



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

'ICSI House', 22 Institutional Area, Lodi Road, New Delhi-110003, India.
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CS UPDATE

July 16, 2010

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Disclaimer: - CS Update contains government notifications, case laws and contributions received from the members. Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.

Forthcoming Programmes

- 38th National Convention of Company Secretaries at Kolkata on 2-3-4 September, 2010

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38th National Convention of Company Secretaries

The **38th National Convention of Company Secretaries** is being held on Thursday, Friday and Saturday, September 2-3-4, 2010 at Swissôtel Kolkata, City Centre New Town, Action Area 2, D. Plot No. 11/5, New Town, Rajarhat, Kolkata

The theme of the convention **"India Inc. and Inclusive Growth"** goes through seamlessly with the following sub-themes chosen for the technical sessions:-

- I. **CSR - A Win-Win Business Model**
- II. **Emerging Contributors**
- III. **Governance : An Essential Tool**
- IV. **Innovative Financing Resources**

Please send your delegate registration fee for availing **Early Bird Concession of Rs. 500** on or before July 31, 2010.

Details of delegate fees are given hereinbelow:

DELEGATE FEE AND REGISTRATION PROCEDURE

	Early Bird (Upto 31.07.10) Payment By Cash, Credit Card (HQ/RC), Demand Draft or Pay Order	Others (After 31.07.2010) Payment By Cash, Credit Card (HQ/RC), Demand Draft or Pay Order
Members	4500	5000
Non-Members	5000	5500
Company Secretary in Practice	4000	4500
Senior Members (60 years & above)	4000	4500
Members admitted after 31.12.2007	4000	4500
Students	3500	4000
Foreign	US\$100	US\$100

Spouse	3500	4000
Licentiates	4000	4500

The registration form duly completed along with a crossed cheque (at par)/ demand draft / pay order drawn in favour of **The Institute of Company Secretaries of India payable at New Delhi** may please be sent to The Institute of Company Secretaries of India, C-37, Sector 62, Institutional Area, Noida - 201309.

The detailed brochure and delegate registration form for the Convention may be downloaded at the link:

<http://www.icsi.edu/webmodules/LinksOfWeeks/38TH%20NATIONAL%20CONVENTION%20OF%20COMPANY%20SECRETARIES.pdf>





ANNUAL REGIONAL CONFERENCE – 2010

PCH-8

THEME: "EMERGING DIMENSIONS OF THE PROFESSION"

DAY & DATE

Friday-Saturday
6th and 7th August 2010

VENUE

Hotel Surya Palace,
Opp. Parsi Agyari, Sayajigunj,
Vadodra (Gujarat)
Tel. No. : 0265-2363366;
Fax No. 0265-2363388

Organized By:



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

WESTERN INDIA REGIONAL COUNCIL (WIRC)

13, Jolly Maker Chambers No.2, 1st & 5th Floor, Nariman Point,
Mumbai – 400021

Tel Nos.: 22047569 / 22047580 Cell No.: 09909925800, 9223542195

Email: wiro@icsi.edu; sudipto.pal@icsi.edu

CO - HOST

VADODARA CHAPTER OF THE ICSI

Office No.1 (2nd Floor), Stop N Shop Plaza (Offtel Towers II),
R.C. Dutt Road, Vadodra – 390007

Tel. No. (0265) 2331498; Mobile : 09825028079/09909925800.

Email: vadodara@icsi.edu / barodachapteroficsi@yahoo.com

Dear Members,

In the last one and half year or so, lot of turbulence was witnessed all over the world, and India was no exception to it. Yet, we survived mainly because the Indian Economy is fundamentally strong and has an impetus / current which steers it to the right direction and provides proper dimension.

It has been rightly said that "Handsome is what the handsome does" and if we see this in the professional paradigm, we need to be highly goal as well as performance oriented, mingled with proper appetite to adapt to the changes that are happening around. Change is a constant catalyst in the professional environment and it is the change that provides us a unique growth opportunity. In the past few years, lot of new avenues have become available to the profession of Company Secretaries and the role and positioning of the professional Company Secretary stand redefined.

Addition of new dimension to this profession calls for concerted efforts to keep oneself contemporary with the changes. Today, the Corporate World expects much bigger role from us as a Company Secretary and with this he has been looked at as the in-house Corporate think tank instead of his erstwhile role as a mere Compliance Officer.

With a view to further strengthen and consolidate this position, the Western India Regional Council of the ICSI is organizing its two days Residential Annual Regional Conference – 2010 on the theme of "Emerging Dimensions of the Profession" on Friday-Saturday, 6th and 7th August 2010 at Hotel Surya Palace, Vadodara (Gujarat).

The Conference is going to deliberate on the following subjects of vital professional interest:

1. Mergers and Acquisitions – Technical and Tax Aspects,
2. National Company Law Tribunal – How to excel.
3. SMEs' and their Listing – What is all about.
4. MCX – Commodity markets and derivatives – Role of CS.
5. New dimensions of CS Profession – What is there inside.

We as the hosts are confident that the deliberations proposed at the Conference shall be of enormous value to the participants and would help them to contribute in a long way for their growth as well as for the growth of our Profession.

Faculty:

Best in the class with the perfect the blend of theory and practice.

Who should attend:

The Conference is tailor made for Company Secretaries, Chartered Accountants, Cost Accountants, Advocates, Company Directors, Senior Executives in the Corporate Sector and other Professionals.

Delegate fees per person:

CATEGORY	NON RESIDENTIAL RS.*	RESIDENTIAL (TRIPLE SHARING BASIS) RS.*	RESIDENTIAL (Double SHARING BASIS) RS.*
Members of ICSI / ICAI / ICWAI	Rs.2,500/-	Rs.3,250/-	Rs.3,750/-
Others	Rs.3,250/-	Rs.3,750/-	Rs.4,250/-
Licentiate Company Secretary & Students of ICSI	Rs.2,250/-	Rs.3,000/-	Rs.3,750/-
Accompanying Spouse	-	-	Rs.2,000/-
Practising Company Secretary	Rs.2,250/-	Rs.3,250/-	Rs.3,750/-

**Early bird Rs.250/- for Registrations received on or before 25th July 2010.*

Residential option is limited based on the rooms blocked and hence it will be on first come first served basis. Members are requested to register well in advance to avoid disappointment later. The delegate fees would cover the kitbag, course material, souvenir, lodging and boarding from 6th August morning 6.00 AM to 7th August 11.00 AM, conference dinner at a resort on the outskirts of Vadodara, etc.

July 16, 2010

Registration:

Registration can be done either at the office of ICSI-WIRC at Mumbai or at the Vadodara Chapter office of ICSI-WIRC, Vadodara. Cheques/ Demand Drafts payable at Vadodara and Mumbai drawn on WIRC of ICSI or Vadodara Chapter of WIRC of ICSI should accompany the registration forms.

We look forward and welcome you for your enrolment and participation as a delegate to the Annual Regional Conference - 2010.

CS Vishvesh V. Vachhrajani
Chairman
ICSI-WIRC

CS Mahavir Lunawat
Secretary
ICSI-WIRC

CS Ragini Chokshi (Ms.)
Chairperson, PDC
ICSI-WIRC

CS Neeraj Trivedi
Chairman
Vadodara Chapter of ICSI-WIRC

DELEGATE REGISTRATION

The Joint Director
ICSI-WIRC
13, Jolly Maker Chambers No.2
Nariman Point, Mumbai - 400021
Tel Nos.: 022-22047569
Or

Vadodara Chapter of The ICSI
Office No.1 (2nd Floor)
Stop N Shop Plaza (Offtel Towers II)
R.C. Dutt Road, Vadodara - 390007,
Tel. 0265-2331498.

Dear Sir,

Please register the following person as delegate for attending Annual Regional Conference 2010 on the theme of "Emerging Dimensions of the Profession" on Friday-Saturday, 6th and 7th August 2010 at Hotel Surya Palace, Vadodara (Gujarat).

Name of the Delegate : Mr. / Ms. _____

Membership No.FCS / ACS _____ CP No. _____

Designation _____

Name of the Organization: _____

Residential/professional Address: _____

Tel. Nos. (Off.) _____ (Res.) _____ (Fax) _____

Email: _____ Cell: _____

*Delegate fee of Rs. _____ (Residential / Non Residential) is sent herewith by Cash / Cheque / demand draft bearing No. _____ dated _____ drawn on _____ favoring "WIRC of ICSI" payable at Mumbai / Vadodara Chapter of WIRC of ICSI.

Yours faithfully,

Date:

(Sponsoring Authority / Delegate)

SEBI Updates

Applications Supported by Blocked Amount (ASBA) facility in public issues

CIRCULAR

CIR/CFD/DIL/7/2010

July 13, 2010

**To All Stock Exchanges
To All Registered Merchant Bankers
To All Registered Registrars to an Issue
To All Registered Bankers to an Issue**

Dear Sirs,

Sub.: Applications Supported by Blocked Amount (ASBA) facility in public issues

1. It has been decided to make ASBA bid-cum application forms available for download and printing, from websites of the Stock Exchanges which provide electronic interface for ASBA facility i.e. Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The ASBA forms so downloaded shall have a unique application number and can be used for making ASBA applications in public issues. A sample of the form is enclosed at Annexure A.

2. In order that the Stock Exchanges fill up essential details of an issue, the Merchant Banker to the issue shall ensure that the following details are provided to the Stock Exchanges **at least two days before opening of the public issue:**

- a. Company Name
- b. Type of issue
- c. Issue opening date
- d. Issue closing date
- e. Price/ price band
- f. Bid lot
- g. Other relevant details

h. Soft copy of prospectus/abridged prospectus

3. The Stock Exchanges shall ensure the following:

a. The details furnished by the Merchant Banker to the issue are duly filled in the ASBA form for a specific public issue, before making the same available on websites.

b. The ASBA form for a specific public issue is made available on the websites of the Stock Exchanges **at least one day before opening of the public issue.**

c. A unique application number for an issue is generated for every ASBA form downloaded and printed from the websites.

d. Investors have online access to soft copy of the abridged prospectus/prospectus of the public issue.

e. For revisions of bids, investors can take print of a bid revision form.

4. Merchant Bankers and SCSBs are directed to provide a hyperlink to BSE or NSE websites for this facility on their websites.

5. All intermediaries are directed to comply with the instructions contained in this circular.

6. This circular shall be applicable to all public issues opening on or after July 19, 2010.

7. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.

8. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,
Neelam Bhardwaj
General Manager
+91-22-26449350
neelamb@sebi.gov.in

**NOTE: FOR MORE DETAILS LOG ON
TO: <http://www.sebi.gov.in/index.jsp?contentDisp=what...>**

Physical Settlement of Stock Derivatives

CIRCULAR

CIR/DNPD/ 4 /2010

July 15, 2010

To
Chief Executive Officers of Equity Derivatives Segment
National Stock Exchange of India Limited (NSEIL)
Bombay Stock Exchange Limited (BSE)

Dear Sir,

Sub: Physical Settlement of Stock Derivatives

This is in continuation of SEBI Circular No. SMDRP/DC/CIR- 7/01 dated June 20, 2001 and Circular No. SMDRP/DC/CIR- 10/01 dated November 2, 2001 regarding settlement of stock options and stock futures contracts respectively.

2. Based on the recommendations of the Derivatives Market Review Committee and in consultation with Stock Exchanges (BSE and NSEIL), it has been decided to provide flexibility to Stock Exchanges to offer:

a Cash settlement (settlement by payment of differences) for both stock options and stock futures; or

b Physical settlement (settlement by delivery of underlying stock) for both stock options and stock futures; or

c Cash settlement for stock options and physical settlement for stock futures; or

d Physical settlement for stock options and cash settlement for stock futures.

3. A Stock Exchange may introduce physical settlement in a phased manner. On introduction, however, physical settlement for all stock options and/or all stock futures, as the case may be, must be completed within six months.

4. The settlement mechanism shall be decided by the Stock Exchanges in consultation with the Depositories.

5. On expiry / exercise of physically settled stock derivatives, the risk management framework (i.e., margins and default) of the cash segment shall be applicable.

6. Settlements of cash and equity derivative segments shall continue to remain separate.

7. The Stock Exchanges interested to introduce physical settlement are advised to:

a put in place proper systems and procedures for smooth implementation of physical settlement.

b make necessary amendments to the relevant bye-laws, rules and regulations for implementation of physical settlement.

c bring the provisions of this circular to the notice of all categories of market participants, including the general public, and also to disseminate the same on their websites.

8. The Stock Exchanges interested to offer physical settlement are advised to submit to SEBI for approval, a detailed framework for implementation of physical settlement of stock derivatives.

9. After opting for a particular mode of settlement for stock derivatives, a Stock Exchange may change to another mode of settlement after seeking prior approval of SEBI.

10. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

11. The circular shall come into force from the date of the circular.

12. This circular is available on SEBI website at www.sebi.gov.in, under the category "Derivatives- Circulars".

Yours faithfully,

Sujit Prasad
General Manager
Derivatives and New Products Department
022-26449460
sujitp@sebi.gov.in

Introduction of call auction in Pre-open session

CIRCULAR

CIR/MRD/DP/21/2010

July 15, 2010

The Managing Director and CEO
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

The Managing Director
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir,

Sub: Introduction of call auction in Pre-open session

1. The issue regarding call auction and its use in various session, including pre-open session was deliberated in Secondary Market Advisory Committee (SMAC). Based on the recommendation of the committee and proposal received from the stock exchanges, it has been decided to introduce call auction mechanism in pre-open session.
2. To begin with, pre-open session shall be introduced on a pilot basis by BSE and NSE for the scrips forming part of Sensex and Nifty. The list of scrips is placed at annexure 'A'. In case of any change in the composition of Sensex and Nifty, pre-open session shall be introduced for such incoming scrips. Pre-open session shall also continue for the scrips moving out of Sensex and Nifty, though they will not be reckoned for the computation of the index.
3. The pre-open session shall be for a duration of 15 minutes i.e. from 9:00 a.m. to 9:15 a.m., out of which 8 minutes shall be allowed for order entry, order modification and order cancellation, 4 minutes for order matching and

trade confirmation and the remaining 3 minutes shall be the buffer period to facilitate the transition from pre-open session to the normal market.

4. The session shall close randomly during last one minute of order entry i.e. anytime between 7th and 8th minute of the order entry. Such random closure shall be system driven.

5. Limit orders and market orders shall be entered during the pre-open session and both shall be reckoned for computation of equilibrium price. No iceberg order will be allowed i.e orders shall be disclosed in full quantity.

6. Price band of 20% shall be applicable on the securities during pre-open session.

7. In case the index breaches the prescribed threshold limit upon the closure of pre-open session, the procedure as prescribed in SEBI Circular Ref. No. SMDRPD/Policy/Cir-37 /2001 dated June 28, 2001 shall be applicable from the time continuous normal market opens.

8. The equilibrium price shall be the price at which the maximum volume is executable. In case more than one price meets the said criteria, the equilibrium price shall be the price at which there is minimum order imbalance quantity (unmatched order quantity). The absolute value of the minimum order imbalance quantity shall be taken into consideration.

Further, in case more than one price has same minimum order imbalance quantity, the equilibrium price shall be the price closest to the previous day's closing price. In case the previous day's closing price is the mid-value of a pair of prices which are closest to it, then the previous day's closing price itself shall be taken as the equilibrium price. In case of corporate action, previous day's closing price shall be the adjustable closing price or the base price.

Explanation: A scenario may arise, wherein; more than one price may have same minimum imbalance quantity. Example on the same is given hereunder:

Price	Buy (Qty)	Cum. Buy Qty	Sell (Qty)	Cum. Sell Qty	Unmatched Quantity	Vol. tradable
106		0	3000	8000	-8000	0

103	2000	2000	3000	5000	-3000	2000
96	3000	5000	1000	2000	3000	2000
94	1500	6500	1000	1000	5500	1000
92	2000	8500		0	8500	0
90	1000	9500		0	9500	0

In the said example 103 and 96 are the prices wherein, the volume tradable and unmatched quantity is the same. To derive the equilibrium price, the said prices i.e. 103 and 96 which is closest to the previous day's closing price shall be considered. In case the previous day's closing price is 95, then, 96 may be considered as the equilibrium price. In case the previous day's closing price is 105, then, 103 may be considered as the equilibrium price. In case the previous day's closing price is 99.5 which is the mid-value of 103 and 96, then the equilibrium price shall be the previous day's closing price i.e. 99.5.

9. Pursuant to the discovery of price in the pre-open session, at the time of order execution, limit orders shall be given priority over market orders. The sequence for executing orders is given below:

- Eligible Limit orders shall be matched with eligible limit orders.
- Residual eligible limit orders shall be matched with market orders.
- Market orders to be matched with market orders.

10. In case of pending unmatched orders in pre-open session, they shall be shifted to the order book of the normal market following time priority. Unmatched market orders will shift to the normal market order book as limit orders at a price as discovered in the pre-open session.

11. If the price is not discovered in pre-open session then the orders entered in the pre-open session will be shifted to the order book of the normal market following time priority. The price of the first trade in the normal market shall be the opening price.

12. The current risk management system for cash market shall be applicable to pre-open session.

13. The following information shall be disseminated during pre-open session:

- a) Indicative equilibrium price of the scrip
- b) Indicative cumulative buy and sell quantity of the scrip
- c) Indicative Index

14. This framework for call auction shall be reviewed after 3 months from the commencement of the pre-open session.

15. The Stock Exchanges shall issue the necessary guidelines in this regard and shall put in place the necessary systems to ensure the operationalization of the above.

16. The Stock Exchanges are advised to:

- i) put in place the adequate systems and issue the necessary guidelines for implementing the above decision.
- ii) test the software for operational robustness and system integrity, well before the commencement date to avoid any problems in the live environment.
- iii) design the software with sufficient flexibility to allow for enhancements viz., extending the scope of call auction to other type of sessions, scrips, as a result of policy review.
- iv) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.
- v) bring the provisions of this circular to the notice of the member brokers of the Exchange and also to disseminate the same on the website.
- vi) communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.
- vii) Stock exchange shall seek SEBI's approval after the implementation of the above steps and prior to the commencement of the pre-open session.

17. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Harini Balaji
Deputy General Manager
022-26449372
harinib@sebi.gov.in

Encl: Annexure- I – Scripts eligible for pre-open session

Annexure – I

Sr.No.	Scripts
1	ABB LTD.
2	ACC LIMITED
3	AMBUJA CEMENTS LTD
4	AXIS BANK LIMITED
5	BHARTI AIRTEL LIMITED
6	BHEL
7	BHARAT PETROLEUM CORP LTD
8	CAIRN INDIA LIMITED
9	CIPLA LTD
10	DLF LIMITED
11	GAIL (INDIA) LTD
12	HCL TECHNOLOGIES LTD
13	HDFC LTD
14	HDFC BANK LTD
15	HERO HONDA MOTORS LTD
16	HINDALCO INDUSTRIES LTD
17	HINDUSTAN UNILEVER LTD.
18	ICICI BANK LTD.
19	IDEA CELLULAR LIMITED
20	INFRA. DEV. FIN. CO. LTD
21	INFOSYS TECHNOLOGIES LTD
22	ITC LTD
23	JINDAL STEEL & POWER LTD
24	JAIPRAKASH ASSOCIATES LTD
25	KOTAK MAHINDRA BANK LTD

26	LARSEN & TOUBRO LTD.
27	MAHINDRA & MAHINDRA LTD
28	MARUTI SUZUKI INDIA LTD.
29	NTPC LTD
30	OIL AND NATURAL GAS CORP.
31	PUNJAB NATIONAL BANK
32	POWER GRID CORP. LTD.
33	RANBAXY LABS LTD
34	RELIANCE COMMUNICATIONS LTD.
35	RELIANCE INDUSTRIES LTD
37	RELIANCE INFRASTRUCTURE LTD
38	RELIANCE POWER LTD.
39	STEEL AUTHORITY OF INDIA
40	STATE BANK OF INDIA
41	SIEMENS LTD
42	STERLITE INDS (IND) LTD
43	SUN PHARMACEUTICALS IND.
44	SUZLON ENERGY LIMITED
45	TATA MOTORS LIMITED
46	TATA POWER CO LTD
47	TATA STEEL LIMITED
48	TATA CONSULTANCY SERV LTD.
49	UNITECH LTD
50	WIPRO LTD

RBI Updates

Symbol for Indian Rupee approved

The Union Cabinet today approved the symbol for the Indian Rupee. This symbol will be used by all individuals/entities within and outside India after its incorporation in 'Unicode Standard', 'ISO/IEC 10646' and 'IS 13194'.

A public competition was held amongst resident Indian citizens inviting entries for the symbol, which reflects and captures the Indian ethos and culture. Over 3000 entries were received, which were evaluated by a Jury headed by the Deputy Governor, RBI, which also included experts from three reputed art and design Institutes. The entries were presented to the Jury in such a manner that identity of the competitors was not revealed to the Jury members. The Jury selected five final entries and also gave its evaluation of these five entries to the Government to take a final decision.

The symbol will standardize the expression for Indian Rupee in different languages, both within and outside the country. It would better distinguish the Indian currency from those countries whose currencies are also designated as Rupee or Rupiah, such as Pakistan, Nepal, Sri Lanka and Indonesia.

The symbol will be included in the "Unicode Standard" for representation and processing of text, written in major scripts of the world to ensure that the Rupee symbol is easily displayed/printed in the electronic and print media as all the software companies provide support for this Standard. Encoding in the Unicode Standard will also ensure encoding in the International standard ISO/IEC 10646 as both the organizations work closely with each other.

The symbol will also be included in the Indian Standards, viz. 13194:1991 – Indian Script Code for Information Interchange (ISCII) through an amendment to the existing list by the Bureau of Indian Standards (BIS). The ISCII specifies various codes for Indian languages for processing on computers along with the key-board lay outs.

After encoding of the symbol in the Unicode Standard and National Standard, NASSCOM will approach software development companies for incorporating the Rupee symbol in their operative software, as a new programme or as an update, to enable the computer users worldwide to use the symbol even if it is not embedded on the keyboards (in a similar manner, we use the Euro symbol, which is not embedded in the keyboards in use in India).

For incorporating the symbol in the keyboards to be manufactured in India, the Manufacturers' Association for Information Technology (MAIT) will enjoin its membership to make requisite changes in the production processes once the symbol is notified as a keyboard standard by the Bureau of Indian Standards (BIS).

The State Governments would be impressed upon to encourage the use of the new Rupee symbol and proactively promote its use.

The encoding of the rupee symbol in the Indian Standards is estimated to take about six months while encoding in the Unicode and ISO/IEC 10646 will take about 18 months to two years. It will be incorporated in software packages and keyboards in use in India.

The symbol for the Rupee would lend a distinctive character and identity to the currency and further highlight the strength and robustness of the Indian economy as also a favored destination for global investments.

BACKGROUND:

In view of the fact that the Indian economy has been expanding at a sustained high rate of growth, is steadily integrating with the global economy and India has emerged as a prime investment destination worldwide, it was decided to undertake an exercise for selecting a distinct and identifiable symbol for India Rupee (INR) like other major currencies such as US Dollar (USD), British Pound Sterling (GBP), the Japanese Yen (JPY) and the European Union (EU) Euro.



The Symbol of Indian Rupee approved by the Union Cabinet on 15th July, 2010. The Design for the symbol was submitted by Shri D Udaya Kumar.

TAX LAW Updates

"Long-term Infrastructure Bond";

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)
NOTIFICATION
New Delhi, the 9th July, 2010

INCOME TAX

S.O. 1639(E).—In exercise of the powers conferred by Section 80CCF of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies bonds, subject to the following conditions, as long-term infrastructure bonds for the purposes of the said section, namely :—

(a) Name of the bond.—The name of the bond shall be "Long-term Infrastructure Bond";

(b) Issuer of the bond.—The bond shall be issued by: -

- (i) Industrial Finance Corporation of India;
- (ii) Life Insurance Corporation of India;
- (iii) Infrastructure Development Finance Company Limited;
- (iv) A Non-Banking Finance Company classified as an Infrastructure Finance Company by the Reserve Bank of India;

(c) Limit on issuance.—

- (i) the bond will be issued during financial year 2010-11;
- (ii) the volume of issuance during the financial year shall be restricted to twenty-five per cent of the incremental infrastructure investment made by the issuer during the financial year 2009-10;
- (iii) 'investments' for the purposes of this limit shall include loans, bonds, other forms of debt, quasi-equity, preference equity and equity;

(d) Tenure of the bond.—

- (i) A minimum period of ten years;

- (ii) the minimum lock-in period for an investor shall be five years;
 - (iii) after the lock-in, the investor may exit either through the secondary market or through a buyback facility, specified by the issuer in the issue documents at the time of issue;
 - (iv) the bond shall also be allowed as pledge or lien or hypothecation for obtaining loans from Scheduled Commercial Banks, after the said lock-in period;
- (e) Permanent Account Number (PAN) to be furnished.—It shall be mandatory for the subscribers to furnish their PAN to the issuer;
- (f) Yield of the Bond.—The yield of the bond shall not exceed the yield on government securities of corresponding residual maturity, as reported by the Fixed Income Money Market and Derivatives Association of India (FIMMDA), as on the last working day of the month immediately preceding the month of the issue of the bond;
- (g) End-use of proceeds and reporting or monitoring mechanism.—
- (i) The proceeds shall be utilised towards 'infrastructure lending' as defined by the Reserve Bank of India in the Guidelines issued by it;
 - (ii) the end-use shall be duly reported in the Annual Reports and other reports submitted by the issuer to the Regulatory Authority concerned, and specifically certified by the Statutory Auditor of the issuer;
 - (iii) the issuer shall also file these along with term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance within three months from the end of financial year.

[Notification No. 48/2010/F. No. 149/84/2010-S.OTPL]

VIMAL ANAND, Under Secy.