006.

I look forward to wholehearted support by all the members. It may please be noted that attendance of members for both the above events are compulsory.

RSS Feeds...

Recently you might have observed the icon "" followed by words 'RSS Feeds' If you were wondering what it is, here is the answer.

Really Simple Syndication (RSS) is an XML-based format for content distribution. It started in the world of blogs to help people who read lots of blogs.

Blogs usually have a free "RSS feed". It is a little XML web page that contains the headline, date/time and a description of each new item that the blog is publishing.

You need to install a piece of software called an "RSS reader" on your machine.

You connect it to the RSS feeds for your favorite sites. Then, when you click the "update" button in your RSS



I wish to thank all the members once again for their support during my tenure as the Chairman of the Chapter.

The chapter needs young blood to take charge and lead the way during the New Year. I request the members to come forward to lead the Chapter in the New Year.

The New Year may bring all prosperity to all the members. Wishing you all, the very best in the New Year.

I am sure that most of the members have already subscribed to "Chartered Secretary". The members who are yet to subscribe to the Journal "Chartered Secretary" are requested to subscribe and also to get subscriptions from their friends and acquaintances. The members are also requested to subscribe to the "Company Secretaries Benevolent Fund" if not already subscribed.

With warm Regards

*D D Bhat
Chairman- Mysore chapter*

reader, it goes out and checks their RSS feeds. RSS gives you a much quicker way to keep up-to-date on your favorite sites.

It is completely free, with no strings attached. Now, almost all the sites offer RSS feed for their content...

Popular RSS Readers

Don't have an RSS reader installed on your machine? Here are some of the popular ones:

SharpReader, NewsGator, NetNewsWire, Mozilla (built into the browser), FeedDemon, RssBandit, Shrook, Feedreader

WTO Ministerial, Hong Kong - A review



Madhwesh,
ACS final student

Just few days before, 6th ministerial summit on WTO is over at Hong Kong. Commercial world was anxious about this. (Held from 13th to 18th December 2005). Ministers from 148 countries met in Hong Kong to wrap up the Doha Round of trade liberalization talks by establishing rules and regulations on how to free up the international flow in goods and services. There were lots of protests outside the conference hall and at different places of the world. Even in New Delhi a march, was organized by more than 55 non-governmental organizations (NGOs) protesting WTO on 12th December.

This article is for those who are still wondering what all these about.

1. What is "WTO Ministerial"?

WTO is an international organization regulating the rules of trade between nations. WTO replaced the GATT (General Agreement on Tariff and Trade), which was only a set of multilateral trade agreements determining rules of international trade. Unlike its predecessor, WTO has an organizational structure. The main motto of WTO is the promotion of free trade between nations and for this purpose removing trade barriers like tariffs, subsidies...etc, through mutual concessions and allowances between nations.

WTO also provides a forum where member countries can come together and negotiate such policies and in case of disputes between members, WTO also provides dispute resolution forums.

How negotiation processes work? : Let's assume that one of the major factors driving the economy of Country A is the "production of rice". It produces sufficient amount of rice to meet domestic demand. Much of the countrymen depend on production of rice.

Country A also produces good amount of "fruits". These fruits have very good demand all over the world and hence the main concentration is on the exports, rather than domestic consumption. Country A in order to protect the interest of its rice farmers imposes heavy tariffs on "import of rice". Further in order to promote export of

fruits, it provides subsidies (i.e., grant of money/concession...etc) to its exporters.

By imposing tariff, it is discouraging import of rice, where as by providing subsidies, it is promoting export of fruits. On the other hand, Country B also produces Rice in adequate quantity. Country B is a net-exporter of rice, but net importer of fruits.

Let's assume that these two countries come together for negotiations under WTO.

B asks A to provide market access for its rice produce and asks A to reduce import tariffs, so that its rice manufacturers can sell their produce at competitive prices, in A's market. B also asks A to reduce its subsidies given to fruit exporters, because the domestic fruit manufacturers of B are not able to compete against the subsidized imports from A.

In this case, as far as B is concerned, import tariff and subsidies of A is "trade barrier", but the same is "protection of national interest" for A. Here A may accept such demands of B, but will definitely ask for other trade concessions in B's market.

These Ministerials of WTO provides a forum in which these trade demands- concessions can be worked out by members. Every negotiation is aimed at formal "trade agreements" through which members agree to implement results of the negotiation.

Since its inception, WTO has held 6 ministerials at-Marrakesh, Morocco; Seattle, USA; Doha, Qatar; Singapore; Cancun, Mexico and now in Hong Kong. These Ministerials are usually aimed towards fostering a consensus on policies to promote free trade and fair trade, but more recent attitude has been towards "growth of developing and needy countries.

2. Did previous ministerials succeed?

There had been mixed results for previous Ministerials as they have tasted both success and failure. Two of the WTO's last three summits, 'Seattle' in 1999 and 'Cancun', in 2003, collapsed. The last ministerial at Cancun, Mexico

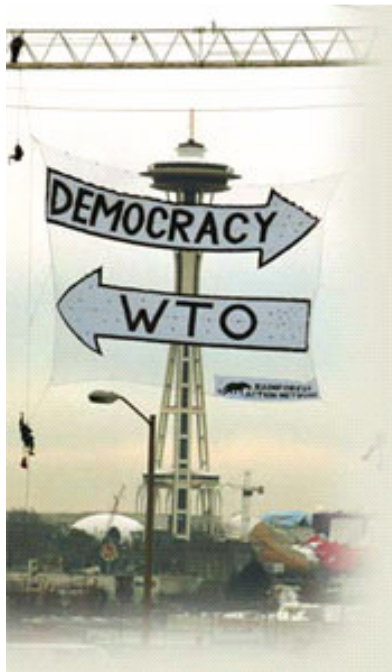
collapsed after four days of wrangling over farm subsidies, access to markets...etc and at the end, when African leaders walked out, saying their demands on cotton trade was not being met the summit officially collapsed.

3. Causes for differences:

Pre agreement causes: During negotiation process, a member may demand more concessions, but offer less. This will obviously create differences among members. But quantification of how much is "more" and how much is "less" differs from case to case basis.

We can take example of India itself. Many developed countries are pressurizing India to reduce agricultural subsidies in turn providing Indian service providers, access into their markets. India has been long complaining that pressure has been more but concessions has been less. Providing a little market access may not imply great economic fluctuation to the developed countries but reducing agricultural subsidies may jeopardize the interest of many farmers in India.

Developed world obviously have great deal of control over the world economy and by this, they have acquired a strong negotiating power in WTO. Developing world has always complained US and EU (European Union), to have dominated the negotiation and to have used this position to suppress other countries.



Post agreement: Fruit of a successful negotiation is the "free trade agreements". Through such agreements, members will offer concessions to each other, but the question of winner and loser will always remain. In the long run one member may feel that promises made by another have not been kept. It may also feel that concession it is offering, is more than what it is getting back. This will lead to collisions and wrangling.

4. Agriculture - a major cause:

In India and in other developing countries, agriculture accounts for 50 to 60 percent of the national economy where as in USA and similar countries it is just 2%. Thus

developing countries have been the main victims of world trade distortions. Therefore general initiative of these countries would be to impose heavy tariff on agricultural imports and / or grant huge subsidies to its farmers. The fact is even countries like USA are doing the same thing! In these developed countries, tariff on farm produce mounts to average 22%. In some cases it is astronomical - 94% on sugar (in US), 153% on beef (in Europe), and 693% on wheat (in Japan); and more over, export subsidies thrive in these countries. The Organization for Economic Cooperation and Development has said rich nations spend more than \$280 billion a year on agro producer support. For example, high subsidies enable European sugar processors to sell their products at competitive prices against imports from poorer nations such as Thailand. The same can be said for US cotton- growers and poorer cotton producers from Africa.

But still, developed countries had always demanded developing countries; to reduce/ remove agro-tariff as well as agro-subsidies, with out doing the same in their countries.

5. What was the agenda of Hong Kong Ministerial?

Hong Kong Ministerial intended to conclude successfully the *Doha* round of negotiations, but there has been virtually no-consensus among members, on all major issues. Disagreement seems to be the current state of play in the on-going WTO ministerial. In case the negotiations fails, countries may shift towards bilateral Free Trade Agreements, which will be a major set back to WTO.

Since its inception WTO's system has been condemned by many economists that it is made only for the benefits of the developed world. As Nelson Mandela pointed out "it was mainly the pre-occupation and the problem of the advanced Industrial economies that shaped the agreement" This contention has been proved right from time to time by the oppressing attitude of the developed countries. This gave way to a new wave of policy within WTO, which concentrated on needs of developing and least developed countries. This wave started its journey in the Ministerial at Doha, Qatar. The policy widely known as Doha Declaration recognized that member countries have some immunity from WTO's mainstream policies, when it comes to situations like national emergency etc.

6. What are the factors that have pushed the Ministerial to failure?

As said earlier, agricultural talk and disputes about cuts in tariffs, domestic subsidies and export grants for farmers has been of major concern. US and EU had agreed to reduce their subsidies as well as to provide market access, during Framework of July 2004. No much action



Z MAGAZINE JANUARY 2000

was taken. More over EU has reportedly broken many WTO rules. Duncan Green, head of research with the charity, said: "Producers in Europe only get their subsidies if they use European products. That breaks WTO rules."

For instance, EU has always maintained its protectionist position as far as its sugar market is concerned and has retained several forms of trade-distorting protections like intervention, minimum price for sugar beet etc. Unless these protections are knocked out, a proper opening up of the EU's sugar market for other countries will not happen. Of course, there was a little action like first cut in European sugar subsidies in nearly four decades. But that is not at all enough.

Another instance is of Cotton. Around 33 African countries are mainly cotton producers. The protectionist policies followed by many developed nations have pushed these countries in to LDC (Least Developed Country) category. Doha Round of multilateral trade talks agreed to grant special treatment in this area, but now questions are raised as to whether such promises have been kept?

Céline Charveriat, the head of Oxfam International's Make Trade Fair campaign noted that, US's cotton subsidies amounts to 18 billion dollars, between August 1999 and July 2005 and farmers in the U.S. produced nearly 23.4 billion dollars of cotton in that same period, which meant the subsidies were equivalent to 86 percent of the total value.

This clearly shows that developed world is in no mood to cut down their trade barriers but their pressure on other part of the world to adopt "fair" free trade persists.

Service sector: Today core strength of many emerging economies like India is the "service sector". In India itself, its contribution to GDP is overwhelming 58%. These developing countries are of course showing keen interest in liberalizing the service sector, but with an attached condition that developing countries make real commitment in cross border and movement of people.

However, this enthusiasm of developing countries has been negatively utilized by the developed nations. For instance, these members are purposefully put on the "fast track" of negotiations so that commitments can be taken faster.

Dumping: Dumping is said to occur when an exporter sells his goods/ services in another country at a price lower than that of "normal price" prevailing for such goods/ service in such importing country. This usually results in distortion of market in the importing country.

A representative of the British NGO, Oxford Committee for Famine Relief (OXFAM), Lamine Ndiaye, condemned US dumping, by pointing out that its subsidized exports caused losses of more than 400 million US dollars to African cotton producers between 2001 and 2003.

7. Role of NGOs (Non Governmental Organizations):

NGOs represent a huge range of interests from trade policy and the environment to human rights, disaster aid so on and so forth. At every Ministerials, we have witnessed great shows of protest from NGOs' many a time highly creative. Former European farm chief Franz Fischler even blamed NGOs' for their influence in last ministerial at Cancun, Mexico making the matters worst and resulting in its failure.

Today, some of the non-governmental organizations (NGOs) whose activists once protested outside are brought into the talk's process because of their rising influence as campaigners for the developing and least developed world. Despite their inclusion in political mainstream of WTO, they are still treated with suspicion by many Governments.

8. Whether India will be a gainer or a loser?

India is playing a leading role in ensuring that developing members are not left behind in WTO trade talks. India headed a bunch of 20 developing countries (G-20)

In the words of the Conference Chairman, Hong Kong's Commerce, Industry and Technology Secretary, the achievements were:

- "We have secured an end date for all export subsidies in agriculture, even if it is not in a form to everybody's liking.
- "We have an agreement on cotton.
- "We have a very solid duty-free, quota-free access for the 32 least-developed country members.
- "In agriculture and NAMA (non-agricultural market access), we have fleshed out a significant framework for full modalities.
- "And in services, we now have an agreed text that points positively to the way forward."

Kamal Nath the Commerce and Industry Minister who has headed the Indian team, has made some encouraging statements "We have also stated categorically that developing countries like India which allocates almost all its domestic subsidies to subsistence and resource poor farmers should

impose special safeguards in the event of unforeseen surges in imports of agricultural products. Hong Kong could earn India, export dollars and bring technological advances that would save some of 40% of produce that now rots in India on the way from the farm to shop.

9. Facts & the Hope:

EU has agreed to phase off its agricultural subsidies by 2013, but others say it will be too late. Developing world is demanding the deadline of 2010 at least. But US remained protectionist and have objected to market access for other cotton producing countries.

At the end a complete collapse of the ministerial was avoided and an agreement was reached to conclude Doha Rounds by 30th April 2006. Ironically a framework, which did not take place in past 4 years, is supposed to be finalized within 4 months!

India played a leading role in ensuring that developing members are not left behind in WTO trade talks. India is headed a bunch of 20 developing countries (G-20). India along with another developing giant Brazil, have offered halving tariffs on industrial goods and services but only if developed world takes some practical steps towards fulfilling their promises.

Amy Barry, Oxfam International's (NGO) spokesperson on trade: "What is very important is that cuttings tariffs and subsidies isn't made conditional on poor countries also taking down their tariffs and allowing rich countries to have greater access into their markets."

Entire commercial world is looking for some sort of consensus among members, which will pave the way for further reforms. In the context of WTO, a success of the Ministerial may imply failure to some countries, but success of some countries is viewed as failure of the Ministerial.

But we hope that ultimately the world economy wins.



ICAI revises accounting norms on employee benefits

Business Line Dec 30, 2006

CORPORATES, banks and financial institutions may not be allowed to carry forward beyond March 31, 2010 any unamortised expenditures on termination benefits of employees, including voluntary retirement schemes (VRS), in their balance-sheets. They can, however, defer for amortisation over the payback period all termination benefit expenses incurred by them on or before March 31, 2009. In other words, a company can opt to defer and amortise its VRS expenses over the payback period, but will have to complete its amortisation by March 31, 2010.

This proposed accounting treatment for expenses on termination benefits is reflected in the draft of the limited revision of the Accounting Standard on 'employee benefits' (AS-15), released by the Institute of Chartered Accountants of India (ICAI) on Tuesday.

NEWS & LEGAL ROUNDUP...

Compiled by: **H M Dattatri**

ACS 16132

AT&S India Pvt Ltd



Foreigners own 30% of India Inc

Business Standard

Foreign shareholders own almost a third of corporate India. Foreign stake in private sector at 38.93%, 10.83% in listed PSUs, banks. The collective foreign holding through foreign promoters, foreign institutional investors (FIIs), overseas corporate bodies, non-resident Indians and holders of global depository receipts and American depository shares in Indian companies was 29.70 per cent on September 30.

Based on this statistics, the market value of foreign shareholdings in 2,457 companies studied here stood at Rs 6,54,787 crore. However, the foreign holding data pertain to the quarter ending September 30. Since then, the net FII investment in the Indian market has gone up by Rs 11,263 crore.

Of the 2,457 companies studied, foreign holdings in 164 firms have been above 50.10 per cent. Of these, 127 companies are multinationals in which foreign promoters hold a majority stake.

In the rest of the pack (37 companies), collective foreign holdings through FIIs, ADR and GDR holders, NRIs and others are over 50 per cent. These companies include Housing Development Finance Corporation, Satyam Computers, ICICI Bank, Infosys Technologies, Essar Oil and Zee Telefilms.

Holders of foreign stakes control 32.35 per cent shares in S&P CNX Nifty, 31.89 per cent in the 30-scrip BSE Sensex, and around 28.76 per cent in BSE-500 stocks.

Electronic ID system to keep tabs on directors

Times News Network

The company affairs ministry is planning to issue mandatory identification numbers for all directors on the boards of companies after a thorough verification of their credentials and antecedents.

The director identification number (DIN) will be used to keep a constant eye on them as the ministry's e-governance system takes off on January 16.

It will help the government track whether a director sits on the

boards of more than 15 companies or whether a director on the board of a company, which has defaulted on its statutory obligations, is violating the law by sitting on the board of another company. Such offences will be immediately detected as all the 20 offices of the registrars of companies (RoC) will be networked by April.

The ministry feels DIN will be an effective tool in nabbing executives in case the company vanishes after raising money from the public.

Currently, the cost and the labour required in identifying such firms, sending notices to them and following it up by post is proving to be a handicap in its efforts to penalise a large number of defaulting firms.

It will also help the government take swift action on investor grievances such as non-receipt of dividend, shares and matured deposits. The manpower thus saved would be used to conduct more inspections on companies, a source said.

Companies will have to use a digital signature to authorise the documents they submit. In the first three years of operationalising the e-governance system, they will be allowed to submit documents in physical form, which the government will digitise.

The company affairs ministry is expected to introduce a fee for digitising the documents.

Tax refunds to go to taxpayers' accounts

Press Trust of India

The Central Board of Direct Taxes will send tax refunds directly to the taxpayers' bank from June 2006, M S Darda, chairman of the the board, said on the sidelines of an Assocham conference on taxation here. This would be done through electronic clearing system (ECS), he added.

The new refund system is part of the CBDT's drive to reduce the interface between taxpayers and tax officials through streamlining of procedures.

"Unless the person validates whether refunds should be sent in the bank account and furnish the bank account number, we cannot sent the refunds in their bank accounts," M S Darda said.

RoC e-initiative to open up data on India Inc

Business Line

IF you are an investment banker seeking information on an unlisted company, you will need to physically go to the particular office or branch of the Registrar of Companies where the company is registered and suffer through a tedious procedure to access its records. And, even when the procedure is done, it is not unusual to be told that the records cannot be found" says a senior official with one of the two top investment bankers in the country.

But the ongoing e-governance project of the Ministry of Company Affairs (MCA) that seeks to digitise six crore pages of documents with the RoC and make them available online for inspection upon making the necessary payment could open a whole world of data on Indian industry. The online procedure will make human intervention at suppression or excuses of non-availability impossible.

In year's time: The 'MCA21' initiative, as it is called, is being put in place by Tata Consultancy Services and is expected to be finished in roughly a year's time. By April 2006, the project seeks to have fully-functional systems covering all MCA locations countrywide.

The six-crore pages of documents will include certificates of incorporation, Form 5, Form 18, Form 21, 23A, Forms 37 and 39, routine mandatory documents such as annual returns, balance-sheets, and charge documents. Annual reports of 2003-04 and 2004-05 are also expected to be scanned into the systems.



Legal Roundup...

Income Tax

The Taxation Laws (Amendment) Act 2005 has been enacted to replace the Taxation Laws (Amendment) Ordinance, 2005. The salient features of amendment ordinance are:

- 1) Section 10(6BB) and section 10(15A): Lease of aircraft will be tax free in respect of agreements entered into upto 31.03.2006
- 2) Section 10(39): Income arising from an international sporting event will be exempt from tax
- 3) Section 10(40): Income of a subsidiary company by way of settlement of dues received from an Indian holding company carrying on electricity business in connection with reconstruction or revival, will be exempt from tax

"When the system goes live, the records of any company can be viewed from anywhere through the Internet on payment of the necessary RoC fees," says a note on the Ministry's site. Citizens can also request certified copies online as part of the proposed solution."

CAs, lawyers can form partnerships, advertise

The Financial Express

Chartered Accountants and lawyers can now form partnership firms, which can respond to tenders and advertise in a limited manner.

The three Bills pertaining to the professions of chartered accountants, company secretaries and cost and work accountants passed by the Rajya Sabha on Tuesday would bring systemic changes in the institutions governing these professions - ICAI, ICWAI and ICSI. Disciplinary procedures for professional misconduct would be part of the revamp. The proposed laws would allow multi-disciplinary partnership among these professions as well others like the legal profession.

It would also allow partnership with foreign professionals, if the professional bodies of the respective countries have a mutual recognition agreement. These professionals would also be allowed to respond to tenders floated for their services. Also, limited advertising through write-ups, setting out services provided by the professionals and other particulars about the partnership firm, would be allowed.

ICAI, ICWAI and ICSI would have separate boards of discipline for minor offences and one disciplinary committee each for major offences. In addition, there would be an appellate authority to hear appeals.

4) Section 10(41): Capital gains arising from transfer made before 01.04.2006 of capital asset of a notified undertaking engaged in electricity business

5) Section 80IA(4)(v): Tax holiday is extended to an undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plant subject to certain conditions

6) Section 115W: Political parties are exempted from FBT 149

Retirement Compensation:

High Court of Karnataka has held that the voluntary retirement compensation received under scheme floated by bank is entitled to exemption under section 10(10C) and also relief under section 89(1).

Commissioner of Income-tax v Surendra Prabhu P. (High Court of Karnataka)

Customs

DEPB:

Expiry date for DEPB extended till March 31st 2006 - Business Line 24-12-2005

Duty Drawback:

The Central Government has clarified that finished goods manufactured out of inputs on which additional customs duties have been discharged through debits under the Duty Entitlement Passbook Scheme (DEPB) are also eligible for grant of duty drawback on the basis of brand rates.

(Circular No. 41/2005 dt. 28/10/05)

Mis-Declaration:

Pahwa Chemicals Private Limited v. CCE - 2005 (189) ELT 257 (S.C.) - Mere failure to declare does not amount to willful mis-declaration or willful suppression. Some positive act on part of the party is required to establish either willful mis-declaration or willful suppression is a must.

Benefits under notifications:

In CC Vs. Tullow India Operations Ltd. (2005 (189) ELT 401), the Supreme Court has held that where the substantive conditions of a notification are complied with, the benefits thereof cannot be denied on account of minor procedural infractions. The Apex Court has further held that while the eligibility clause with respect to a notification has to be construed strictly, the construction of a condition thereof should be given a liberal meaning.

DGFT

The Tribunal, in Hico Enterprises Vs. CC (2005 (189) ELT 135), has held that a finding of the Directorate General of Foreign Trade (DGFT) that an exporter had fulfilled his export obligation without availing input credits was binding on the Customs Department.

FTP

Validity of Licenses:

In Leader Valves Ltd. Vs. CC (2005 (70) RLT 816), the Tribunal has held that goods, imported against transferable DEPB licenses purchased from an exporter, which were later cancelled by the DGFT on grounds of misrepresentation and fraud, cannot be subject to duty since the licences were valid at the time of clearance of goods.

Anti-Money Laundering Guidelines for Authorized Money Changers:

Guidelines have been issued in view of the increased concerns regarding money laundering activities and to prevent AMCs from being misused for such activities.

The Anti-Money Laundering (AML) measures so formulated should include (i) Customer Identification procedure - "Know Your Customer" norms (ii) Recognition, handling and disclosure of suspicious transactions (iii) Appointment of Money Laundering Reporting Officer (MLRO) (iv) Staff Training (v) Maintenance of records (vi) Audit of transactions.

A.P.(DIR Series) Circular No. 18 - December 2, 2005

Excise/CENVAT

Recommendations with regard to filing of appeals in Customs and Central Excise matters

Chief Commissioner of Central Excise, Kolkatta, Trade Notice. No.2/2005- dated 17-10-2005 Appeals - Effective handling of appeals

Recommendations of Expert Group For the purpose of toning up the quality of appeals at Commissioner (Appeals) stage, the expert group has given their recommendations with regard to filing of appeals in Customs and Central Excise matters. Board has accepted the recommendations and they are as follows:

i.) The appellant must serve a copy of the appeal on the respondent adjudicating authority so that, he can take timely action, for defending the case including engagement of an advocate, in important cases, involving substantial question of law and / or high revenue stake.

ii.) The office of the Commissioners (Appeals) must send a copy of the hearing intimation memo, to the respondent adjudicating authority simultaneously with the appellant.

Export under Bond

Procedures relating to proof of export and re-credit against such proof It is brought to the notice of all merchant-exporters to comply with the procedures relating to proof of export and re-credit against such proof as stated in Chapter 7 Para 13 of the C.B.E.C.'s Excise Manual of Supplementary Instructions, 2005.

That is ' The exporter shall submit a statement, at least once in a month, in form specified in Annexure 19 along

with the original copies of ARE 1 with due certification of export (Pass fro Shipment Order) by customs authorities at the place of export to the divisional office (through Range) or in the office of the bond-accepting authority.

Other supporting documents shall also be furnished, namely, self-attested photocopy of Bill of Lading and self attested photocopy of Shipping Bill (Export Promotion Copy). The range office or the office of the bond-accepting authority on receipt shall immediately acknowledge the statement.'

2005 (189) ELT T 13 Commissioner of Central Excise and Customs, Ahmedabad- II, Trade Notice No. 98/2005, dated 8-11- 2005

Large Tax Payers

The Ministry of Finance has proposed an increase in the threshold limit for inclusion of an assessee under the Large Taxpayer Units Scheme (LTUS) from Rs.1 crore to Rs.5 crore of excise duty payments from the PLA for the financial year.

Under this scheme a single window for payment of sales, excise and corporation tax and for filing of concerned returns is planned to be implemented from 1st April 2006 to serve these large taxpayers in selected metros.

Valuation

Additional consideration in case of surrendering of Advance License. Consequent to decision of the Supreme Court in the case of CCE v. IFGL Refractories Ltd. 2005 (186) ELT 529 (S.C.), the Board has communicated the same wherein it was held that surrendering of advance license in favour of the supplier of goods amounts to flow of additional consideration from the buyer to seller and therefore is includible in assessable value. It is clarified by the Board that the ratio of the above judgement is valid for both old and new section 4 of Central Excise Act, 1944.

Circular No.820/17/2005-CX., dated 25-10-2005

Manufacture/Dutiability:

The Tribunal, in Hindustan Zinc Ltd Vs. CCE (2005 (71) RLT 63), has held that a jobworker cannot be considered as 'hired labour' merely for the reason that the jobwork activity is carried out at the manufacturer's own factory out of raw materials supplied by the manufacturer, in a situation where the job worker is a principal in his own right.

Duty on returned finished goods:

In Supreme Industries Ltd Vs. CCE (2005 (189) ELT 453), the Tribunal has held that CENVAT credit on defective finished products returned to the factory cannot be denied

for the reason of use of fresh raw material in the re-manufacture of goods.

Service Tax

Service Tax Credit - eligibility:

The CBEC has clarified that the recipient of taxable services, who is neither a service provider nor a manufacturer but is liable to pay service tax under Section 68(2) of the Finance Act, 1994, is not eligible to avail credit of the service tax paid on the procurement of taxable services.

(Circular F.No. 345/4/2005-TRU, dt 3/10/05)

Service by Moneychangers:

The CBEC has clarified that services provided by moneychangers in relation to foreign exchange are covered under the taxable category of 'banking and other financial services'.

(Circular F.No. 341/44/2005-TRU, dt 6/10/05)

Sales Tax

Tax Rate on Diesel:

Vide the above notification the Government of Karnataka supersede the Notification No. FD 210 CSL 2004, dated 04/03/2005. of Karnataka Sales Tax Act. The Government of Karnataka hereby reduces the tax payable by a dealer under section 5 of the said KST Act on sale of diesel to an industrial unit located in the state for use by such unit in its Captive Power Generation Set to Four Cent, subject to following condition:

- 1) The dealer furnishes a declaration dully filled in and signed by the said industrial unit
- 2) The certificate issued by the concerned authority of Electrical Inspectorate.

Notification No.FD 360 CSL 2005, dated 11.11.2005 10 KCTJ Part 8 Pg 374

High Sea Sales:

The Bombay High Court, in Commissioner of Sales Tax Vs. B.M.Shah & Company [(2005) 142 STC 291], has held that delivery orders issued by the bank in pursuance of airway bills are documents of title to the goods and the sales effected by endorsement of the said delivery orders in favour of the customers before the goods had crossed the customs frontiers of India would qualify as High Seas Sales.

14 mistakes of top managers

Robert Dunham

Former Vice President of Motorola Computer Systems



1) You're not listening!

Your people are not listened to, only spoken at, resulting in a lack of engagement, loyalty, and ownership, in addition to increasing staff resentment and negative morale.

2) Indulging in over commitment

Not producing a staff that can say "no" results in overwork, underachievement, customer dis-satisfaction, and "dead heroes" - never a winning strategy.

3) Blinded by the Numbers

The numbers are only a by-product; taking actions to change the numbers without managing what generates the numbers - valuable offers, excellent execution, customer satisfaction, and employee passion - is ultimately destructive.

4) Allowing Fuzzy Commitments and Avoidance of Commitment

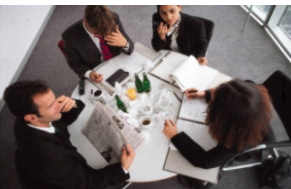
Fuzzy agreements and lack of standards for generating and managing commitments (the "C" word) produces waste and resignation.

5) The Customer Comes Last

Working on "tasks" without remembering, being aware of, or caring, about the reaction of customers to what is done and how it is done, killing customer satisfaction.

6) Fear and Loathing of Performance Evaluation

Speaking honestly and directly is a skill, and requires some courage. Senior managers must learn to provide direct and timely feedback on performance.



7) Teams in Name Only

Teams are not just groups of people working together, and the skills of building real teams that have trust and effective performance seems to be rare - they must be learned.

8) The Management Toolbox is Empty

Effective management requires a range of skills, and most managers do not have the complete set: team building, ability to evoke commitment, ability to listen, managing

morale, coping with breakdowns, managing customer satisfaction, effective planning and projects, clear shared standards, clear ethics, presence, and not being reactive are key ones.

9) "Giving Orders" instead of "Requesting and Establishing Commitment"

Ownership and excellence do not come from order takers, and usually ordering produces resentful avoidance, when what we really want is the ownership, pride, and passion that comes when people commit to what they are doing.

10) Inability to Build Trust /Cope with Distrust

Trust is not some vague background feeling, and trust building, repair, and sustaining are skills, skills that too few have - it must be learned.

11) No Clear Game Plan

A quantitative objective or vision statement are only pieces of a game plan, which also requires a clear strategy, clear roles and responsibilities, explicit value for customers, and a team able to execute.

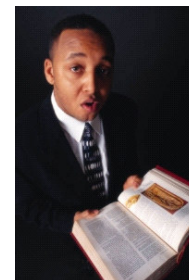


12) Because I Said So

Arrogance of office leads to just giving orders, not gaining the respect and commitment of others, and erodes the strength and vitality of the organization, leaving only the weak and beaten.

13) Lack of Commitment to Learning

We must learn or be passed by -- learn from our mistakes, successes, and experiences, and learn from others in the world, particularly from those who have risked and have experience in success and failure.



14) Allowing Cynicism about Management

Management is often viewed in a highly cynical and derisive manner by its practitioners, by those they manage, and by the culture as a whole. Seen as vague and idiosyncratic, a role that cannot be learned or taught, with management education, like the MBA, seen as ineffective.

There must be a commitment to clear standards for management skills and effective programs to produce them.