

## From the Desk of Chairman



My Dear Professional Colleagues,

The year 2009 has started with an unexpected turmoil in the corporate world in India and has equally baffled the overseas investors and financial world. The disclosures made by Chairman of Satyam Computers about the accounting jugglery are turning out to be much serious than when they were made out to be in the beginning of January. The ease with which the entire Community of Employees, Independent Directors, Auditors, Analysts, Bankers, Taxman etc. have been made to believe the things that were non-existent, makes this an unparalleled fraud in history of corporate India.

It raises serious doubts about the efficacy of all the checks and counter-checks provided in the system and still the audacity of couple of people to get away from all this. The full facts are emerging day by day and complicating the whole episode.

The time has come to review the system of only one set of people being appointed as the Auditors to do the Financial Audit. In fact, the Cost Accountants are adequately placed to serve as alternative professionals to take up financial audit also. The rotation of auditors must be made mandatory and in fact audit from one set of professionals may be rotated next year to another set of professionals like Cost Accountants. Another alternative is to give quarterly audit to Cost Accountants and year end audit to Chartered Accountants or vice-versa to ensure that the independence of auditors is ensured through cross check by the professionals. The integrity of the audit exercise has never been so challenged as brought out by this episode. The roles and responsibility of Auditors, Directors and independent Directors need to be made more specific, not sheltered by the excuse of limited information or test checks only done in the performance of audit or audit committee/board meeting deliberations.

Turning to the good news. Last year end, SEBI permitted Cost Accountants to take up internal audit of Stock Brokers. Now, RBI has included name of Cost Accountants also as eligible to certify documents to be submitted for availing finances from financial Institutions/Banks. Detailed circular in this regard is included in the news letter. I am sure such initiatives will be used by our members and demonstrate to the industry the variety of experience our members carry and ability to service financial sector also equally well.

I am happy to share with you that due to follow up by Ludhiana Chapter of Cost Accountants, the head-quarter has agreed to make Ludhiana as an examination centre. I hope this industrial town will see a quantum jump in the new enrolment of students as well as in the strength of members in the years to come.

The Golden Jubilee National convention of ICWAI has successfully concluded in Pune in January 2009 and facilitated deliberations on contemporary issues affecting inclusive growth. The WIRC team deserves appreciation for the events packed programme.

In order to improve the quality of students qualifying ICWAI examination, significant improvement has been brought about in the Modular Training being provided to them. Also, opportunities are being provided through dedicated programmes for personality development and enhancement of communication and presentation skills. Next such programme is to be held on 22<sup>nd</sup> March, 2009.

As you are aware, the fresh students have to undergo 3 years practical training for which corporates have been requested to be empanelled with the Head office. You are requested to review requirements of your organisation and facilitate placement of students for practical training. The results for Dec. 2008 exams will be announced in early march and I invite your organisation for Campus Placements of Inter / Final qualified Students.

Continuing the professional development initiatives, Lucknow Chapter organised a programme on Excise duty and Chandigarh Chapter organised programme on Limited Liability Partnership, the details of which are appearing in this newsletter. Both the programmes were well attended, for which I compliment the managing committees of the two chapters.

We are planning to have a half day workshop of IFRS in the next month and you are requested to watch the programme details and join deliberations on the contemporary issue of adopting IFRS.

An evening programme on 'Stock Audit' is scheduled to be held on 26<sup>th</sup> Feb. 2009, Thursday in NIRC. You are requested to participate in the programme and help in sharing of views with others.

With warm regards,

Yours sincerely



(RAJEEV MEHROTRA)  
Chairman/NIRC

February 14, 2009

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## Secretary's Communique



Dear Friends,

In the last couple of months, the country has felt number of shocks be it on security front or on economic side. We must commend our present establishments for showing enough courage to deal with the situation and providing necessary impetus to all country men to overcome all odds and sail through these troubling times. The results are visible. The liquidity position has substantially improved after series of aggressive measures by the RBI. The stock markets have shown signs of stability. **To my understanding, the worrisome factor remains is of job losses. It seems imminent in view of the slowing of export. As reported by the Labour Bureau, nearly 5 lakh jobs wiped out between Oct - Dec.** Not only people did lose jobs, many of those retained had to take a cut in salaries. November month alone saw an average decline in salaries by 11.43%.

Though it may be rational for individual enterprises to opt for lay offs, but it could spell gross irrationality at the macro economic level. As individual companies try to cut costs and reduce the impact on their bottom line by laying off workers, the cumulative result is to depress demand for what all companies produce in aggregate. This accelerates the slow down, and release further pressure to cut costs. There must be intervention at the macro level to stop this vicious cycle. Here responsibility of professional has increased many fold not only to suggest measures to their employers / clients to deal with severe recessionary period without reducing the employee cost but by increasing efficiency & adopting various other measures for cost reduction.

On activity front another mega event Golden Jubilee National Convention was concluded on 30<sup>th</sup> January 2009 at Pune. Though I was not fortunate enough to witness this convention due to some unavoidable circumstances but feedback received was quite encouraging specifically regarding presence of large number of members, delegates & other dignitaries, quality of speakers & excellent arrangements etc. For this super success I heartily congratulate & thank to all the members of Western Region particularly conference organizing group.

I also take this opportunity to Congratulate Members of our Jaipur Chapter, Lucknow Chapter & Allahabad Chapter who have been adjudged as Best Chapters (1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup>) respectively from Northern Region. I hope & request the members of other Chapters specifically those small Chapters who could not organize activities at their Chapter in past to please arrange at least one seminar/ study circle meeting etc once in every quarter. I request managing committees of big Chapters i.e Chandigarh, Lucknow & Jaipur Chapters to extend all possible help to small chapters of their respective states in organizing these professional development activities. On behalf of NIRC I ensure to extend full cooperation & help for this purpose.

Members of Lucknow & Jaipur Chapter organized series of activities i.e Workshop on "Central Excise Audit u/s 14A and 14 AA" (17<sup>th</sup> January at Lucknow), Republic day Celebration (26<sup>th</sup> January at Lko & Jaipur) & brief ceremony on the occasion of Inaugural of Coaching Classes (9<sup>th</sup> January at Lucknow) & seminar on "Special Economic Zone – Issue & Opportunities for Cost Accountants and Understanding of Derivatives" (17<sup>th</sup> January at Jaipur). All these activities got a very good response as large number of members & Students attended the function.

Similarly A Seminar on "Cost Accounting System in Engineering Industry" was successfully organized by our Allahabad Chapter on 8<sup>th</sup> February.

On 23<sup>rd</sup> January Chandigarh Chapter organized a seminar on "Limited Liability Partnership" in association with Chandigarh Branches of Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. The importance of this seminar not only lies in the emerging professional space in this area of enterprise but also shows the level of coordination between all three institutes in understanding and acquiring prospective professional opportunities collectively.

Over the period, some of members highlighted some of areas in NIRC which needs improvements. On behalf of Team NIRC we ensure that various reforms measures are in process for implementation. This process shall continue till our actions match best possible management practices. However we need your support in form of continuous feedback, suggestions for improvements & above all your involvement specifically in implementation process.

With Warm Regards & Jai Hind

(Rakesh Bhalla)

# ACTIVITY REPORT

## JHANSI CHAPTER OF COST ACCOUNTANTS

### JHANSI CHAPTER OF COST ACCOUNTANTS

1. A members meet was organized on “**Managerial Awareness**” as a part of Professional Development Programme by Jhansi Chapter of Cost Accountants on **3<sup>rd</sup> September,2008.**

At the outset, Shri A. Saha, Chief Guest and AGM(F) BHEL, Jhansi blessed the gathering. Thereafter, Shri S.K. Banerjee the Chairman of Jhansi Chapter and Key Note Speaker deliberated on the various issues of Managerial Awareness such as : (i) Emotional Intelligence and Teamwork.(ii) Improvement of Personal effectiveness and understanding of Urgent Vs Important Activities. (iii) Learning or Role Efficacy and Paygmalion effect concepts. (iv)Understanding of Corporate Leadership Practices. (v) Project Management practices concept & application of ASK, (Attitude, Skill, knowledge) SHE (Safety, Health, Environment)etc. in the Professional field. (vi) Motivating others, and Capability building process. (vii) Time Management techniques. (viii) India’s economic Scenario, strategic plan.

There was lively interaction amongst the members on the topics during the deliberation by the Speaker. At the end, Shri R.N.Pal , The Vice Chairman of Jhansi Chapter offered Vote of thanks to the Chief Guest , the Speaker and other Members present in the Meeting.

2. **A Members Meet on Accounting Awareness** as a part of professional Development programme was organized by Jhansi Chapter of Cost Accountants in coordination with the Finance Division of BHEL Jhansi Unit, on **19<sup>th</sup> September,2008.**

At the start of the meeting , Shri D.s. Mudli, a member of the Chapter welcomed the Chief Guest, Shri A. Saha, AGM (Finance) BHEL, Jhanis, Shri S.K. Banerjee, Chairman, of the Chapter and other

Members at the Meeting . thereafter , Shri J.Sharma, a Chartered Accountant & Manager (Finance), BHEL, Jhansi and member of our Chapter deliberated on the various accounting Standards starting from AS-1 to AS-15. During deliberations, Shri Sharma clarified all the 15 Accounting Standards and their reference to BHEL working.

Shri A. Saha, AGM (F) & the Chief Guest explained the importance of understanding the above accounting standards. Shri S.K. Banerjee , Chairman of the Chapter clarified the necessity of organizing this type of meeting and its relevance to the profession.

The Chief Guest, Chairman and all the Members and participants also actively participated in the discussion during the deliberation by the Speaker. The Meeting concluded with a vote of thanks by Shri P.V. Ramakant, the Secretary of the Chapter to the Chief Guest , Chapter Chairman, Speaker and other members present in the meeting.

## JAIPUR CHAPTER

### Seminar on Special Economic Zone-Issues & Understanding of Derivatives

Jaipur Chapter of Cost Accountants organized a seminar on Special Economic Zone – Issue & Opportunities for Cost Accountants and Understanding of Derivatives, on 17<sup>th</sup> January,2009. The Key Speaker was Shri Sanjay Jain, Co. Secretary-Cum – GM(Accounts), Mahindra world City, and Mr. Rakesh Sharma, Alternative Channel Head, Nirmal Bang Securities Pvt. Ltd.

Shri Vinod Chittora, Chairman of Chapter presented hearty welcome & floral bouquet to both the Speakers . He briefed the importance and relevance of the programme for the members as professionals Shri P.D. Agrawal, Director of Coaching conducted the programme. Both the speakers dealt with the respective topics in a very lucid manner. The session was very

interactive . The topics were highly useful and knowledgeable for the members.

The Seminar concluded with a vote of thanks proposed by Shri R.K. Bhandari, Secretary of the Chapter.

### **Republic Day Celebration**

Jaipur Chapter of Cost Accountants celebrated the 60<sup>th</sup> Republic Day function on 26<sup>th</sup> January, 2009 at Chapter premises which was attended by a large number of members and students.

Shri Vinod Chittora, Chairman of the Chapter unfurled the National Flag. On this occasion, he welcomed the guests & addressed the gathering detailing about various activities and future plans of the Chapter and also sought suggestions from the members for improvements. He also urged that we must keep ourselves ready to face the challenges in competitive environment & update our knowledge & skill to develop the profession.

At the end of celebration Shri R.K. Bhandari, Secretary of the Chapter presented vote of thanks to the members & students present at the function.

## **LUCKNOW CHAPTER**

### **SESSION INAUGURAL FUNCTION (JAN TO JUN 09)**

The Inaugural function of ICWAI course for the session starting from Jan 09 was held on 10<sup>th</sup> Jan 09 at ICWAI Bhawan, Gomti Nagar, Lucknow. The function was attended by approx. 150 students, guardians, Cost Accountants, and Faculty members of the Institute. 47 meritorious students were honoured by various awards by Shri Sunil Singh, Vice Chairman LCCA, Shri OP Saxena Secretary, Shri Mahendra Singh, Executive Committee Member, Shri AP Thakur Sr. Manager, HAL Lucknow, H.K. Vaish, Sr. Faculty Member, and Pawan Tiwari Faculty Member.

Shri OP Saxena, Secretary, LCCA while welcoming the august gathering said that this session is being started at very critical time. You are aware of reported Financial, Accounting and Corporate Governance mismanagement in Satyam Computers one of the IT majors in India. This is certainly a great set back for

Accounts and Finance Professionals. It has put a big question mark on credibility of audited accounts. Statutory Auditors even could not detect fictitious deposits, Interest and receivables. It is high time for the Govt. to give an honest thought of injecting competition in area of Statutory Financial Audit and Members of ICWAI be included to conduct Financial Audit under the Companies Act so that such type of events does not occur in future. You all will agree that with the increased competition, quality improves.

Shri AP Thakur, Sr. Manager, HAL and Faculty Member advised students for constant hard work till achievement of ultimate goal of becoming Cost Accountant. He shared his view of his being Cost Accountant. He said that he has achieved the heights in his life only because of this course.

Shri Sunil Kumar Singh Director (Studies) LCCA, gave presentation on New Syllabus 2008 and explained the course contents and coverage, coaching policy, mandatory training, Modular training and others aspects of the coaching. He said that Cost Accountants in India are known as MANAGEMENT ACCOUNTANTS world wide, This profession offers job opportunities in Govt., Public sector, Private sector, NGOs, and consultancy firms. Members can opt for practicing as Cost Accountant. So there are vast opportunities after passing this course but it requires a little more efforts on your part. Lucknow chapter offers registration, oral coaching, computer training and practical training facility to the ICWAI students. We regularly organize workshop/seminars for updating professional knowledge of members and students as core competency of this profession is expert knowledge of latest developments in economic and business scenario.

Shri Mahendra Singh, Executive Committee Member, LCCA proposed the vote of thanks. He congratulated the award winners and wished the same expectation from the new students. Replying a query of students he said that Chartered Accountancy and Cost Accountancy are two separate fields in accounting profession. The ICAI was commissioned in 1949 to regulate and practice Financial Accounting and ICWAI was commissioned in 1959 to regulate and develop Cost Accounting and to provide value-added

information to management using Management Accounting tools. Thorough knowledge of Financial Accounting is prerequisite for Cost and Management Accounting.

The Program was concluded with recital of national anthem and followed by High Tea. Photos of the program are enclosed.

### **60th Republic Day Celebrations (26<sup>th</sup> Jan 09)**

60<sup>th</sup> Republic Day of the Nation was celebrated at LCCA at 9.55 Hours at ICWAI Bhawan Gomti Nagar. Shri Sudhanshu Dwivedi, DGM (F&A) UPPCL and adviser of LCCA Managing Committee hoisted the national Flag at ICWAI Bhawan and it was followed by recital of National Anthem. The ceremony was attended by Shri Sunil Kumar Singh Vice Chairman, Shri OP Saxena Secretary Shri Alok Saxena Member, Shri Pradeep Tiwari member, Staff members and a large No of students. On this occasion Shri Sudhanshu Dwivedi congratulated all on this occasion and urged to work with integrity and honesty in professional field as this is the area which requires highest standards in the present scenario where Accounting and Audit people are being looked with suspicion. The programme was concluded with distribution of sweets and refreshment.

### **Workshop on “Central Excise Audit u/s 14A and 14 AA”**

A workshop on “Central Excise Audit u/s 14A and 14AA” was organized by Lucknow Chapter of Cost accountants on 17<sup>th</sup> Jan 09 from 5.30 PM to 8.30 PM. Shri Sheo Narayan Singh Anived, Commissioner Customs, Central excise and Service tax, Lucknow was the Chief Guest on the occasion. In his lively address he said that Special Audit u/s 14A and 14AA is mainly a proper mechanism of correlating inputs and outputs. It involves preciously identification of items which are used only for manufacture of excisable goods and for the purpose of Cenvat Credit. He added that Department does not want any kind of inconvenience and hindrance in their business but certainly does not want the loss of the Govt. revenue. He appreciated the role of Cost Accountants in Excise Audit and said that audit work to be done by Cost Accountants with integrity and upholding highest ethics of auditors. He told that he

himself and his officers attending the workshop have been benefited a lot. He informed the members that Spl Excise Audit of various firms will be issued shortly in Lucknow Commissionerate.

Earlier, Shri Sanjay Mehra, Chairman LCCA while giving welcome address assured that full cooperation and best services will be extended by Cost Accountants in Special Audit and Desk Review under Central Excise and Service Tax to maximize the Govt. Revenue. He welcomed the Chief Guest, Paper presenters and participants in the workshop and said that deliberation will certainly be of great help in Excise and Service tax Audit.

Shri Vijender Sharma, Jt Vice Chairman, NIRC of ICWAI and Practicing Cost Accountant while making a presentation on the subject, deliberated on Quantity and value of various inputs actually received, those issued for consumption and actually consumed for manufacture of various goods. He stressed upon variances to be reported with plausible reasons. With the help of suitable examples, he put forth the expectations of Cost Accountants from department for objectively conducting the Excise audit such as standard guidelines for periodical audit of big manufacturer, compulsory submission of CAS – 4 Certificate and utilization of CARR by Excise Department to reconcile with various excise return.

Shri Navneet Jain, Practicing Cost Accountant deliberated on CENVAT audit. He pointed out on constant decrease in payment of Excise duty through PLA versus increase in CENVAT availment, mismatching of ratio of PLA to Value Addition, multiplicity of products manufactured by the assessee, Quantum of data to be analyzed and Industry prone to excise evasion e.g. steel.

Shri B.L. Soni, Dy Commissioner, Central Excise, Customs and Service Tax in his presentation informed that Spl audit u/s 14 AA has been extended to Service tax also, hence availment of CENVAT in Service Tax also need to looked into. He said that this audit involves comparing the various parameters relevant from taxation point of view like total value of goods receipt, CENVAT credit availed, Value of production & clearance, fuel consumption, sales, captive consumption, PLA / CENVAT ratio and Gross profit

ratio etc. for the unit in question over the last few years as well as the other units of the same sector.

Shri OP Saxena, Secretary coordinated and conducted the workshop. In his address he said that in the background of Satyam scam, reliability of Audited accounts has been tarnished badly. All sticks of corporate governance have failed miserably. The entire episode has put auditors under a big question mark. As of now it is urgent need to reinstate the faith in audited accounts, It may be Statutory audit or any kind of audit. He said that the objective of the workshop is to sharpen and update the auditing skills of the members of ICWAI to be in fitment of the changed paradigms so that they could perform more efficiently and effectively in Central Excise and Service tax audit.

Shri Vijender Sharma, Jt. Vice Chairman NIRC presented the vote of thanks and said that we the Cost Accountants are honoured by the presence of Shri Sheo Narayan Singh, Commissioner Customs, Central Excise and Service tax as chief guest as he is rare mix of able administrator, poet, critic and motivator. He thanked all for making this workshop a super success.

The workshop was concluded over high tea and with an important decision while taking tea that a joint workshop for Central Excise Officers and Cost Accountants will be organized at Lucknow for in-depth training at an opportunate time.

## ALLAHABAD CHAPTER

### Press Release

A Seminar on “Cost Accounting System in Engineering Industry ” took place at C I C Hall on 8<sup>th</sup> February 2009 .Mr. Naresh Gupta of BPCL was main speaker. Speaking on the subject Mr. Gupta covered all segments of CARR applicable and practical aspects of Costing and its utility in Power Driven Pump Industry. He said keeping in view the huge benefit and managerial expediencies are involved in the maintenance of cost records, the industries, which are not covered under it , should be immediately covered in the ambit of the cost accounting rules. He said all industries outside the ambit of Cost Accounting Rules notified under the Companies Act must be covered with

immediate effect. The scope of cost record rules may be kept boundless to the industries producing goods and providing services, to ensure production and marketing of quality output most efficiently and cost effectively in the era of globalisation. Mr. S. M. Anwar Hasan Chairman ACCA said: It was a great pleasure to receive the ‘Best Chapter Award’ at the National convention. organized by the Institute. Kindly accept my warm congratulations for making such a great achievement. He said Chapter would definitely make a niche for itself and would have a great identity for itself in the Institute. It was all the while dormant and continuous organizing Seminars and Symposiums would catapult the profession and Chapter into great heights.

Mr. Indrasen Singh Vice Chairman while introducing Mr. Naresh Gupta said, today we would have a glimpse of field expert across the industry , latest trends and emerging challenges in the field. But for the seminar it would have not been possible. This is a great platform for networking between our professionals. Hopefully, there would be great exchange of thoughts between participating members in future and thereby making this profession acceptable across the industry.

Mr. G.P. Gupta said, by Getting ‘Best Chapter Award’ the visibility to Chapter becomes immense; the sheer effort of taking all the experts one stage would be painstaking and massive. The effort needs kudos to Chairman and his team. They have taken the importance of the Chapter to great heights.

Mr. I .A. Khan Chairman ICSI Allahabad Chapter said, the exposure provided to participants was unprecedented. The theme of the seminar (Cost Accounting System in Engineering Industry) was just apt and need of the day. Accept my personal thanks to conceptualize and making the seminar occur.

Acarya Sree Dr.Kiran Kumar Congratulated the entire chapter and termed Best Chapter Award as Historic and ‘Red letter day’ for first time since its inception. He said, this Award should trigger more students to take the profession as a choice in Allahabad.

Mr. PSBS Rao Joint secretary of the chapter in his vote of thanks said, Under Section 209(1)(d) of the Companies Act 1956, various industries maintain cost

records, which must be compulsory for all. At present, only 44 industries have been mandated to maintain cost accounting records including details about production, quality control, raw material consumption, R & D expenses, export obligation, royalty payments, fixed assets and depreciation, among other things. Maintenance of cost accounting records entails a huge benefit for companies in terms of time and money. Very minute details of all components of cost have to be included increasing its significance. He said it is always possible to extract such minute details through a sophisticated ERP system. Besides, maintenance of cost records is not difficult for companies involved in the production of multiple commodities, as actual consumption records have to be maintained for power, fuel and utilities per unit of production for each type of product.

#### **Press Release**

Republic Day was celebrated with traditional fervors at chapter. Sri S. M. Anwar Hasan Chairman unfurled the National Flag. Speaking on the occasion he said It was on 26th January 1950 that India became a nation in the true sense, with a constitution and elected representatives of the people.

Sri Indrasen Singh Vice Chairman stressed on improving the quality of higher education in his speech. "Our higher education sector needs quality up gradation. Our universities have to be turned into centers of excellence," he stressed Cost Accountants to urgently come up with measures to tackle the economic crisis and pay special attention to the Auditing Norms in the IT sector. "The time has come to have a re-look at the Financial Auditing, especially in the IT sector," he said.

Acharya Sri Dr Kiran Kumar said The Republic Day of India is celebrated to mark the adoption of the Constitution of India and the transition of India from a British Dominion to a republic on January 26, 1950. It's when regional identity takes a backseat and what matters most is the universal appeal of unity and brotherhood projected by all Indians

Sri I.A. Khan congratulated scientists for the successful launch of India's moon mission Chandrayaan-1. He stressed that The prevailing low-price scenario is a

renewed opportunity to create the mechanics of price stabilization. At the heart of the measure is a re-allocative rationale that a demand stimulus given through consumers of refined products is required

Sri Naveen Chandra Treasurer" referred Institute as a knowledge hub, which is going to make a significant contribution in India's emergence as a global power in the 21st century,"

It was well attended by large gathering of members, National Anthem was sung and sweets were distributed.

### **CHANDIGARH CHAPTER**

Chandigarh –Panchkula Chapter of ICWAI organized a Joint Seminar with Chandigarh Branch of ICAI and ICSI on Limited Liability Partnership on 23<sup>rd</sup> January, 2009, Chief Guest Shri Dhan Raj, Regional Director, Ministry of Company Affairs, Govt. of India, Dr. Raj Singh, Registrar of Companies, (Punjab, Himachal, J&K, Chandigarh,) and Mr. D.P. Ojha, Official Liquidator, Attached to Hon'ble Punjab & Haryana, High Court, were the Guest of Honour, Mr. Balwinder Singh, CCM, ICWAI Sh. Rakesh Bhalla, Secretary & Treasurer, NIRC & Mr. Atul Sood, Secretary, NIRC of ICSI also graced the occasion for making the programme. The main Speaker, was Shri Anil Aggarwal, Advocate and Company Secretary, Mr. Aggarwal explained each and every provision of the LLP Act. He explained to the delegates the similarities between the Companies Act and LLP Act. He told about the opportunities and the grey areas of the LLP Act. He also touched upon the international scenario of the LLP. It was a totally interactive session and participants asked and got cleared on various doubts from the speaker. Shri S.S. Mann gave general introduction of the topic and its importance from Indian point of view. Person on the dias were Shri S.S. Mann, Chairman Chandigarh Chapter of Cost Accountant, Shri Vivek K. Arora, Chairman Chandigarh Branch of ICAI, and Shri Vishal Arora, Chairman Chandigarh Chapter of ICSI, Mr. Anil Sharma, Secretary presented the vote of thanks. All the guests appreciated the efforts of all the three Chapters of three prestigious institutes of the country for conducting such a good programme in Tri City of Chandigarh-Panchkula-Mohali.

# **Workshop on “Lead-2-Win” FOR STUDENTS OF ICWAI (Flight from Good to Great – Part 2)**

**Conducted by Mr. Ravish Bhateja**

**Organized by : NIRC of ICWAI**

**Date: 22<sup>nd</sup> March, 2009 Time : 10 a.m.      Venue: ICWAI Bhawan, Lodhi Road, New Delhi**

## **INTRODUCTION**

There is no talent problem in India. We only lack in desire and focus to do something. Till date we have come across many qualified people and have shared platform with them, but not all may not be equally knowledgeable. There is a difference between being wise and being intelligent.

## **Program Objectives**

To enable the participants to:-

- Bridge up the gap between the expectations of the industry and your own aspirations
- Brush up your knowledge, skills and competencies
- Understand the difference between ordinary and extra-ordinary

## **Contents**

- Team Building
- Personality Development
- Group Discussion
- Interview Skills
- Leadership And Motivational Skills
- Interactive Games

## **For Whom**

All Students of the Institute at all Levels will find tremendous value from this workshop.

Fees : Rs.250/- Per Participant

## **Methodology**

This program is highly interactive, participative and experiential.

# Opportunities for India in Current Scenario

**PANKAJ JAIN**

M.Com, FICWA, ACS, MIMA

Director & CEO

Finman Ventures Consulting Pvt. Ltd.

www.finmanonline.com

**There is no security on the earth, there is only opportunity; - Anonymus**

It has to be clearly understood that this is not an Indian crisis; we are being impacted by a global crisis. Now this is an accepted fact that India also been affected by the global crisis but it is better positioned for a quick recovery and future growth better than other economies of the world. The opportunities that can be harnessed are as following:

## **Strong Financial Sector**

The Indian Financial Sector is relatively insulated because Indian rupee is not fully convertible and Indian banks do not have significant exposure to overseas credit market which failed badly.

## **Potential as International Finance Centre**

As the global financial crisis unfolds and the financial institutions in west have collapsed or weakened, there is lot of global space being vacated that India may fill. But this opportunity will only be achieved if there is suitable liberalization to make India an International Financial Centre.

## **Tapping NRI's**

There is huge NRI population with lots of liquidity without knowing what to do with the cash. We can tap them as they currently lack confidence in the global banks. It will be prudent for Indian banks to channel these funds in India by tapping the advantage that most of the Indian banks are backed by the Government.

## **Young Demographic Profile**

India has the youngest population in the world where the average age of all citizens comes to just 25 years. These young people give good opportunity to showcase India as world office backed by the outstanding achievements in IT and BPO sector which India made, during last so many years.

## **Rural Development**

India's future growth largely depends on the development of rural areas which constitutes fairly high proportion of area as well as head counts. Incidentally, even in the current crisis, farm income and rural employment has upward trend.

## **Saving Contribution**

India has the high Rate of domestic savings and investments which can enhance the liquidity provided appropriate measures are taken by the Reserve Bank of India.

## **Fall in Oil Prices**

India imports 80% of its oil, so it will benefit from lowering of oil prices across the globe.

## **Poor Infrastructure**

I consider it as an opportunity because we can channel our investment in it and stimulate growth of economy.

## **Domestic Dependence**

Indian economy is primarily domestic driven and

India's growth story in the last few years has been lead by internal consumption rather than through exports. India's exports contribute only almost 22.5% of the total GDP.

**SME Sector**

The future growth of India is dependent on SME sector which has contributed significantly as the growth driver of Indian economy. The way out of economic difficulty is thrown towards the creativity of small to medium size businesses as they have the ability to create employment and re-invent processes in all kinds of economic situations.

**Competitive Exports**

Although, the fall in overseas demand is a serious issue but we can take the advantage of competitive pricing due to depreciation in INR value.

**Investment Opportunity**

The FII's have sold almost \$10 billion of their investment in Indian Companies to cover losses in their home markets and the stock market fell almost 50% from the high level in last one year. On the contrary, the fundamentals about Indian companies have not been so much changed apart from change in global business scenario. Now, it offers excellent opportunity to invest in shares at pretty lower cost.

**Inorganic Growth**

There is good number of Indian cash-rich domestic companies which, in the ongoing global financial crisis, are likely to step up outbound acquisitions, which has already touched USD 14 billion in the first three quarters of this fiscal.

**Private Equity**

The current financial turmoil, although casting a shadow of uncertainty but has opened a new window

of opportunities to private equity sector. According to a report by Global Investment House (GIH), the most profitable funds were those who continued to invest in challenging times. As per report, "Fundamentally nothing has changed: private equity will continue to grow, and will continue to deliver net returns well in excess of those available in the public markets."

It is not too late to make some bold decisions that would capture the real strength of our economy. I am confident that we as Indians can do many more things to convert this current crisis into an opportunity.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation and FINMAN will not be responsible in any circumstances, whatsoever.

**PLACEMENT REPORT**

NIRC OF ICWAI is making all efforts for placement of students and serves as an interface to establish best students organization fit.

In the Month of January, 2009 the following Companies have approached us:-

S. No.	Company's Name	Desired Qualification
1	New River Software Services Pvt. Ltd.	ICWAI Inter
2	GE India Industrial Pvt. Ltd.	ICWAI Inter

For registration with the placement cell or any information regarding the job opportunities, please contact at the following  
**Email: placement\_nirc@hotmail.com**



भारतीय रिज़र्व बैंक  
**RESERVE BANK OF INDIA**  
www.rbi.org.

RBI/2008-2009/382  
UBD.PCB.No. 49 /13.05.000/2008-09

February 12 , 2009

The Chief Executive Officers of  
All Primary Urban Co-operative Banks  
(As per List)

Dear Sir / Madam,

**Lending under Consortium Arrangement / Multiple Banking Arrangements**

Please refer to our circular RBI/2008-09/354/UBD.PCB.No.36/13.05.000/2008-09 dated January 21, 2009 on the captioned subject.

2. In terms of Paragraph 2(iii) of the above circular, in order to strengthen the information sharing system among banks in respect of the borrowers enjoying credit facilities from multiple banks, the banks are required to obtain regular certification by a professional, preferably a Company Secretary, regarding compliance of various statutory prescriptions that are in vogue, as per specimen given in **Annex III** to the above circular.

3. In this context it is clarified that in addition to Company Secretaries, banks can also accept the certification by Chartered Accountants & Cost Accountants. Further, on the basis of suggestions received from Indian Banks Association, **Annex III – Part I & Part II** (copy enclosed) has also been modified.

Yours faithfully,

(Uma Shankar)  
Chief General Manager.

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Note : Annex III - Part I & Part II are available at Website - [www.rbi.org.in](http://www.rbi.org.in)

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Urban Banks Department, Central Office, Garment House, 1 Floor, Dr.A.B.Road, Worli, Mumbai - 400018, India  
Phone: 022 - 2493 9930 - 49; Fax: 022 - 2497 4030 / 2492 0231; Email: [rbiubdco@rbi.org.in](mailto:rbiubdco@rbi.org.in)

# GLOBAL MELTDOWN - ASIA'S SUFFERINGS

The latest news out of Asia is not good. What's happening is that the global economic crisis is moving into its third stage. The first stage hit finance and housing. In the second stage, the downturn spread to the real economy in the U.S. Now, with consumers cutting back around the world, the downturn has jumped to the exporting countries in Asia.

Many of Asian economies have found themselves hit as hard as anywhere in the world. It seems so unfair as most Asian economies have been models of prudence when their western counterpart were borrowing. And while Asian governments were piling up the vast stocks of foreign reserves their western counterparts were sucking up the world's savings.

The causes are plain enough: weak domestic demand and collapse in exports. Some had suggested that soaring intra-regional trade would protect Asia against a downturn in the west but it doesn't seem to be happening.

What's more, there may be no easy answers: Without the housing and credit bubble in the U.S., there may be a long-term glut of global manufacturing capacity. The major exporting countries in Asia can produce far more electronics, clothing, and cars than their own populations can consume, at least for now.

Most of the slowdown in Asian economic growth so far stems from weaker domestic demand. Gloomy global weather is as much responsible for it as the government policies. Inadequate social-welfare nets do encourage people to save. So, higher public spending on health, education and welfare to save less and spend more.

In China, the International Monetary Fund estimated GDP growth for 2008 at 9.7% and drop to 8.5% in 2009. A struggle was underway to see who would swallow the losses on US Agencies and Treasuries. On November 9, 2008 China announced a package of capital spending plus income and consumption support measures. Four trillion yuan (\$586 billion) will be spent on upgrading infrastructure, particularly roads, railways, airports and the power grid; on raising rural incomes via land reform; and on social welfare projects such as affordable housing and environmental protection. But so far, at least 670,000 small and medium-size enterprises have been closed

By : **Kailash Naugain,**  
Cost Accountant

In Japan exports in June declined for the first time in about five years falling by 1.7 percent. Exports to the United States and European Union fell 15.4 percent and 11.2 percent respectively. The decline in exports and increase in imports cut Japan's trade surplus \$1.28 billion a decline of 90 percent from the previous year. An economist at the Royal Bank of Scotland said the decline means the Japanese economy most likely declined in the second quarter. Taro Aso, secretary-general of Japan's ruling Liberal Democratic Party, said he believes Japan had entered a recession. Japan's economy declined by 0.6 percent in the second quarter of 2008. This was later revised to a decline of 0.7 percent. Japanese exports grew 0.3 percent in August of 2008 compared to a year before down from 8 percent the previous month. Exports to the U.S. fell 21.8 percent, the biggest decline on record, and exports to Europe fell 3.5 percent. Two Japanese banks appeared on the list of major Lehman creditors. On November 17th, the Japanese Economy Minister announced that the nation was officially in a recession. On December 26 the Japanese government announced that factory output fell by more than 8% in November, the biggest drop in 55 years. Toyota—now the world's largest automaker—expects to report its first annual operating loss since World War II. And Chinese exports are down over the past year, the first year-over-year decline since 2001.

India's economy grew at an annual rate of 9% or more in the past three years, second only to China among the major economies, and the estimates for FY2008 indicate that India's economic growth has been affected by the economic crisis. The former Indian Finance Minister P. Chidambaram, however, said that he expected India's economy to "bounce back" to 9% during FY2009. The Asian Development Bank predicted India to recover from weakening momentum in 4-6 quarters. India said that it would inject US\$4.5 billion into the financial system to help exporters. Some analysts pointed that India's growing trade with other Asian countries, especially China, will help reduce the negative impact of the crisis. Analysts also said that India's high domestic demand and large infrastructure projects will act as a buffer reducing the impact of the global downturn on its economy. Economists argued

that India's financial system is relatively insulated and its banks do not have significant exposure to subprime mortgage.<sup>1</sup> In an editorial, the New York Times praised the strong regulations placed on the Indian banking system by the Reserve Bank of India

In Pakistan the central bank's foreign currency reserves, when counting forward liabilities is said to only amount to as little as \$3 billion, sufficient for a single month of imports. Corruption and mismanagement have combined with high oil prices to damage Pakistan's economy. Pakistan's rupee has lost more than 21 per cent of its value in 2008 and inflation is at 25 per cent. The government has failed to defer payments for Saudi oil or raise favorable loans. President Asif Ali Zardari claimed Pakistan needed a bailout worth \$100 billion. Ratings agency Standard and Poor's rates Pakistan's sovereign debt at CCC +, only a few ratings above the default level, warning the country may be unable to cover about \$3 billion in upcoming debt payments. This led a change in economic managers, and politically elected finance minister Naveed Qamar was replaced by a financial advisor, Shaukat Tareen, a former banker belonging to Citigroup on October 8, 2008. The new finance advisor led the Pakistani delegation to IMF-World Bank meeting in USA with a hope to obtain a loan from the World Bank which has been stopped now due to reservations from IMF on World Bank for releasing this nature of Loan to any country.

Sri Lanka too is affected with the global recession, as the demand for their major products such as garments, tea, rubber, coconut based products and agricultural products are at a downturn. At the moment, tea is severely affected and the country is experiencing 35% drop in the exports presently. Also, the tourist industry has downsized; last year, there was a 7% downsize to the industry, primarily due to the loss of European tourists.

It has also been argued that the root cause of the crisis is overproduction of goods caused by globalization. Overproduction tends to cause deflation and signs of deflation were evident in October and November, as commodity prices tumbled and the Federal Reserve was lowering its target rate to an all-time-low 0.25%. On the other hand, Professor Herman Daly suggests that it is not actually an economic crisis, but rather a crisis of overgrowth beyond sustainable ecological limits.

By September 2008, the crisis threatening the GSEs

(US mortgage lenders Fannie Mae and Freddie Mac) began to have consequences in Asia. The foreign exchange reserves of South Korea's central bank contained many depreciating "Agency bonds" from the GSEs, threatening a currency crisis and leading to depreciation of the South Korean won against the US dollar and other major currencies, Samsung Electronics has been reported to be posting a decrease in sales for the first time since the 1997 Asian financial crisis that home appliances saw a decrease in the domestic market of up to 20 percent since mid-June compared to the previous year. Domestic auto sales also saw a decrease in the second quarter. Auto exports also posted a loss and exports of home appliances were also reported to be in decline.

The key question is: What happens next? One possibility is that fiscal stimulus in the U.S. and around the world will boost demand and get consumers buying again. Then the Asian factories can get back to work.

Alternatively, the global manufacturing glut will turn out to be real and persistent, even with the stimulus. Prices for imported goods will fall and fall and fall, because there are simply too many factories around the world. After all, how many flat screen TVs do we really need

For workers in the U.S. who still have a job, this drop in prices could be a bonanza. But as factories around the world shut down, the result will be devastation in manufacturing-dependent regions.

In the end, it may turn out that the worst effects of the global economic downturn will be felt in countries which are dependent on manufacturing. China, especially, will find out how much of its economic boom was real, and how much was credit-fueled. The answer may not be pretty.

Asian export-driven economies had benefited more than any other region from America's consumer boom, so its manufactures are bound to be hit hard by the sudden downward lurch.

If emerging Asia needs a warning of the dangers of relying on exports, it need look no further than Japan, Japan decade long stagnation ended in 2002, thanks to a boom in exports, especially to china. Now because of its failure to tackle the root cause of weak domestic demand, it is taking more of an economic hiding than any other rich country. Asia's low rate of consumption and borrowing means that it has huge scope to make consumption the engine of growth over the next decade.



## NIRC of ICWAI

**Invites**

### Proposals from practicing Cost Accountants

(Advt. No. 1)

A prestigious Delhi based PSU intends to empanel Cost Accountants having expertise to conduct a study of the organisation, to identify and implement the concept of the profit centres, and also suggest system of Cost Measurement, control and reporting etc.

The shortlisted names of members / firms only will be forwarded to the PSU who in turn will process the case for award of work.

Interested members may please forward their CVs / firms details not later than 28<sup>th</sup> February, 2009 addressed to Chairman and sent on mail [icwai\\_nirc@hotmail.com](mailto:icwai_nirc@hotmail.com) and copy to [rm\\_pfc@yahoo.com](mailto:rm_pfc@yahoo.com). CVs received after 28-02-2009 will not be considered.



## NIRC of ICWAI

**Invites**

The members in service / practice / academics are requested to send technical papers related to various areas of their expertise for publication in this newsletter so that we can improve the qualitative inputs for wider professional development of our members through this newsletter. The technical papers may please be sent by mail along with photograph at [icwai\\_nirc@hotmail.com](mailto:icwai_nirc@hotmail.com) and copy to [rm\\_pfc@yahoo.com](mailto:rm_pfc@yahoo.com).



## NIRC of ICWAI

**Invites**

### Proposals from practicing Cost Accountants

(Advt. No. 2)

A Delhi based Television Programme Production Organisation has requested a panel of Cost Accountants to be sent to them who are willing to take assignment for advising on monetising archival content and suggesting a formula for pricing the commercial products and services. Scope of work broadly includes the study of their organisation, preparing a roadmap for business model, suggest proper system of cost measurement, control and revenue reporting, methodology for revenue sharing among co-event promoter, event costing, etc.

The shortlisted names of members / firms only will be forwarded to the Television Programme Production Organisation who in turn will request the submission of detailed price offers based on the scope of work to be given to the shortlisted members / firms.

Interested members may please forward their CVs / firms details not later than 28<sup>th</sup> February, 2009 addressed to Chairman and sent on mail [icwai\\_nirc@hotmail.com](mailto:icwai_nirc@hotmail.com) and copy to [rm\\_pfc@yahoo.com](mailto:rm_pfc@yahoo.com). CVs received late will not be entertained.



## NIRC OF ICWAI

### Students Development Cell for -2009

**Invitation of nominations**

Interested Students of Inter / Final /Foundation are required to give their names for Organizing the monthly Presentation Programmes to the Chairman and Vice-Chairman at the following E-mails:- [icwai\\_nirc@hotmail.com](mailto:icwai_nirc@hotmail.com), [rm\\_pfc@yahoo.com](mailto:rm_pfc@yahoo.com), [sanjay\\_absolute@hotmail.com](mailto:sanjay_absolute@hotmail.com),

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