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From Chairman's desk.....



Dear Friends,

Three cheers to the editorial committee for this special 36th edition!!

The present Management Committee is completing 3 years by December, 2006. Election will be held in December, 2006. New blood and new ideas would do a world of wonder to the Chapter and therefore it is all the more necessary for the members to file nominations to join the new team of management Committee.

I consider it appropriate to recount some of the initiatives taken during the last 3 years by the Chapter.

- 1. Involvement of Students in the activities of the Chapter reached the zenith during last 3 years. The chapter had the distinction of holding record number of study circles (49 study circles out of 52 Sundays)*
- 2. The Chapter recorded spectacular 48% results.*
- 3. Silver jubilee Year of the Chapter was celebrated with record number of programs including a 3 days residential program.*
- 4. The Chapter became a front runner in introducing e-news letter. The News Letter has been found very useful by the professionals from other walks of professions apart from our members across the country. The News letter is completing 3 years with this issue. Thanks to the efforts of Mr. H.M. Dattatri and his editorial committee.*

The Student Registration was on expected lines and we are presently on par with the last years registration level. We need to put in our efforts for getting better registration levels, for which the only mantra is career counseling.

Thanks to all the members, Management committee and the Office bearers for the support and co-operation extended during the tenure of the present committee.

The polling for the national & regional Councils is fixed on 15th December, 2006. The Chapter Office is the polling Centre. Members are requested to participate in the polling in full strength.

Let the festival of lights bring prosperity, peace of mind, health and wealth to all the members!!

D D Bhat



NEWS OF USE

Compiled from various sources.



RBI Guideline on Internet banking

RBI has, by way of a circular dated August 22, 2006, amended the guidelines on internet banking to permit banks to offer internet based foreign exchange services, for permitted underlying transactions, in addition to the local currency products already allowed to be offered on internet based platforms. Such offering of foreign exchange services must be subject to the following terms and conditions:

- i. banks will remain responsible for secrecy, confidentiality and integrity of data;
- ii. the data relating to Indian operations will be kept segregated;
- iii. the data will be made available to RBI for inspection / audit as and when called for;
- iv. the services offered through internet, for banks' customers on an internet based platform

Delhi HC does a balancing act with transfer pricing order

The high court has upheld the constitutional validity of an instruction issued by the Central Board of Direct Taxes (CBDT) that allows assessing officers to refer all cross-border transactions valued at over Rs 5 crore to a transfer pricing officer (TPO). Simply put, these instructions are neither arbitrary nor unreasonable, according to the HC order.

At the same time, the court has held that the transfer pricing officer's findings are not binding on the assessing officer (AO) and that the taxpayer whose claims have been disputed has the right to present other relevant material before the AO for his consideration even after the TPO has given his opinion.

Govt to appoint 12 tax ombudsmen

The government will soon appoint tax ombudsmen in twelve cities to redress grievances of income tax payers. Tax ombudsmen are to be appointed in Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad, Pune, Kanpur, Chandigarh, Bhopal and Kochi, official sources said today. Income Tax Ombudsmen Guidelines provide for award of a token compensation of Rs 1,000 by ombudsmen, for any loss suffered by complainants.

Letters Patent Appeal No. 814 of 2006 decided on June 17, 2006

36,262 companies take e-filing route for returns

The income-tax department has till date received 36,262 corporate returns through the e-filing route (Internet), its spokesperson, Mr A.K. Sinha, has said. Companies are necessarily required to furnish the return for assessment year 2006-07 electronically to the income-tax department. They were earlier required to file their returns by October 31.

Till October 24, the date on which the due date for filing of return was extended to November 30, the income-tax department had received 23,000 e-filed returns from corporates (as against 53,000 on October 24, 2005).

Customs, excise board on course to total e-governance

West Bengal : Hinting at a paradigm shift in the Customs Department's approach to swiftly move towards a National e-Governance Action Plan (Negap), Mr A.K. Raha, Member (Legal, Judicial and Computerisation), Central Board of Customs and Excise (CBEC), said today that a new software package is being developed for total e-governance in the Department.

Centre urges non-monetary steps for GST

Parthasarathy Shome, advisor to FM P Chidambaram, has said that the Centre wants states to take non-monetary measures for smoothening the path towards harmonised goods and services tax (GST). These measures pertain to issues related to VAT exemption, special rates for certain items like the 'declared goods' etc.

The GST is still at a very uncharted stage and there are several unresolved issues. On the issue of compensation for CST loss under the GST regime, the states have a different attitude from the centre," he said.

SEZ - Another India?

Sunita Narain

Editor - Down to Earth



Courtesy: e-bulletin from the Centre for Science and Environment October 25, 06 www.downtoearth.org.in/cover_nl.asp?mode=2

At a media-studded book release function, a leading editor was recounting a recent incident. He was traveling with a top Uttar Pradesh politician in his brand new plane. The politician told him that the plane was a gift from a leading industrialist. The editor was then told that the return gift by the politician was not meager: it was 1,000 hectares of prime agricultural land for a new special economic zone (SEZ). Hearing this tale, we in the audience smiled wisely. This was titillating sleaze.

The idea of SEZs is borrowed from China, where zones are created to facilitate manufacturing and business activity, which are special in terms of labour and tax laws. These are countries within countries, intended to expedite reform that cannot be done across board. With the enactment of the SEZ Act 2005, the idea is catching on like wildfire in India.

And why not? After all, which industrialist will turn down the chance to get between 1,000-10,000 ha of prime land, for industrial and real estate development? The land is acquired from farmers by government - using all its persuasive and muscle power - and then handed over to industry. Which industrialist will not cut many corners to ensure that this scheme, which gives them not just exemption from custom duties but also income and excise tax, is not expedited? It is only incidental, they will say, that the scheme also allows them to build hotels, schools, hospitals, houses, airports and ports.

They will not tell you that these mega-profit developments are carefully regulated by some clumsy rules so that the 'real estate' purpose is assured. Why should we be surprised then by the sleaze and scam stories that surround these zones? These are the

deals of modern India, in which corruption comes in many colours and kinds.

Two key concerns have been raised: the fact that large areas of cultivable lands are being acquired for industry and there is inadequate compensation to farmers and others displaced. Two, that there will be a substantial loss of revenue for government with manufacturing and services moving to these tax-free havens. It is also suggested in fact that these zones will not lead to a flood of new investment, but indeed the flight of old investment, which will want the tax-free status. The case of Korean giant Posco's mega steel plant is a case in point. It 'managed' to get categorised as an SEZ, well after it had already come into the country to set up shop.

But SEZ status is the ultimate development dream. I have no doubt that in the current weak-political scenario industry will wriggle out with some glib answers and some tall promises of providing employment to the displaced.

I have also no doubt that SEZs are the beginning of the end of the idea of one India.

The fact is that SEZs are not even about creating a few special zones.

They are about the abdication of responsibility to sort out the underlying problems that plague the country as a whole. The fact is that infrastructure, power, water, housing, education and health services are in a mess. Over the past 50 years, we have tried in our ham-handed socialist ways to find answers to provide services for all. We don't know why, but this approach

Entire corporate world looked with great hopes when SEZ law was liberalized. People thought that this way will help India to form a superpower. But as days passed everyone realized that entire scheme was full of misdeeds. Scams were suspected and within a short time SEZ Act saw major amendments.

The entire concept of SEZ has another face. Ms. Sunita Narain opines that SEZ will divide India into rich and poor. Those who can pay will get everything, including subsidies. Those who can't will have to perish...

Read on and tell us what you feel.

is not working. There is growing impatience about growth. Therefore, the easier and much less complicated answer is to let that part of India, which can provide for itself, to prosper. The grandiose idea will be then the government can take care of the needy with some sops and some more developmental schemes. But we forget that the reason why the answers of the past were not working was precisely because we ensured that the rich were ecologically subsidised in the name of the poor. Now this will get worse.

But in this way enclave India will grow. Water will come, not from public municipal taps, which cannot be fixed, but from private companies, who will purify it and supply it in bottles or colony taps, for those who can pay. It is another matter that these companies will not pay or pay a pittance for the same water they consume. Power will come from electricity companies, who will produce it exclusively for those who pay bills covering the cost, plus profit, of its manufacture. Of course, there will be no garbage in the colony as cleaners will come from outside - for a price - and take it away. Where and how, it is best not to know. In this way, infrastructure development is no longer a problem: it is built for those who can pay. Flyovers can

take people straight from the company-run airport to their homes and work. Rich and poor India are now separated at birth.

The fundamentally fatal flaws in this approach are many: first, let us be clear, this rich and exclusive India will continue to be subsidized to the hilt. Second, it will be built on the backs of the poor using the might of the state. The land, for instance, is not bought by the rich private sector paying the price the seller is willing to sell on - the market price and above. This private property will be acquired under the convenient cover of land acquisition acts at discounted prices. Third, the resources for development will be severely compromised, as growth will no longer contribute to revenues of government.

Who said that civilised countries had to tax their rich to support their poor? That was old India's baggage. This new India only dreams. Nightmares are for others. This is another India. Here, everything is possible.

It is another matter that it is not ours.



Burning Hut

The only survivor of a shipwreck was washed up on a small, uninhabited island. He prayed feverishly for God to rescue him, and every day he scanned the horizon for help, but none seemed forthcoming. Exhausted, he eventually managed to build a little hut out of driftwood to protect him from the elements, and to store his few possessions.



One day, after scavenging for food, he arrived home to find his little hut in flames, and soon there was nothing left. The worst had happened, and everything was lost. He was stunned with disbelief, grief, and anger.

"God, how could you do this to me?" he cried and cried.

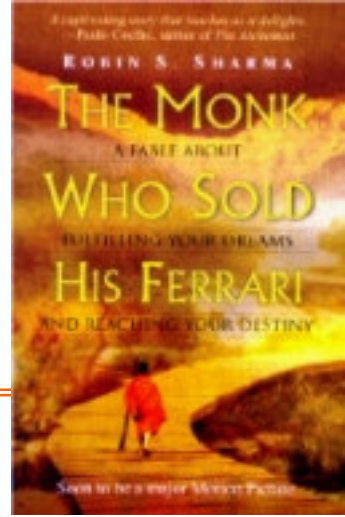
Early the next day he was awakened by the sound of a ship approaching the island. It had come to rescue him. "How did you know I was here?" asked the weary man of his rescuers. "We saw your smoke signal," they replied.

It's easy to get discouraged when things are going bad, but we shouldn't lose heart, because God is at work in our lives, even in the midst of pain, and suffering.

Remember this the next time your "hut" seems to be burning to the ground. It just may be a smoke signal that summons the grace of God. You May want to consider passing this on, because **"You Never Know who Feels Like Their Hut Is On Fire Today"**

The monk who sold his Ferrari by Robin Sharma

Nimmoo Kinger,
PCS, Mysore



I had heard so much about Robin Sharma's Monk that I started reading it with huge expectations. I expected it to be a life changing book, giving me new insights on abundance, spirituality, and what not. But I was disappointed with the trite style of the book. Where was the originality, the creativity that I had expected? Where was the scintillating prose, the stirring messages from the soul, the spiritual revelations? I read with dismay phrases like 'nirvana of sivana', 'fiery red ball of sun', the first rays of the Indian sun danced along the colourful horizon'...all designed to lure the Western reader....

The book begins with the story of Julian Mantle, a lawyer forced to re-evaluate life following a major heart attack. Rich and extremely successful, he has all that any one can want. Sharma's portrayal of the trappings of affluence leaves nothing to the imagination: a seven figure income, a grand mansion in a neighborhood inhabited by celebrities, a private jet, a summer home on a tropical island and best of all, a shiny red Ferrari parked in the center of his driveway. After his heart attack Julian sells all his material belongings, including his red Ferrari and disappears from the public eye only to re-surface after three years, a dramatically transformed man. From a 53 year old man who looked 70 years old he now looks like a healthy man in his mid thirties, with physical vitality and spiritual strength; a clear piercing look and an ineffable peace on his face.

Julian Mantle's search for spiritual solace takes him to India, to the Sages of Sivana where he meets Yogi Raman and learns the techniques that he learned from Yogi Raman on how to master his mind with simple techniques like "the heart of rose technique" and "the secret of lake technique". He becomes an adept on cultivating the mind and using setbacks to grow into Self Knowledge. Julian returns from his Indian odyssey and shares his story of transformation, his secrets of a happy and fulfilling life with his friend John, on the condition that John spreads the secrets to other seekers.

Julian describes Sivana- a small place located in the Himalayas, the land of rose covered huts, placid blue waters with white lotuses floating, youth and vitality, beautiful glowing faces, fresh and exotic fruits. He tells John about the sages of Sivana who knew all secrets of how to live life happily and how to fulfill one's dreams and reach one's destiny.

Julian narrates to John the fable that contained the seven virtues for a life abundant with inner peace, joy and a wealth of spiritual gifts talks about setting and following one's own purpose. He teaches John the ancient art of self-leadership with techniques such as "do the things you fear" and "the 5 step method for attaining goals". He waxes eloquent about the value of self-discipline and respect for time. He describes techniques such as "the ancient rule of 20" and "the vow of silence". He teaches how to focus on priorities and thereby maintain a balance; he advocates a simple life. He gives examples that prove that willpower is the essential virtue of a fully actualized life.

Julian teaches John the virtues of selflessness and service. He asks John to embrace the present and live in the present. He emphasizes the importance of happiness over achievements and urges John to savor the journey of life and to live each day as his last one. The book is peppered with interesting fables and innumerable anecdotes and at times turns from a fable to an instruction guide. But the latter half of the book contains some powerful advice for personal change. The ideas may have been collected together from elsewhere, but amongst them is a structure of practical changes that have the potential to profoundly change your outlook and achievements.

For readers who are unfamiliar with, and hungry for oriental wisdom, the book may be a rewarding read. The presentation in the form of a story redeems the book. It provides an approach to living a simple life with greater balance, strength, courage and abundance of joy.



OUTSOURCING AGREEMENT LEGAL PERSPECTIVE

Kalindee Antani
Company Secretary, Mumbai

Outsourcing has become a crucial part of any industry. Business has realized the importance of specialization and division of work allowing the experts to do what they can perform in the best way and then ultimately assembling the services to give the best output.

From a legal and more specifically the contractual perspective, outsourcing contracts are long term in nature and the whole relationship of the service provider and service receiver are governed by the provisions of the agreement. There are so many factors, minor and major to be taken care of while entering into such contractual relationship.

Normally, the major disputes come from shutdown cost, level of quality to be maintained while providing the service and the unclear lines of authority and responsibility. However, there are certain additional factors also. Looking to the IT outsourcing or the typical Business Process Outsourcing (BPO), the service receiver expects the service provider to provide the services in the same manner and function as performed earlier by their units. There is at times communication gap and lot of ambiguity about the process and the function. Hence there is risk of cost overruns, delivery failure and increased dispute levels. The complexity is added when the deal is a cross country deal including other aspects like the currency, conversion, taxation and other soft issues like human resource and local issues.

Change in jurisdiction also has multiple effect on the overall assumptions on the basis of which the contract is being negotiated. It is very uncertain as to whether the court decision of one country will be used as a precedent and will become a norm or will it be just a piece of paper. Also, the lines on which the decision is given will be important because that will have a great impact on the behavior of other firms across the globe. Say for example, if that decision has something to do with the outsourced employees and their relationship with the service receiver and their employees, then gradually more and more rulings will be based on similar lines.

While negotiating such agreements, the normal tendency is to discuss the mutually acceptable terms and park the

controversial terms including complex knowledge and the human resource factor for the later part. It so happens normally that such negotiation takes a lot of time and in the end, because of urgency and criticality you just close it in interest of time. And therefore the initial hiccups and the stress points arise normally in the first year of the execution of the agreement.

It is hence, very important that for the initial few years, and the first year more in particular is governed properly by provisions and that there is enough room to resolve the difference of opinions and disputes without taking a recourse to the formal dispute resolving model. Also a distinction needs to be made as to what issues are critical for escalation and what can be solved internally. This helps to build a proper corporate governance model, which should be simple, clear and free from ambiguous language and jargons.

Also the service receiver should be clear that there has to be a trade off between the governance, review process and the service delivery and governance cost. There has to be right mix of the two. The tilt towards the governance side might affect the profitability ratio and at the same time it is equally necessary that the service provider has realistic assumptions of risk and responsibilities.

Another important aspect of outsourcing agreement is that there should be rules listed out which will apply in case, later on, the parties are not able to reach a consensus for a particular matter that might have evolved. It is not necessary that the rule will be a perfect resolve, but atleast it will help the parties to calculate the pros and cons of the matter and reach an amicable solution. This is important because unlike any other form of business organization, consensus is not important in such outsourcing partnership.

One more aspect to be covered should be the termination assistance clause. Normally both the parties have the tendencies to avoid this clause assuming that they can, at termination time leverage this in their favour. This clause can cover the period for which assistance shall be provided after the termination of the contract, the rates for that period etc. Ownership of intellectual property

rights, recover of proprietary information, transition of people in any, the non compete clause for re-hiring the service provider's employees, reacquiring the assets transferred and also assistance in successor's selection. This is important as it gives both the parties a clear picture and also a right to move out without agreeing to sensitive issues as at that point of time the quality of relations depreciates.

Broadly speaking the agreement should cover the following aspects:

Scope:

- This is the foundation of a contract. The definition prescribed under this heading enables you to determine what is inclusive and what is not. This should be precise and comprehensive

Milestones: Deliverables :SLA's (Service Level Agreement):

- Define the acceptable criteria. It should be logically and objectively measurable.
- Acceptance test period should be defined. It should not be open ended.
- Define deliverables for each milestone which is measurable.
- Define SLA's and consequences of breach.

IP Rights:

- Protect the IP Terms with unambiguous language and license the work product.

Indemnity:

- In IT contracts the main indemnity is IP. Identify the matters for which you may give indemnity. Avoid giving blanket approvals

Liability and Disclaimers:

- Liability to be limited to the fees.
- Exclude certain types of damages like: consequential damages, loss of profits, loss of business etc. Consequential damages are not enforceable unless specifically agreed to. Exclude specifically to be on the safer side.
- Exclusions also include: IP infringement, confidentiality breach (relevant in service contracts), personal injury, data protection.

Liquidated damages, service credits:

- Liquidated damages are based on commercials, most commonly used for delays.
- In IT contracts, estimating the damage is difficult. Liquidated damages should be genuine and a pre estimate of loss should be considered.
- In SLA's service credits are preferred to liquidate damages.

Pricing:

- Fees and payments to be defined clearly. Failure should attract interest and in the worst case there should be termination.
- Consider renewal fees, potential business for the vendor and uninterrupted service for the buyer.

Change Control:

- The change order procedure should clearly include timeliness, contact persons, mechanism to determine pricing etc.
- Change control clause should be mutually agreed and minimum threshold defined.
- Define base service and add on service clearly.

Outsourcing service:

- Define lock in period, Term fees - premature term, confidentiality provisions etc.

Data protection, Privacy and confidentiality:

- Get customers approval while disclosing any information related to him.
- In the Non Disclosure Agreement affiliates/contractors/customer care executives/third party contractors should be specifically covered.
- Data should be shared on a need to know basis.

Personnel related issue:

- Non solicitation: This is a clause which is very difficult to abide to. Instead of litigation or court proceedings a reasonable monetary compensation is a better option.

Dispute Resolution:

- It is advisable to carve out the injunctive relief and mention the place where the actual contract is to be executed as a place of jurisdiction. Reason being that injunctions of a particular jurisdiction may not be enforceable in some other jurisdiction.
- In arbitration, opt for institutional arbitration rather than ad-hoc arbitration.

LEGAL ROUNDUP...

For more updates visit:

www.esnips.com/web/ICSIMysore



INCOME TAX

Contribution to PF before due date for filing return

In the above case, the Honourable Gauhati High Court by dismissing the appeal filed by the Department held that, the contribution made to provident fund etc, after the close of accounting period but before due date for filing return will amount to deduction under Section 36(1)(va) and 43B(b). The Honourable High Court also relied on the decisions given in the cases of CIT vs. Assam Tribune (202) 253 ITR 93 CIT vs. Bharat Bamboo and Timber Suppliers (1996) 219

Commissioner of Income-Tax vs. George Williamson (Assam) Ltd. (Gauhati.- HC)

Bank Term Deposit Scheme, 2006

In exercise of the powers conferred by clause (xxi) of sub-section (2) of section 80C of the Income-tax Act, 1961 (43 of 1961), the Central Government has notified the Bank Term Deposit Scheme of 2006.

NOTIFICATION NO. 203/2006, DATED 28-7-2006

Increased profit due to closing stock.....

In the above case, the Honourable Tribunal held that, the claim of the assessee for deduction under Section 80HHC on the enhanced profit due to the addition made on account of the closing stock should not be disallowed even though relevant goods in respect of which addition was made was not exported during the relevant year but was lying as closing stock. The reason behind this was the fact that, as a result of addition made on account of closing stock, the net profit eligible for deduction under Section 80HHC had increased to the extent of the said addition.

Kuldeep Bishnoi vs. Assistant Commissioner of Income Tax, Circle 20(1) (ITAT-Delhi)

CENTRAL EXCISE

No rigors of adjudication procedure if...

The Board clarifies in respect of the amended Section 11A of the Central Excise Act, 1944 that if the duty demanded is paid in full or in part, along with interest

and 25% of the duty amount as penalty within 30 days of the receipts of the show cause notice, such cases would be dispensed with the rigors of adjudication procedure. This scheme is optional and not compulsory. In case of part payment, the remaining amount will be subject to regular proceedings as per the law.

Two new sections viz., Section 11DDA and Section 37E have been incorporated in the Central Excise Act, 1944. The Board will clarify on this in due course.

CBE & C. Circular No. 831/8/2006-CX Dated 26-7-2006

Case Laws at glance.....

- Universal Cables Ltd. Vs CCE, Bhopal 2006 (200) E.L.T. 73 (Tri.-Del) - CENVAT reversal not required when remission of duty is allowed on final product.
- Tata Tea Ltd. Vs CCE, Cochin 2006 (200) E.L.T. 81 (Tri.-Bang) - Refund of accumulated CENVAT credit admissible to E.O.U.
- Canon India Pvt Ltd Vs Commissioner of Customs, Mumbai 2006 (200) E.L.T. 83 (Tri.-Del.) - Refund as a consequence to correction of clerical error admissible without filing claim.
- Technosales Corporation vs Commissioner of Customs, Bangalore - 2006 (200) E.L.T. 296 (Tri.- Bang.) - Filing of refund claim in itself a challenge to assessment order.
- K. Raheja Development Corporation Vs State of Karnataka 2006 (3) S.T.R. 337 (S.C.) - Construction of complex liable to turnover tax under Sales Tax Act.
- CCE, Mumbai - IV Vs CKP Mandal 2006 (3) S.T.R. 449 (Tri. - Mumbai) - Catering and decoration taxable under Mandap Keeper Service.
- In Re : Jason James Clemens 2006 (3) S.T.R. 452 (A.A.R.) - Advance Rulings not applicable to CBEC Circulars.
- Eurafrica S.A. Vs CCE, Indore - 2006 (3) S.T.R. 544 (Tri. - Del.) - Recruitment not covered under Consulting Engineer or Management Consultant Service.
- Amrit Paper Vs CCE, Ludhiana - 2006 (200) E.L.T. 365 (S.C.) - Notifications not to override rules

SERVICE TAX

Service tax by foreign service provider

The High Court, has held that where a service recipient provides office facilities, office support staff and various other facilities to a foreign service provider, the foreign service provider would not be considered to be having an office in India and the liability to pay service tax would therefore be on the service recipient.

CCE Vs. Kerala State Electricity Board (2006 (3) STR 625)

No service tax where sales tax is levied

The Tribunal has held that service tax could not be levied on the activity of sale of goods on which sales tax has already been levied. The Tribunal has emphasized the principle of mutual exclusivity, as enumerated by the Supreme Court in the BSNL case.

Idea Mobile Communications Ltd. Vs. CCE (2006 (6) STJ 209)

FEMA updates

Purchase of immovable property by non-residents or persons of Indian origin

Clarification on mode of payment for purchase of immovable property in India by Non-Resident Indians and Persons of Indian Origin The payment for acquisition of any immovable property acquired by NRIs and other Persons of Indian origin, can be made only out of (i) funds received in India through normal banking channels by way of inward remittance from any place outside India or; (ii) funds held in any non-resident account maintained in

accordance with provisions of the Foreign Exchange Management Act, 1999 and the regulations made by Reserve Bank of India from time to time. Now it is clarified that such payments cannot be made either by traveller's cheque or by foreign currency notes or by other mode other than those specified above.

A.P. (DIR SERIES) CIRCULAR No. 5 Dated 16.08.2006

Overseas Investment by Mutual funds

By way of a circular dated July 26, 2006, RBI has liberalised overseas investments by mutual funds registered with the Securities and Exchange Board of India ('SEBI'). The aggregate ceiling for overseas investment by mutual funds, registered with SEBI, has been increased from US\$1 billion to US\$2 billion. RBI has also decided to permit a limited number of qualified Indian mutual funds to invest cumulatively up to US\$1 billion in overseas exchange traded funds as may be permitted by SEBI. Further, the earlier requirement of 10% reciprocal shareholding in listed Indian companies by such overseas companies in which mutual funds are allowed to invest has been dispensed with.

Foreign Trade Policy (FTP)

Notifications/Policy Circulars

The Directorate General of Foreign Trade has amended the Foreign Trade Policy to include supplies from 100% EOUs/ units in STPs/EHTPs/BTPs to the Domestic Tariff Area (DTA), against foreign exchange remittances received from overseas, in the Net Foreign Exchange earnings computation of these units.

(Notification 31(RE-2006)/2004-2009 dt.8.9.06)

Web gatra

www.nse-ind.com

The website of National Stock Exchange, which is the leading Stock Exchange in the country, is quite resourceful since it not only provides valuable updates on the equity and debt market but also educates the visitor of the site with its vast coverage on current affairs and advanced topics which are really important in the context of the emerging trends in the corporate sector and the capital markets. In addition to the regular market information on equity and debt instruments, it also provides the historical data, contracts information and price charts of these instruments along with the latest announcements, corporate action information and Offer documents of the companies intending to go public which can be considered to be useful from investment as well as academic perspective.



“Forgiveness is a sweet scent that a flower gives, when it is crushed”

Spectrum this Month...

Hello Friends,

We are extremely happy to inform u that our newsletter is celebrating its 3rd anniversary this month. We could see this momentous occasion only because of your contributions in the form of articles and your valuable feedback. Let our association with you see many more birthdays of newsletter.

We have great news to announce. Our beloved friend Omkar N G achieved Sixth Rank for Mysore University in his LLB. Congratulations to Omkar. Let his success inspire all of us achieving the best and grow to the heights.

This month we focused on examination related queries in our study circles. We had preparatory exams to enable us in our preparation and presentation of answers. We had a session on takeover and acquisition of companies and got an overview of the entire procedure.

Until next month wish you all the very best for your exam preparations.

Spectrum friends

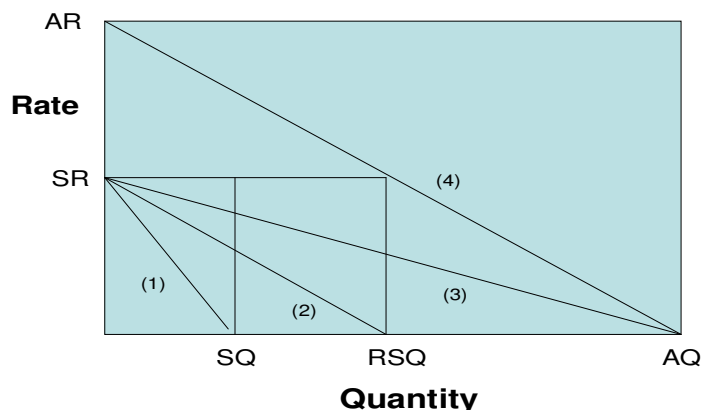
Spectrum Answers Part 2

MATERIAL COST VARIANCE

Narration: **Sunil** ACS Inter

The practical questions pertaining to Material Cost Variance can be solved at ease by using the following technique:

Step 1: Draw a chart as shown below



Step 2: Now write the following formulae on the basis of numbers shown in the chart above.

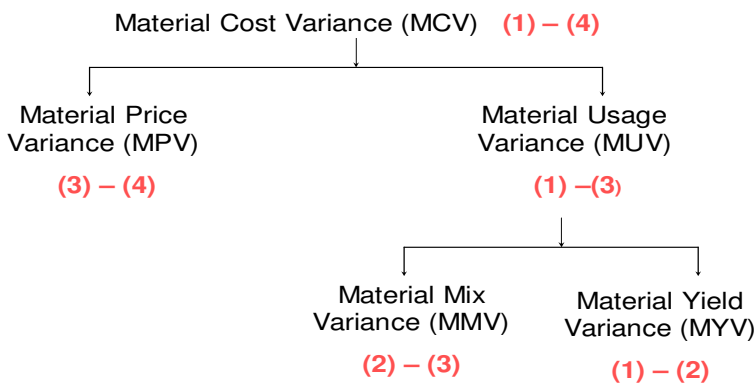
$$(1) - SR * SQ$$

$$(2) - SR * RSQ$$

$$(3) - SR * AQ$$

$$(4) - AR * AQ$$

Step 3: Draw “Variance Analysis Formula Chart” as shown



Step 4: Write the following formulae on the basis of the above Variance Analysis Formula Chart:

$$1. \text{ MCV} = (1) - (4) = SR * SQ - AR * AQ$$

$$2. \text{ MPV} = (3) - (4) = SR * AQ - AR * AQ$$

$$3. \text{ MUV} = (1) - (3) = SR * SQ - SR * AQ$$

$$4. \text{ MMV} = (2) - (3) = SR * RSQ - SR * AQ$$

$$5. \text{ MYV} = (1) - (2) = SR * SQ - SR * RSQ$$