



# Newsletter - 32

The Institute of  
Company Secretaries of  
India,  
Mysore Chapter  
July 2006

**“Let's grow together”**

**Dear Reader,**

Mumbai once again terrified. Same day bombs blasted in Kashmir. How killing innocents serve any purpose of these terrorists? Unfortunately, when our military takes strict action against these terrorists, so called 'intellectuals' make hues and cries on violation of human rights. Really strange.

This time 'observer' is dedicated to the inspiration from the great dreamers who are the architects of the modern world.

Unfortunately the week was not so good for India. Missile Agni fell into sea. GSLV with Insat satellite too joined Agni. Let us hope that it will not turn into a real set back for the dreams of India.

Mysore chapter is organizing a series of special study circle meeting. First one was on Labour law compliance. Report is in the adjacent column. Second session will be on communication Skills.

Have a look into the newsletter and please comment.

Awaiting your feedback,  
Meet you again next month...

Dattatri  
Sarina and Kasturi  
Editorial Committee

**ICSI Mysore news:**

## **“COMPLIANCE MATRIX, THE NEED OF THE DAY”**

Mr. M. S Sridhar addressing ICSI students said that “every company has to build its own compliance matrix for labour law compliance, to ensure compliance at low cost and to prevent future litigations”. He was talking in the interactive session organised by ICSI Mysore Chapter on practical issues in labour law compliance on 09<sup>th</sup> July 2006. M S Sridhar heads the HR activities of MNE Technologies based in Bangalore.

Mr. Sridhar further discussed the pros and cons of contract labour and several facets to be considered therewith including welfare measures under the Contract Labour (Regulation and Abolition) Act, 1970. He also stressed the role of a Company Secretary in the field in spite of the presence of the HR department of any organisation.

Further focusing on Payment of Bonus Act, 1965, he gave an insight into the demands of the workers in the present scenario and the path adopted by the managements to handle such situations with the help of several case laws and also from his vast practical experience.

Discussing on industrial disputes he stressed on rigorous compliance in order to come out of unnecessary litigations. He drew attention on the aspects of legality or otherwise of a strike. He viewed strike and layoff as the tools available to the workers and management respectively to be used against their counterparts. The importance and the need for domestic enquiries in any organisation were effectively put forth.

The participants posed several queries which were effectively clarified by the speaker. The session concluded by the speaker with a call for being abreast with the developments taking place and necessity to learn the new legal terminologies.

The special session began at 4.30 PM. Ms. Veena. B anchored the session. Mr. Kiran introduced Mr. Sridhar. The session concluded with vote of thanks by Mr. Sriraj. The session was attended by over 40 participants.



**Reported by: Ms. Rashmi, Student ACS**

# NEWS OF USE

Compiled from various sources.



## Exemption from Service Tax to CS, ICWAI and CAs

Govt. of India, Ministry of Finance (Department of Revenue), vide Notification No. 25/2006 - ST dated July 13, 2006 has exempted the taxable services falling under sub-clauses(s),(t),(u) of Clause (105) of section 65 of the Finance Act, 1994 provided or to be provided by a Practising Company Secretary, Chartered Accountant and Cost Accountants, in their professional capacity, to a client before any statutory authority in the course of proceedings initiated under any law for the timing in force, by way of issue of notice, from the whole of Service Tax leviable thereon under Section 66 of the Finance Act, 1994.

The Notification has been issued under sub-section (1) of section 93 of the said Finance Act.

## “Planned” Natural Death for DEPB

DEPB Scheme was extended till 31.3.2007 vide Amendment to Notification No.89/2005-Cus. Notification No. 32/2006-Cus., dated 31-3-2006. Though government has been talking about a new export incentive scheme for quite a long time, it could not design one. Without alternative, withdrawing DEPB scheme would not be supported by India Inc.

Now, Central Government vide Public Notice No. 29 dated 03rd July 2006 has slashed DEPB rates drastically on various exports.

Thus, slowly through Public Notices, government is reducing all DEPB rates to 'nil' so that with out alternative a well admired system will see a 'natural' death!

## MCA 21

In order to avoid inconvenience to the stakeholders, as a special measure, the Ministry of Company Affairs has decided to extend the time limit for acceptance of filings in physical manner, signed physically, beyond June 30,

2006, indicated earlier, by one more month i.e. up to 31st July 2006

## RBI likely to supervise bank outsourcing

Delhi : The finance ministry is considering a proposal to empower the Reserve Bank of India to supervise outsourcing activities of conglomerates and subsidiaries of banks. At present, the central bank does not have the authority to oversee activities relating to outsourcing. However, in case of any fraud, the bank would also be held responsible. The RBI is in favour of allowing outsourcing activities in the banking sector including opening of accounts, issuing drafts and clearing operations among others.

## Labour Law

### Industrial Dispute Act:

The respondents retired after attaining superannuation and claimed benefit of the scheme introduced after his retirement whereby those retired prior to introduction of the scheme were discriminated in matters of fixing pension and other terminal benefits. The writ petition was filed seeking direction to treat them at par with other employees retired on or after 1.7.1990. Both the Single Judge and the Division Bench accepted the same. Hence the present appeal.

The Apex Court held that the settlement arrived between the employer and employee was just and fair. Exclusion of workmen retiring before the date fixed is no good ground to characterise settlement as unjust or unfair. If the settlement had been arrived at by a vast majority of concerned workers and was also accepted by them in its totality, it must be presumed to be just and fair and not liable to be ignored while deciding the reference made under the Industrial Disputes Act merely because a small number of workers were not parties to it or refused to accept it. Hence, the appeal was allowed setting aside the judgment of Single Judge and Division Bench.

Transmission Corpn., A.P. Ltd. and Ors. Vs. P. Ramachandra Rao and Anr.

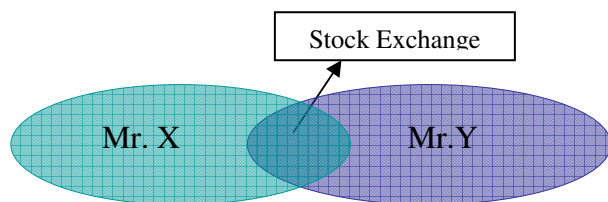
## Capital Market Instruments

Prasanna Patil CS Final, Bangalore



Hi friends,

Last episode we discussed the meaning of futures, lets look at how it functions;



To trade in futures, you need to have a margin in your trading a/c, where you have entered into a contract with Stock Exchange as you will not be dealing with the party directly, neither you know who is the party betting on the other side [in brief, it's a terminal where you book a horse for betting].

The margin amount acts as a premium payable for the advance booking made in futures contract.

Consider the above example,  
ABC Company present share price is Rs. 2000/Share  
Mr. X books ABC Co. share for 6 months for Rs. 2400/Share.  
Mr. Y books, on the contrary for 6 months for Rs. 1800/Share.

At the end, if the Share price goes to Rs. 2400 or above, X wins the premium paid by the Y automatically to that extent the balance increases. And it works vice versa. Thus, it's a zero sum game where you either add margin money or lose from it.

I can understand that you are right now viewing from the point of view of one share. Imagine 50,000 shares are involved in bet!!!!

### ii) Options

Option is another way of betting but, the difference here is that, you have actually take the delivery of Scripts. How?

Option - Means an option is attached to your future contract (donot interpret as above futures contract) either right to buy or right to sell on the date of maturity.

Let's say, you book 10000 shares of Infy at Rs. 3000/- 3 months contract from now (Jul 2006), where you have been given an option either to buy on the date of maturity or cancel the contract Or either an option of selling the shares.

On the date of maturity - i.e. Oct 2006, if the infy price stays at Rs. 3500. you will actually buy from the option contract as you have already booked at a lower price. If the price stays at Rs. 2800, you may exercise the option of canceling the contract as the script is available at a cheaper rate in the market.

But this transaction won't be available freely; you need to pay a premium amount in advance at the time of contract, which will be forfeited in case you cancel the contract.

### Advantage in this kind of dealings?

- You can hedge on the market fluctuations.
- It saves your money
- Understand the credit worthiness of the Script by analyzing the value of premium that is demanded in the market.

*Bye for now... meet you next month.*

## Karnataka Entry Tax

**Entry Tax on Furnace oil :** When exemption from entry tax payable in respect of "consumables" has been promised under policy without any restriction, Notification issued by the State Government restricting exemption only to "consumables" excluding petroleum products like petrol, diesel, furnace oil, naphtha and LSHS used as consumables or for captive power generation units is bad in law for being repugnant to policy. It was also held that, Notification must be read by ignoring exclusion of petroleum products from exemption.

Dhanvantari Botanicals Pvt Ltd vs. State of Karnataka (Kar-HC)



## The Great dreams...

Dattatri H M,  
AT&S India Pvt Ltd,  
Nanjangud, Karnataka

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**The world is growing.** It is growing too fast. The evolution was faster in last few centuries. In fact mankind saw geometrical progression in development. Billions of years was spent before inventing wheel! Millions of years to make vehicles using wheels! Thousands of years to use wheels to manufacture! Hundreds of years to invent

The animals are going through the same life cycle from millions of year. Which ever animals could adopt to the changes in the environment could survive. But it never improved. How come man is growing?

It is just because he can dream!

**“Dream dreams!” President Kalam says.**

Else how do you know what you want? What will you achieve?

Dreams bring in wants in us. Indian philosophy says that for something to happen, three things are essential. The power of ‘want’, the power of knowledge and the power of execution (Ichcha shakti, Jnana Shakti and Kriya shakti). Yes. If we want something, we need to think of ideas to realize the wants. Then execute the ideas and realize the wants. So root cause is DREAMS!

Why am I thinking all these?

Today, 27th June 2006 all newspapers are carrying one news! “Mittal’s Mission accomplished”. One of the world’s largest steel company, Mittal Steels succeeded in acquiring Arcelor, another largest steel company. Lakshmi Niwas Mittal saw a dream of starting a steel manufacturing company just 20 years back. Now he is leading the biggest steel company in the world. When Air Sahara and Jet Airways are fighting with out realizing their dreams, Mittal did it! When this hostile bid was made by Mittal, I too thought that it must be just a strategy to weaken Arcelor by shifting its focus elsewhere from business and this take over will be big chew for Mittal’s mouth. But no! Mittal achieved it. Just the power of dream.

**World is growing,** just because of the power of dreams. Microsoft, Google, Tata, Ambani Group, Infosys,

Wipro were all just dreams! Fortunately the list is growing like the tail of Hanuman. So is the effect - fast growth of world.

**Just dream.** When others look for returns in small time realty business, Mukesh Ambani says, he will build thousands of SEZ Zones across the country! When our talents are focused on software writing, Tata says that he will manufacture super computers! Some of us have been in awe of the Japanese success stories. But our software engineers made an unbeatable Banking Software for them! When other companies are struggling to survive since the entry of global industrial players, few Indian companies are busy in acquiring foreign companies!

What we can learn from all these living legends is:

1. Dream big
2. Stand for realizing the dreams
3. Do not rest until you realize the dreams.

How many obstacles Lakhmi Mittal had to face in last six months? How many obstacles the Bangalore-Mysore Infrastructure corridor is facing? How tough it was to realize ‘Golden Quadrilateral’?

USA and the then USSR were in a great competition to leave a mark in the Space . USA put a man on the moon. By that time there were lot of political changes in both the countries and both were tired of the competition. For several decades, no other country dared to dream it later. But three years back our ISRO saw the dream - sending a man on the moon! When it published the dream it created quite a flutter! Now again China and USA are in the race with India - to put a man on the moon!! That is the power of the dream.

ICSI has a dream - to lead global conglomeration of Company Secretaries. Presidents after presidents are pursuing the dream. Slowly it is coming into lime light!

There is a saying “winner is the one who stays in battle for some more time than others”. All dreamers have stood back their dreams - until they won in realizing the dream.

Don’t we dream? We do dream. But we forget them after some time. Mr. Vince Lombardi says “Everyone has a will to win but very few have the will to prepare to win.”

Likewise we have a dream but few will prepare to realize the dream. We feel that the world of dream is just a fantasy! World always saw the great winners' dreams also like a fantasy. Until a bulb was lit, a voice rocked in from the telephone, a live picture appeared on the screen from distant location, a machine flew, a man stepped on moon... every idea was just a fantasy. But those who went behind the fantasy got fantasies in their hands. We just dream and come out of the dream to continue in our day to day activities which we do just to meet our ends. So we are here and they are there!

In reality, however, many are playing the spoke in the wheel with an 'If -I-Can't- I- will-not- let-you-too' attitude. It is saddening! It would be a wonderful thing if people contributed their might and became a part of the success instead of being spoilt sports.

The great dreamers are the people who make things happen. Others are either watching things happen or wonder what has happened! As of now we are just watching and wondering... when will we make things happen...?

## How to stay young and grow young...

## Living Room

1. Throw out non - essential numbers. This includes age, weight and height. Let the doctors worry about them. That is why you pay them.

2. Keep only cheerful friends.

The grouches pull you down. (Keep this in mind if you are one of those grouches;)

3. Keep learning: Learn more about the computer, crafts, gardening, whatever. Never let the brain get idle.

"An idle mind is the devil's workshop."

4. Enjoy the simple things.

5. Laugh often, long and loud. Laugh until you gasp for breath. And if you have a friend who makes you laugh, spend lots and Lots of time with HIM/HER.

6. The tears happen: Endure, grieve, and move on. The only person who is with us our entire life, is ourself.

LIVE while you are alive

7. Surround yourself with what you love: Whether it's family, pets, keepsakes, music, plants, hobbies, whatever.

Your home is your refuge.

8. Cherish your health:

If it is good, preserve it.

If it is unstable, improve it.

If it is beyond what you can improve, get help.

9. Don't take guilt trips.

Take a trip to the mall, even to the next county, to a foreign country, but NOT to where the guilt is.

10. Tell the people you love that you love them, at every opportunity.



## Trademarks

### Trade Marks Act, 1999 Sections: 34

**Issue:** Plaintiff seeking amendment to withdraw the admission made in the plaint about the date of prior user.

**Decision:** Such amendment cannot be allowed. Section 34 gives a specific right in favour of a person who is prior user of the trade mark. Plaintiffs by making averments in the plaint have admitted that the user of the trade mark "Manikchand" in respect of the tobacco product was only from 1961. Later it is not open for the plaintiff to go back on the said averment and thereafter now contend that it is not from 1961 but much prior thereto.

Rasiklal Manikchand Dhariwal & Ors. Versus Kishore Washwani & Nitesh Ashok Wadhvani.

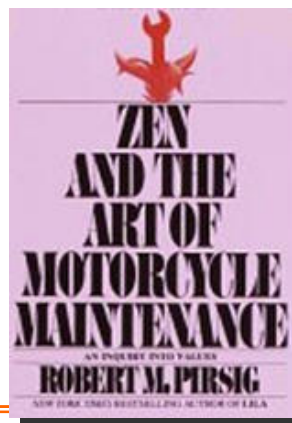
### Trade and Merchandise Marks Act, 1958 Section: 9, 11, 12, 18

Application for registration of trade mark "SONICO" in respect of rubber bushes. Opponent's trade marks "SONY" and "SONYCO" registered in respect of electronic goods. Both "SONICO" and "SONYCO" visually and phonetically similar. Opponent's mark having global goodwill and reputation and use of such mark by others not be permitted irrespective of the goods being different as it would cause confusion and deception among public. Order of Asstt. Registrar rejecting opposition set aside and application for registration of impugned mark dismissed.

Sony Corporation. Versus Jasbir Singh Kohli & Anr. 2005 indialawsite.com 87 (IPR)

# Zen and the Art of Motorcycle Maintenance

Nimmoo Kinger,  
PCS, Mysore



**Zen** and the Art of Motorcycle Maintenance by Robert M Pirsig is an amazing book to be savoured page by page, line by line, even word by word. It is a narrative, full of descriptions of the landscape as the author, his son and a couple of friends cycle through the countryside of USA. They travel through the longer, less known lanes, avoiding the highways and the more trafficked roads. In the process, the narrator gives the readers a mesmerising description of the physical, mental and emotional terrains they pass through.

The book is an unfolding—of the landscape, the relationships within the foursome and the many layers of the mind of the narrator. At many points he surprised me into gasping—slowly leading into stunning revelations : is the narrator talking of himself , his mental sanity, his multiple personalities? There are many threads of challenging thoughts: art of motor cycle maintenance, the concept of technology, science, etc which may have been dull, tedious reading with any other author, but with Pirsig, I read through each word and then thought about it all, identified with some of the thinking and behaviour and then allowed it to transform my concepts. A compelling book for serious readers.

## LEGAL ROUNDUP...

### Arbitration: Qualification for Arbitrator

Arbitration and Conciliation Act, 1996-Section 11-Presiding arbitrator appointed by Indian Road Congress-No qualification for arbitrator prescribed in agreement-Arbitrator appointed as per terms of agreement between parties-Appointment valid and justified.

You One Engg. & Construction Co. Ltd. & v. National Highways Authority of India, 10-3-2006

### SEBI: Update risk array on intra day basis

SEBI has decided to update the risk arrays during intra-day in the cash market in order to ensure market safety and protect the interest of investors. The applicable VaR margin rates would be updated at least 5 times in a day, which may be carried out by taking the closing price of the previous day at the start of trading and the prices at 11:00 a.m., 12:30 p.m., 2:00 p.m. and at the end of the trading session. All the stock exchanges were advised to implement the aforesaid methodology with effect from 28 August 2006, while BSE and NSE with effect from 10 July 2006 to continue with trading activity.

SEBI Circular MRD-DoP-SE-Cir-6-2006 dated 16 June 2006

**Wikipedia**, the free encyclopedia says...

*Zen and the Art of Motorcycle Maintenance: An Inquiry into Values* is the first of Robert M. Pirsig's texts in which he explores a Metaphysics of Quality. The 1974 book describes a journey across the United States, punctuated by numerous philosophical discussions - many of them on epistemology and the philosophy of science.

In this book, Pirsig explores the meaning of the concept "quality" (a term which he capitalizes). In the sequel (*Lila: An Inquiry into Morals*), Pirsig expands his exploration of Quality into a complete metaphysics which he calls The Metaphysics of Quality. The Metaphysics of Quality is a philosophy, a theory about reality; it asks questions such as what is real, what is good and what is moral. As the title suggests, much of the Metaphysics of Quality has to do with a non-intellectualizing, non-conceptualizing, Zen-like direct viewing of the universe. Yet Pirsig departs from Eastern thinking by arguing that reason and logic are just as important in seeking understanding. He explains that, despite its title, "it should in no way be associated with that great body of factual information relating to orthodox Zen Buddhist practice. It's not very factual on motorcycles, either."

Pirsig is not the first philosopher to try to bridge the gap between science and mysticism; however, with the Metaphysics of Quality he elevates the whole debate to a new level by structuring both paradigms around a single concept: value. Pirsig throws new light on issues such as mind and matter, the behavior of particles at the quantum level and the nature of consciousness. At the social level there is much to say about racial tension, celebrity cults and mental illness.

Recalling his University days, narrator Phaedrus [Faidros] sharply criticizes the *Great Books* project of Chicago Philosophers for miseducating the students.



The steady pace of economic reforms has ensured sizeable investments in India by the Foreign Investors over last couple of years both in the form of Foreign Direct Investment and Portfolio Investment. In this context, it is worthwhile to understand as to what are the laws that are applicable to these Foreign Investors while making investment in India.

[www.indiainbusiness.nic.in](http://www.indiainbusiness.nic.in) is one such site which acts as a ready reckoner providing facts and figures about various sectors that may be of relevance for the investment fraternity along with the links to applicable Investment Policy & Procedures, Industrial Policy, Bilateral Investment Protection Agreements, Double Taxation Avoidance Agreements, Investment Related Acts & Legislations, Investment Promotion, Facilitation & Incentives, Industry Promotion Policies, Investment Opportunities & Funding Options, Special Economic Zones, Taxation System, Labour Rules/Legislations, Intellectual Property Rights Protection and Other Investment Related Useful Links. In addition to the above, the site also provides useful Business Contacts of various departments in the Central/State Government, Business Related Organizations like Exim Bank of India, Export Credit Guarantee Corporation of India, CRISIL, IIFT & IDBI, Associations in Private Sector and leading Investment Consultants.

The above site will not only benefit those working in sectors involving Foreign/NRI Investment or Joint Ventures but also those who are engaged in the Formation or Incorporation of such Companies by providing valuable information on topics mentioned above. Students with academic interest will also find it very interesting and educative.

## Readers' space

Dear Sir,

I am a regular reader of your E-Newsletter. I would like to send kudos to you & your team for bringing out such an issue. In the Jun-06 issue in the SPECTRUM Page, CAPM was the subject matter. As a student I was not able to quantify the formula of CAPM. Can u please make me understand this?

Harish, Mysore

Reply from Mr. Raghuv eer:

Dear Mr. Harish, thanks for your compliments for the whole team. Regarding your question with reference to my article on CAPM where you have sought a clarification as to how to quantify the formula. I think you want to know how the formula is derived.

The formula explains what an investor expects when he/she invests in a stock. When an investor invests in a stock he/she would naturally expect a return which equals the normal return from the stock market. This is

called denoted by  $R_m$ . The rate earned by stock market can be classified as risk free return ( $R_f$ ) and a premium for taking the risk ( $R_m - R_f$ ). The premium is difference between market return  $R_m$  and risk free return  $R_f$ . This risk premium is further compared or multiplied with the Beta of that particular stock. Beta in simple terms can be defined as a tool which measures the risk associated with a particular stock or it can be termed as sensitiveness of a particular stock with reference to a broad based market index. If a stock has a Beta of 1.2 it means that the stock is 20% riskier than the market index on the other hand if the stock has a Beta of 0.9 the stock is 10% less risky when compared to the index. The risk premium is compared with Beta because the investor has to be compensated for the extra risk taken by investing in a stock. When this is summarized into a formula the expected return on the stock will be:  $R_a = R_f + B_a (R_m - R_f)$

I hope this clarifies your doubt.

Friends keep shooting questions like this so that it will be more interactive and there will be exchange of more ideas.



# LEGAL ROUNDUP...

Compiled from various sources



## Income Tax Act

### Argument on fee for argument:

The appeal was filed under section 260A of the Income-tax Act, 1961 against the order passed by the Income-tax Appellate Tribunal, which had upheld the order passed by the Commissioner Income-tax (Appeals). The impugned order of the Income-tax Appellate Tribunal had affirmed the finding that a sum of Rs. 92,91,442 out of a total foreign receipt of Rs. 2,13,35,647 did not qualify for deduction under Section 80-O of the Act. The main question involved in this case was whether the amount of Rs. 92,91,442 that represented the fees received by the appellant for filing and arguing cases on behalf of foreign clients in Courts in India, was qualified for deduction under section 80-O.

The High Court held that Explanation III to section 80-O makes it clear that a deduction under Section 80-O is allowable if the foreign receipts are related to services rendered in India. The court held that while the ultimate beneficiary of the service rendered by the petitioner is located outside the country, the service for which the payments were received by the appellant was rendered for litigation pending in Indian courts and so the services cannot be said to be rendered from or outside India and therefore did not qualify for deduction under section 80-O. Accordingly the appeal was dismissed

**Anand & Anand v. Commissioner of Income-tax (Delhi)**

### ROYALTY FOR TECHNICAL SERVICES

The Central Government notified that any income arising to the specified foreign companies by way of royalty or fees received for specified technical services from the projects connected with the security of India would be exempt from tax under section 10(6C) of the Income Tax Act 1961, provided that such income had arisen on or after 01 April 2003.

Direct Tax Notification No. 120 dated 16 May 2006

## Foreign Trade Policy/RBI

### Duty free Import Authorisation Scheme

Annual Supplement of 2006 New Scheme called the Duty Free Import Authorization Scheme has been introduced in place of DFRC Scheme w.e.f. 1.5.2006. The DFRC Scheme got abolished on 30.4.2006. Likewise, Target Plus Scheme has been deleted from the Policy. Besides a number of changes have been made in the existing Export Promotion Schemes. 2006 (197).

C.B.E. & C. Circular No.16/2006-Cus., dated 9.5.2006

### Annual Policy Statement for the year 2006-07 Liberalisation of the Branch Licensing Policy for Regional Rural Banks (RRBs) and Conduct of Forx business by them as Limited Authorised Dealers

As per Master Circular RPCD,CO.RRB.No.BL.BC.19/03.05.90- A/ 2005-06 dated July 15, 2005, RBI had directed that RRBs are required to submit their applications for opening, shifting or merger of branches to the Reserve Bank through the National Bank for Agriculture and Rural Development (NABARD) after following the prescribed procedure. As per the present circular, the RBI notifies that with a view to liberalise and simplify the procedure, the Empowered Committees (EC) for RRBs, constituted by the Reserve Bank at its Regional Offices would deliberate and make recommendation on such applications. The Reserve Bank would dispose of applications taking into account the EC's recommendation.

Accordingly, RRBs should henceforth submit such applications to the respective Regional Offices of NABARD, with advance copies to the concerned Regional Office of the Reserve Bank. No separate approval of the sponsor bank is required to be taken. Further, approval of the sub-group of DCC will also not be required for opening of branches. However, in case of shifting / merger of branches, approval of the sub-group of DCC will be required. Also, requests from RRBs for conduct of foreign exchange business, as limited authorised dealers for current account transactions, would be considered by the Reserve Bank only after clearance by the Empowered Committee.

Circular No. RPCD.CO.RRB.No.BL.BC.90/03.05.90-A/2005-06 Dated 13.06.2006



## Amendment to Handbook of Procedures Vol 1

The DGFT has amended the Handbook of Procedures Vol. 1 whereby it is notified that the export license would be valid for a period of 12 months unless otherwise specified in the license. Further, the license could be revalidated by the concerned Regional Authority on the recommendation of the DGFT for a period of six months at a time, but not beyond a period of 12 months reckoned from the date of expiry of the validity period.

DGFT Public Notice No. 24 dated 20 June 2006

## Service Tax

### Output Services:

The Explanation given to the definition of 'output service' under clause (p) of Rule 2 of the Cenvat Credit Rules 2004 has been omitted.

"Rule 5 of the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006 Specifically state that the services received from outside India are not treated as output services for the purpose of input credit availment by the recipient of services. In view of this rule, the said explanation is being omitted." 2006 (197)

[Notification No. 8/2006-C.E.(N.T.), dated 19.4.2006]

### Service Tax on Telephone:

Telephone - Fixed wireless telephones - Exemption under Notification No.21/2002-Cus Board had in Circular No.57/2003-Cus., dated 27.6.2003 clarified that the term 'Cellular Phone' in the Notification No. 21/2002-Cus.(S.No.313) dated 1.3.2002 covers only hand held mobile phones working on cellular technology.

The entry does not cover either Fixed Wireless Terminals or Fixed Wireless Telephones working on cellular technologies. Based on a Supreme Court judgment Board has now clarified that the benefit of the Notification is available to all telephones (including Fixed Wireless Telephones) working on cellular technology. And the previous circular is withdrawn.

### Ad cost towards space in news paper or journals

The cost of advertisement paid to media towards space is the capital cost and has nothing to do with the value of taxable services. It is the amount of fees or service charges or commission which a service provider receives, which is a subject matter of service tax. There was earlier a move by Central Government to levy service tax on such

amount but was later withdrawn vide Circular No.341/43/2005-TRU dated 07.12.2005. However, sale of space or time for advertisement is a taxable service as introduced by the Finance Act, 2006.

### Call centre and medical transcription services enjoy exemption?

That was only prior to 01.03.2006. W.e.f. 01.03.2006 vide Notification No. 02/2006-ST dated 01.03.2006, the said exemption has been withdrawn.

### Computerized Data Processing - Business Auxiliary service or not?

Prior to Finance Act, 2006, computerized data processing was covered under the definition of information technology services and hence exempt from levy of service tax. Finance Act, 2006 has amended the definition under Section 65(19) which shall now cover developing of computer software but maintaining of software or computerized data processing shall be subject to levy of service tax.

## Labour Law

### Payment of Wages Act

The respondent filed a writ petition before Allahabad High Court against the orders of the Assistant Labour Commissioner who issued a notice to the respondent stating that it had not paid outstanding wages to the employees/workmen of the establishment amounting to more than Rs. 60,000 and to show cause why recovery under the Payment of Wages Act shall not be made. The plea of the Respondent employer was that some of the employees were absconding and that some of the employees had been paid their wages and the amount due was less than Rs. 50,000/-. The High Court held that the proceedings were not maintainable as the amount in default did not exceed Rs. 50,000/-.

On appeal by the Appellant, the Honourable Supreme Court held that it is clear from the provisions of the Payment of Wages Act that the Act is intended to ensure timely payment of wages. Secondly, the Act deals with defaults in payment of the wage-bill of all the workmen in the establishment. It is not meant to provide a remedy for the default in payment of wages of individual workmen. Therefore, the Court allowed the appeal restoring the order passed by the Assistant Labour Commissioner and quashed the impugned order passed by the High Court.

Hotel and Restaurant Karamchari Sangh Vs Gulmarg Hotel and Ors.



## *Spectrum this Month...*

Hello Friends,

After examination it is indeed time for self-evaluation. In study circle meetings we evaluated the performance, identified the positives and the problems faced in the exams. This was with the intention to build upon the positives and ensure the non-repetition of the problems in the forthcoming exams.

We had study circle meetings on all Sundays of the month. We discussed about the moot court competitions, trip from Mysore chapter, career counseling and many many more. We have scheduled a very exciting month ahead. To begin with we had special sessions by guest speakers on practical issues in labour law compliance.

We believe in doing things differently so we came out new model of taking break! We will keep you updated on our further activities.

Here is the big news. Our teammate Omkar N G, ACS finalist has topped Mahajana Law College. We have a new advocate now! Mr. Vageesh another teammate has become Chartered Accountant. **Congratulations to both!!** Let us take inspiration for our endeavors from them.  
**Spectrum friends**

*ICSI Bangalore presents All-India Students' Conference*

# UDAAN

## Unravel the secret to success

Rashmi.M.R ACS Inter

The common groans of most of us, be it professionals or students is "oh I couldn't complete my exam in time", "Oh I'm busy, I cant take the task!" This is an indication of poor time management.

Since all of us are students at any point of time, it is simple to relate to time management. Let us take an illustration say we are geared up to face an examination for which subject knowledge, confidence are the requisites. In addition to all these we are able to answer all the questions but for time shortage. Don't you think all our hard efforts have gone in vain? This simple illustration highlights the aspect of time management above the other requisites. In other words, all our efforts must be guided in the light of time management.

We have been using the phrase time management so far. But what is this? Let us define it as "effective utilization of time based on priority of various aspects", the ultimate goal being the maximization of benefits.

Further let us remind ourselves that, be it the President of any nation or any corporate executive all of us have just 24 hours a day! This is the reality and none of us can alter it. It is this aspect of time, which brings 'effective time management in the limelight'. The crux of success in today's world is not working harder but smarter. Time management helps in doing just that.

### Time tips

- A schedule should be prepared to achieve our goal. We need to list out all our activities and goals as well.
- Prioritize the activities, which will enable allocation of more time for high priority activities.
- It's of no use regretting over past poor management. We must learn from our shortcomings and ensure not to repeat them. Try to be an optimist. Look at the brighter side of life.
- Self-evaluation must be an important task at the end of every day.
- Set deadlines for yourself and make sure you meet them as well!

For success of any project, it is said there are two essentials, one is a good plan and another is just insufficient time. Now this may seem a contradiction to what we have been discussing so far. It needs some clarification. It only highlights the human tendency of better performance under pressure. Not only effective utilization of time but also the completion of task in time is equally significant as Supported by the saying "A stitch in time saves nine" "It is said that time waits for none." So it's up to us how we utilize it. "Manage time, and thus yourself"

**July 29 & 30, 2006** at Institute of Agricultural Sciences, Queens Road, Bangalore. Quiz, Debate, Thrash to Cash, Academic Presentations, Cultural events and much much more...Don't Miss the flight!