



Mysore Chapter

Newsletter - 60

January 2009

For Private Circulation Only

*"You must not depend on foreign help.
Nations, like individuals, must help
themselves. This is real patriotism. If a
nation cannot do that, its time has not yet
come. It must wait!"*

*"Let us all work hard, my brethren; this is no
time for sleep. On our work depends the
coming of the India of the future. She is
there ready waiting. She is only sleeping.
Arise and awake and see her seated here on
her eternal throne, rejuvenated, more
glorious than she ever was - this motherland
of ours!"*

Swami Vivekananda

January 12th the birthday of Swami
Vivekananda is declared the
International Youth Day



From Chairperson's desk...

CS. Jayalakshmi Anshuman



Dear Professional Colleagues,

As I pen down my last message as Chairperson of this wonderful Chapter, the Year 2008 has come to an end and the New Year 2009 has begun. I take this opportunity to wish all of you a Bright and Prosperous New Year.

As the New Year dawns, it is time to introspect and think over the year gone by and also plan for the new year. The beginning of any year is always an occasion to rejoice and as professionals it is also time to enrich ourselves with knowledge and embark on a journey of excellence.

The new Executive Team will be taking over on January 19th, 2009 under the Chairmanship of CS. Anshuman A.S. A new Team reflects new ideas and thoughts and I am sure that the Chapter will soar to greater heights under their aegis.

From Readers' desk...

This is one newsletter I look forward to every month because of its quality and content. Indeed a great feeling to read the editorial covering on terror attacks (very rightly called 'National Emergency Plan') which not only touches on the urgent issues to be addressed, but also provides a solution, there by demonstrating the social responsibility all of us (reminding us!) as professionals need to carry.

I have a piece of suggestion here. It is good to have the government introduce the learning on fire safety, self-protection, first aid etc., as part of the curriculum. However, given the way our government works, I am sceptical about them implementing the same in the near future. Instead, we can form a group of volunteers and start conducting/coordinating those trainings in the best way we can. This could be a monthly exercise covering schools in and around Mysore to begin with. This would definitely entail our personal time, but it is worth! ***An ounce of practice is worth tons of theory.*** With the proper guidance of Sr members, the commitment & responsibility of the members and student fraternity, we can achieve this. This little initiative may motivate others to take up more volunteer activities.

CA. Simhan, Mysore

Thanks a lot for the e-newsletter. Keep up the good work and keep forwarding the e-newsletter as it is of great help.

Abhishek, Chennai

I am able to see lot of efforts put in to get this newsletter and please continue this exercise.

CS. Guruswamy K, TAFE Motor and Tractors Ltd, Chennai

Thank you for very informative, wonderful newsletter. By reading of such a worthwhile articles, it comes into our mind that there are lots of things to learn.

CS Seema Agarwal

Excellent articles. Keep going!!!

B.V. Prabhakar CMA(USA), MBA, AICWA, ACS, and CS. Prakash Patil

I was stunned to read such an informative newsletter. This can only happen with the commitment of the editorial team. The Award as a Best Chapter is a token of appreciation for your efforts.

Anand M.B

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CS. Sarina C H

CS. Omkar N. G. &

'Spectrum' Team





Talk on SS-5 & Legal Framework of Trusts:

The chapter organized a talk on SS-5 at 3 PM on 7th December 2008 by Ms. Nandini

Das. Members shared their experience on SS with the students. The talk was followed by a talk on legal framework of Trusts by CS. Anshuman.

Talk on SS-6 and Introduction to Wills:

The chapter organized a talk on SS-6 at 3 PM on 14th December 2008 by Ms. Vijayalakshmi M. Karur. The session was interactive and energetic. Students got in depth knowledge on SS 6 and related matters from CS Anshuman, CS Rashmi and CS. Harish B. N. The talk was followed by a talk on 'Introduction to Wills and Succession Act' by CS. Anshuman A.S. He explained the essential requirement of wills and provided practical examples of problems due to improper drafting of wills.

He discussed some important myths surrounding Will and Succession Act.

Company Law Quiz: Conducted on 14th December 2008. Two teams each consisting 6 participants contested. The team consisting of Mr. Kiran.T, Mr. Rakesh Bharadwaj, Ms. Sowmya, Ms. Nandini Das, Ms. Madhuri Hegde won the quiz.

Elocution Competition:

Topic: "Role of Company Secretary in bringing Good Corporate Governance". Ms. Vijayalakshmi Karur won owing to all round performance.

Interaction with Govt. Departments

During the month, the office bearers visited the following authorities to appraise them about the institute:

- CS. Sabareeshan C.K. and CS. Anshuman A.S. met Ms. Gurneet Tej, IAS, Assistant Commissioner & Sub-Divisional Magistrate, Mysore Sub Division Mysore on 5th December 2008.
- CS. Anshuman A.S. met the Registrar, Deputy Registrar(Examination) and other officials of University of Mysore on 12th December 2008.

LIVING ROOM

"Your country requires heroes; be heroes; your duty is to go on working, and then everything will follow of itself"

Everything can be sacrificed for truth, but truth can't be sacrificed for anything

Never mind if your contribution is only a mite, your help only a little, blades of grass united into a rope will hold in confinement the maddest of elephants

Strength is life, weakness is death. Activity is life and inactivity is death.

We want the education by which character is formed, strength is increased, the intellect is expanded and by which one can stand on one's own feet.

The man who says he has nothing more to learn is already at his last grasp. The brave alone can afford to be sincere.

Seek for the highest, aim at the highest and you shall reach the highest.





Patents play an important role in stimulating the industrial progress and also convey to the society the know-how of novel developments. They create a substantial impact on the economy by encouraging further investments towards new technology development. Patents, being imperative for positive image-building and commercial success of an organization necessitate a thorough appraisal and research activity before materialization. Hence

the entire process of transformation of an idea to market needs to be appraised vigilantly. A mismanaged idea-transformation could harm the underlying business intelligence and sabotage the process of innovation.

The organization must think of patent filing as an investment of its R&D efforts and business security and their maintenance can also be treated as a cost, for e.g. up to two lakh rupees in India with the current fee schedule plus attorney fees to execute the same for lifespan of 20 years. So the organization needs to revisit every time its effectiveness in renewing the patent. This could help organizing the IP budget in good health. An efficient patent management process necessitates a patent to be structurally resonant and efficient. To ensure structural resonance and efficiency it is essential to appraise the idea transformation process right from an elementary stage.

The process of identifying the effectiveness would be more intricate if the idea

initiator is entrusted the task of unremitting its value. The information obtained through quantifying the intrinsic value of a patent is useful in

- Guiding future development and decision making activities
- Comparative value analysis
- Transfer pricing & settlement of patent disputes
- Strategic acquisition & investment guidance

Normally in a business environment the intangible assets are appraised using three techniques

- Cost basis approach
- Market approach
- Income approach

The cost basis approach determines the 'book-value' of an invention. The approach classifies the invention as a meritorious one based on the economic aspects of the invention. The cost basis approach assumes that an invention is economically viable only if the anticipated returns from the invention exceed the cost of acquiring them. The above mentioned approach could be accommodated only on a micro scale and exhibits serious limitations as far as macro applications are concerned.

The market basis approach uses the real-world indicators of value, i.e, studies the transactions of similar assets in free and open markets. The market approach theory seems to provide an accurate indication of the value in theory but the practical applications of the above said approach are limited since most of the intellectual properties are licensed and cross-licensed through private transactions involving entire business or a part of the business. Hence it is practically difficult to disintegrate the information related to intangible assets only and quantify them.

The third approach named income approach appraises an intangible asset by identifying the isolated economic cash streams and attributing them to the intangible asset. Even though the income approach provides an accurate depiction theoretically, it is difficult to practically identify with certainty and precision the income stream attributable to the intangible asset. The major drawback of the income based approach is that it is practically impossible to accurately identify an income stream that is going to persist with the intangible asset for its remaining lifetime.

Each of the popular approach has its characteristic strengths and challenges. The shortcoming of the above methods is that they rely upon availability of one or the other type of

IPR News

CS. Madhwesh, Company Secretary,
Kurlon B'lore

Basmati Issue

KARACHI: Basmati trademark registration issue has remained unresolved for a long time and in a latest twist an Indian agriculture development body has approached Sindh High court asking it not to allow only Pakistan's basmati rice growers to use the trademark. Besides the Indian body called Agricultural and Processed Food Products Export Development Authority (APEDA), Rice Exporters Association of Pakistan (REAP) has also appealed in the Sindh High Court against a trademark registrar's decision permitting only the basmati growers to use the trademark. Hearing would start in January. December 28, 2008
<http://www.thenews.com.pk/>

Seagate wins patent dispute over Siemens:

A Santana jury has awarded verdict in favor of **Seagate Technology LLC** in a patent dispute with **Siemens AG** over hard disc drives, according to law firm Faegre & Benson LLP, which represented Seagate. Siemens, Europe's largest engineering company, had asked for \$160 million over the technology but the jury found, earlier this week, that the patent was invalid and therefore, Siemens was owed nothing, Faegre & Benson reported. December 26, 2008

<http://www.bizjournals.com/sanjose/stories/2008/12/22/daily58.html>

Bill to change Apeda Act to protect trade mark interests:

New Delhi: India's case for safeguarding its specified agricultural and processed food products such as basmati rice,...

Darjeeling tea or Alfonso mango – which have been increasingly challenged by other countries – would get a real booster dose once the Agricultural and Processed Food Products Export Development Authority (Amendment) Bill introduced in the just-ended Parliament session gets into the statute. Dec. 24 2008

<http://www.thehindubusinessline.com/>

China opens door to overseas patent applications:

China's parliament on Saturday passed a revised patent law that will permit inventors to seek patents in other countries before obtaining them domestically, opening the door to more filings by Chinese firms overseas.

Dec 27, 2008 <http://in.reuters.com/>

Google, Apple, Microsoft Sued Over File Preview:

A small Indiana company Cygnus Systems has sued tech heavyweights Microsoft, Apple, and Google, claiming that it holds the patent on a common file preview feature used by browsers and operating systems to show users small snapshots of the files before they are opened. Company says that they infringed on its patent with products. Mac OS X, the iPhone and Safari also infringe, the company said in court filings. Apple uses this technology in its Finder and Cover Flow Mac OS X features, the filings state. Dec 24, 2008

<http://www.pcworld.com/>



statistical data. The need is for a system that could initiate the process of appraisal of intellectual property based upon real-time data and betting on its market potential.

By objective rating method the intangible assets could be independently assessed. These consist of 'Technical merit', 'Functional Merit', 'Commercialization Merit' and 'Legal Merit' of an invention. The above said method of appraisal could be used for obtaining information about the underlying technical efficiency of the invention. The method also provides a brief description about the functionalities of the invention using which the probability of the invention appealing to the consumers could be

determined. The commercial merit of the invention is appraised providing an account of the probability of invention achieving the market success. The legal merit of the invention is appraised to determine the scope of the underlying claims. It also describes the probability of safeguarding against any possible infringements. The chances of invalidation of the patent document are also determined by its appraisal. The possibility of our invention overlapping on other patents and sound claims in a patent are also considered for the legal merit of the invention. The process of appraisal provides a statistically based rating method and system using which the rankings are provided for the invention by appraising the various characteristics of the invention. The characters of the invention are assessed against a pre-determined statistical ranking process and depending upon the ranking obtained for each characteristic, a conclusion regarding the future course of action is drawn.

The relative advantages of using the above said method as an alternate to traditional methods are:

- The process does not depend upon the availability of historic and/or futuristic data
- The process incorporates an accurate calculation method but not a prediction based algorithm.
- The process uses only positive statistical values for appraisal. The use of negative values has been totally eliminated unlike other evaluation methods.

Equal emphasis is provided to all the characteristics under consideration thus allowing the tolerance of business risk for a better appraisal of the invention.

Letter to Green Corner

Dear Editor,

I have spent almost about 30 year (from 1979 to 2008) with Foseco India Limited, Pune - a MNC company listed with NSC and BSE in addition to Pune Stock Exchange and before leaving - in the last 15 years I have been the company Secretary with them.



This company has been accredited to the international ISO14001 environmental management and ISO9001 quality standards. This company was really, really concerned about the green revolution and the environmental issues and in a village where the company has built up a factory set up in an area of fifteen acres of land - if you see the site of this company, you could see the green throughout the year - company undertaking village drinking water providing facility - assisting the schools - educating children on environmental issues - providing the computer education to the students (the company used to donate the computers to the schools every three years when the asset is written off from the books) - many initiatives they have been doing it.

You could open the site <http://www.foseco.co.in/> and view the photograp appearing in this site which I had put it in the site at March end by taking the photograph at that time, when we finalized the annual report - This will give you an idea about the concern of the green issue addressed by this company.

I am really proud for my association with this company such a long time.

CS. R Balakrishnan, Company Secretary
HiTs Africa Ltd, Manama Bahrain

Learning from....

CS. Pradeep Mehta

Managing Director & Company Secretary
AT&S India, Nanjangud



Interacted by CA.Raghuveera, T. Kiran and Shwetha Nadig



Apart from being one of the renowned person in Mysore, having vast experience in managing manufacturing companies, he has also lead the activities of CI I Mysore Branch. He has been highly supportive for all activities of the chapter. Here is a glimpse of his experiences and views.

...oOO

Please share with our readers your Career Progression.

Following my graduation at my hometown, near Jodhpur, I moved to New Delhi to pursue CA and CS. I did my Articles under M. C. Bhandari, an authority in Company Law. After I qualified C.A, I continued with the same firm to set up a merchant banking division for his firm.

In 1987 I Joined an electronic Component manufacturing company, and worked there for two years. An opportunity to work in Nigeria for a British Company came my way. The Business Model was, taking over a sick company and turning around the same into a profitable company.

acquiring another company and I was entrusted with the due diligence, at a short notice. Though my boss specifically inquired if I required any help, I presumed that seeking help would mean my incompetence. To my embarrassment, the assignment was not completed on time. This made me realize that **one should not shy away from seeking help.**

Your advice to us on facing challenges in the profession.

One should apply the professional knowledge in the right way in order to achieve professional objectives. Team work is important. No one person is perfect, and all have limited knowledge. In this situation a solution can be found out only if you are a good team player.

Mysore chapter is one of the most vibrant chapters of the Country. Many awards and prizes coming in. Circulation of news letters and e group is really appreciable and team work is very good in the chapter and number of students registered is really good.

On my return to India, I worked with a Merchant Banker for two years. Then I Moved to Hyatt in 1994, a renowned International hotel Chain. Here, I had the privilege of being the first employee, based out of Delhi. In 1996, I joined General Electric as CFO. After a stint of 4 years with GE, I moved to Bombay to join Enron Corporation as Financial Controller, which was at the time building the world's largest integrated power plant. It was a US \$ three billion project. In 2002, I came to Mysore to Join AT & S.

What is success according to you and what are the ingredients for success?

Success is meeting one's objectives and goals. It is of paramount importance to have the big picture and an understanding of the whole environment, whether internal or external. Having known the big picture, remind yourself about your roles and responsibilities always and work relentlessly to achieve it.

What is the biggest challenge you have faced in your career?

The biggest challenge came from handling one of the assignments at Nigeria. My employer Company was

What is your thought about CS Profession so far and its future?

The role of CS is increasing by the day. When I started my career, a Company Secretary was required only for legal and compliance matters. Now CS is an

essential requirement of a company. Business environment has changed, so is the role of a CS. Company Secretaries are expected to handle general management. It's a critical change in the role. He is by default a part of core management and he is involved in all functions of the corporate.

Is the ICSI playing its role as mandated by the CS Act?

Definitely yes, its syllabus and training programs are very well developed.

Your advice to keep up the spirit.

Responsibility is on students as well as members. Students' participation is pretty good but members should involve more and more.

How long is your association with Mysore Chapter?

Not very long because of my busy schedule but our Company provides indirect support. Company secretaries in our company such as Mr. Dattatri, earlier on and now Mr. Omkar actively take part in the activities of the chapter and we encourage it!

“ Presently Indian Companies are acquiring many foreign companies. Company Secretaries can play a significant role in this process. The laws in common wealth countries have the same origin. So Indian Company Secretaries can play a greater role in common wealth countries. For example, the Indian Companies Act as well as the Nigerian Company law are almost similar. ”

What are the skills to be improved?
Communication skill is very important. We should have the knowledge of business ethics and corporate governance. Integrity is extremely essential in business, to be successful.



We should know that if one door is closed many doors open. Second point is that every one should have stress busters, for me reading is a stress buster. In spite of my work pressure I find time to read especially Readers' Digest and I have a good collections of RD books.

What do you enjoy the most other than your profession?

I like soft instrumental music whether it is western, bollywood or anything.

Do you think handling professional life and personal life at a time is difficult? Have you given justice to both the facets of life?

Unlike in other countries, our culture does not really streamline or delineate our professional and personal life. We need to prioritize certain things. To give an example, *if I were in the Board meeting and some one at home is serious, I would rush to hospital; if I were having a marriage at my home and there is a fire in the company then I would rush to company.*

Are there any persons who have inspired you?

Yes I remember two persons. My English teacher at school Mr. Sudarshan Sharma. He was absolutely simple and he sold his ideas to his students in a beautiful way. He used to donate his earnings keeping only a small portion to himself.

The other is the legendary former chairman of GE. He is a remarkable person and an outstanding personality in management field. He introduced the concept of Six Sigma in every function of the Company from the top to the bottom. He improved the top line and the bottom line quarter after quarter. His thrust on integrity was remarkable and backbone of sound corporate governance.

What was your unforgettable moment of your life?

When with Hyatt hotel, we had to approach Foreign Investment Promotion Board for getting certain approvals. For getting the approvals presentation had to be made to the Board. Normally companies got two weeks of time to make the presentation. One of the companies who were supposed to make the presentation could not do for some reason. The Board asked us to make the presentation in that particular slot. With only two days left for the presentation, our team burned the midnight lamp to make a success of the presentation. The presentation was before the top bureaucrats of the Country like Principal Secretary to the Prime Minister and a whole lot of secretaries. *The Board was so impressed that it not only accorded the approval orally but also agreed to make policy changes. At that moment, I felt on the top of the world.*

How do you reduce your stress?

How do you react to a person who provokes and tries to say that you are wrong when in fact you are right?

I try to think from other point of view that gives reflection on the matter. I would like to postpone the decision making. This helps in cooling the tempers and brings back reason to our thinking.

Do you believe in Spirituality?

Yes, I do. I believe that there is a super natural power, which guides and controls us. As millions of fellow Indians, I also believe in the saying of the Bhagavad-Gita i.e. We should do our work honestly and should leave the results to Almighty. At the end of the day, you should be a good human being.

Have you done anything, which you should not have done?
No, no regrets.

Do you play any sports? I play golf often.

What is your Idea of social responsibility?

We live in a society and we use lot of resources actually which does not belong to us. It is our responsibility to give back to our society. *Doing social services are not a charity but is our duty.* Even at the time of recession we from our Company are building a hospital in near by village. I also do whatever is possible in my personal capacity

Your message and advice to new generation of Company Secretaries?

First of all congratulations for joining such a wonderful professional course. There is no substitute for hard work. There is a need to update knowledge all the time. Language of Business is finance, therefore, the Company Secretaries have to hone their skills in financial management apart from whatever in the curriculum.

The last message may look controversial but I would still insist upon atleast one foreign assignment in a career. This helps in understanding different cultures and expands one's horizon.

Advice for MTP students: First thing you have to be hungry to learn work. You can afford to make mistakes and repeat same question number of times. Thus, it is the best time to learn. I insist them to work in cross functions such as HR Department.



Web Yaatraa

CS Harish B N LLB, ACS

IT for Corporate Professionals

Column by Amitkumar Hegde B Com, MCA



"If you are CS, CA, ICWA, MBA, Lawyer, Commerce Graduate then FeeleMinds is the place to visit" this is what feeleMinds website recommends to its users. This site is the home for sharing knowledge among professionals of various disciplines, legal updates, online book references, newsletters, job portal, articles of professional interests, etc. This is a forum, which provides exemplary source for files relating to checklists, procedures, resolutions, presentations, agreements, summaries or other form of knowledge.

This website provides information of seminars being held in India and another distinctive feature of this site is that queries are solved by experts and even students have an occasion to interact with the seniors.

So friends take a peek into this www.feeleMinds.com, get registered and make the optimum use by sharing and contributing to this knowledge hub. We shall continue our yatra with another interesting and resourceful website in the next issue.

This month let us see a software which helps us protect our computer from viruses and intruders. Download "COMODO Internet Security" from www.comodo.com, which of course is a freeware. There are many other free/paid applications which serve the same purpose but I believe COMODO is one of the best.

This application includes an antivirus and a Firewall which is an added advantage. Most of us are familiar with Antivirus; Firewall may sound like a Jargon. In simple terms a Firewall is a software which protects our network from external intruders. The moment we connect to internet, we are exposed to a wild network through which one can easily sneak into our computer and steal valuable information, or even destroy them. One can install a small utility which can conveniently capture all the keystrokes we make and send it to the intruder.

Once you install COMODO Internet Security, it sits in the system tray and prompts you whenever a software tries to access the restricted system files and so on. In the beginning it may appear to be little irritating but you can add all your trusted applications to the trusted zone. You may feel that there are many configurations that can be done and cause confusion. But everything is neatly arranged and the context help will keep you informed.

I would urge everyone to go ahead and secure your PC today. Because once your PC gets affected with a virus you know the consequences. Or if someone steals your internet banking password, you can imagine the situation.

Spectrum Space

Clarifications sought and replied on the article

Listing Agreement Compliances for the Month of January by Sunil, CS Final, Mysore

Dear Editorial Team,

Thanks for sending such a useful information pack. I would like to receive it regularly. I have one clarification in the column "Listing Agreement compliances for the Month of January", under "other compliances of Listed companies". What is the compliance w.r.t. **free float statements**. Can you let me know the relevant **BSE circular**?

Ramanjeet (Ramanjeet.Sharma@maruti.co.in)

In 2006 the BSE has issued one circular on submitting Free Float Statement by listed companies in three prescribed form-1, 2 and 3 (containing shareholding pattern details)..as in my company we use to send these forms and we are receiving the acknowledgment from the SE also. It's an optional compliance.

Sunil Kumar B.G.

Note to Readers:

1. You may find all past editions of this eNewsletter at <http://www.esnips.com/web/icsimysore>
2. Mysore Chapter has its eGroup/eParivaar "CSMysore". This is dedicated to the overall growth of the professionalism through sharing of knowledge. Its home page is <http://www.groups.google.com/group/csmysore>

You are welcome to join the eParivaar.

Understanding 'Dollar – Rupee Relation'

- amidst current financial crises – Part 1

Anand Wadadekar, M.Com, M.A (Eco), MBA, AMFI



About 'Exchange Rate' of a currency:

The exchange rate of the currency of a country in relation to the currency of another country depends on the [comparative trade advantages and economic strengths of the countries](#). If one US dollar is equal to 45 rupees, it simply means that in the US, if a dollar fetches 45 oranges while in India, a rupee would fetch only one orange of equivalent size and quality.

Just like any other commodity, the currency of any economy is based on dynamics of supply and demand, and its value depends on trading in currency exchanges all over the world. However, for currencies like INR which are not traded on exchanges, the value depends on capital inflows in the country.

Appreciation & Depreciation of currency:

A currency appreciates means its value has increased in relation to another currency. A currency depreciates means its value has decreased in relation to another currency.

Eg. If 1 \$ costs Rs 45 and if it now costs Rs 44, this means rupee has appreciated in its value (i.e. instead of Rs 45 you will get 1 \$ in Rs 44, this also means the dollar has weakened). Similarly, if 1 \$ costs Rs 45 and if it now costs Rs 46, this means rupee has depreciated in its value (i.e. instead of Rs 45 you will get 1 \$ in Rs 46, this also means the dollar has strengthened).

Why do currency values fluctuate?

There are many participants in any foreign exchange market. These entities like banks, corporations, brokers, even individuals buy and sell currencies everyday. Here too the universal economic law of demand and supply is applicable: when there are more buyers for a currency than sellers, its exchange rate rises. Similarly, when there are more sellers of a particular currency than buyers, its exchange rate will fall. This does not mean people no longer want money; it only means that people prefer to keep their wealth in some other form or another currency.

Scenario before occurrence of the current financial crises:

We were witnessing a surge of dollar-inflows into India due reasons like strong economic fundamentals and favourable business atmosphere, etc. These dollar inflows can be in the form of FDI, portfolio inflows (foreign investment in equity), External Commercial Borrowings by Indian companies abroad, remittances to India by Non-Resident Indians. Since the Indian economy and the Indian stock markets have been on a roll, the capital inflows to India has been pretty strong which has primarily led to the appreciation in value of rupee. This huge influx caused a significant demand – supply gap between the dollar and the rupee. Going by the laws of demand & supply, the rate of the rupee vis-à-vis the dollar, rises.

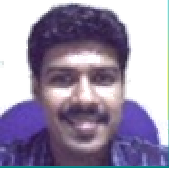
Due to this, exporters were placed at a disadvantage with a rising rupee, since the dollar became weaker. Thus a dollar which fetched Rs. 48 about two years ago today fetched only Rs. 44 eating into the profit margins of exporters (since they earned less on their exports). At the same time, importers benefit (since they need to pay less for their imports), but our economy was at a stage where we first needed to build our dollar reserves to meet our import payments and so the exporters' woes were needed to be tackled first.

The Reserve Bank of India (RBI), which oversees the foreign exchange (forex) management of this country quite often intervened to ensure that the rupee was adequately propped at a particular rate, [to ensure that there are no sudden currency shocks, to protect exporters and importers and above all, to ensure the feeling of 'national pride,' which is attached to a stable and healthy currency.](#)

When the RBI intervened to keep the rupee at some weak value, it had to buy the dollar inflows from exporters, from NRIs, from foreign direct investors, from companies that borrow abroad. In any case the sellers of dollars need rupees to conduct their businesses here. The RBI buys or sells dollars via state-run banks to prevent excessive volatility in the forex market and avoid any sharp appreciation or depreciation in the currency. When the RBI purchases foreign currency inflows, the domestic monetary base or money supply or both rises since for every dollar the RBI buys from the market, an equivalent amount of rupees gets injected into the system, adding to excess money in the system or the liquidity overhang. When the RBI buys dollars, it pays for them using freshly printed rupee notes. This leads to greater money supply, higher credit growth and inflation.

And precisely, here comes the catch. [As RBI sells more rupees, the money supply increases which means too much money chasing same \(or less\) number of goods, thereby leading to inflation.](#) So in effect one act of RBI creates another problem.

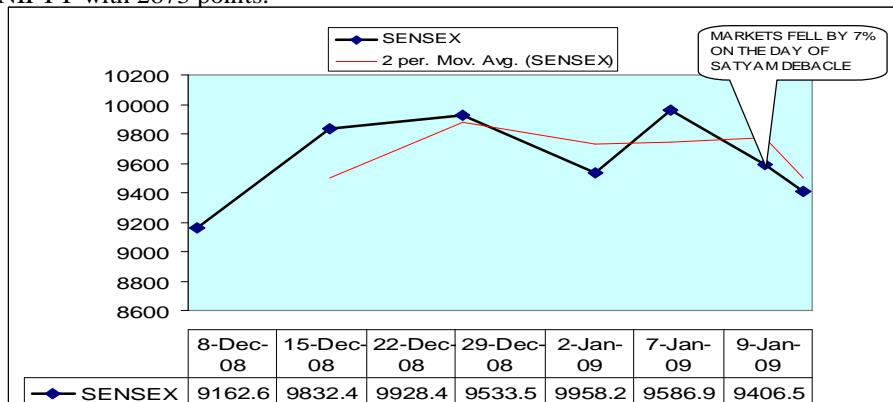
To contain inflationary pressures, the RBI adopts a measure termed as 'sterile intervention.' Under this measure, the RBI sells Government of India bonds in the market. With the sale of these bonds, the rupee, which had flowed into the market for buying dollars, is once again sucked out of the market. When the RBI buys dollar-denominated assets, (to create demand for dollars and reduce supply of rupee) it sells rupee-denominated securities to suck the rupees back. But when the RBI has to suck out a whole lot of rupees back, it has to raise rupee interest rates, the Repo rate (the interest rate at which commercial banks borrow for short term from RBI) and the Cash Reserve Ratio (CRR). This is how the RBI protects the dollar-rupee exchange rates and yet, manages to contain inflation.



Dear All,

The starting of year 2009 witnessed the Second Stimulus package inviting mixed responses and the then Chairman of Satyam disclosing his "taming the tiger story". Satyam case was considered the biggest corporate fraud the country has ever witnessed. It left the markets tumbling by 7% on a single day.

In 2008, the SENSEX declined 63% from its all time high of 21206 points to 7697 points in October. It is not advisable to enter the Markets in the midst of the rallies rather opt to enter at a rally in the making. In 2009, one can expect the SENSEX to shuttle between 6000 and 13000 points and the maximum expected level is 16000 points. As on 9th January 2009, the SENSEX ended with 9406.5 points and the NIFTY with 2873 points.



The Satyam effect

- Satyam was replaced by Sun Pharmaceuticals from the list of SENSEX stocks
- Trading in Satyam stocks was stopped by the NYSE at its bourses in U.S as well as in Amsterdam
- The SEBI has decided to bring the accounting statements of all SENSEX and NIFTY Companies to a peer review.

The SENSEX outlook

- SENSEX earnings is expected to witness a spook in the third quarter
- Crash in commodity prices, inventory related losses and FOREX losses of the Companies might have a major impact on the earnings of the SENSEX.
- Sectors like Cement, automobiles and real estate are expected to be more vulnerable to the slow down.

Outlook of Various Sectors for 2009:

- 1. Cement :** The outlook on this sector is positive. Easing of coal and crude oil prices might pave way for a positive revenue estimate
- 2. Pharma:** FOREX fluctuations might pose a threat. Lower operating margins are expected for Companies in this sector
- 3. FMCG:** Top line growth is expected to plummet. Price cuts and discounts are expected to boost the volumes

Mr. TAN has decided to rejig his portfolio

1. HDFC Bank purchased on NSE at Rs.1000.00 on 08 Jan 09
2. ICICI Bank purchased on NSE at Rs. 458.70 on 08 Jan 09
3. ABB purchased on NSE at Rs. 475.00 on 08 Jan 09
4. NAVNEET PUBLICATIONS purchased on NSE at Rs. 40.00 on 08 Jan 09
5. Tamilnadu Telecommunications purchased on NSE at Rs.5.20 on 08 Jan 09

Disclaimer: Trading and investment in stock market is risky and volatile. All the contents (and views) in this article is for informational purposes and is not a recommendation or an offer or solicitation of an offer to any person with respect to the purchase or sale of the stocks discussed in this article. The author may be trading/investing in, or have positions in the securities mentioned. The author is not responsible for profit or loss incurred by anybody. Please do your homework before investing.

Stay Hungry Stay Foolish

Author: Rashmi Bansal

What is the first thing that comes into your mind when you think of IIM A graduates, pay packs isn't it? But is it only about that? What about those who rejected the employment option or more crudely put, opted for business. It's very seldom that one gets to hear such stories. That is precisely what the book; Stay Hungry Stay Foolish, authored by Rashmi Bansal, herself an IIM A graduate is all about. *It's about 25 IIM A graduates who followed their dreams.* Dreams they were, until they turned it into reality.

If it's a part of your New Year resolution to read a book, then let it be this. Because, not every day do you get such a well documented book on the graduates of IIM A. Very rarely have I come across in newspapers or for that matter, any other media, anything about people who did their MBA from IIM A and did something in the field of business. What we see in newspapers is the about the fancy salaries they command. Naukri.com, India Infoline Ltd, MakeMyTrip.com etc , are organisations one would have definitely heard about. Among others, the above mentioned entrepreneurs who started these business houses are showcased in the book.

Why would anyone want to forego the security provided by the employment, which comes automatically to an IIM A graduate? Come to think of it, how many of us actually opt for practice instead of employment, very few, isn't it? It takes lot of courage and perseverance to actually start of own; one of the major reasons being the very lucrative salary. But that is a myth. Shantanu Prakash of Educomp says, "...Two years you may struggle. If average salary is Rs 15-18 lakhs, how much do you make in five years? 18 * 5, right? After tax, you make some 50 lakhs. *In years, I can guarantee you, any business you do, will earn you that.* Assuming that you are at least a little bit intelligent, within a year, the evaluation of your business itself will exceed 50 lakhs..."

The book is divided into three groups; The believers, The opportunists, The alternate vision. The content of the book is so strong that it alone carries the book on its shoulders. The author has to be commended for her simple, yet very lucid language, which never lets you put the book down. The business models and the way the entrepreneurs approach their business is very diverse. You may not be able read the whole book in one go, it's not fiction, but nevertheless, if you are one who want to start your own practice, definitely go for it. You won't regret. It is priced just INR 125.

CUSTOMS

Case law

Challenge in enhancement to Transaction Value through an appeal.

An importer can always challenge in an appeal, the enhancement to transaction value (TV) agreed earlier at the time of clearance of goods.

CCE Vs. Hingora Industries Ltd., (2008 (89) RLT 415) and CC Vs. D. M. International, (2008 (89) RLT 494)

Running royalty is not includable in the Transaction Value

The Tribunal has held that a running royalty is not includable in the TV of imported goods where such royalty is not in relation to the imported goods and is not a condition of sale.

CC Vs. Bayer Indian Syntans Ltd. (2008 (232) ELT 474)

Transaction value cannot be enhanced in an arbitrary manner

The Tribunal has held that the TV of imported goods cannot be enhanced in an arbitrary manner based on a market inquiry which is not disclosed to the importer.

CC Vs. Guide Optical Co. (2008 (89) RLT 480)

Restoration of exemption claimed but not allowed

The Tribunal has held that an exemption claimed by an importer but not allowed due to the inadvertence of the department can be restored under the provisions of Section 154 of the Customs Act, 1962 (CA) pertaining to correction of clerical/ arithmetical errors.

CC Vs. Vijay Electricals Ltd. (2008 (232) ELT 318)

Liability in delay in payment of duty

The Tribunal has held that interest is payable by an importer on account of delay in payment of duty until the duty liability is actually discharged.

Bharat Heavy Electricals Ltd., Vs. CC (2008 (89) RLT 485)

Foreign Trade Policy (FTP)

Notifications/Circulars

Foreign Trade Policy and Handbook of Procedures would not expire on March, 31 2009

- but would remain in force until further orders are issued in this regard.

MC & I Notification No. 70 (RE-2008)/2004- 2009 and DGFT Public Notice No. 113 (RE- 2008)/ 2004 dated 08/12/2008

Benefits under the High Value Added Manufactured Goods Scheme.

DGFT has notified the list of products eligible for benefits under the High Value Added Manufactured Goods Scheme. The list includes specified electronic products and machines and the benefit of the Scheme is available retrospectively with effect from April 01, 2008 subject to fulfillment of specified conditions.

DGFT Public Notice No. 114 (RE-2008)/ 2004-09 dated 10/12/2008

Re-calculation of Export obligation under EPCG Scheme

The Central Government has clarified that the annual average export obligation imposed under the Export Promotion Capital Goods (EPCG) Scheme will be re-calculated for license holders whose export products fall under specified sectors which have suffered a decline in exports during the financial year 2007-08.

DGFT Policy Circular No. 43 (RE-2008)/ 2004-09 dated 02/12/2008

Advance Authorization/Duty free import authorization would be computed in freely convertible currency.

DGFT Policy Circular No. 41 (RE-2008)/ 2004- 09 dated 20/11/2008

Case Law

Upheld the duty demanded by the Department under EOU Scheme

The Tribunal has upheld the duty demanded by the Department on goods imported by a unit under the 100% Export Oriented Undertaking (EOU) Scheme on the ground that the goods were not cleared from the bonded warehouse, even after the expiry of the warehousing license.

Modern Suitings Ltd. Vs. CC (2008 (RLT 524)

Exemption from Excise Duty against CT-3

The Tribunal has held that a manufacturer can claim benefit of exemption from excise duty on supply of goods to units under the 100% Export Oriented Undertaking (EOU) Scheme against CT-3 certificate only in respect of goods manufactured by them. The Tribunal has also held that the benefit of exemption from excise duty against CT-3

Lakshmi Automatic Loom Works Ltd. Vs. CC (2008 (232) ELT 428)

ANTIDUMPING DUTY

Notification/Circulars

Anti-dumping duty has been imposed on certain chemical products being imported mainly from China.

Customs Notification Nos. 126/2008 dated 21/11/2008 and 126/2008 dated 03/12/2008

CENVAT

Notification/circulars

Formula for avilment of credit in respect of 100% EOUs and EHTP

The formula prescribed in the CENVAT credit Rules, 2004, for avilment of credit in relation to goods procured from 100% EOUs and EHTP or STPI units has been revised.

Notification No.48/2008-CE(N.T) dated 05/12/2008

Reducing the abatement rates under the MRP based valuation scheme.

Consequent to the decrease in excise duty rates, the Government has issued a notification reducing the abatement rates for the goods covered under the MRP based valuation scheme.

Notification No. 49/2008 dated 24/12/2008

No credits are required to be reversed by the receiver

The CBEC has issued a circular clarifying that no credits are required to be reversed by the receiver of inputs on account of any reduction in price by the supplier of inputs unless the duty paid on such inputs is also correspondingly reduced.

CBE&C Circular No. 877/15/2008-CX. dated 17/11/2008

Case Law

Cutting and slitting of polyester films does not amount to manufacture-SC

CCE Vs Rajpurohit GMP India Ltd. (2008 (231) ELT 577)

Rewinding of coils of old transformers does not amount to manufacture.

The Tribunal has held that the process of mere repair of old transformers by rewinding of coils not resulting in a new product does not amount to manufacture under excise law.

CCE Vs KVK Control Panels (2008 (12) STR 782)

Duty is not payable on goods destroyed due to mandatory quality control tests

The Tribunal has held that no duty is payable on goods destroyed due to mandatory quality control tests carried out during the course of the manufacturing process.

RPG Cables Ltd Vs CCE (2008 (232) ELT 468)

Valuation

CENVAT credits availed and utilized on inputs are not required to be reversed on final products.

- The Tribunal

Brindavan Beverages Pvt. Ltd Vs CCE (2008 (232) ELT 475) and The Larger Bench of the Tribunal, in H.M.T Vs CCE (2008 (232) ELT 217)

CENVAT credits on differential duty payments.

The Tribunal has held that the restriction on availment of CENVAT credits on differential duty payments in situations of fraud, collusion etc are applicable only in cases of sale of goods and not in cases of stock transfers from one unit to another unit of same company.

Godrej Industries Ltd. Vs CCE (2008 (232) ELT 108)

Provisional assessment.

The Larger Bench of the Tribunal has held that in case of provisional assessment, interest is required to be paid from the first day of the month succeeding the month for which the differential duty amount is finally determined.

Cadbury India Ltd Vs CCE (2008 (232) ELT 224)

Provisions on remission of duty

The Tribunal has held that the provisions on remission of duty are not applicable once goods are cleared from the factory.

S.V.G. Exports (P) Ltd Vs CCE (2008 (232) ELT 305)

SERVICE TAX

Notifications/Circulars

Clearing and Forwarding agent's services included into the list of input services.

Notification No. 33 /2008 dated 7.12.2008

Refund scheme for exporters

The Central Government has issued clarifications with regard to several points in relation to the refund scheme for exporters of goods under Notification No. 41 /2007.

Circular No. 106 /9 /2008 dated 11.12.2008

Case Law

Service tax charged prior to 18-4-06 is not sustainable. The Bombay HC - in the absence of a charging section.

Indian National Ship owners Association Vs Union of India [2008 - TIOL - 633]

Online computer course is covered under commercial training and coaching centre services.

- The Tribunal.

Dew soft Overseas Pvt. Ltd. Vs CST [2008 (12) STR 730]

Ship repair activity is not chargeable to service tax. - The Tribunal.

Western India Shipyard Ltd. Vs CE [2008 (12) STR 550]

SALES TAX

Case Law

Goods appropriated by the first buyer in favor of third party do not qualify as in-transit sales under the CST law - SC

A&G Projects & Technologies Ltd Vs State of Karnataka [(2008) VIL 40 SC]

Supply of foodstuffs to employees as per Factories Act is liable to Sales Tax - The Allahabad High Court.

Nuclear Atomic power Supply Canteen Vs Commissioner of trade Tax [(2008) 18 VST 241 (All)]

Hire charges collected by HMSEB by consumers for supply of electric meters is not liable to Sales Tax - The Himachal Pradesh High Court.

S.E.Hydel Circle Vs Addl Excise & Taxation Commissioner (2008) 18 VAT 246 (HP)

Movement of goods from one state to another on account of contracts amounts to inter State sales.

- The Allahabad High Court

Commissioner of Trade Tax Vs Dharmex Pvt Ltd [(2008) VIL 43 (HC) ALH]

VAT Karnataka

Obtaining delivery notes in Form VAT 505 or 515 electronically

All identified dealers falling under certain VAT jurisdiction in Bangalore have to obtain Delivery Notes in Form VAT 505 or Form VAT 515 electronically w.e.f December 15, 2008. Further the dealers have to surrender unused Forms VAT 505 to the tax authorities and discontinue the use of old stocks of Delivery Notes in Form VAT 515.

Circular No KSA.CR.228/08-09 dated November 19, 2008

Procedures for transferring excess input taxes

Procedures have been prescribed for transferring excess input taxes, where the business is transferred as a whole on account of transfer of ownership, sale, merger or amalgamation to the new entity.

Notification No FD.191.CSL 2008 dated November 26, 2008

TDS Certificates to works contractors Industrial Canteens and other specified dealers can be issued within 20 days (earlier 15 days) from the end of the month in which deductions have been made.

Notification No FD.191.CSL 2008 dated November 26, 2008