

STAR OF MYSORE

Saturday 28th January 2006

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## Company Secretaries meet ends today

Mysore, Jan. 28 (MRS)- The 3-day residential programme of Mysore Chapter of Institute of Company Secretaries of India (ICSI) on changing paradigms of professional excellence will conclude today at Young Island Resorts, Srirangapatna. D.D. Bhat, Chairman, Mysore Chapter of ICSI, welcomed the gathering on the inaugural day on Jan. 26.

Dattareya Joshi, Chairman of SIRC, delivered the keynote address. Gopalakrishna Hegde, Chairman, Bangalore Chapter, explained the theme of changing paradigms of professional excellence.

R. Krishna, Chairman, CII, delivered a speech on professional excellence in the background of personal excellence.

The session concluded with vote



*CII Chairman R. Krishna is seen inaugurating the conference of Company Secretaries at Young Island Resorts at Srirangapatna. SIRC Chairman Dattareya Joshi, ICSI Mysore Chapter Chairman D.D. Bhat, Secretary H.M. Dattatri, ICSI Bangalore Chapter Chairman Gopalakrishna Hegde and other office-bearers look on.*

of thanks by H.M. Dattatri, Secretary of Mysore Chapter of ICSI.

The first technical session was by Dr. Prasanna Chandra on 'Shareholder value-creation and

management. This was followed by a musical programme which enthralled the audience with a mix of gazals and Hindi film hits of yesteryears.

First ever Residential Program conducted by Mysore chapter in association with Bangalore chapter concluded with great note of all-round success.

Totally 44 delegates from Mysore, Bangalore, Coimbatore, Mangalore, Davangere, Hubballi, Chennai and Hyderabad took advantage of this program. Following were the technical sessions held in the event:

1. Shareholder Value Creation and Management by Dr. Prasanna Chandra
2. Insights into IPOs by Sri Narasimhan
3. Mergers and Acquisition - Strategic, Legal and Financial perspectives by K R Sekhar
4. Achieving Personnel Excellence by Dr. M J Arul
5. Corporate Governance - Clause 49 by Sri S V Raman

6. Company Law Reforms by T V Ramachandran

Evenings were filled in cultural events like gazals, films melodies, Bharatanatyam, Flute recital and folk dance.

You will receive selected photos in a separate edition.



D D Bhat Chairman Mysore chapter, Dattatraya Joshi, SIRC Chairman, Gopalakrishna Hegade, Chairman -B'lore Chapter, R Krishna, Chairman CII Mysore, Srinivasa Murthy Secy B'lore Chapter, Dattatri, Secy Mysore Chapter

## from Chairman's desk...

Dear Friends,

I thank the members for electing me as the Chairman for a second term unanimously. The re-election of the Executive Committee for the second year without any change, I assume, is a reflection of the work done during the year. I assure the members that the Executive Committee would strive to live up to the expectations in this also.

The Silver Jubilee Year 2005 was full of excitement and eventful. The efforts of the Chapter to enhance the visibility of the Profession and popularizing the CS Course achieved the desired results. The students' registration was quite satisfactory, though it fell short of the target. Foundation Registration course was 28 (target –35) for Intermediate Course 61 students registered (target – 100 during the year). The numbers could have been still better if we were able to hold more number of Career counseling programs. The Chapter will devise a method to enhance the number of Career Counseling programs in this year.

Month of January, 2006 was again a hectic month. The month witnessed two events. The first one was the half day program on 3<sup>rd</sup> January, 2006, which also coincided with the visit of President of the Institute and the Chairman of SIRC. The second event was the Three Day Residential Program on 'Changing Paradigms of Professional Excellence' held from 26<sup>th</sup> January 2006 to 28<sup>th</sup> January 2006. A detailed report on the event forms part of this News Letter and therefore I

do not want to repeat the event details here. It suffices to state that the event was not only well received but also highly appreciated. I place on record the excellent efforts put in by the Silver Jubilee Committee **under the able leadership of Mr. C.K. Sabareesan**. The students also deserve my special thanks for sparing their time as volunteers and contributing to the success of the event. The various Sub- Committees formed for the event ensured that the event was a **MEGA SUCCESS**. I thank each and every member of the Chapter and also the students for making the event memorable. It may be appropriate to mention here that 70% of the members of the Chapter enrolled as delegates for the Three Day program. I am sure that the Chapter activities would continue to receive similar participation and contribution during the current year also.

The members are aware that during March, 2005 we had a half-day program on the Union Budget ( Indirect Taxes) and VAT which was organized in association with the Taxation Executives Association Mysore (TEAM), This year the Half Day program on Union Budget is being proposed on 7<sup>th</sup> March, 2006. There has been a suggestion by the Commissioner of Central Excise Mysore to have the program broad based by involving the other professional Bodies and Associations. The members will be receiving further information on this in due course. In the meantime I request the members to keep their diary marked for this program.

I request all the members to renew their subscription to "Chartered Secretary" if not already done. The members who have not yet subscribed to the "Company Secretaries Benevolent Fund" are requested to subscribe.

With warm Regards

D D Bhat  
Chairman- Mysore chapter



SUCCESS

Some people dream of success ...  
While others wake up and work hard at it.

# Concept Paper on Limited Liability Partnership

Krishna Jois

ACS Intermediate student

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## **Introduction**

In November 2005 Ministry of Company Affairs has notified the concept paper on Limited Liability Partnership (LLP) for public comments. The main purpose of this Concept Paper is to create a basic framework, which will facilitate the creation of a new legal entity in India viz. the limited liability partnership ("LLP"). The essential feature of an LLP is that it combines the organizational flexibility and tax status of a partnership with limited liability for its partners. An LLP is a body corporate having perpetual succession and separate legal entity.

The concept paper is only an approach to the introduction of a bill in the Parliament and is aimed at provoking critical examination of the provisions contained in this paper by all chambers of commerce, business organizations, professional bodies, academicians and persons connected with corporate sector.

The concept of LLP has emerged out of Naresh Chandra Committee Report on Regulation of Private Companies and Partnership and of the DR. J J Irani Committee Report on Company Law.

In India, businesses mainly operate as companies, sole proprietorships and partnerships. Each of these is subject to different regulatory and tax regimes reflecting their organisation and ownership. Introducing LLPs as a new business structure would fill the gap between business firms such as sole proprietorship and partnership which are generally unregulated and Limited Liability Companies which are governed by the Companies Act, 1956. In addition to an alternative business structure, LLPs would foster the growth of the services sector.

The regime of limited liability partnership will provide a platform to small and medium enterprises and professional firms. Whereas LLP laws exist in various developed countries like the UK, the US, Australia and Singapore.

## **Concept**

The concept paper envisages use of LLP structure for any trade, profession or occupation with the intent to make profits. The Indian LLPs therefore will not be available to non-profit organisations, which is in line with LLP laws in

UK. The LLP shall have at least two partners; there is no maximum cap. The mutual rights and duties of a LLP and its partners and of the partners inter se shall be governed by mutual agreements.

The LLPs liability arises due to a wrongful act or omission by a LLP partner acting in the course of the LLP's business. The liabilities of the LLP are limited to the LLP property. However, a partner of a LLP is not liable for the wrongful act or omission of any other partner. The concept paper provides for conversion of general partnerships and private and unlisted companies to LLP. It would be interesting to know that the UK LLP law does not allow for such conversion. It requires an LLP to be established first and then the business/assets may be transferred.

## **Advantage**

The LLP vehicle will be a significant boost to a variety of professions and business. As stated above, it is perhaps the most preferred vehicle for a professional services firm. To effectuate this, relevant changes will be needed in legislations such as Companies Act to permit LLPs to be auditors, the Chartered Accountants Act and the like. Presumably this will follow once the LLP concept is legislated. The LLP structure is extremely useful for raising investment capital for industries which have intensive start-up costs and undertake substantial research and development, and which as a result incur significant up-front losses. Further, due to recommended pass through tax status such losses would be available to individual partners. LLP structure has evolved as an investment vehicle of choice for the venture capital industry worldwide.

## **Tax Treatment**

Worldwide LLPs enjoy a pass through tax treatment whereby the income or gains generated in the LLPs are taxed in the hands of the partners only. The concept paper also recommends a 'pass through tax exempt status' for LLPs in India.

## **Betterment**

Certain developed countries have concept of small or medium-sized LLP, which is, based on criteria such as turnover, assets held and number of employees.

These LLPs get relaxation from disclosure of certain information to the regulators and exemption from audit requirements.

A similar recommendation has been made by the committees but has not been brought forth in the draft law. The concept paper introduces a model of a 'manager' for every LLP, who may or may not be a partner, but would be responsible for compliance and be personally liable for all penalties imposed on the LLP. This

concept is similar to the concept of 'general partner' in the US, Australia, i.e. a partner having unlimited liability.

### Conclusion

It is really a very good step to establish LLP business organization, but the legislation shall pass through the parliament and it shall be effectively implemented.

## NEWS OF USE

### FBT takes toll on group retirement schemes

PRITI PATNAIK

TIMES NEWS NETWORK JANUARY 27, 2006

NEW DELHI: Group superannuation schemes may soon go the way of the dodos, thanks to the impact of the fringe benefit tax. Several life insurance companies have suspended offering the scheme, and others are mulling their closure as companies have stopped asking for their renewal.

"Our feedback from companies is that not many employers are renewing group superannuation schemes. In another one year, this business will cease to be," S V Mony, secretary-general, Life Insurance Council said.

TATA AIG, Bajaj Allianz Life Insurance Company, Birla Sun Life Insurance and LIC are some of life insurance companies that depend heavily on the group superannuation business. The non-commuted portion of annuities is taxable as salary income of the employee, in addition to the FBT imposed on employers, which leads to double taxation.

LIC, the market leader in group insurance, held a corpus of Rs 9,000 crore in March 2005, primarily funded from corporates.

The public sector giant had feared that as an extreme step it could consider selling off their investment. As in March 2005, nearly 50% of the company's investment was in government securities, offloading which could affect market composition.

### Amendment proposed for Bonus Act

The minister of labour and employment has a proposal to amend the Payment of Bonus Act 1965 is being considered based on the recommendations of the second labour commission, the commission has recommended revision in the eligibility for bonus from Rs. 3,500/- to Rs. 7,500/- per month and in the calculation ceiling from Rs. 2,500/- to Rs. 3,500/-.

## Trainees not entitled to provident fund: SC

New Delhi: Holding that trainees are not employees, the Supreme Court has ruled that they are not entitled to provident fund.

A Division Bench of Justice Arijit Pasayat and Justice R V Raveendran, held that trainees were apprentices, engaged under the Standing Order of an organisation under the Apprentices Act, and therefore employers were not obliged to contribute to the provident fund for them.

The Bench on Wednesday upheld a Karnataka High Court order, quashing the petition of Regional Provident Fund commissioner, Mangalore, asking Central Arecanut and Coca Marketing and Processing Cooperative Limited (CACMPCL) to contribute provident fund for 25 trainees at its chocolate factory in Puttur.

Trainees, who are paid a stipend during the training period, have no right to employment and it is for the employer to offer or not to offer a job to them, it said. The court clarified that though the term "employee" under the Provident Fund Act, included apprentices, these apprentices, engaged under the Apprentices Act, under Standing Order of an organisation were excluded from it.

The court said, "In the case at hand, trainees were paid stipend



- ▶ Employers are not obliged to contribute to the provident fund for trainees
- ▶ The trainees are apprentices engaged under the standing order of the establishment
- ▶ It is for the employer to offer or not to offer a job to them
- ▶ Trainees have no obligation to accept any employment if offered by the employer

during the period of training. They had no right to employment nor an obligation to accept any employment if offered by the employer. Therefore, the trainees were apprentices engaged under the standing order of the establishment."

The counsel of the Provident Fund commissioner had contended that

Section 2(f) of the Employee Provident Fund and Miscellaneous Provisions Act 1952, should be given a wider meaning for the benefit of the employer.

PTI

Vijay Times  
February 2 2006

# Judicial Activism



Pavitra P.  
ACS Intermediate student

In 1997, one of the wonders of the world, the Taj mahal was put to degradation. This was because of the atmospheric pollution caused by number of foundries and chemical hazardous industries established around the Taj mahal. During this situation Mr. M.C. Mehta through Public interest litigation drew the attention of the court towards the pollution caused to the Taj mahal. The court then directed these industries (numbered almost 292) to change over, to the use of natural gas as industrial fuel within a fixed time schedule and be relocated in alternative areas outside Taj Trapezium and if they don't do so they must stop functioning beyond 31 December 1997.

Thus, the judiciary forced the legislature to make new laws regarding the same and the executive to implement the same. Newspapers highlighted it as "Judicial Activism".

## What is this Judicial Activism?

The word 'active' in a common parlance means energetic, lively, dynamic etc. and in the same background, when we say, judicial activism may mean the judiciary is dynamic or lively judiciary etc. Thus, judicial activism may be observed as the process of the judiciary, where apart from just interpreting the law, it directs the legislature and the executive to make the law and to implement the same. Judicial Activism is the assertiveness of judicial power by the judiciary. The steps taken by the court in the field of the legislature and executive may be termed as Judicial Activism.

As the modern life is getting more and more complex, traditional concept that the legislature to make law, executive to implement the law and judiciary to adjudicate and interpret the law is now been changed and it invariably happens that functions of one organ of the state [i.e. legislature or executive or judiciary] overlaps on the functioning of the other two organs of the state. This interference may be incidental or by necessity.

Judiciary in modern times is not just an interpreter of law, but it has also evolved into a maker of law. For instance, Delhi High Court directed the Delhi Administration to amend the Central Motor Vehicle Act, 1989 effective from April 1991 and to implement it seriously and effectively so as to control the pollution in

Delhi caused by increasing number of petrol and diesel driven vehicles.[M.C. Mehta vs. Union of India, 1991].

The term "Judicial activism" has often been described as judicial supremacy, judicial absolutism, judicial legislation and judicial policy making etc. And there is a widely accepted notion that Judicial Activism is related to problems and processes of political development of a country.

Further, why judiciary is interfering with the functioning of the legislature and executive? There may be uncountable reasons for this. However, few reasons are quoted below:

### 1. NEAR COLLAPSE OF RESPONSIBLE GOVERNMENT:

Whenever the other two organs of the State i.e. legislature and executive fails to perform their mandatory obligation towards the society, the judiciary will step into their shoes and caters to the needs of the society.

2. PRESSURE ON JUDICIARY: It's become very common for the mankind to look up at judiciary for protection of their rights and freedoms, this creates a tremendous pressure on the judiciary to be active consequently leads to judicial activism.

More over the judiciary is not only pressurized to make the new laws so as to cater to the needs of the society but also to amend the existing laws, to make it fit for the changing needs of the society. For instance, Golaknath's case, where the majority of the Supreme Court judges overruled their earlier decision and held that the parliament had no power from the date of decision to amend the part III of the Constitution, so as to take away or abridge the fundamental rights.

Another case is Keshavananda Bharathi' case {also known as fundamental rights case}, the supreme court assembled to consider the correctness and validity of the judgment in Golaknath's case. By majority the Supreme Court nullified the effect of the decision given and held that Article 368 does not empower the parliament to amend the constitution. The court further held that the basic structure of the constitution cannot be amended by invoking article 368. Imposing limitations on the power of the parliament to amend the constitution is a incredible Judicial Activism. Both the cases relate to the amenability of the fundamental rights.

3. JUDICIAL VACUUM LEFT OPEN: In the recent past, mankind was unaware of the legal problems which may be faced by computerized transactions. Thus, there was no law at that time to govern those transactions. However when the problems like hacking, tampering with computer source document arose, the need to make such law was also found necessary. Finally the law regarding the Information Technology was passed. Thus, there was vacuum which was left open before the introduction of such laws was filled up when the need arose. Filling up such kind of vacuum is the work of legislature. However if the legislature fails to fill up this vacuum, the judiciary will be in picture.

To support the above, there is a saying in administrative law that “even if the parliament and the entire state legislature in India make laws for 24hrs. a day and 365 days in a year, the quantum of law cannot be sufficient to meet the changing needs of the society” and as and when the need arises the judiciary will make use of its primary instrument, judicial activism.

4. THE CONSTITUTIONAL SCHEME: The judiciary has been assigned the active role under our constitution itself. They are not expected to sit on the ivory tower with closed eyes and be uncared about the problems faced by the society. Instead, they have to exercise their judicial power for protecting the fundamental rights and liberties of the citizens of the country. For instance, in 1979 the Supreme Court by exercising its writ jurisdiction under article 32 gave a direction that those who are kept in Bihar jail for several years without trial shall be released forthwith and also gave a broader interpretation to article 21 indicating that the speedy trial is an essential and integral part the article 21. This writ jurisdiction is guaranteed under the constitution and paved a way for the judiciary to be active [Hussainara khaton vs. state of Bihar].

5. PUBLIC CONFIDENCE: The greatest asset and the strongest weapon for judiciary is the confidence it commands and the faith it inspires in the minds of people. For instance, many bounded laborers, who were made to work in inhuman condition, were released on the direction given by the court [Banda

mukthi morcha case]. Here what we may observe is that the society looked up at the judiciary for taking an action against such evil practices and not at the legislature or the executive and moreover based on this direction alone many laws regarding the abolition of the bounded labour were passed. This confidence and faith makes the Supreme Court to be the ultimate guardian of the rights and liberties and leading to many instances of judicial activism.

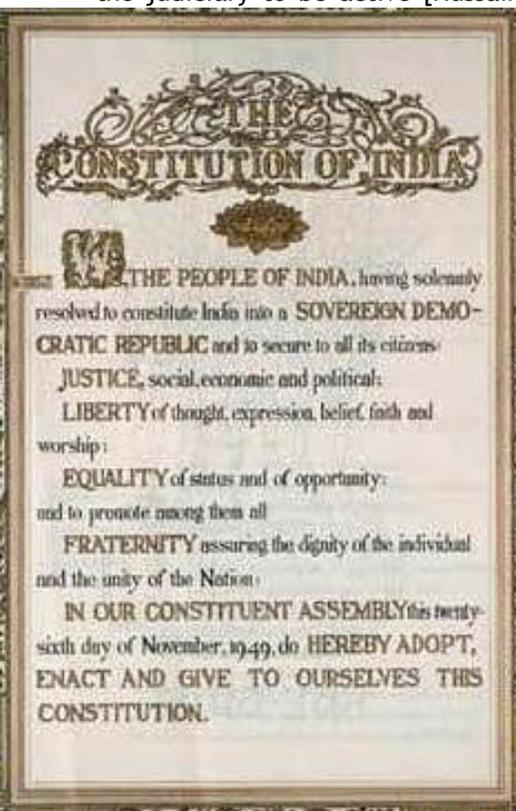
6. JUDICIAL ENTHUSIASM: The judiciary being an interpreter of law is also much enthusiastic in participating in making of such laws. This enthusiasm itself leads the judiciary to be very active at every movement. For instance, in the scam which is popularly know as the ‘fodder scam’, the Patna high court has ordered the CBI, a crime investigation agency of the central Government to report directly to the High Court.

The court asserts its judicial powers positively as well as negatively. For instance in ‘Ayodhya Controversy’ the question before the court was that ‘whether there was any temple in that place or not?’ This question was very tricky, the answer of which, would have lead to some or the other bad effects on the society. The court could not say either ‘yes’ or ‘no’ because both the answers lead to Hindu Muslim clashes. Hence the court refused to exercise its advisory jurisdiction guaranteed by the constitution.

The court may even exceed the limits in case of emergencies and can prove their activism. For instance, in ADM Jabhalpur case it was observed that Article 21 provides that “no person can be deprived of his personal liberty except according to the procedure established by law” but during emergency as was prevailing in 1975 and 1977 a procedure was established by law following which even human life can be taken away.

All the above shows that, the judiciary in India, is very active in catering to the needs of the society. However, it is very difficult to trace out the origin of this activism. The decision given by J. Mahammad of Allahabad High Court in 1863 can be said as the sowing seed of judicial activism, where an under trial person was not able to afford to engage a lawyer, J. Mahammad held that the pre-condition of being ‘heard’ can be fulfilled only when somebody speaks. Judicial Activism is a prima facie evidence of conscious and responsible judiciary. Judicial activism alarms the other two organs of the state to be active by showing them that they have skipped or escaped from their responsibilities.

However Judicial Activism can not be exercised to destroy the statutory rights existing in person under the constitution of India and under various other statues framed to govern the justice. It may amount to misuse of Judicial Activism.



# LEGAL ROUNDUP...

Compiled from different sources.

## Income Tax

### Case Laws:

Interest received during pre-production period is 'income from other sources'.

Essar Steels Vs. DCIT (2005) 97TTJ 985 (Ahd)

Irrevocability of the debt should be adjudged from the angle of ability of debtor to pay and not on the basis of ability of assessee to recover.

Industrial Cables (I) Pvt. Ltd Vs. AICT

Gains from cancellation of foreign exchange forward contract to be adjusted against cost of capital asset.

Essar Steels Ltd. Vs. DCIT

### ***NRI-owned UAE cos not taxable here***

Maharashtra : Firms owned by non-residents Indians in the UAE don't have to pay tax in India, thanks to a landmark decision by the Income-Tax Appellate Tribunal (ITAT), Mumbai. The ITAT order has cleared the confusion created by the Authority for Advance Ruling (AAR) had ruled last May in the case of Abdul Razaq Memon that income of NRIs based in the UAE is taxable in India. The ITAT ruling came last week in favour of the assessee, Green Emirate Shipping & Travels, a UAE-based company. The assessing officer had contended that as the UAE doesn't have a tax regime, the provisions of the Double Taxation Avoidance Agreement (DTAA) between both the countries don't apply here.

### ***Deductions u/s 80-IB***

Asstt. CIT Vs. Vipin Sardana 17/06/2005  
IT Appeal No.5174 (Delhi) of 2004

#### **Decision:**

Held that since duty drawback has a direct link with the business activity of the assessee, such amount is also eligible for deduction u/s 80-IB

## Customs

### Info

Rajya Sabha has passed the National Tax Tribunal Bill, 2005 which, inter-alia provides for adjudication of disputes relating to Customs, Central Excise and Service Tax. This Tribunal will hear appeals on substantive questions of law against the decisions of CESTAT. The Act will come into force when it is officially notified.

### Circular

The Central Government has notified simplified procedures for registration of 100% EOUs/units in STPs/EHTPs at the port of import. Further, the Central Government has also clarified that once 100% EOUs/units in STPs/EHTPs are registered at one port, they are not required to register at any other port and may be allowed to clear the goods on the basis of the registration issued at the one port.

Circular No. 51/2005 dt. 09/12/05

### Case laws

The Tribunal has held that for goods to be classified as accessories, they must be shown to be compulsorily supplied along with the machine and no separate recoveries should be made.

Lakshmi Machine Works Ltd. Vs. CC (2005 (128) ECR 549)

The Tribunal has held that the date of contract is irrelevant for the purposes of determination of the transaction value of the imported goods and that in the absence of any exceptions as laid down in the CVR, the declared transaction value is required to be accepted regardless of the values of contemporaneous imports.

Hindustan Lever Ltd. Vs. CCE (2005 (71) RLT 478)

The Tribunal has held that an importer may avail the benefit of two exemption notifications, issued separately and independently, provided there is no bar on the simultaneous availment of the benefits under the notifications.

CC Vs. Premier Mushroom Farms (2005 (190) ELT 511)

## **FTP - Circular**

The Central Government has clarified that supplies from a Domestic Tariff Area to a SEZ are eligible for the benefits under the Duty Free Credit Entitlement and Target Plus Schemes subject to the conditions specified in this regard.

Policy Circular No.36 (RE-2005) /2004-2009 dt.  
05/12/05

## **Valuation**

The Tribunal, in *Radhey Shyam Ratanlal Vs. CC (2005 (190) ELT 244)*, has held as follows:

- Rule 10A of the Customs Valuation Rules (CVR) is subordinate legislation and cannot override Section 14 of the Customs Act, 1962;
- the transaction value cannot be rejected where a transaction is not covered under any of the exceptions provided for in Rule 4 of the CVR;
- in terms of Rule 8(2) of the CVR, a journal providing the export prices to various countries cannot be used to doubt or enhance the transaction value; and
- there may be price variations between contemporaneous imports of similar goods on account of differences in quality.

## **Excise/CENVAT**

### **Circular**

The Government, following the Supreme Court's decision in *IFGL Refractories*, has clarified that the value of an advance licence surrendered by a customer to the manufacturer of goods, is includible in the value of excisable goods.

Letter dt. 14.9.2005 vide F.No.6/3/2005-CX.I issued by Ministry of Finance and Company Affairs

### **Case Laws**

The Tribunal in two significant Larger Bench decisions, has held that goods which are moveable, whether manufactured at site or in a factory, are excisable if they emerge out of a manufacturing process, regardless of their ultimate use in the erection of immoveable structures.

*Mahindra & Mahindra Ltd. & Ors. Vs CCE (2005 (71) RLT 513)* and *Asian Techs Ltd. Vs CCE (2005 (71) RLT 409)*

## **Service Tax**

### **Notification**

The CBEC has issued a Circular stating that the Central Government has decided not to pursue its earlier draft Circular F.No.341/43/2005-TRU dated 10th October, 2005 relating to service tax applicability on advertising agencies.

[F.NO.341/43/2005-TRU New Delhi 7th December 2005]

## **Sales Tax**

### **Case Laws**

The Allahabad High Court has held that where new facts come into existence during the pendency of revision, such facts can be considered in the revision proceedings and accordingly the matter can be reverted back to the assessing authority to rehear and re-decide the appeal.

*Kothari Products Ltd. vs. Commissioner of Sales Tax [(2005) 28 NTN 259]*

## **Insurance**

### **Liaison office of foreign Insurance company:**

As per a circular dated December 7, 2005 issued by the IRDA, an insurance company registered outside India may open a liaison office in India after it has obtained approval of the IRDA in the manner prescribed and subject to the terms and conditions laid down by it.

The existing procedure is to get prior permission of the RBI. The insurance company would also be required to comply with the terms and conditions of the general permission granted by the RBI under the Foreign Exchange Management Act, 1999 and any other law in force.

### **Financial arrangements of Indian brokers with foreign brokers:**

IRDA has by its circular dated October 11, 2005 cautioned licensed insurance brokers from entering into arrangements with foreign brokers, who are not licensed in India, to service accounts influenced to the Indian broker by the foreign broker in consideration for a share of the brokerage on such accounts.

# 10 tips to leaders

From the Collections of Ms. Lucy Doss  
Manager - Training Coordination (Singapore)  
Oscar Murphy Life Strategists P Ltd, Bangalore



*Everyone wants to lead, but at what cost? A careless approach to leadership can result in major losses for everyone.*

Most of us can recall a leader who just wasn't cut out for the job. Being a leader is demanding; becoming a great leader is uncommon. Followers aren't particularly merciful to those who lead incompetently. Instead, they can respond with insubordination, decreased productivity, or a generalized attitude of confusion or frustration.

If you are a business leader or thinking about becoming one, here are some mistakes to avoid. **Becoming a leader is challenging. Follow these suggestions to avoid problems and help your company and your career reach their potential.**

## 1. Don't lord it over your staff:

No one likes a know-it-all. Assuming a cocky stance or a bullying attitude will strike a similar flint in the hearts of your subordinates.

## 2. Don't be a softie.

Just as a sharp edge can have a cutting effect, a marshmallow can quickly lose its shape. Being a people pleaser means that you will inevitably let someone down, so don't even try. Instead, focus on the job and make it work with everyone's interests as best you can without bending over backwards until you break.

## 3. Don't put on an over-confident front.

If you need information, ask for it rather than pretend you have all the answers. There's nothing wrong with an honest question, but there's plenty wrong with someone who is afraid to ask.

## 4. Don't misjudge employees' abilities.

Take time to read files, interview people, and observe performance before making staffing decisions. Put competent, trustworthy people in charge of important projects so that neither you nor the company will regret it.

## 5. Don't play favorites.

Owing a favor or liking a person is two poor reasons for handing out raises and promotions. Feeling sorry for someone is just as bad. Use good judgment and fair play to make staff decisions.

## 6. Don't hold a grudge.

If you don't get along with someone, stay away from the person; don't try to get even. Leaders who use their position of authority to take punitive action based on personal vendettas are likely to find themselves in trouble.

## 7. Don't take a casual approach to the budget.

Get to know it thoroughly. Understand company growth patterns and long-term projections, as well as how your leadership can play a role. Being careless with money is dangerous and potentially costly in the business world. Careless mistakes take time to fix, and in business, time is money.

## 8. Don't overlook company shifts, goals, or problems.

Study the "big picture" with a view to finding your place in it and growing with the company.

## 9. Keep an eye on industry trends.

Know what's "hot" and what's not; that's how leaders keep leading. Otherwise, someone who is more knowledgeable than you may take your place.

## 10. Stay human.

When mistakes happen, forgive others and yourself. Laugh and be friendly, but don't look foolish doing it. Avoid mechanical responses and a 24/7 mentality toward your job. Do your best, but then leave the rest of your job at work until the next day. It'll be there when you return. At night and on weekends, enjoy your family and have fun. You've earned it.