



# WIRC BULLETIN

Chief Editor :  
CMA Amit A. Apte

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For Members only

Rs. 5/-

## From the Desk of Chairman



Dear Professional Colleagues,

Government of India on 26th January 2011, the 62nd Republic Day of India has awarded Ms. Chanda Kochar with Padma Bhushan award. Ms. Chanda Kochar as we all know is the Managing Director and Chief Executive Officer of ICICI Bank Limited. Ms. Chanda Kochar is a Cost Accountant and Member of our Institute and I take pride

in congratulating her for this achievement of receiving the highest Civilian Award. Incidentally Ms. Kochar was also bestowed upon the "Icon of the Year" Award by ICWAI during National Cost Convention at Chennai in 2011.

The Companies Bill is likely to be presented in the parliament very soon. One of the provisions likely to be incorporated says "Such class or description of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a Chartered Accountant or a Cost Accountant, to conduct internal audit of the books of accounts of the company". In anticipation of this development and in order to enable our members to take up assignments in the field of "Internal Audits", WIRC will be conducting a 2 day Non-Residential Workshop and Training program in Mumbai on the 18th and 19th of February. I invite all our members to take benefit of the same.

As you are aware, the ACES Certified Facilitation Centres (CFCs) Scheme was made operational last year. So far a number of CFCs have been set up in different cities across India by members of ICAI, ICWAI and ICSI. I invite our practicing members to get themselves registered as an ACES Certified Facilitation Centres (CFCs).

Baroda Chapter of cost Accountants hosted the 3rd Students Conference of the region on the 24th of January. The conference

received participation from about 450 students from across the Western Region. I was fortunate to participate and interact with our students. The unique aspect about this Conference was that all the technical sessions were also conducted by our students. This is a wonderful platform for our students to strengthen their vocational skills and I request all our chapters to organize similar type of seminars at local level as well so as to make a platform available to our students.

During the month I was also able to visit a program organized by Surat and South Gujrath Chapter. I also visited the Ankleshwar and Bharuch Facilitation center of the Chapter. I truly appreciate the support that is given to this center by the Sarvodaya School, Ankleshwar and Mr. Popat Lal Patel. The efforts being taken by the local members in particular CMA S.N.Mundra, CMA R.A.Mehta, CMA Rajendra Rathi and CMA Koushik Joshi is also worth a mention here. It is the initiative taken by our Chapters in opening such centers and the interest taken by the local members that will take our Institute to higher levels.

This month we once again conducted CEP programs at Students' & Members' Facilitation Centre, Thane on 8th January 2011 and at WIRC on the 22nd January 2011. The topics were "Team Building Exercises" by Prof Aparna Rao and "New Provisions in Service Tax" by CMA Sanjay Bhargave respectively. Both the programs received excellent participation from our members.

Assuring you the best of professional services at all times.

With Warm Regards,

CMA Amit Apte

## Quote

*"The world suffers a lot. Not because of the violence of bad people, but because of the silence of good people!"*

– Napoleon



## Congratulations !!!

**Government of India on 26th January 2011, the 62nd Republic Day of India has awarded Ms. Chanda Kochar with Padma Bhushan award.** Ms. Chanda Kochar is the Managing Director and Chief Executive Officer of ICICI Bank Limited. Prior to this highest Civilian Award, Ms. Kochar had also been Ranked 11th by Financial Times in the Top 50 Women in World Business, 2010. She was conferred Outstanding Woman Business Leader of the Year award by CNBC TV18, 2010, 'Banker of the Year' Award by Financial Express 2010. **Ms. Kochar is a Cost Accountant and the WIRC of ICWAI takes pride in Congratulating her.**

Apart from being on the Board of ICICI Bank and various group companies, she is a member of the Prime Minister's Council on Trade & Industry, US-India CEO Forum, Executive Board of the Indian School of Business, Hyderabad, Member of the Board of Governors of Indian Council for Research on International Economic Relations (ICRIER), Member of the Managing Committee of the Indian Banks Association and also a member of the Council of Scientific and Industrial Research (CSIR) Society.



CMA V.J. Talati, Past Chairman WIRC presenting memento to CMA S.R. Bhargave, faculty for the CEP on Service Tax held at WIRC on 22nd January 2011. Also seen (L to R) CMAs P.V.Wandrekar, Hon. Secretary WIRC and Amit Apte, Chairman WIRC



CMA S.R. Bhargave, CCM-ICWAI interacting with members during CEP on Service Tax held at WIRC on 22nd January 2011



CMA Shekhar Joshi, Programme Co-ordinator WIRC welcoming students during inauguration of coaching classes at Mulund College on 3rd January 2011. Also seen (L to R) CMA Ashish Thatte, Programme Co-ordinator WIRC, CMA P.V. Wandrekar, Hon. Secretary WIRC and Dr. D. G. Deshpande, Dy. Director, Mulund College.



Inauguration of Coaching Class of the Navi Mumbai Chapter of Cost Accountants by ICWAI. CMA P.V.Wandrekar, Hon. Secretary & Treasurer of WIRC of ICWAI. CMA Debasish Mitra, Secretary, CMA K.R. Jethani, Chairman and CMA V. Narayanan, Vice Chairman of the Chapter look on.



(L to R) Mr. Ravindra Mane, Ms. Sunita Pimparkar, Ms. Sharvari Kudale, Mr. Ketan Nanivadekar, CMA Rajesh Shukla, CMA R.D. Khandalkar, CMA Suresh Pimple and Mr. Raviraj Santnur during Investors Awareness Programme organized by Aurangabad Chapter.



CMA B. M. Sharma, Chief Guest and President of ICWAI lighting the lamp during 3rd Western India Regional Students Conference organized by Baroda Chapter on 24th January 2011.



CMA R. K. Patel, Secretary, Baroda Chapter welcoming students during 3rd WIR Regional Students Conference organized by Baroda Chapter on 24th January 2011.



View of students during 3rd Western India Regional Students Conference organized by Baroda Chapter on 24th January 2011.

# WESTERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

**Announces Two Days Non Residential Workshop**

on

## INTERNAL AUDIT

**Dates : Friday, 18th & Saturday, 19th February 2011**

**Time: 10.00 a.m. to 5.00 p.m.**

**Venue : Grand Hotel, Ballard Pier, Mumbai (Rainbow Room)**

### Delegate Fees:

**Rs. 2,000/-** For Practising Cost Accountants

**Rs. 3,000/-** For Other Professionals

*A Cheque/DD to be drawn in favour of "ICWAI-WIRC, Mumbai"*

*(Six CEP Credit Hours will be provided)*

TOPIC	SPEAKER
Internal Audit of Financial Accounts	<b>Ms. Sumangali Shah</b> <i>Director, Aneja Associates</i>
Audit of Records related to Indirect Taxes	<b>CMA S. R. Bhargave, CCM-ICWAI,</b> <i>Leading Consultant - Indirect Taxes</i>
Internal Audit in EOU and SEZ	<b>CMA A. B. Nawal,</b> <i>Leading Consultant - EOU &amp; SEZ</i>
Internal Audit and Risk Management	<b>CMA Pradeep Pathak,</b> <i>Practising Cost Accountant</i>
Internal Audit from Direct Tax Perspective	<b>CA Chandrashekhar Chitale,</b> <i>Practising Chartered Accountant</i>
Internal Audit – A Process under Information Technology	<b>CMA S. G. Narasimhan,</b> <i>Practising Cost Accountant</i>
Systems Audit	<b>CMA Neeraj Joshi,</b> <i>Practising Cost Accountant</i>
Drafting of Audit Report	<b>CMA N. K. Nimkar</b> <i>Practising Cost Accountant</i>

### Programme Co-ordinators

**CMA Sanjay Bhargave - 98220 45215 — CMA Aruna Soman - 98692 07020**

### For Registration Contact:

Western India Regional Council of ICWAI  
Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001.

Tel. 2204 3406/2204 3416 • Fax: 2287 0763

E.mail: seminar@icwai-wirc.org

**Website: [www.icwai-wirc.org](http://www.icwai-wirc.org)**

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**OFFICE OF THE COMMISSIONER OF SERVICE TAX I: MUMBAI**

5th Floor, Central Excise Building, 115, M.k. Road, Churchgate, Mumbai - 400 020.  
Tel.No.022-2206 0619 E.mail:servicetax\_mumbai@yahoo.co.in Fax.No.022 2206 0618

F.No. I/ST/HQ/ACES/Comp/Implementation/2009/469  
Mumbai. the 19th January 2011

To,  
Chairman,  
The Institute of Cost and Works Accountants of India  
Western India Regional Council  
Rohit Chambers, 4th Floor, Janmabhoomi Marg,  
Fort, Mumbai - 400 001

Sir,

**Subject: ACES Certified Facilitation Centers (CFCs) Scheme - reg**

It has to bring to your kind notice that the ACES Certified Facilitation Centres (CFCs) Scheme has been made operational and so far number of CFCs have been set up in different cities across India by members of ICAI,ICWAI and ICSI. The assesses not having IT infrastructure or resources are immensely benefited by these CFCs as all their e filing necessities are fulfilled by this facility center.

2. To enhance the base of Service Tax network through out India and for success of ACES and a future e initiatives of the department, the role of ACES Certified Facilitation Centers (CFCs) are of utmost important.
3. All the information for formation of CFCs like MOU between CBEC and ICAI for setting up CFC, etc are available in the ACES website - ases.gov.in in its CFC link.
4. You may give publicity of CFC among your esteemed members and encourage them to become member of ACES Certified Facilitation Centres (CFCs)
5. Looking forward for your kind cooperation.

Thanking you,

Yours faithfully,

Sd/-

(RAVICHANDRAN)  
COMMISSIONER  
SERVICE TAX - I, MUMBAI

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**SOME OBSERVATIONS ON COST ACCOUNTING STANDARDS**

by **CMA R B MANKAD**, (M-5198)

E.mail- rbmankad@gmail.com

- 1) As per CAS-1, classification of cost by function should be as under Production, Administration, Selling, Distribution and Research & Development expenditure. Whereas as per CAS-3 on "Overheads", overheads are to be classified on the basis of functions to which overheads are related (Refer "Classification of Cost CAS-1") viz. Production, Administration, Selling and Distribution (Here Research and Development is not considered). Thus, there is contradiction between CAS-1 and CAS-3 as to classification of overhead by function.
- 2) As per CAS-1, examples of Production overheads, Administration overheads etc are given. Legal expenses are included under Administration overheads. It is not clear as to legal expenses pertaining to Production activity such as Excise matters, import of materials etc should be included under production overheads or not.
- 3) As per CAS-6-Material cost, "quantity and rates of major items of cost of materials shall be disclosed". Major items are defined as those who form 5% of cost of materials. As per guideline of Cost Accounting Report Rules issued by ICWAI, major items are defined as those which form 2% of Cost of Materials.

# Marketing Cost Control – A Financial Perspective

**CMA S. S. Dongare, M.Com., FICWA**  
*Practising Cost Accountant*

Traditionally, it has been observed that while introducing cost controls, marketing cost is not given the due importance. Not only this but while preparing cost sheets and estimating cost for various reasons like quotations, tenders, exports, etc; marketing cost is not analysed, forecasted properly. What we find in general is after calculating cost of production in details, marketing cost is added as selling and distribution overheads at a certain percentage of works cost or cost of production.

In the good old days, when it was a closed economy and competition was not so much tough as we find today, it was a good move to neglect marketing cost and add it in the form of overheads as noted above. But what we find today is that due to severe competition and growing consumerism, the marketing cost has increased manifold. In the case of sale of services, it has gained a lot of importance. Globalisation is bringing perfect competition all over the world which has made it necessary to control cost. Since marketing cost is forming a major element of cost, It is a need of the hour that cost accountants should seriously think over marketing cost control. Before studying the elements and control techniques of marketing cost, it becomes necessary to have a look at marketing finance interface.

## **Marketing Finance Interface**

The success of an enterprise would, to a great extent, depend upon the closest possible coordination between marketing and finance. There has been a tendency, for a long time now to treat marketing and finance as two completely different functions and separate them into water-tight compartments. Marketing people have tended to create an impression that they are money-spinners and accounting and finance, just as many other functions, are unproductive staff-para-sites living on their (i.e. marketing peoples') earnings and with no contribution of their own. Finance people, on the other hand, with rigorous professional qualifications in most cases, have tried to find faults with marketing people and despised their lack of knowledge of finance and even sometimes condemned openly their high-handed attitude of frittering away the company's precious financial resources

**Marketing Finance Independence :**

Let us first examine to what extent marketing and finance functions are independent of each other. If you analyse the nature of these functions, you will find that there exists a great deal of independence. Marketing functions by and large lie outside the organization. The marketplace is continuously affected by economic, political and social changes. Such changes are again of very complex and interdependent nature. On the other hand, Finance function by its very nature is internal to the organization. An important part of finance function i.e. statutory

accounting is responsible to outsiders. But all other functions under finance do not owe any allegiance to outsiders and degree of dependence, too, is little. These points would lead us to believe that the nature of marketing is completely different from that of finance. And these two functions have to be discharged more or less in an isolated manner. Also these two functions require completely different types of technical and human skills.

**Marketing Finance Interdependence :** The interdependence between these two functions can be seen from two angles. First, these two sets of people have generally realized that they are working for a common cause in order to fulfill common corporate objectives of survival, profitability and growth. Second, there are quite a few important areas where marketing and finance specializations tend to overlap. Some of these areas are Product Planning, Product pricing, Evaluation of marketing performance, Functional cost analysis to achieve cost effectiveness, Introduction and operation of an effective budgetary control system in marketing, Control of marketing operations, etc. Some progressive companies in India have therefore set up Marketing Finance Cell, which is staffed by personnel possessing expertise in both finance and marketing.

## **Budgetary Control in Marketing**

Budgeting and budgetary control are perhaps the oldest and most popular instruments used in planning as well as monitoring the operations of an enterprise over a short and medium-term timeframe. Particularly with respect to marketing operations of an enterprise, these seek to direct the activities of an enterprise in a certain logical sequence and answer some basic issues, as follows :

- Objectives - Where do we want to go?
- Diagnosis - Where are we?
- Prognosis - Where we are heading?
- Strategies - How do we go?
- Tactics - How do we implement the strategies?
- Control - How do we monitor our course?

While setting the marketing budget, the following important issues need to be examined and sorted out. They are 1) Corporate Objectives, 2) Corporate Profit Planning 3) Nature of Markets 4) Principal Budget Factor (also called as key or Limiting factor) 5) Sales Forecasting and 6) Spending for the future. For framing the marketing budgets, the following parameters can be used. They are 1) Distribution plan 2) Advertisement Plan 3) Salesmen's recruitment and training scheme 4) Salesmen's and executives' travel plans 5) Salesmen's incentive scheme 6) Inventory policy and changes therein 7) Credit policy

and changes therein 8) After sales service set up and basis of charging for services 9) Import and export Policy of the government.

### **Cost Analysis in Marketing Decisions**

Any decision, whatever be its nature and type, is essentially a leap in the dark. It involves some element of forecasting - an estimate of the future conditions and circumstances. According to Drucker, modern management should be interested not so much in present decisions as in the futurity of the present decisions. Though decisions are taken with an eye on the future, past is always a never-failing guide, especially in respect of repetitive decisions. A proper and systematic analysis of past data makes the concept of cost analysis very important. The purpose of cost analysis is essentially to generate and provide financial and quantitative data to decision-makers to aid and improve the decision-making process. A proper analysis of marketing costs aids in determination of the marketing costs of each product, control of marketing costs, analysis of costs involved in serving different classes of customers, computation of cost per sales call, cost per order, etc. Marketing cost analysis is carried out in two stages :

I The costs are initially reclassified from their accounting heads into functional groups

II The functional cost groups are then allocated to control units like products, customer groups, channels of distribution, etc using reasonable basis.

Apart from these two types of marketing cost analysis, there are some alternative methods for analysis of marketing costs. They include i) Order Getting and Order Filling Costs, ii) Fixed and Variable Costs iii) Cost Effectiveness Analysis iv) Relevant Cost Analysis and life cycle costing, etc. A few marketing decisional problems involving cost analysis are A. Lease out or Sell B. Introduction of New Product C. Dropping a Product or Product Line

### **Marketing Performance Evaluation**

According to Peter Drucker, the justification for the existence of a business in society is two-fold viz., innovation and marketing. Quoting Drucker again "there is only one valid definition of business purpose: to create a customer". According to Prof. Kotler, marketing is finding a product for the market and at its worst, a market for the product. Performance evaluation should not be confined to the measurement of results alone, though emphasis is always placed on the results or profits. It is necessary to appraise the strategies and the tactics too. No scheme of marketing performance evaluation would have the right perspective unless it starts with evaluation of the marketing objectives. The most important criterion to measure the overall marketing performance is the share of the market. It reflects the primary purpose of the business which is to create customers. It reflects the end result of all efforts in all marketing functions. It segregates success and failure in sales. It also measures

in a real and meaningful manner the position of the corporation in its market relative to others competing with it. The main criticism for using market share as a criterion for performance evaluation is that it is difficult to measure. Other evaluation criteria would be to evaluate effectiveness of major marketing functions such as Evaluation of salesman's performance, Evaluation of Advertising effectiveness, Evaluation of Distribution effectiveness and Cost Benefit Evaluation of Market Research. Let us discuss these evaluation criteria in somewhat details.

The need and purpose of designing and implementing an adequate method of measuring a salesman's performance in any marketing organisation can hardly be exaggerated. A brief survey of existing literature shows that efforts have been wanting in developing suitable evaluation schemes. A systematic and rather practicable approach has been suggested by James C. Cotham III and David Cravens. Their suggested approach provides a check list of 20 parameters or criteria that could be used for evaluation of a salesman's performance.

There cannot be just one criterion for measuring the effectiveness of advertising, since advertising has various objectives calling for different techniques. HD Wolfe JK Brown and GC Thompson in their paper "Measuring Advertising Results" have developed several methods some of which are measuring awareness, measuring recall, measuring attitudes, psychological measurement, Sort-and-Court measurement, measuring usage, etc. Distribution costs are bound to go up not only with increase in the volume of sales but also with the efforts towards achieving higher market share through better coverage and penetration into new markets. Any measure of evaluation of distribution effectiveness should therefore be directed towards two things viz., a) how far is the distribution channels-mix adequate to enable the company to improve upon its market share and b) whether the total cost of distribution is kept to be minimum. Dr. Donald R. G. Cowan has developed Eleven Approaches for evaluating distribution effectiveness in a systematic and comprehensive manner. The approaches are 1. The Product Approach 2. The Product-line Approach 3. The Channels Approach 4. The Engineering Approach 5. The Accounting Approach 6. The Operations Research Approach 7. The Economic Approach 8. The Personnel Approach 9. The Organisational Approach 10. The Standardization Approach and 11. The Management Approach. As regards the cost benefit evaluation of market research, it can be seen that investment in marketing research is expected to produce additional revenues or reduce costs. Yet there are no widely accepted procedures for evaluating returns.

R. L. Day in his paper, "Optimising Marketing Research through Cost Benefit Analysis" has outlined the main features of such analysis some of which are like reviewing objectives, Identifying relevant alternatives, recognizing time pattern of benefits and costs, recognizing uncertainty and developing a model to suit the analysis.

## **Profitability Control**

Profit is an absolute measure while profitability is relative - to sales, capital employed, etc. For every enterprise profit is an essential requirement, since it is nothing but the cost of being in business tomorrow. Yet a business enterprise should better frame its objectives not in terms of profit, but profitability. For any organization Marketing ROI is by far the best measure of profitability of its marketing operations specifically.

Since at the end of the day it is the products that generate profits, the methodology to be used should have products as the main focus. One of the main tool and technique for measuring, comparing and controlling profitability in marketing operations is Product Performance Evaluation which aims at evaluating performance of products and product groups. The main finance- based tools here are i) Product-market evaluation ii) Returns-margins matrix iii) Industry vis-à-vis Firm Product life cycle iv) Boston Consulting Group (BSG) Model. Product-wise profitability analysis can also serve as one of the useful technique for controlling marketing profitability.

## **Management Information and Control System in Marketing**

MIS may be defined as a set of integrated, well-knit and scientifically designed systems whereby raw data get converted into decision-based and control-oriented information and continuously and regularly flow from one end to another. It has three components, viz., management, information and system. Management essentially means planning and controlling operations, but such planning and controlling presuppose making decisions about planning and controlling. Information has to be distinguished from data. For example, customers invoices are data only, while the inventory analysis, sales analysis, etc., are information (after the same data are converted). System essentially implies a systems approach to turn data into information and integrate all systems of a business.

The first basis implication of a scientific information system for management in general and marketing management in particular is to replace traditional approach by systems approach. The traditional organization structure, based on the span of control and specialization concepts, suffers from two basic limitations i) It pays the Job, not the man ii) Communication problem arises because of bureaucratic entanglement. These problems can be effectively taken care of under the systems approach, where organization is more a team than a pyramid. The traditional control also suffers from a serious limitation in that it is more historical in nature. Often it is too late to do anything about it. Further whatever control there is more an 'accounting control' than 'management control'.

The starting point of planning under an integrated MIS effort should be profit planning. The Table given below may be useful.

<b>Elements</b>	<b>Plan</b>	<b>Control</b>
1. Sales	Sales plan	Sales Quota
2. Cost of sales		
i) materials	Material plan	Unit usage
ii) labour	Labour budget	Functional
iii) Overheads	Overhead budget	Relationship between diff. items of activity
iv) Selling & Distribution	Budget	- do -
3. General & Admn.expenses	Budget	- do -
4. Profit	Profit Plan	R. O. I.

## **Conclusion**

From the foregoing discussion, it will be very clear that in order to face today's cut-throat competition the organizations must measure, evaluate and control the Marketing cost.

## **Source**

Marketing Management - a finance emphasis by Dr. B. K. Chatterjee

### **REPORT ON CEP HELD AT SMF CENTRE, THANE**

On 8th January 2011, WIRC organized a CEP at Students' & Members' Facilitation Centre, Thane. Prof Aparna Rao, Chetna College delivered lecture on "Team Building Exercises". CMA Ashish Thatte, Programme Co-ordinator WIRC was present during the programme. Large number of members attended the programme.

### **REPORT ON CEP HELD AT WIRC, MUMBAI**

On 22nd January 2011, WIRC organized a CEP on "New Provisions in Service Tax" at WIRC Office, Mumbai. CMA Sanjay Bhargave, CCM-ICWAI was the speaker for the programme. CMAs Amit Apte, Chairman WIRC, P.V. Wandrekar, Hon. Secretary WIRC, V.B. Prabhudesai & M.S. Chandani, Programme Co-ordinators WIRC were present during the programme. Large number of members attended the programme.



## ERP Basics and role for CMA's in ERP domain

### CMA Neeraj D. Joshi

*Chairman - P. D. Committee, Pune Chapter of Cost Accountants.  
FICWA, MBA, SAP Certified Consultant, CISA, MCP, B. Com., DNIIT*

*In Part 5, we have seen ERP Implementation Process. We have also seen the role a CMA can play in ERP Implementation Project. With this we have reached the end of the ERP Implementation as such. Now we will go into Post Implementation phase of the ERP. In this final part of this article series we will take a look at Auditing Through ERP.*

## Part 6

### Auditing Through ERP

#### **ERP and Auditing**

Through this article series we have come up to the level of ERP Implementation. Once the ERP is implemented all the records, information is available in the system. Anyone using this information, be it the legal authorities, management, financiers, shareholders, auditors, etc. are essentially relying upon the data and information generated by the ERP and thus ERP Control Audit and Auditing Through ERP has emerged as specialized fields in ERP functional domain.

We have seen various role CMAs can play throughout the ERP development and implementation process in earlier parts of this article series. ERP Control Audit is one such specialized area where a CMA can contribute a lot and thus has a huge scope for professional assignments/engagements. Similarly CMA who knows how to audit Through ERP will get better professional opportunities and hence it is very important to understand scope of these areas.

#### **ERP Control Audit**

As already mentioned once the ERP is implemented all the stakeholders are dependent on the data generated by the ERP and hence it is very important to get ERP System audited for the Functional Application Accuracy and Adequacy, Internal ERP Controls and ERP Process Controls. ERP Control Audit covers all these aspects.

#### **A. Functional Application Accuracy and Adequacy Audit**

ERP as we now know is a system which consolidates all the functional areas under one system. Thus backbone of any ERP is a sound Functional Application giving accurate results. Even if the ERP is a standard ERP, configuration of the same determines the Functionality of the ERP.

In Functional Application Accuracy Audit, the functional configurations of all the functional modules covered by the ERP are tested. The test is aimed at checking whether the results given by the ERP are accurate and appropriate

considering various legal requirements and best practices in the industry. Main focus of this type of audit is to check whether the business transactions are recorded properly with correct financial implications and there is no violation of any standard and law. Along with financial impact of the business transaction, auditor should also check whether all the required information is captured properly and accurately and in turn are giving desired results. e.g in case of Purchase Order Booking, the Payment Terms are captured. The auditor should check whether correct values are picked up by the system and ageing analysis is shown accordingly.

#### **B. Internal ERP Controls Audit**

Every ERP system has its own control mechanism and check points. It is essential to check the adequacy of these Control Points keeping in mind risk of data security, access controls, business process controls, legal requirements, industry best practices, etc.

Auditing of Segregation Of Duty (SOD) Matrix for User access rights control is one of the major areas under this type of audit. It also covers testing of Configurable Controls in ERP and checking whether these controls are adequate or not. The auditor in this audit tests the internal controls in place and comes up with the risk assessment of the ERP Internal Controls along with methods to mitigate the risks identified. While performing this function auditor should keep in mind the practicality aspect of the business and perception of acceptable risk by the top management of the organization.

#### **C. ERP Process Controls Audit**

This audit covers audit of business processes followed in the ERP environment. It covers both Manual Processes and ERP Processes. Any ERP is as good as the quality of data entered and discipline followed in operating the ERP. Thus for success of any ERP system implementation it is very important that these manual processes are controlled tightly and the control is followed up by assurance audit.

Every ERP for its successful and stable working requires adherence to business processes defined as part of ERP implementation process. ERP is always configured assuming adherence to such business processes and hence wide and frequent deviations from such business processes leads to inconsistency in ERP system and distorted results. Auditor has to check whether all such business processes are followed in the organization. Auditor also should indicate the deviations from such processes and if such deviation is now a part of business scenario then required changes in the ERP. Auditing of manual process controls calls for frequent interaction with various operating level executives and auditor should take proper care while handling such interactions assuring that no discomfort is generated at the working level. At the same time the auditor should report all the findings however trivial to the top management.

The other part of this audit is the audit of ERP business processes. There are a lot of processes that need to be followed in ERP. Examples of such processes can be Period End and Year End processes covering depreciation calculation, foreign exchange revaluation or Production Booking, Time Keeping, etc. All these processes equally critical and require certain set discipline on part of the user. Auditor needs to check whether such discipline is followed on regular basis and has there been any violation of this discipline. This part needs a thorough transaction level audit of the ERP system.

Performing ERP Process Control Audit gives assurance to the top management about the adherence to the Best Business Practices as decided at the time of ERP Implementation. It also identifies the changes in the Business Processes and thus need for assessment of changes required in ERP. It gives assurance to the stakeholders that the system controls are followed up by properly controlled business processes and thus the reliability of ERP is established.

### **Auditing Through ERP**

With the wide spread of ERP systems globally, the techniques of auditing have also under gone many changes. In today's business scenario most of the organizations are using some or other form of ERP system. Auditing such organization calls for auditing of the information generated through ERP. Due to complexity of modern businesses in terms of geographical spread, international exposures, scale of operations coupled with working logic of ERPs, the volume of transactions posted in ERP has grown exponentially. Auditing all the transactions is next to impossible task. Even selection of sample size requires some level of proficiency in the ERP used by the organization. All this leads to special technique of auditing - Audit Through ERP.

In this technique auditor audits the basic configuration

of the system to ascertain that all functionalities of the ERP are designed to give accurate and appropriate results. Thus the auditor obtains assurance on the functional core of the ERP. The basic premise behind this exercise is simple - if the system is designed at the architectural level to give certain results then in normal conditions the system will not fault. It reduces load of transaction level testing to a great extent. This configuration testing is then followed up by sample transaction testing. Now a days many tools are available in the market which can be used to generate the sample using random theory or criticality criteria or principle of management by exception. Auditor can use these tools to get the sample data.

Other part of Auditing Through ERP calls for validation of reports available in the ERP. If it's a standard ERP then the task is much easier as the auditor can rely on the Standard Reports. In case of Custom Made ERPs this job requires some considerable amount of efforts. Auditors should generate the information required by them from the ERP system on their own or at least validate the information supplied by the audittee on sample basis by re-extracting some information from ERP. Auditing through ERP offers a lot of freedom to the auditors and reduces reliance on the audittee for generation of reports/ collection of information. ERP offers excellent audit trails as part of system design and thus offers strong audit evidence to the auditor.

Auditing Through ERP requires fair level of expertise in the ERP on part of auditor. Thus it is very important for CMAs to get themselves acquainted with different ERP systems so that the audit function can be performed as a control and assurance tool rather than post facto fault finding mechanism.

### **Summary**

In Part 6, we have seen different types of audits that needs to be performed to establish reliance on the ERP system. We have also had an overview of the technique of Auditing Through ERP.

This is last part of this article series. Through this article series we have got ourselves acquainted with the basic concept of ERP and Evolution of ERP as a phenomenon. We had a brief overview of various technical and functional aspects of an ERP system. We have seen ERP implementation process and finally the ERP auditing process.

I sincerely believe that CMAs can play a major role in the field of ERP and ERP is a highly professionally rewarding field for CMAs. CMAs need to understand importance of this field and make conscious efforts to acquire the required skill set.

I hope this article series had been helpful for the readers. If there is any feedback please send it to [neeraj@levareinfosol.com](mailto:neeraj@levareinfosol.com).

# SPECIAL ECONOMIC ZONE - PAST, PRESENT & FUTURE

– CMAA. B. Nawal,  
Past Chairman, WIRC



Special Economic Zone Act, 2005 had been made effective w.e.f 10th February 2006 along with Special Economic Zone Rules, 2006. While exports processing zones were converted as Special Economic Zone in 2003, the real momentum has taken place only when SEZ Act, 2005 & SEZ Rules, 2006 has been made effective on 10th February 2006.

Present SEZ scheme is one of the best scheme for not only promoting exports and bring FDI but it is the scheme which is growing in spite of number of hurdles created earlier and even in present and continuously moving ahead towards achieving SEZ objectives. Latest statistics on SEZ has been published on [www.sezindia.nic.in](http://www.sezindia.nic.in) which is reproduced below:

## Fact Sheet on Special Economic Zones

(Dedicated website. [www.sezindia.nic.in](http://www.sezindia.nic.in))

Number of Formal approvals	580	
Number of notified SEZs (As on 31st December, 2010)	372(out of 580) + (7 Central Govt. + 12 State/Pvt. SEZs)	
No. of valid In-Principle Approvals	155	
Operational SEZs (As on 30th September 2010)	122 (Break up: 16 are multi product SEZs, remaining are IT/ITES, Engineering, electronic hardware, textiles, Biotechnology, Gem & Jewellery and other sector specific SEZs)	
Units approved in SEZs (As on 30th September 2010)	3,139	
Land for SEZs	Notified SEZs	Formally Approved (FA) incl.
	44,281 Hectare	68,422 Hectare
	Land is a state subject. Land for SEZs is procured as per the policy and procedures of the respective State Governments.	
INVESTMENT (As on 30th September, 2010)	Incremental investment	Total Investment
SEZs Notified under the Act	Rs.1,61,742.99 cr.	Rs.1,61,742.99 cr.
State/Pvt.SEZs set up before 2006	Rs. 5,581.20 cr.	Rs. 7,337.51 cr.
Central Government SEZs	Rs. 4,788.71 cr.	Rs. 7,067.91 cr.
Total	Rs.1,72,112.90 cr.	Rs.1,76,148.41 cr.
EMPLOYMENT (As on 30th September, 2010)	Incremental Employment	Total Employment
SEZs Notified under the Act	3,52,349 persons	3,52,349 persons

State/Pvt.SEZs set up before 2006	50,612 persons	63,080 persons
Central Government SEZs	83,159 persons	2,05,395 persons
Total	4,86,120 persons	6,20, 824 persons
Exports in 2008-09 DTA Sale (Counted for +ve NFE) DTA Sale(Not counted for+ve NFE)	Rs.99,689 Crore (Growth of 50% over 2007-08) Rs. 13708.67 Crore (13.75% of total production) Rs. 5793.56 Crore (5.81% of total production)	
Exports in 2009-10 (As on 31st March, 2010) DTA Sale(Counted for +ve NFE) DTA Sale(Not counted for +ve NFE)	Rs. 2,20,711.39 crore(Growth of 121.40% over 2008-09) Rs.13937.04 Crore (6.32% of total production) Rs.19201.78 Crore (8.70% of total production)	
Exports in 2010-11 (As on 30th September, 2010)	Rs. 1,39,841.07 Crore (Growth of 55.8% over the corresponding period of 2009-10)	

SEZ has faced number of hurdles due to mis-apprehensions on account of political reason and non-understanding of objective behind that. Department of Revenue still have some apprehensions and therefore, the speed of growth is not restricted but has shaken the confidence of foreign investors as well as existing developers. In spite of all the hurdles, contribution from SEZ towards exports is encouraging which can be observed from the data given below:

## Export Performances

Exports from the functioning SEZs during the last three years are as under:

Year	Value (Rs. Crore)	Growth Rate (over previous year )
2003-2004	13,854	39%
2004-2005	18,314	32%
2005-2006	22,840	25%
2006-2007	34,615	52%
2007-2008	66,638	93%
2008-2009	99,689	50%
2009-2010	2,20,711.39	121.40%

Ministry of Commerce & Industry under the able leadership of Mr. Anand Sharma and his associates, Secretary Mr. Rahul Khullar, Additional Secretary Mr. D. K. Mittal and their colleagues including Development Commissioner are trying hard to remove the difficulties faced by SEZ developers & units.

We give below the latest instructions, circulars and rules amended for the purpose of smooth operations of SEZs.

## SEZ Instructions Summary for Instructions No.40 to 74 :

Instruction No.	Dated	Subject of Instruction	Instruction No.	Subject
40	01.10.2009	Effective implementation of the Hazardous Waste Rules, 2008	The Office Memorandum declared on 24th Sept.2009 has been effectively implemented from 1st Oct.2009. The main purpose of this is all required environmental norms are met before approval for setting up of units in SEZs. The main emphasize of the same is: a) no import of hazardous waste form any country to India for disposal is permitted. b) import shall be only for the intended use of recycling or recovery or reuse. c) Customs authorities at the Ports have the responsibility to verify the documents, draw random samples prior to clearing the consignment and ensure that each consignment is accompanied by movement document (Form-9) and a certification from an accredited agency. They are also required to take action under the Customs Act, 1962 against importers found to be violating these rules.	Hazardous Waste

Instruction No.	Dated	Subject of Instruction	Instruction No.	Subject
41	Nov. 2009	Clarification on calculation of NFE as per Rule 53 of the SEZ Rules, 2006	It is clarified that NFE is to be calculated IN RUPEE TERMS ONLY. In case a unit is NFE negative and claims that it is due to foreign exchange fluctuation, the Approval Committee may consider such cases provided that the unit gets the computations certified by the Authorised Bank, on a case to case, basis.	NFE
42	18.11.2009	Guidelines for consideration of proposals for authorized operations by the BoA	It has been decided that all requests for carrying out authorized operations, whether covered in the default list or not, shall be initially made to the concerned DCs (not directly to BOA) who will first consider and dispose the requests at their level within 15 days from the date of the receipt of the request. The DCs will send only such requests/items for consideration by BoA, which are outside side their powers and that too with their specific comments/recommendation.	Application Procedure
43	23.11.2009	Procedure for seeking clarification on policy issues relating to SEZ Act and Rules from Department of Commerce	This instruction is issued for guidance to Zonal DCs if they need any clarifications on SEZ Policy issues.	Zonal DC
44	Nov. 2009	Reports to be furnished by DCs for review/monitoring of performance of SEZs	This instruction is issued for SEZ departments internal management, monitoring & furnishing of reports by all Development Commissioners and Zonal DC's	Procedural Matter
45	30.11.2009	Implementation of the provisions of the SEZ Act and SEZ Rules, 2006	This instruction is clarified regarding operation of Instruction No.34 i.e. "agencies of Government of India and State Government can not carry out inspection, search, seizure or investigation without approval of the DC of the Zone concerned" is kept in abeyance.	Procedural Matter
46	12.01.2010	Setting up of small scale units in Central Government SEZ	This instruction clarifies about the preference should given to SSI Units while allotting space in Central Government SEZ's as well as space reservation for SSI Units as under: i) In IT/ITES SEZ's : to set up incubators of size of minimum 200 seats and the minimum 10% of the space in the SEZ may be reserved for SSI IT/ITES units; and ii) All other SEZs will allocate 10% space to SSI units.	SSI
47	04.03.2010	Procurement, Import and Export of Prohibited and Restricted Goods	It has been clarified that SEZ units are now permitted to Procure, Import and Export of Prohibited and Restricted Goods subject to prior approval of BOA as under: (i) to export prohibited items, provided they import raw-material for the same. However, each such case will be placed before BOA for approval so that views of DGFT, DoR and others can be considered before taking a decision. (ii) In respect of items which are prohibited for import, SEZ units will be permitted to import the same provided they export goods made out of the same. As in the case of exports, each such case will be placed before BOA for consideration and approval. (iii) In respect of supply of Restricted Items by a DTA unit to SEZ Developer/Unit, the DTA unit can supply such items to a SEZ Developer or unit for setting up infrastructure facility or for setting up of a unit. It can also supply raw material to SEZ unit for undertaking a manufacturing operation except refrigeration, cutting, polishing and blending. However, it will require prior approval of BOA.	Prohibited and Restricted Goods
48	10.03.2010	Employment of washing process in the manufacture of agglomerates etc from imported plastic waste and scrap	According to this instruction it is clarified that, the imported scrap is tested to meet the eligibility requirements. Hence, washing process has no bearing on the eligibility of scrap and unit can use such processes to remove impurities which may get added to the scrap during its collection and transportation and washing is a permissible activity. However, the washing process must meet the State Pollution Control Board's standards.	Others

Instruction No.	Dated	Subject of Instruction	Instruction No.	Subject
49	12.03.2010	Clarifications on FTWZ (Free Trade Warehousing Zones) issues	According to this instructions following guidelines are laid down in respect of FTWZ : i) No approval for procurement of service "Rental" of immovable property for office outside the Special Economic Zone / FTWZ can be given. ii) Regarding Licencing requirement, in terms of Rule 27 of SEZ Rules, a unit in SEZ/FTWZ can import all types of goods except prohibited items. However, in terms of Rule 26 of SEZ Rules, if any permission is required for import under any other law, the same shall be allowed with the approval of BOA. In respect of prohibited items, Instruction No.47 dated 4th March, 2010 shall apply. (ii) Regarding permissibility of diesel in the FTWZ, it is clarified that Rule 27 of SEZ Rules permits a developer to procure all types of goods including consumables for authorized operations. Hence diesel is permitted for authorized operations in the processing area including material handling equipment. iv) There are no limitation on Units set up in FTWZs located in Sector Specific SEZs to carry out Trading and Warehousing Activities in respect of any product. v) Trading and Warehousing units located within FTWZ can carry out DTA to FTWZ and FTWZ to DTA transactions. vi) Requests for allowing cutting, polishing, blending etc. as part of authorised operation of a FTWZ unit can be considered by the Approval Committee on a case to case basis based on the merits of the case.	FTWZ
50	15.03.2010	Consolidated list of default authorized operations which can be undertaken by the developer/approved co-developer by default from the date of notification	It has been clarified to further expand the list of default authorized operations. Developer/approved Co-developers may allow duty free goods and services for these default authorized operations from the date of notification of the SEZ. These authorized operations will, however, continue to be subject to the various guidelines issued by Government from time to time. Approval Committees while approving goods and services for such default operation may look into the actual requirement of the SEZs for such operations. Accordingly a consolidated list of authorized operations is enclosed herewith: Consolidated Default Activities	Authorized Operations
51	25.03.2010	Declaration of Raw material components etc. imported by Gems & Jewellery units in respect of goods to be manufactured by them	According to Rule 17 of SEZ Rules, units in SEZ are required to file Declaration in Form F while submitting the application for setting up of an unit. As per this Instruction it is clarified that, In connection of this existing procedure, the additional procedure should be followed by all Gems & Jewellery units in future for bringing in jewellery, broken jewellery etc. for remaking, remelting, repairing, etc. such as i) All units have to declare, at the time of import the nature of the product, i.e. if the jewellery is used, unused, new, broken, with the quantities separately on the import documents for clear identification thereof. ii) The officers examining the import consignments will verify that the declarations are filed and wherever necessary open and inspect the consignments after seeking approval of the Development Commissioner. Discrepancies if any found will have to be explained and brought on record. iii) Before importing jewellery for such case, units should file a revised Form-F, wherever necessary. iv) Maintenance of Register as instructed etc. etc. For more details please click on following link. <a href="#">Detailed Procedure</a>	Gems and Jewellery
52	20.04.2010	Clarification on broad- banding in IT/ITES Sector SEZ	According to this instruction it is clarified that, as IT/ITES includes both Hardware and Software therefore, there is no need to take approval of BoA for broad-banding by Developers in IT/ITES sector to broad-band their product profile by including electronic hardware.	IT and ITES SEZ
53	29.04.2010	DCs to put up a mechanism in place in all SEZs so that exports and import clearances take place all 7 days in a week.	According to this instruction it is ensured by department that ensured that SEZ Developers and units are able to carry out the operations all the seven days in a week irrespective of any holiday. Accordingly DCs should make an arrangement that on all holidays at least one shift of the customs is working from 10 AM to 6 PM. Also at least one ADC or DDC be available in office to attend to issues of units/Developers so that export and import activities are continuous in the SEZs.	Procedural Matter

Instruction No.	Dated	Subject of Instruction	Instruction No.	Subject
54	30.04.2010	Consolidated list of default authorized operations which can be undertaken by the developer/approved co-developer by default from the date of notification	It is clarified that, there are following changes in Annexure-I to Instruction No.50:1.At S.No.22 under item(A)of Annexure-I FOR - Construction of all type of buildings in processing area READ AS - Construction of all type of buildings in processing area as approved by the Unit Approval Committee. 2. At S. No. 26 under item (A) of Annexure-I FOR - Warehouses READ AS - Warehouses as approved by the Unit Approval Committee	Authorized Operations
55	05.05.2010	Allowing of Authorized employees of IT/ITES units in SEZ to work from Home	According to requirements of IT/ITES sector as an exception it has been clarified that, work from Home or from a place outside the SEZ is permitted only in respect of employees temporarily de-capacitated and in respect of employees travelling subject to following conditions: a) The person should be as employee of SEZ Unit b) The person will carry out the work related to a project of the SEZ Unit c) The resultant exports must take place only from the premises of the Unit in the SEZ	IT and ITES SEZ
56	07.05.2010	Withdrawal of Instruction No.45	It is clarified that, the Instruction No.45 dated 30th Nov.2009 stands withdrawn w.e.f. 13.01.2010 (which was regarding operations of Instruction No. 34 declaring Held in abeyance)	Procedural Matter
57	20.5.2010	Withdrawal of Instruction No.34	Instruction with respect to agencies cannot carry out inspection search or seizer or investigation without approval of DC , has been withdrawn.	Procedural Matter
58	21.5.2010	Allowing of Authorized employees of IT/ITES units in SEZ to work from Home	Off-site Employees of SEZ may be permitted to work from home or place outside SEZ subject to conditions mentioned in Instruction No 55. IT Units in DTA can carryout their jobwork in SEZ by following the procedure under Rule 43 of SEZ Rules.	IT and ITES SEZ
59	18.6.2010	Request for transfer of Units from one SEZ to another SEZ	Shifting of Units from one SEZ to another should be placed before the Board for its consideration.	Procedural Matter
60	06/07/10	Clarification on holding of goods by units in FTWZ	FTWZ Units can hold goods on behalf of foregin supplier and buyer and DTA supplier and buyer after complying with Rule 18(5)of SEZ rules 2006.	FTWZ
61	14.7.2010	Withdrawal of Instruction No.36, 25, 24 & 16	–	–
62	23.7.2010	Procedure for clearance of state SEZ Bills	Department of Commerce takes responsibility to create consensus among Dept. of Government of India and recommend to Ministry of Home Affairs (MHA) and MHA would get the assent of the President on the Bill.	Procedural Matter
63	10/08/10	Procedure regarding Removal of goods to bonded warehouse under Rule 46 (13) of SEZ Rules 2006	Procedure prescribed.	Procedural Matter
64	11/08/10	Role of Zonal DC	Development Commissioner of Central Government owned SEZ were declared as Zonal DC and responsibility are allocated.	Zonal DC
65	27.10.2010	Guidelines for the Development of SEZ	Guidelines issued.	Application Procedure
66	27.10.2010	Energy Conservation in SEZ	Guidelines issued.	Procedural Matter
67	28.10.2010	Duty for sale of power from SEZ to DTA	To implement Cus. Not. 91/2010, operation of Rule 47 (3) of SEZ Rules is kept abeyance.	Power
68	28.10.2010	Transfer of used Capital Goods by SEZ Units	Procedure laid down in Instruction No. 11 to be followed and in case of doubts the DC should refer the case to the DOC but should not take unilateral decisions.	Procedural Matter
69	04/11/10	Guidelines to regulate functioning of Plastics, used clothing Units in SEZ	Instructions for not allowing Broad Branding and splitting up of license for setting up Sub-units, No third Export shall be allowed,All transactions to be regulated through a single Bank Account, 100% inspection of the Consignment at SEZ gate.	Procedural Matter
70	09/11/10	Clarification of Various Policies and Operational Issues relating SEZ	Clarification with respect to: 1. Income Tax Benefit on Shifting of Units to SEZ, the ratio of 80 : 20 of new : Used CG shall be reckoned from the date starts its production. 2. No limitation on transfer of Manpower to SEZ Units. 3. IT Companies which operate Master Contracts must have individual and distinct	IT and ITES SEZ

Instruction No.	Dated	Subject of Instruction	Instruction No.	Subject
			Sub-contract in respect of each of its SEZ Units. 4. Broad Branding of IT / ITES SEZ to include Hardware also. 5. Physical Testing activity should be undertaken outside SEZ while the Test Data can be processed in the SEZ Units. 6. SEZ online projects- DC s including STPI Directors can use services of Executives for day to day problems faced in operating M/s NSDL software.	
71	12/11/10	Clarification on Instruction No. 49 on FTWZ Issues	Units in FTWZ in Sector specific SEZ can store goods require for development of zone or setting up of units or for manufacturing and Export/ DTA Sale of goods or finished products of the Units in the particular sector specific zone.	FTWZ
72	30.11.2010	Clarification on execution of Bond cum Legal undertaking by the SEZ Developer or Units in terms of Rule 22 (1) (iv) (b)	1. Developer or unit is required to monitor its own Bond cum Legal undertaking amount on quarterly and yearly basis and in case there is a shortfall to submit additional Bond cum legal undertaking. 2. Unit or Developer can execute a Bond cum Legal undertaking to cover duties for one year or for 5 years.	Application Procedure
73	29.12.2010	Creation of Single Window Mechanism for granting various Statutory Approvals under Environmental and Regulations	–	Procedural Matter
74	31.12.2010	Amendment to Instruction No. 69 containing guidelines to regulate functioning of Plastics, used clothing Units in SEZ	Instead of 100% inspection of Used Clothing Consignment to DTA at SEZ Gate, it will be done at the premises of the Unit.	Procedural Matter

Recently, in line with guidelines published for Power Project, Department of Revenue has amended the budget provisions and removed the difficulties in generation & transmission of power from SEZ to DTA which will create a positive environment not only for SEZ development but for removing power deficit of India.

Some of States Government is also proactive and they have positively responded to the recommendation of Ministry of Commerce & Industry to enact State SEZ Act and following State Governments have enacted State SEZ Act:

- |                   |                |
|-------------------|----------------|
| 1. Gujarat        | 4. West Bengal |
| 2. Haryana        | 5. Tamilnadu   |
| 3. Madhya Pradesh | 6. Punjab      |

Government of Maharashtra, Karnataka though had put the bill in assembly, still there are number of oppositions and therefore Bills are not been enacted. Therefore, maximum numbers of operational SEZs are in Gujarat, Tamilnadu, Madhya Pradesh. Other State Government will realise very soon after comparing growth of other states on account of SEZ and will enact State SEZ Act in their State.

The first draft of Direct Tax Code is amended in proposed Direct Tax Code w.r.t provisions relating to SEZ but still those are not encouraging. Fortunately, Honourable Finance Minister, Shri Pranab Mukherjee, while addressing in Parliament has assured the House that the benefit to SEZ which is already granted will not be withdrawn. Provisions of proposed Direct Tax Code relating to SEZ are given below:

Sr.No.	Particulars	Under DTC Bill	Under Income Tax Act, 1961	Remark
1	Special Economic Zone - developer	As per Section 318 (p) of DTC, the deduction under Section 80-IAB of the repealed Income-tax Act shall continue to be allowed under this Code, if the assessee, being a developer engaged in the business of developing, operating and maintaining a Special Economic Zone notified on or before 31st day of March, 2012 under the Special Economic Zones Act, 2005, subject to the conditions	Under Section 80IAB, Developer & Co-developer will be exempted from income derived from Development & operation & maintenance of SEZ for consecutive 10 years out of 15 years	As per Draft DTC, the exemption was granted to SEZ developed & notified till 31.3.2011 & now it is extended by one year.
2	Special Economic Zone - units	(r) the deduction under section 10AA of the repealed Income-tax Act shall continue to be allowed under this Code, if the assessee, being an entrepreneur as referred to in Section (j) of section 2 of the Special Economic Zones Act, 2005, begins to manufacture or produce articles or things or provide any service in the unit in the Special Economic Zone on or before the 31st day of March, 2014, subject to the conditions	under Section 10AA, Profits on Exports earning will be exempted as follows: first five years : 100% next five years : 50% next five years: 50% (subject to reinvestment of such profit in SEZ capital reserve to be utilised for expansion ) the profits to be arrived as per the formula i.e Profit of the unit / total turnover of the unit * export turnover of the unit	As per Draft amended DTC, the exemption w.r.t. units in SEZ was proposed for those units already operating in SEZs as on 31.03.2011. But under final DTC bill, the period is extended to 31.3.2014 for units.
3	MAT (Minimum Alternate Tax) For all companies	Under DTC it is 20% of book profits	Under IT act, it was 15% till 31.3.2011 & from 1.4.2011 it is 8%	Under Draft DTC, the MAT was applicable on gross value of assets but in amended draft it was rectified to Book value as per current provision under IT Act. There is no exemption from MAT to be granted to SEZ developer & SEZ units.

Since investors including existing SEZ developers have shaken their confidence coupled with worldwide recession, following SEZs have got de-notified:

Sr.No.	Name of the Developer	Type	Notification number and Date	Remarks
Andhra Pradesh	Lahari Infrastructure Limited	Services Sector	1549(E). Dt.14th September, 07	de-notified on 25th January, 2010
Delhi	Shivajimarg Properties Limited	IT/ITES	Dt. 16th June, 2008	de-notified on 23rd January, 2009
Gujrat	Essar Hazira SEZ Limited	Engineering Products	1628(E) dt. 28th Sept.'06	de-notified on 6th October, 2010
	DLF Limited	IT/ITES	1406 (E), Dt.9th June 2008	de-notified on 30th April, 2010 (S.O.995(E))
Harayana	DLF Limited	IT/ITES	2097(E), Dt. 22nd August, 08	de-notified on 27th October, 2009
Kerala	TCG Urban Infrastructure Holdings Limited	Biotechnology	1201(E), Dt.12th May 09	de-notified on 30th April, 2010
Maharashtra	K. Raheja Universal Private Limited	IT/ITES	1437(E), dt. 21st August 07	de-notified on 18th January, 2010
Orissa	DLF Limited	IT/ITES	Dt.7th February, 08	de-notified on 24th July, 2009

Moreover, around 50 SEZs have approached Board of Approval, Ministry of Commerce & Industry requesting them for de-notifying their SEZ or cancellation of formal approval.

Export Promotion Council for EOU & SEZ have invited recommendations from Trade & Industry & experts including Bizsolindia and consolidated recommendations have been submitted to Government for removing the difficulties of SEZ.

Sr.No.	ISSUE	JUSTIFICATION
1.	CONTINUATION OF THE BENEFITS OF INCOME TAX ACT, 1961, AS GIVEN IN 2ND SCHEDULE OF SEZ ACT, 2005, TO SEZ UNITS, SEZ DEVELOPERS, OBUS, IFSC, AFTER IMPLEMENTATION OF DIRECT TAX CODE	<p>Direct Tax Code (DTC) Bill, 2010, in the Parliament, is certainly an improvement over earlier draft Bill, as far as SEZs are concerned. The Direct Tax Code Bill has provided continuation of the benefits under Section 80-IAB of the present Income Tax Act for the SEZ developers in respect of SEZs notified on or before 31st March, 2012 and Income Tax benefit under section 10AA of the Income Tax Act to the SEZ units which commences its operations till 31-3-2014. However, these provisions do not meet the requirement of the SEZ Scheme fully and would very seriously affect employment, exports and investment in the SEZs.</p> <p>REQUEST</p> <ol style="list-style-type: none"> <li>1. We request that corrective steps need to be taken immediately so that exports, investment and employment in SEZs could be accelerated further.</li> <li>2. Full applicability of the existing scheme must be enabled for all SEZs notified till a determined cut off date (we request that 2014 should be made the cut off date to facilitate a number of SEZ developers who have invested huge amount of money towards the same.</li> <li>3. All the SEZ Units to be established within these notified SEZs (as on the particular date) must be allowed to be covered under the existing provisions of the Income Tax Act 1961.</li> </ol>
2.	AMENDMENT TO SECTION 10AA OF THE INCOME TAX ACT, TO BE MADE APPLICABLE W.E.F 10-2-2006	<p>Union Budget 2009-10 has amended Section 10AA(7) of the Income Tax Act and the word assessee has been substituted by the word "undertaking".</p> <ul style="list-style-type: none"> <li>• Union Budget proposes to make this amendment applicable w.e.f. 1-4-2010.</li> <li>• This amendment should be made applicable w.e.f. 10-2-2006 i.e. the date when the SEZ Act and SEZ Rules actually became operational. This is because of the following reasons:- <ul style="list-style-type: none"> <li>- SEZ Act actually provides 100% exemption from export income in first 5 years. By the present formulation SEZ units do not get 100% exemption. Hence intent of the SEZ Act is not complied with.</li> <li>- This anomaly has been recognized and rectified but this rectification should be from 10-2-2006.</li> <li>- Similar anomaly was existing in Section 10A, relating to erstwhile EPZs and Section 10B relating to EOU prior to the year 2000. This anomaly was rectified by the Finance Act 2001.</li> <li>- CBDT Circular No. 14/2001 dated 23-7-2001, in Para 21.7, categorically stated that these amendments are clarificatory, hence this was made applicable for the earlier year also.</li> </ul> </li> </ul> <p>Accordingly in this Budget also it should be stated that this amendment is clarificatory in nature and is accordingly applicable w.e.f. 10-2-2006.</p>
3.	AMENDMENT IN EXPLANATION II OF SECTION 10AA OF THE SEZ ACT TO PROVIDE EXEMPTION FROM INCOME TAX ON	<p>" As per Section 2(m) of the SEZ Act, exports is defined as follows:-</p> <p>(m) "export" means -</p> <ol style="list-style-type: none"> <li>(i) taking goods, or providing services, out of India, from a Special Economic Zone, by land, sea or air or by any other mode, whether physical or otherwise; or</li> <li>(ii) supplying goods, or providing services, from the Domestic Tariff Area to a Unit or Developer; or</li> </ol>

Sr.No.	ISSUE	JUSTIFICATION
	INTER-UNIT TRANSFER OF GOODS AND SERVICES IN SEZs	<p>(iii) supplying goods, or providing services, from one Unit to another Unit or Developer, in the same or different Special Economic Zone;</p> <ul style="list-style-type: none"> <li>• Accordingly supply of goods or services from one unit to another unit or developer in same or different SEZ is considered as export and is computed for the purpose of calculation of Net Foreign Exchange earnings.</li> <li>• However explanation II of Section 10AA defines exports as follows:- (ii) "export" in relation to the Special Economic Zones" means taking goods or providing services out of India from a Special Economic Zone by land, sea, air, or by any other mode whether physical or otherwise;</li> <li>• Hence though supply of goods and services from one unit to another unit in the SEZ is classified as exports in the SEZ Act and is computed for the purpose of NFE, such supplies are not given exemption from income tax.</li> <li>• This is discouraging component manufacturers and manufacturers of intermediate product in the SEZs. Specifically international component manufacturers of ITA-I items and textile sector SEZs have been requesting that inter unit transfer of goods and services in the SEZ should be provided exemption from income tax so that the international component manufactures/intermediate goods manufacturers can set up facilities in the SEZs.</li> <li>• Hence it is suggested that Explanation II of Section 10AA should be amended to read as follows:- "export" in relation to the Special Economic Zones means - <ul style="list-style-type: none"> <li>- Taking goods or providing services out of India from SEZ by land, sea, air, or by any other mode whether physical or otherwise; or</li> <li>- Supplying goods, or providing services, from one unit to another unit or developer, in the same or different Special Economic Zone.</li> </ul> </li> </ul>
4.	Reduction in corporate Tax & Removal of Education Cess & Surcharge NOKIA SEZ	<p>Corporate tax rate should be reduced to 25% and Surcharge &amp; Education Cess that are levied on same should be removed. This reduction is more than overdue since the current tax rates are making India uncompetitive in the world. The slashing of corporate tax will actually help the government since the savings of the corporate sector will be ploughed back into the economy by way of investment. Corporate tax collections will increase on the later rounds, which will multiply tax revenue. Reduction of corporate tax is a time proven strategy and many countries are following it with excellent results.</p> <p>Further under Direct Tax Code also Corporate Tax rate of 25% should be maintained. This will help in widening of tax base &amp; in turn provide more revenue to the government.</p>
5.	Option of choosing the years of exemption within a block of period should be given to existing as well as new SEZ units NOKIA SEZ	<p>Section 10AA of the Income Tax Act provides for 100% exemption on export profit for SEZ units for first 5 years beginning from date of commencement of commercial production and 50% exemption in subsequent 10 years. However these undertaking do not always earn profits during initial years, in such cases, they can't avail of the 100% exemption as available in initial 5 year of operation. It is thus proposed that SEZ unit (both existing &amp; new) should be given an option wherein they can choose the year from which they can start availing the exemption for 15 consecutive years within a period of 20 years.</p> <p>The similar option is available for undertaking specified in Sec 80-IA Act where they can claim the exemption for 10 consecutive years within a block of 15 years. This facility should also be extended to existing as well as newly established SEZ units.</p>
6.	Deemed export : Income Tax Benefit u/s 10AA NOKIA SEZ	<p>Presently, SEZ units are entitled to 15 year Income tax exemption (100% for first 5 years, thereafter 50%) under Sec 10AA of the Income Tax Act, 1961 on the export supplies. This benefit however is not available to the 'Suppliers' to SEZ units.</p> <p>Even though, supplies to SEZ units are 'deemed exports' for indirect tax (i.e. VAT, Excise duty, Service tax etc.) purposes, there is no 'Income tax exemption' benefit extended to such supplies. This dichotomy acts as single biggest deterrent for 'Foreign Suppliers' while evaluation their investment decision in India. Situation is no different for EOU or SEZ units supplying to other SEZ unit. In view of above, it is recommended that the concept of 'deemed exports' be introduced in Section 10AA of the Income Tax Act, 1961 which should then extend the 'Income tax exemption' benefit to the Suppliers to SEZ.</p>
7.	Income Tax Exemption for STPI units NOKIA SEZ	<p>STPI units are major foreign exchange earners and one of the biggest employers in the country. Income tax exemption for these units set to expire on 31st Mar'11. If the exemption for these units is discontinued it will lead to additional burden on them. This will make their export pricing uncompetitive &amp; will in turn affect their performance and growth.</p> <p>It is thus proposed that sunset clause for Income-tax exemption for STPI unit should be either removed or extended at least up to March 2015.</p>
8.	Depreciation on plant & machinery NOKIA SEZ	<p>The depreciation rate for mobile phone industry should be raised to 45% at reduced value. Based on this, the equipment value will come down to practically zero in a period of three years or so. The accelerated depreciation will increase the investment in capital expenditure, which is a must for the industry. The rate of obsolescence in the mobile industry is very high since the technology and design standards advance almost every day.</p>
9.	Royalty & Software payment NOKIA SEZ	<p>Payments to Foreign Supplier for Software supplied are unnecessarily litigated by Tax Authorities. Definitions of 'royalty' should therefore be amended to exclude 'Software supplies'. A similar provision should also be introduced in Direct Tax Code and controversy relating to software supplies should be put to rest.</p>
10.	FDI in retail NOKIA SEZ	<p>Under the current framework foreign companies are allowed to do retailing in Single Brand Retail and are prohibited to do multiple brand retailing. These restrictions should be relaxed for the mobile phone industry as such move will not have any impact on the domestic industry, on the other hand it will help foreign companies to increase their sales. Increased sales will result in increased manufacturing operations and create additional job opportunities.</p> <p>It is thus proposed that such restriction should be relaxed for foreign companies in the mobile phone sector.</p>

SEZs now being habituated to cross all the hurdles and shine with the help of Export Promotion Council for EOUs & SEZs, Ministry of Commerce & Industry. Therefore, the future of SEZ is not at all bad but there will be no going back on the benefits given in SEZ Act, 2005 & SEZ Rules, 2006.

SEZ will only be the path towards accelerating the growth and achieve double digit GDP for India. Let us hope happy SEZ operations in future.

## Continuing Education Programme at SMF Centre, Thane

Date : Saturday, 12th February 2011  
 Time : 5.30 p.m. to 8.00 p.m  
 Topic : **Adjudication Process – Art of Drafting reply to Show Cause Notice and Appellate procedure in Indirect Taxes**  
 Speaker : **CMA S. R. Bhargave, CCM-ICWAI**  
 Fees : Rs. 100/-  
 Venue : Students' & Members Facilitation Centre  
 Bldg. No. 8, Ground Floor, Damani CHS Ltd.,  
 Damani Estate, Old Agra Road (LBS Marg),  
 Near Naupada Post Office,  
 Near Hariniwas Circle, THANE (W) 400 602.  
 Tel. No. 022-2545 0763

**(2 CEP Credit Hours will be provided)**

### Programme Co-ordinators

CMA S. G. Narasimhan - 98199 95065  
 CMA Shekhar Joshi - 98204 25493  
 CMA Ashish Thatte - 98209 73559

For Registration: E.mail: seminar@icwai-wirc.org

## Continuing Education Programme

Date : Saturday, 26th February 2011  
 Time : 3.00 p.m. to 6.00 p.m  
 Fees : Rs. 100/-

**(2 CEP Credit Hours will be provided)**

### Programme Co-ordinators

CMA Aruna Soman - 98692 07020  
 CMA M. S. Chandani - 98210 77748  
 CMA V. B. Prabhudesai - 98201 54768

For Registration: E-mail: seminar@icwai-wirc.org

**Please check WIRC Website for details**

## CAREER EXHIBITION

WIRC has participated in Career Exhibition organized by Lala Lajpatrai College of Commerce, Mahalaxmi, Mumbai on 8th January 2011.

On the occasion CMA M.B. Ashtamker delivered lecture to students about the scope of Cost and Management Accountancy.

The Exhibition received excellent response from the students.

## NAVI MUMBAI CHAPTER OF COST ACCOUNTANTS

*organises*

### SEMINAR ON

**Forex Market Overview & Technical Analysis**  
**On Saturday, 26th February 2011 at 9 to 5 p.m.**  
**at Navi Mumbai Sports Association,**  
 Sector -1A, Vashi, Navi Mumbai 400 703.

### About the Seminar

The seminar deals with Forex Markets-features and operations and Technical Analysis-tools for analyzing the market trends.

### About the Speaker

The technical sessions will be addressed by Mr. V. Rajagopal (M.Com., LL.B., C.A.I.I.B.). He is a former banker with over 15 years experience in the foreign exchange markets. He was a Chief Dealer-forex treasury in ICICI Bank and Kotak Mahindra Bank. Earlier, he served with Syndicate Bank in Branch banking and international Banking areas. Presently a visiting faculty at various institutes like BSE (Bombay Stock Exchange), NIBM (National Institute of Bank Management), Pune, World Trade Institute, Mumbai, various public sector banks' training institutes and management schools covering topics related to foreign exchange treasury operations and technical analysis of financial markets.

### Delegate Fees

Corporate delegate	Rs. 3,000/-
Self Sponsored Professional / Teachers	Rs. 1,000/-
Student of ICWAI / ICSI / MBA	Rs. 500/-
Self Sponsored Member of NMCCA	Rs. 500/-

### Souvenir Advertisement Tariff and Sponsorship

Back Cover	Rs. 15,000/-
Inside Front Cover	Rs. 7,500/-
Inside Back Cover	Rs. 7,500/-
Inside Full Page	Rs. 3,500/-
Inside Half Page	Rs. 2,000/-
Inside Quarter Page	Rs. 1,500/-
Banner for the full session	Rs. 20,000/-
Sponsorship for the programme	Rs. 30,000/-

### Mode of Payment

DD/Cheque payable in favour of "Navi Mumbai Chapter of Cost Accountants", to the address of the Chapter or to **Mr. V. Narayanan, (Cell : 99876 73265)** A-503, Punit Park, Sector-17, Nerul (East), Navi Mumbai 400 706. They may also send the information about their participation to **nmccaseminar@yahoo.in**

**For Details contact :**

### NAVI MUMBAI CHAPTER OF COST ACCOUNTANTS

303, Continental Society, Plot No. 48,  
 Sector-29.Vashi, NAVI MUMBAI - 400 703.  
 Tel.: 98334 00277 / 9820740098  
 E-mail : NaviMumbai@icwai.org

# PCAC - Success Story Since Inception

## Inauguration of PCA Center of PCCA

Pune Chapter of Cost Accountants had extended their wings by opening a new center at Akurdi on 31st October, 2009 at the auspicious hands of honorable mayor of Pimpri Chinchwad Municipal Corporation Sau. Aparnatai Doke. Shri. Shama Sundara - Managing Director of Maharashtra Natural Gas Ltd was the Guest of Honor. The center is known as Pimpri - Chinchwad - Akurdi Center (PCAC).

Some prominent Past Presidents of ICWAI namely CMA V. Kalyanraman (also Past President SAFA), CMA Pramod Parkhi, CMA J.K. Puri, CMA Dhananjay Joshi were present on the occasion. The opening ceremony was also blessed by many elected regional and central committee members namely CMAs V.C. Kothari, A.G. Dalwadi CCMS, Manubhai Desai Chairman WIRC, Amit Apte Vice Chairman WIRC, P. V. Wandrekar Past Chairman WIRC, Dinesh Birla Treasurer WIRC. CMA Dr. N. M. Vechalekar Past Chairman WIRC and Past Chairmen of PCCA CMAs B.R. Fernandes, D. V. Patwardhan, Dr. Gawade, N. M. Nimkar and other distinguished personalities from the profession and industry graced the inauguration of PCAC.

Since its inauguration PCAC has shown tremendous growth in the number of students registrations and various activities for the benefit of the members.

## Infrastructure and Facilities

The center is located at a prominent place, just a walking distance of 5 minutes from main Pune - Mumbai road at N.B. Arcade, Near PCMC Hospital at Akurdi. The total area available is in excess of 3,000 sq feet. Pune chapter also created a state of art infrastructure at this location for the benefit of students and members which include:

- Excellent library with all type of books and periodicals.
- Reading room accommodating more than 50 students at a time with table and chair facility.
- Seminar hall with LCD projector, internet connectivity accommodating over 80 delegates at a time.
- Administrative office working with modern communication facilities and office equipment.
- Computer training centre with capacity to train over 40 students at a time.
- Common terrace to organize special functions.

## PCAC Working Committee

Pune Chapter also constituted a working committee consisting of members from Pimpri, Chinchwad and Talegaon areas. This committee has worked in close liaison and co-ordination with the Managing committee of PCCA.

1. CMA D. R. Kulkarni, Chairman
2. CMA Ashwini Nande, Vice Chairman

3. CMA Sandesh Badkas, Secretary
4. CMA Rahul Chincholkar, Treasurer
5. CMA Shrirang Kardile, Member
6. CMA D T Londhe, Member
7. CMA Ashish Deshmukh, Member
8. CMA Pradeep Deshpande, Member
9. CMA Sachin Gandhi, Member

## Library - Reading Room:

Large number of students and members are taking benefit of the Library and Reading Room facilities at PCA Center, particularly in the months of May, June and November, December at the time of ICWAI Examinations. The PCA center has taken steps to update the books and improve the contents. Books worth Rs. 1,17,504/- are added in the Library during the year, under the Revised Syllabus. The center allows students to borrow library books for home reading. PCA center library facility is kept open all 7 days from Monday to Sunday 08:00 AM to 06:30 PM for students convenience.

## Office Working:

PCA center is kept open Monday to Saturday (Office timing: 10.00 am to 6.30 pm - lunch break: 1:30 pm to 02.00 pm). The queries received from the members, faculties and Students are immediately responded to.

## Student facilities and statistics

### Admission Statistics:

With the efforts of the working committee members of PCA Centre, the number of students registered from Pimpri Chinchwad area has increased from around 75 in July to December session 2009 to 241 for the January to June session 2011.

Course details	July-Dec 2009	Jan-June 2010	July-Dec 2010	Jan-June 2011
TOTAL	76	113	242	241

### Exam Center:

The Institute has given permission to conduct the exams of ICWA in Pimpri Chinchwad area from December 2010 batch. PCA center explored various possibilities and finalized the Camp Education Society's Dr. Arvind Telang College as an Exam Center. Students from different locations of Pimpri, Chinchwad, Talegaon, Chakan, Dehu, Wakad, Hinjawadi, Rajgurunagar, Bhosari etc. have taken the benefit of this examination center.

In December 2010 examination 371 students enrolled and got the benefit from this exam center.

## MAJOR EVENTS SINCE INAUGURATION OF THE CENTRE

### 1. Principals Meet:

The management committee of PCCA & PCAC had organized a meeting & get - together for the inauguration

celebration of PCA Center on 1st December 2009. The chief guest was Professor Dr. Babasaheb Rambhau Sangale, Dean Faculty of Commerce, Pune University. Principals and Deans of all major colleges in Pimpri Chinchwad area were invited for the meet.

## **2. India corporate week:**

Pimpri Chinchwad Akurdi Centre of Pune Chapter & ATSS jointly organized a lecture programme under India Corporate Week on 18th December 2009 at ATSS, Chinchwad - Pune. CMA (Dr.) N. M. Vechalekar, Advisor Pune Chapter delivered a lecture on 'Interpretation of Annual Accounts & Analysis'.

## **3. Seminar on Union Budget:**

Technical seminar was organized by Pune Chapter of Cost Accountants on 5th March 2010 at its PCA Center in Akurdi, Pune for the benefit of members from Pimpri - Chinchwad-Akurdi area. Mr. B S Vasudev, Commissioner of Central Excise, Pune III Pune was the Chief Guest. Keynote address was given by CMA Dhananjay V Joshi, Past President, and ICWAI. The Technical Sessions were conducted by CMA Sanjay Bhargave, CCM, ICWAI and Practicing Cost Accountant, CMA Manoj Behede, PCA and Mr. Chandrasekhar Chitale, Practicing Chartered Accountant. The seminar was attended by large number of our members and the delegates from the industry.

## **4. Excise & Service Tax Certificate Course**

The centre conducted a Certificate Course on Excise and Service Tax during the term January to June 2010. On 8th Aug. 2010, Pune Chapter at its Akurdi Center organized Prize & Certificate Distribution for the participants who successfully completed Chapter's Course on Central Excise & Service Tax. CMA V.S. Datey eminent authority on Indirect Taxes was the Chief Guest for the programme. Based on the overall response to this course, the new batch for the similar course is also inaugurated on 30th January 2011.

## **5. Members meet:**

Pune Chapter organized Members' meet for the convenience of members in Pimpri Chinchwad Akurdi area at PCAC on the 27th November 2010. The members were apprised of the various facilities available at PCAC. CMA Neeraj Joshi, appealed to the members from PCAC area to come forward and participate actively in Pune Chapter's activities for members and students as well. He further urged to have full utilization of Office, Library and Seminar/lecture Hall facilities for dynamic professional activities. Many members expressed their satisfaction for organizing such programmes.

## **6. Inauguration of Computer Training Center**

Pimpri Chinchwad Akurdi Center of Pune Chapter of Cost Accountants inaugurated New Computer Training Centre on the 27th November, 2010, at the hands of Mr. Sudhir Gogate, Executive Director, Keihin FIE Pvt. Ltd. CMA D. V. Joshi, Former President, ICWAI, CMA S. R. Bhargave, Central Council Member, ICWAI, CMA Amit

A. Apte, Chairman, WIRC was the Guest of Honour of this function. Due to increase in number of students, committee members of PCCA & PCAC made arrangement to impart Computer Training to ICWA students. 250 students of oral & 150 postal students are taking benefits of this computer facility.

## **7. CEP program on Corporate Social Responsibility**

On the 27th November, 2010 a CEP program was conducted on the subject "Corporate Social Responsibility". Speakers for this CEP were CMA N M Vechalekar, Associate Dean PGP, Indsearch, Pune & Mr. Prashant Ahir, General Manager - HR, TATA Motors.

## **8. Business communication seminars:**

Last year PCA Center organized Business Communication Seminars for the Oral and Postal Coaching Students on 18th and 22nd Aug 2010 by Dr Abhay Kulkarni -Director IICMR and Mrs. Madhavi Deshpande - HOD IICMR. All these seminars were found very interesting and useful to the students.

This year Business Communication Seminar has been conducted on 30th January 2011 and another will be coming up on 13th Feb 2011 by Mr. Avinash Halbe - Former Divisional Manager, Tata Motors, and Pune. Students are trained considering that in their future professional life they will have to go through many competitions. The centre has received very good feedback from our students who attended this seminars.

## **9. Group Discussions (GD):**

Group Discussions introduced by our Institute were held at PCA center for the Oral and Postal Coaching students during the year. This has improved the communication skills and presentation of the students.

## **Future plans**

### **Increase the number of students:**

PCAC has plans to cover all colleges from Pimpri-Chinchwad and nearby area and conduct introductory lectures/seminars. PCAC Working committee members will take personal interest to let all students know about ICWAI and benefits of Cost Accountancy in today's industry.

### **Contacts with Industries:**

As Pimpri-Chinchwad area is known as an industrial belt. PCAC has been steadily increasing its contacts with industries. This will definitely help PCA center to provide more campus recruitment and internship for its students. This will also help to invite new lecturers / professionals from industry to conduct frequent seminars for the students.

### **Study circle:**

PCAC has already started the activity of study. Considering the future trends and challenges of IFRS, DTC, GST the centre wants to strengthen this activity.

# CHAPTER NEWS

## AURANGABAD

Aurangabad Chapter and Ladies wing of Sakal group of Papers 'Madhurangan' jointly organized "Investors Awareness Programme" at Tapadiya Natya Mandir on 18th December 2010.

Mr. Raviraj Santnur, Branch Manager, Kotak Mahindra Bank, Aurangabad, Mr. Ketan Nanivadekar from My Smart Money Financial Services, Ms. Sunita Pimparkar, Ms Sharvari Kudale, Mr. Ravindra Mane of IDBI Bank, Aurangabad were faculty for the programme. They shared their views on the subject matter. On the occasion CMA Rajesh Shukla explained the theme of the programme and said that the objective of this programme is to make Investors aware about opportunities, risk in investments in Shares & Stocks.

Ms. Aparna Adhyapak, Co-ordinator of Sakal Madhurangan Group welcomed the speakers and the audience. CMA Suresh Pimple introduced the speakers. CMA R.D. Khandalkar narrated the activities of the Chapter.

"Savings should be converted into investments" said Mr. Raviraj Santoor, "Long Term investment gets better returns" said Mr. Ketan Naniwadekar, "Proper management of money plays crucial role" described. Mrs. Sunita Pimpalkar.

CMA Suresh Pimple co-ordinated the programme & proposed vote of thanks. Around 200 participants were present on the occasion.

## BARODA

### Report on the 3rd Western India Regional Students' Conference

3rd Western India Regional Students' Conference of WIRC of ICWAI was held at Professor C. C. Mehta Auditorium, M. S. University of Baroda.

Around 450 student participants attended from all over Western Region of India.

### Inaugural Session

The Inaugural session started from 10.00 a.m. with a prayer to Lord Saraswati by Baroda Chapter Students. CMA Kailash Sankhlecha, Chairman of Baroda Chapter of Cost Accountants welcomed the august gathering in his respectfully out of the heart manner.

CMA B. M. Sharma. President of ICWAI was the Chief Guest of the function. He inaugurated the conference by lighting the lamp and thereafter he delivered his inaugural address.

CMA Amit Apte - Chairman of WIRC, CMA P. V. Wandrekar, Hon. Secretary of WIRC, CMA Dinesh K. Birla, Vice Chairman of WIRC and CMA Manubhai Desai, Chairman, Students Facilities Committee, WIRC were also present for the conference.

### Technical Session I

In Technical Session I, 3 students delivered their presentation on the subject 'Global Economic Perspective'. Students were Gaurav Rane from Baroda Chapter, Waqui Quazi from Nagpur Chapter & Anand Kalyani from Pune Chapter.

### Technical Session II

In Technical Session II, 2 students, Dipti Sukhadiya from

Ahmedabad Chapter & Forum Diwan from Baroda Chapter made their presentation on the subject 'Challenges in Cost and Management Accountancy Perspective'.

### Technical Session III

Total four papers were presented in Technical Session III, on subject 'Opportunities in Cost & Management Accountancy Perspective'. The students were Sonali Shah from Ahmedabd Chapter, Sonu Kewlani from Ahmedabad Chapter, Somenath Adak from Bilaspur Chapter and Reshma Shinde from Nasik Ojhar Chapter.

On the occasion a Quiz programme was conducted. Mr. Haresh Chotani from Baroda Chapter won the quiz competition. The programme ended with a grand cultural programe and dinner at 10.30 p.m.

WIRC, Mumbai sent a delegation of 50 students to participate in 3rd Western India Regional Students Conference.

## NAVI MUMBAI

### Inauguration of Coaching Class

Chapter inaugurated Oral Coaching classes for January 2011-Batch of Foundation & Intermediate courses of ICWAI at K B Patil College (Modern College) Vashi on Saturday, the 1st January 2011. The Inauguration was done at the hands of CMA. P. V. Wandrekar, Hon. Secretary and Treasurer of WIRC. In his inaugural address he gave useful suggestions and tips to the students for achieving success in this professional course.

Prof. Jogdand, Vice Principal of Modern College was a invitee at the inaugural function. He expressed great satisfaction in the way the Oral Coaching Classes are conducted by the Chapter leading to increased intake of students for Jan-2011 batch. Prof. Tapase, Vice Principal of Modern College, stated that it is because of the keen interest taken by the office bearers of the chapter that the success has been achieved and promised to extend all support to the Chapter activities. CMA K. R. Jethani, Chairman of the Chapter gave the keynote address and expressed happiness that long felt need of students for an Examination center at Navi Mumbai has been fulfilled. Around 200 students from Navi Mumbai and adjoining places benefited by this examination center in Dec'2010.

CMA Prof. V.Narayanan, Vice Chairman of the Chapter in his address elaborated the expectations from the students of oral coaching classes and assured all support to the students.

Students for both Intermediate and Foundation courses attended the programme along with other members of the institute. CMA K.V.V.S. Murthy proposed the vote of thanks.

### Investor's Awareness Programme

Chapter organized an "Investors Awareness Programme" for the general public on 16th January, 2011 at K.B. Patil College, Vashi. The topic was "Currency Options and Interest Rate futures" and the speaker was Mr. Abhijeet Shinde, Manager, National Stock Exchange (NSE). Mr. Debasish Mitra, Secretary of the Chapter introduced the speaker and welcomed the audience. Mr. K R Jethani, Chairman of the Chapter briefed the audience about the various activities of Navi Mumbai Chapter of Cost Accountants undertaken for the benefit of the people of Navi Mumbai in their pursuit for academic achievement.

Mr. Shinde introduced several technical terms used in Currency derivatives, explained the NSE Trading platform, clearing and settlement system, the methodology of Options Pricing and various Option strategies adopted under different market scenario with illustrations. He also gave useful inputs on the Interest rate Futures.

The lecture was very well received and was educative and informative to the public at large. The program was very well attended by students from colleges, faculty of colleges, various professionals and general public.

Mr. V.Narayanan, Vice Chairman of the Chapter brought to the attention of the people the various programmes of the Chapter on the anvil and proposed the vote of thanks.

## PUNE

### IFRS Short Term Course Inauguration

Certificate Course on IFRS, organized by Pune Chapter of Cost Accountants was inaugurated on 8th January 2011 by CMA (Dr.) N.M.Vechalekar, Associate Dean of INDSEARCH and Past Chairman- WIRC. The course is for 10 weeks and is being conducted by CMA. Rammohan Bhawe, Fellow Member of our institute. Dr. Vechalekar felicitated CMA. Bhawe by offering him a bouquet on behalf of Pune Chapter and spoke a few words on the significance of IFRS in relation to globalization.

CMAN. K. Nimkar, Past Chairman of Pune Chapter introduced CMA. Bhawe to the participants.

The course is meant for members of ICWA, ICAI, ICS and Corporate Delegates. The course is designed to cover the framework and all IFRS Standards, the syllabus for the preparation of Diploma in IFRS by ACCA, UK and also conversion of Indian Balance Sheet in IFRS. The course has received excellent response from the Corporate world and professionals in practice. At the end of inaugural session, CMA N. K. Nimkar proposed vote of thanks. Compering of the inaugural session was done by Mrs. Belan of PCA Center.

### Modular Training Programme

Modular Training programme for Final year students of Oral & Postal Coaching for the current stage was inaugurated on 16th January 2011 by CMA (Dr.) N.M. Vechalekar, Associate Dean of PGDBM - INDSEARCH.

### Business Communication Seminar

The first Business Communication Seminar for Intermediate Students was organized on 23rd January 2011 at Marathwada Mitra Mandali College of Commerce Premises. Mr. Raghavan Iyengar a well-known faculty on the subject of Communication Skills from Pune, conducted the programme.

He covered the topics such as Communication - Principles, Interpersonal communication, Body language, Business Letter, Report Writing, Leadership Skills, Personal Interview, Project Presentation etc. He made the students to participate in the programme with few practical shows and this was very effective and interesting for the students to understand closely the principles of communication skills.

### CEP on 22nd January 2011

With a view to deliberate on recently released Exposure Draft (ED) on Guidance Notes on Cost Accounting Standard on Material Cost (CAS 6), PCCA organized CEP on 22nd January 2011.

CMA Dhananjay Joshi, Past President-ICWAI, and Member - CASB was the faculty for the programme. CMA Harshad Deshpande, Treasurer-PCCA welcomed participants. CMA Neeraj Joshi Chairman P.D. committee introduced CMA D. V. Joshi. CMA Harshad Deshpande felicitated CMA D. V Joshi by offering him a bouquet. Members of the Chapter were present in large number. The discussion on the ED was very thoughtful. All the members expressed their views on the ED. CMA Dhananjay Joshi agreed to convey all the suggestions on the subject to the Cost Accounting Standard Board and ICWAI.

Others present were CMA Pramod Dube Chairman PCCA, CMA Anant Dhavale, Chairman Students Co-ordination Committee PCCA, CMA Sandesh Badkas Secretary working committee - PCAC, and CMA Chaitanya Mohrir, Member of the Managing Committee PCCA.

### Participation in WIRC's Regional Students Conference At Baroda

This Conference was organized at Baroda and Pune Chapter of Cost Accountants deputed 10 Intermediate students for participation in the Conference. The team of students was accompanied by Prof. S. S. Gupta our faculty member and Pune Chapter's staff member.

Baroda Chapter had organized Power Point Presentation & Quiz Competition for the students. The Expert Committee of the Baroda Chapter selected PPT of Mr. Anand Kalyani on the topic of 'Global Economic Perspective' for delivering the presentation during the Conference.

### Republic Day Celebration

Flag Hoisting Ceremony was organized on 26th January 2011 on Republic Day at Laxminagar Premises of Pune Chapter in the morning. CMA V. S. Datey, Chairman of Nasik Chapter was the Chief Guest. CMA Pramod Dube - Chapter Chairman welcomed and introduced CMA Datey and offered him a memento on behalf Pune Chapter. CMA V.S. Datey hoisted the flag on this occasion.

CMA Pramod Dube - Chapter Chairman, CMA Sanjay Bhargave CCM, CMA Harshad Deshpande Treasurer PCCA, CMA A. B. Dhavale Chairman, Students' Co-ordination Committee, CMA Neeraj Joshi Chairman - Prof. Development Committee, CMA Chaitanya Mohrir - Member of the Managing Committee, CMA D.V.Patwardhan - Hon. Director PCCA, PCCA Staff and Students of PCCA were present for the programme.

CMA V.S. Datey advised students to keep themselves up to date with the changes taking place around us.

### Inauguration of Oral Coaching at Solapur Unit of PCCA

Inauguration of Oral Coaching of Solapur Unit of Pune Chapter of Cost Accountants at Solapur was done on 5th January 2011 by Mr. Shankarrao Linge an Industrialist from Solapur. CMA N K Alwal introduced Mr. Linge and CMA Shriniwas Diddi felicitated Mr. Linge by offering him bouquet. Mr. Linge in his address highlighted the importance of Cost Accounting from his practical experience.

Other members present for the function were CMA Sunil Ingale, CMA R V Kshirsagar, CMA Murali Iyengar, CMA N. D. Dontul and Mr. Pramod Vaidya of Mangalwedhekar Institute of Management, Solapur.

Students, their Parents and Faculties were present in large numbers. CMA N D Dontul proposed vote of thanks.

### **Central Excise and Service Tax Course organized at Pimpri Chinchwad Akurdi Center**

Certificate Course on Central Excise and Service Tax, organized at Pimpri Chinchwad Akurdi Center of PCCA was inaugurated on 30th January 2011 by CMA Amit Apte Chairman WIRC, ICWAI and CMA D.R. Kulkarni, Chairman Working Committee, PCAC of PCCA.

The course is for 50 hours and is being conducted by CMA S.R. Bhargave CCM ICWAI, CMA N.K. Nimkar, member of managing committee PCCA, CMA Sachin Gandhi, member of working committee PCAC, CMA Rahul Chincholkar, member of working committee PCAC, CMA Neelakshi Ketkar, member of managing committee PCCA. CMA D.R. Kulkarni Chairman Working Committee, PCAC of PCCA felicitated CMA Amit Apte Chairman WIRC, ICWAI and CMA S.R. Bhargave, CCM, ICWAI by offering them a bouquet on behalf of PCAC and spoke a few words on Central Excise and Service Tax Course.

CMA D.R. Kulkarni Chairman Working Committee, PCAC of PCCA introduced CMA S.R. Bhargave, CCM ICWAI to the participants.

The course is meant for members of ICWA, ICAI, ICSI and Corporate Delegates. The course is designed to cover introduction of new audit pattern, shifting of onus to assess, e-filing etc. This course has been designed to educate the persons to enable them to handle day to day problems and records related to various provisions in central excise and service tax more effectively and also get ready for GST.

The course has received excellent response from the corporate world and professionals in practice. At the end of inaugural session, CMA D.R. Kulkarni Chairman Working Committee, PCAC of PCCA proposed vote of thanks.

Compering of the inaugural session was done by Mrs. Belan of PCA Center.

### **Business Communication Seminar organized by Pimpri Chinchwad Akurdi Center**

The first Business Communication Seminar for Intermediate Students was organized on 30th January 2011 at PCA Center of PCCA. Mr. Avinash Halbe - Former Divisional Manager, Tata Motors, Pune a well-known faculty on the subject of Communication Skills conducted the programme.

He covered the topics such as Communication - Principles, Interpersonal communication, Body language, Business Letter, Report Writing, Leadership Skills, Personal Interview, and Project Presentation etc. He made the students to participate in the programme with few practical shows and this was very effective and interesting for the students to understand closely the principles of communication skill.

## **SURAT - SOUTH GUJARAT**

### **Annual function of the Chapter including Prize Distribution, Felicitation of President of ICWAI and Chairman of WIRC of ICWAI, Investor Awareness programme and Musical Programme.**

On 23rd January, 2011 the Chapter organized its Annual Function at Central Hall of P. T. Science College, Athwalines, Surat. CMA Brijmohan Sharma, President of ICWAI, CMA Amit Apte, Chairman WIRC, CMA Sanjay Bhargave, CCM-ICWAI, CMA Manubhai K. Desai Chairman, Students Facilities committee WIRC were present on this occasion.

In her welcome address the Chairperson of the Chapter CMA Dr. Heena Oza, presented a detailed report of the activities of the Chapter, and also laid down the road map for its future activities. On this occasion the President ICWAI and Chairman WIRC were felicitated by the Chapter. All the Merituous students were given prizes by the dignitaries. Founder member of the Chapter CMA. R. H. Shah was also felicitated on this occasion. In his special address to the Students, CMA Sanjay Bhargave, CCM-ICWAI gave an outline about the future prospects for Management Accountants. Chairman of the Students Facilities committee of WIRC of ICWAI CMA Manubhai K. Desai showered his worthy blessings on the students and motivated them to work more and more hard to achieve the desired success. In his speech Chairman WIRC CMA Amit Apte laid more emphasis on regular updating of knowledge by the students. In his key note address to the students President of ICWAI CMA Brijmohan Sharma described the importance of CMA qualification, he also stated the steps taken by ICWAI in providing better quality services to the students and members of ICWAI, he laid more stress on learning rather than reading. The formal vote of thanks was presented by the Vice Chairman of the Chapter CMA Shirish Mohite.

The Chapter also organized an Investor Awareness Programme. The key speakers were CS Devesh Pathak from Baroda and Mr. Aditya Srinivasan from Surat. Mr. Pathak gave a technical overview of various provisions under the companies act for the protection of investors. In his address Mr. Srinivasan gave a lucid understanding of importance of Investor awareness in present times. Both the speakers were well appreciated by the audience. At the end of the session CMA J. T. Parmar proposed vote of thanks.

A Cultural Programme was also organized in the afternoon, where a team of Medical Professionals from Surat performed soft music and rejuvenated the participants.

The programme was co-ordinated by CMA Leena Painter, and whole team of Surat South Gujarat Chapter enthusiastically participated and volunteered to make this day a memorable one in the history of the Chapter. CMA B. F. Modi Vice Chairman and Senior Member from Vapi concluded the programme with formal vote of thanks.

The Programme was well attended by Students, Parents, Investors, Faculty members and Members of the Institute from Surat and South Gujarat.

### **Visit to Ankleshwar Bharuch Facilitation Center**

On 23rd January, 2011 CMA B.M.Sharma, President ICWAI and CMA Amit Apte, Chairman WIRC and CMA Manubhai Desai, Chairman, Students Facilities Committee WIRC visited Ankleshwar Bharuch Facilitation Center. CMA S.N.Mundra welcomed all the delegates. CMA S. N. Mundra explained about importance of ICWA course and existence required in the India's as well as Asia's biggest chemical zone where presence of ICWAI facilitation centre is required. Also various support received from school trustee Mr. Popat Lal Patel & Others. CMA B.M.Sharma explained about the recent developments, which help for employment as well as increased scope for practice. Question answer session was held about Professional Development. CMA R.A.Mehta proposed Vote of thanks to members and about support received from CMA Rajendra Rathi, CMA Koushik Joshi, and other CMA members. Mr. Popat Lal Patel, Trustee of the School, explained about this course in local language. ■



Investor Awareness Programme organised by Surat SG Chapter inaugurated by CMA Dr. Heena Oza, Chairperson, CMA Sanjay Bhargave, CCM-ICWAI, CS Devesh Pathak, Mr. Aditya Srinivas, CMA Amit Apte, Chairman WIRC, CMA B.M. Sharma, President ICWAI and CMA Manubhai Desai, Chairman Students Facilities Committee WIRC.



CMA Amit Apte, Chairman WIRC giving away prizes to Meritorious Students during felicitation function organised by Surat SG Chapter on 23-1-2011. CMA Shirish Mohite, Vice Chairman of Surat SG Chapter, CMA Manubhai Desai, Chairman Students Facilities Committee WIRC & CMA B. M. Sharma, President ICWAI look on.



CMA Shirish Mohite, Vice Chairman of Surat SG Chapter welcoming members during Felicitation function organised by Surat SG Chapter on 23/1/2011.



Audience at large during Annual function organised by Surat SG Chapter on 23/1/2011

## Best Chapter Award

In the 52nd National Convention held at Chennai, following Chapters under WIRC were given "Best Chapter Award" for the year 2010.



Category "A" AHMEDABAD



Category "B" SURAT-SOUTH GUJARAT



Category "C" AURANGABAD



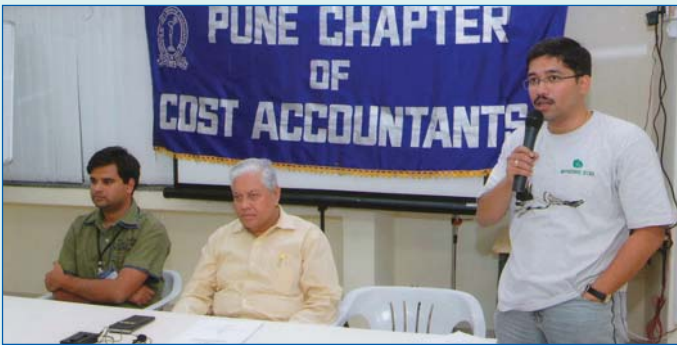
Category "D" JABALPUR



CMA Dr N.M. Vechalekar, Associate Dean, INDSEARCH and Past Chairman- WIRC addressing the members on IFRS program organised by Pune Chapter. Also seen (L to R): CMAs N K Nimkar, Past Chairman of PCCA, D V Patwardhan, Hon. Director, PCCA & Rammohan Bhawe, Fellow Member of Institute and faculty of IFRS program.



CMA (Dr.) N.M. Vechalekar, Associate Dean of INDSEARCH and Past Chairman-WIRC felicitating CMA Rammohan Bhawe, Fellow Member of our Institute and faculty of IFRS program organised by Pune Chapter. Also seen (L to R): CMAs N K Nimkar, Past Chairman of PCCA, D V Patwardhan, Hon. Director, PCCA.



CMA Neeraj Joshi, Chairman - Professional Development Committee Member, PCCA introducing CMA Dhananjay Joshi, Former President of ICWAI during CEP organised by Pune Chapter on 22nd January 2011. Also seen CMA Harshad Deshpande, Treasurer - PCCA.



Mr. Shankarrao Linge, Industrialist, addressing the members and students on Inauguration of Oral Coaching of Solapur Unit of PCCA. Also seen (From L to R): CMA Shrinivas Diddi, Chairman-Solapur Unit of PCCA & Mr. Pramod Vaidya, In charge of Mangalwedhekar Institute of Management, Solapur.



Flag hoisting on the occasion of Republic Day at PCCA's Premises.



Visit to Ankleshwar ICWAI Facilitation Center. (L to R) S.N. Mundra, CMA Amit Apte, Chairman WIRC, CMA B.M. Sharma, President ICWAI, CMA Manubhai Desai, Chairman, Students Facilities Committee, WIRC and Mr. Popat Lal Patel, Trustee of Sarvodaya School, Ankleshwar.



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THE INSTITUTE OF  
COST AND WORKS ACCOUNTANTS OF INDIA  
WESTERN INDIA REGIONAL COUNCIL,  
Rohit Chambers, Janmabhoomi Marg,  
Fort, Mumbai 400 001.

Tel.: 2204 3406 / 2204 3416 / 2284 1138

Fax : 2287 0763

E-mail : bulletin@icwai-wirc.org

Website : www.icwai-wirc.org

To