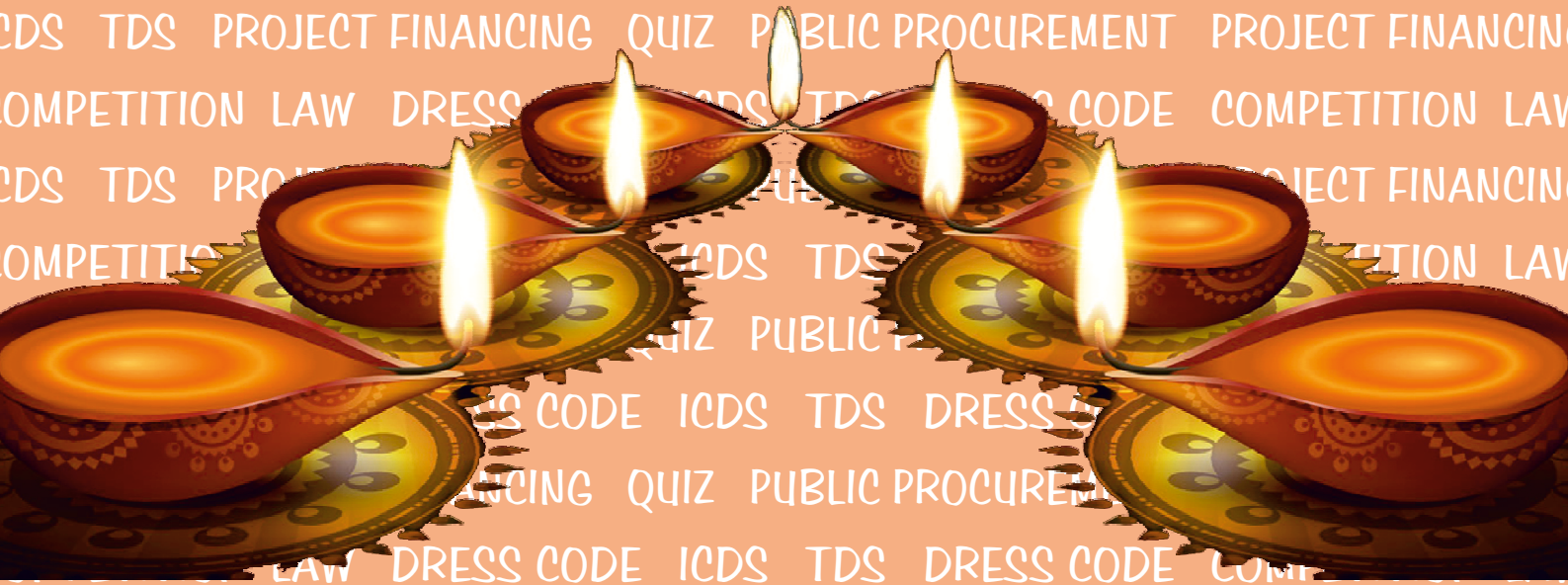


EIRC NEWS

The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

“We are building a nation and we are laying the foundations of One Nation, and those who choose to divide again and sow the seeds of disruption will have no place, no quarter, here, and I must say that plainly enough. – Sardar Vallabhbhai Patel



“If we have to succeed in the globalized world we have to enlarge the scope of Cost Audit to cover all aspects of manufacturing and service sector activities including healthcare and education” -APJ Abdul Kalam

CMA Bhawan, 84, Harish Mukherjee Road, Kolkata - 700 025

Phones : (033) 2455-6666/9999/3418/5957, 6533-1075/6456-3600/01/02/03, 6450 4305

Fax No. : (033) 2455-7920 E-mail : eirc@icmai.in Website : www.eircoficmai.com

Campus Interview at EIRC



Presentation by M/s. Larsen & Toubro



Presentation by M/s. Sanatan Group



Interview by M/s. Sanatan Group



Interview by NBCC



Interview by Evolutionary Systems (P) Ltd.



Interview by L & T



Interview by L & T



Presentation by PWC



Interview by L&T

Contents

EIRC of ICAI

Chairman

CMA Pranab Kumar Chakraborty

Vice-Chairman

CMA Shyamal Kr Bhattacharjee

Secretary & Treasurer

CMA Cheruvu Venkata Ramana

Members

CMA Bibekananda Mukhopadhyay (R.C.M)

CMA Ashis Banerjee (R.C.M)

CMA (Dr.) Umar Farooque (R.C.M)

CMA Shiba Prasad Padhi (R.C.M)

CMA Arundhati Basu (R.C.M)

CMA Manas Kumar Thakur (IPP/C.C.M)

CMA Avijit Goswami (C.C.M)

CMA Niranjana Mishra (C.C.M)

CMA Biswarup Basu (C.C.M)

* R.C.M = Regional Council Member

* C.C.M = Central Council Member

Officers

Prabir Banerjee ☎ : 2455-3418/5957, Ext- 109

PD & Education Officer (D) 6456-3602

Tinku Ghosh Das ☎ : 2455-3418/5957, Ext-107

Deputy Director (M) 9433157462

Debosmita Sengupta ☎ : 2455-3418/5957, Ext- 110

Officer (PD & Statutory Compliance) (D) 6450-4305

In-charge of Account & Finance

Trilochan Ghosh ☎ : 2455-3418/5957, Ext-111

Education Officer, (IT) (D) 6456-3600

CHAIRMAN'S COMMUNIQUE	4
SECRETARY'S COMMUNIQUE	6
MEMBER'S SECTION	
Income computation and disclosure standard <i>standard disclosures to be incorporated in tax audit report</i> CA Manoj Tiwari	7
Overview of Competition Law PK Chakravarty	10
Project financing: a detailed study Pranab Kumar Sikdar	14
Deduction or collection of tax at source Pradeep K Chandra	18
Principles of Public Procurement in India CMA Balaknath Bhattacharyya	26
Know about Dress Code CMA Ajay Deep Wadhwa	31
STUDENT'S SECTION	
Quiz Master Page CMA Ajay Deep Wadhwa	32
NEWS	
EIRC Activities	33
Chapter Activities	34

Disclaimer

The views and opinions expressed or implied by way of articles in the EIRC NEWS are those of the authors and do not necessarily reflect those of the EIRC of ICAI. EIRC of ICAI bears no responsibility for the contents in the articles published.

TARIFF FOR ADVERTISEMENT

EIRC NEWS

EIRC OF ICAI, CMA BHAWAN, 84, HARISH MUKHERJEE ROAD, KOLKATA-700 025

4th Cover	:	Rs. 20,000/- Per Insertion
2nd/3rd Cover	:	Rs. 16,000/- Per Insertion
Colour Page	:	Rs. 13,000/- (inside)
Ordinary full page	:	Rs. 10,000/- Per Insertion
Ordinary half page	:	Rs. 7,000/- Per Insertion

A discount of 10% would be offered for booking of six insertions at a time.

A/C. Payee Cheque is to be issued favouring "The Institute of Cost Accountants of India - Eastern India Regional Council."

Technical Details : Language—English, overall size—24cms. x 18 cms. Printed Area—21 cms. x 16 cms. —Screen up to 85.

◆ CHAIRMAN'S COMMUNIQUE ◆



Excellence is a continuous process and not an accident.. –Dr. A.P.J. Abdul Kalam

My dear Professional Colleagues,

This is my communiqué after the Durgapuja – the most celebrated festival in West Bengal. I hope all of my professional colleagues have enjoyed and rejuvenated themselves during the puja holidays.

Our team EIRC is always trying to put forward our best to keep everybody's faith upon us and always go ahead for the betterment of our profession as well as towards the goal of our Institute.

Like August this year, we have continued the process of conducting extensive Career awareness in both schools & colleges in the month of September in Eastern region to potential students in EIRC and Chapters by the untiring efforts of employees of EIRC and also our Headquarter. We have also conducted workshop on overview idea on Goods and Services Taxes in different schools & colleges for sharing our ideas with the students & teachers of the educational institutions. I would request our CMA family to come forward and extend positive support so that combined effort of members and executives can achieve 100% perfection towards our target during this year.

During the month of September, 2017 we have organized a full day workshop on 6th instant at EIRC premises on practical approach and implementation of GST in trade, commerce and Industry. In the first session, CMA CS Timir Baran Chatterjee a well known tax expert addressed on the current topic on GST, recent amendments thereof especially issues on filing of return, valuation, supply and consequences thereof. In the second session CA Abhishek Tebriwal, a renowned tax practitioner explained details on filing of the return, with the web-based practical examples. Very good numbers of Members present in that workshop enriched themselves and shared their experience with the speakers addressed the workshop. Another CEP programme was organized on 22nd September'17 on Corporate Social Responsibilities for the awareness of the members. The speaker of this session was CS Rupanjana De, an eminent Company Secretary in practice, who has deliberated about the law and impact, the role & scope of the Cost Accountants in Industry. I was fortunate enough to attend both the workshops at EIRC. I have also attended as a speaker in a programme at Chandrapura Training Institute, DVC for the Officers of DVC and the members of our Institute as well.

Teachers Day Celebration was observed on 5th September, 2017 at J. N. Bose Auditorium in presence of faculties & Students of our Institute. Eminent Speakers from different educational sectors shared their experience with the audience. CMA Manas Kumar Thakur, Immediate Past President of our Institute has explained the role of the teachers in our society and importance of celebration being observed in our country.

I was honoured to attend one Investors Awareness programme arranged by the Rotary Club, Kasba on 14th September, 2017 at Gariahat Crossing under Gariahat Bridge. The Dy ROC Mr Arvind Saha spoke on MCA guidelines specially on Investor

Awareness points as specified in the MCA site and he narrated that each and every individual should know the details of the organisation before investing their hard earned money. Mr Sourav Roy, Dy manager , NSE speaks on various directives on IPO and Mutual funds where the general public should invest after going through the prospects or detailed of the organisations either in sites or in various journals. Other noted speakers in that workshop were CS Rupanjana De, CS Subhasis Bose & CMA Niladri Dutta.

I welcome again our professional members and their team for maintaining their active role in conducting programme on GST for the dealer and public in different places in the Eastern Region for the awareness professional development. I also promise that EIRC will extend its total support in conducting their programme in eastern region for the development of our profession.

We have plan to organize more number of workshops in October this year on various topic like practical aspects of GST at implementation stage, new amendments on GST, new areas and avenues under the Companies Act, 2013. Direct Taxes, Avenues in Cost & Management Accounting, Cost Audit and Accounting Standards etc. We also welcome the members for their valued suggestion and active participation and interaction for the professional development in the Eastern Region.

Our Institute has already requested the Chapters, members for their valued suggestion on Taxes for submission as pre-budget memorandum for the year 2018. At this juncture, I request all the members of this region to kindly contribute & active support in this aspects for a quality memorandum can be drawn before submission to Ministry.

Like earlier years, Orientation programme for the budding CMAs was conducted at EIRC auditorium for 12 days in the month of September this year in a structured manner. Inaugural session was attended by CMA Amitava Mukherjee, IRAS General Manager (Finance) of Railway Vikash Nigam Limited and CMA Harijivan Banerjee, Past President of our Institute. We are proud to have with us CMA P. M. Chandraiah, Managing Director, Bengal Chemical & Pharmaceuticals Limited, CMA Debjit Sen, Director (Finance), Marathan Electrical Motors (I) Limited in different days of orientation programme. The Chief Guest of the Validictory session was CMA S. S. Dogra, Director (Finance), Garden Reach Shipbuilders & Engineers Ltd. Guest of Honour of that session was CA Amlan Dutta Majumdar. Valedictory session was also attended by CMA Bibekananda Mukhopadhyay, Immediate Past Chairman, EIRC and CMA Shyamal Bhattacharya, Vice Chairman, EIRC

We have already taken initiative on membership drive throughout the region with the help of Chapters and the members in Industry. We have also actively supporting the members in Industry and in practice in GST through our website on 24 x 7 basis with the positive effort of our team of experts.

I also have a plan for better computer facilities to the students of the EIRC through immediate procurement action. We have to Strive hard for Campus Interview by the entrepreneurs in a bigger manner and drive for for the newly pass out students in coming days of this month.

Happy Laxmi Puja, Kalipuja, Diwali and Chhat to the members & their families

With warm regards.



CMA Pranab Kumar Chakraborty
Chairman, EIRC of ICAI

◆ SECRETARY'S COMMUNIQUE ◆



00000000000000

A handwritten signature in black ink, appearing to read "Cheruvu Venkata Ramana".

CMA Cheruvu Venkata Ramana
Secretary, EIRC of ICAI

Income computation and disclosure standard

standard disclosures to be incorporated in tax audit report

CA Manoj Tiwari

As ICDS have been made applicable for assessees from Assessment Year 2017-18, professionals at large have been scampering to formulate Disclosure requirements for Form 3CD purposes. Disclosures requirements can't be generalized as such to fit in all situations. But an attempt to compile Disclosures has been made from different sources to that it solves the compliance burden to some extent of my professional colleagues at large. ICDS are applicable to all assessees following mercantile system of accounting for computing the Profits and Gains from Business or Profession and Income from Other Sources, except Individual and HUF who are not liable for audit u/s 44AB. Since form 3CD for tax audit and return forms have been amended to incorporate impact of ICDS and disclosures stipulated in the ICDS, therefore illustrative disclosures required to be made in Tax Audit Report, is being furnished for the benefit of members.

If Significant accounting policies are mentioned in Notes to Accounts then there is no need to repeat General Disclosures and only specific disclosures are required to be reported in Tax Audit Report while furnishing Significant Accounting policies in point 13(f)(i) of Tax Audit Report. The disclosures furnished are only for those cases where there is normal business situation and it may differ where a peculiarity arises. In normal situations these disclosures are wide enough to cover compliance requirement of Tax Audit Report in clause 13(f).

ICDS –I ACCOUNTING POLICIES

Disclosure Requirement in clause 13(f)(i) of Tax audit report

General Disclosures

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. The entity follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.

Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements, which may differ from the actual results at a subsequent date.

Tangible assets are carried at cost of acquisition or construction, less accumulated depreciation based on written down value method.

All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place. Monetary assets and liabilities (except derivatives) in foreign currency, outstanding at the close of the year, are converted into Indian currency at the appropriate rates of exchange prevailing on the reporting date i.e. date of the Balance Sheet. The resultant gain or loss, except to the extent it relates to long term monetary items, is charged to the Statement of Profit and Loss.

Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

ICDS – II VALUATION OF INVENTORIES

Disclosure Requirement in clause 13(f)(ii) of Tax audit report

General Disclosure

Raw materials, work-in-progress, finished goods, goods for trade and stores, spares, etc. are valued at cost or net realisable value, whichever is lower. Materials and supplies held for use in production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Goods in transit are valued at cost to date. 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. The cost formulae used is either 'first in first out', or 'specific identification', or the 'weighted average cost', as applicable. In terms of Section 145A of the act, the purchases, sales and inventory are valued inclusive of taxes; the net impact of the

same on profit and loss account is Nil.

Specific Disclosure

Carrying cost of inventory as on Balance Sheet date is as follows:

Finished goods....., Traded goods....., Work in progress....., Raw materials.....

ICDS – III CONSTRUCTION CONTRACTS

Disclosure Requirement in clause 13(f)(iii) of Tax audit report

General Disclosure

Percentage of completion has been determined by the Management based on Contract costs incurred as a percentage of total estimated contract costs and also considering current technical data, forecasts and estimates of net expenditure to be incurred in future including for contingencies, etc.

Specific Disclosure

Contract revenue amounting to Rs..... has been recognized during the year.

Contract costs amounting to Rs..... have been incurred and contract profits of Rs..... thereon has arisen up to the date of balance sheet.

In respect of existing contracts total advance aggregating to Rs..... has been received during the year.

During the year Rs..... has been deducted from Revenue billings on account of retention money.

ICDS – IV REVENUE RECOGNITION

Disclosure Requirement in clause 13(f)(iv) of Tax audit report

General Disclosure for Entity in Manufacturing and trading of goods

Revenue/Income and Cost/Expenditure are generally accounted for on accrual basis as they are earned or incurred, except in case of significant uncertainties. However, where the ultimate collection of the same is devoid of reasonable certainty, revenue recognition is postponed to extent of uncertainty. Sale of goods is recognised on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods and are recognised net of discounts, rebates and sales tax.

General Disclosure for Service Providers

Since the assessee has followed percentage of completion method, therefore the component of service transactions in progress have already been included in the Revenue. Stage of service transactions has been determined by the Management based on their forecasts of time and efforts required in total transaction vis-à-vis time and efforts already deployed

including contingencies, etc.

In respect of service transactions, it is not possible to individually ascertain transaction wise cost incurred and profits recognized, however on overall basis the same is reflected in the Statement of Profit and loss.

Specific Disclosure

1. During the year the following transactions of sale of goods have not been recognized as revenue due to lack of reasonably certainty of its ultimate collection.

Details of Transaction	Amount	Nature of Uncertainty
------------------------	--------	-----------------------

Note: In normal circumstances there would not be any case covered under this point

2. Details of Revenue recognized during the year

a. Sale of Goods... Sale of Services....., Advance received during the year...., Retention money deducted during the year.

ICDS – V TANGIBLE FIXED ASSETS

Illustrative Disclosure in clause 13(f)(v) of Tax audit report

Please refer clause 18 of Form 3CD for the required disclosure.

ICDS – VI EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

No Disclosure requirement in ICDS or Tax Audit Report.

ICDS – VII GOVERNMENT GRANTS

Disclosure requirement in clause 13(f)(vi) of Tax audit report

General Disclosure

Government Grants if any, received against specific fixed assets are adjusted to the cost/WDV of the assets. Revenue grants are recognized in the Statement of Profit and Loss.

Specific Disclosure

1. Nature and extent of Government grants recognised during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets during the previous year;
2. Nature and extent of Government grants recognised during the previous year as income;
3. Nature and extent of Government grants not recognised during the previous year by way of deduction from the

actual cost of the asset or assets or from the written down value of block of assets and reasons thereof;

4. Nature and extent of Government grants not recognised during the previous year as income and reasons thereof.

ICDS – VIII SECURITIES

No Disclosure requirement in ICDS or Tax Audit Report

ICDS – IX BORROWING COSTS

Disclosure requirement in clause 13(f)(vii) of Tax audit report

General Disclosure

Interest and other borrowing costs attributable to qualifying assets, are added to the cost of the qualifying asset, until such time as the assets are substantially ready for their intended use. Qualifying assets for capital of general borrowing costs are those that necessarily take more than one year or substantial period of time to get ready for their intended use

Specific Disclosure

During the year Rs..... has been capitalised as

borrowing costs during the previous year.

ICDS – X PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Disclosure requirement in clause 13(f)(viii) of Tax audit report

General Disclosure

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is reasonably certain that there will be an outflow of resources. A provision is not discounted to its present value and is determined based on the last estimate required to settle an obligation at the year end. These are reviewed every year end and adjusted to reflect the best current estimates. Contingent liabilities are not recognised. Contingent assets are neither recognised nor disclosed in the financial statements.

Conclusion: An attempt has been made to compile a guideline for disclosures required in Clause 13(f) of 3CD. I will be indebtedness if it serves the desired objective.

Overview of Competition Law

P K Chakravarty

ACMA, ACS, AIIMS

(Practicing Company Secretary & Corporate Counsel)

Introduction:

Competition Law(s) worldwide have emerged from historical perspectives which prevailed in respective countries having specific market dynamics, unique trade and business dimensions and different ways to regulate or allow freedom to producers / manufactures / sellers to operate their commercial initiatives with a purpose of economic gain for themselves, the consumers and the economy as a whole.

However, like every commercial activity where apart from economic gain the need for discipline and fairness is called for, there is no exception in respect of practices which invariably give rise to economic competition over time and hence needs to be regulated and directed in a way that ensures rightful economic gain for all stakeholders by removing unfair, unhealthy and unjustified economic gain of the parties involved in the process.

In the above background, Competition Laws worldwide have emerged and amended from time to time to take care of various commercial and economic facets -- both potential and emerging -- governing trade and business practices to ensure market discipline and economic gain for all stakeholders including the country as a whole. In India too, the Competition Law in the form of Competition Act which has been promulgated in 2002, is no exception.

Economic Perspective –

Three levels of economic competition have been recognized in the market place based on competing products or services:

- a) The most narrow form is direct competition where products which perform the same function, compete against each other. For example, one brand of car competes with another brand.
- b) The next form is indirect competition, where products or services which are close substitutes compete. For example, a coffee shop competes with a snack bar.
- c) The broadest form of competition is typically called budget competition. Included in this category is anything on which the consumer might want to spend their available money.

Based on number of competitors and market dynamics, competition may be classified as:-

1. Perfect Competition / Pure Competition -

In this situation, sellers have no control over the selling price of their products / services. The price is set by the market and it is fairly easy to enter or leave the market.

2. Monopolistic Competition-

It exists when large numbers of sellers produce a product or service that is perceived by consumers as being different from each other but is actually quite similar. This perception arises due to product differentiation based on price / image / features / quality etc.

3. Oligopoly –

When there are few sellers but many buyers and each seller has some control over price and regulates conditions for entry of others in the same field of trade / business.

4. Monopoly –

When there are many buyers but only one seller who controls the price of the goods / services and prevents others from entering the field.

Legal Perspectives: The need for Competition Law-

In order to infuse discipline and fairness in trade practices it is imperative to create an efficient market. And an efficient market will only emerge when there are many players, no barriers to entry & exit and information flow freely. The need for competition law arises because market may suffer from failures and distortions and various players may resort to anti-competitive practices to create monopoly and unhealthy trade practices which in the long run will adversely impact the very purpose of economic prosperity of the nation as a whole. Anti-competitive practices are business practices that prevent or reduce competition in a market.

Anti-competitive practices broadly include:-

- Dumping
- Exclusive dealing
- Price fixing
- Refusal to deal

- Dividing territories
- Limit Pricing
- Tying
- Resale price maintenance

Competition Law in India -

Competition Law is a law that promotes and maintains fair market competition by regulating anti competitive conduct by entities that operate in the market place. Competition Law has three fundamental elements –

- a) Prohibiting agreements / practices that restrict free trading and competition between businesses. For example, the activities of cartels.
- b) Banning abusive behaviour by a firm dominating a market or anti competitive practices that tend to lead to a dominant position.
- c) Regulating mergers and acquisitions of large corporations, including joint ventures. Transactions that are considered likely to threaten competitive business environment can be prohibited altogether or approved subject to certain 'remedies'.

The Competition Act, 2002-

The Act was enacted by the Parliament to govern the competition law & practices in India replacing the Monopolies and Restrictive Trade Practices Act, 1969 which had outlived its purpose in the context of India's liberalisation and globalisation initiatives started from early 1990s.

The present Act provides for the establishment of a Competition Commission to prevent trade practices having adverse effect on competition, to promote and sustain healthy competition in markets, to protect the interests of consumers & various stake holders and to ensure freedom of trade & business by the participants.

Competition Commission of India (CCI) -

CCI, a body of the Govt of India established with effect from 14th October 2003 under the Competition Act is responsible for enforcing the provisions of Competition Act in India. The CCI has been entrusted with the following responsibilities, inter alia:-

- To make the market work for the benefit and welfare of consumers;
- To ensure fair and healthy competition in economic activities of the country for faster and inclusive growth;
- To implement competition policies with an aim to ensure efficient utilization of economic resources;
- To develop and nurture effective relations and interactions with sectoral regulators to ensure smooth alignment of sectoral regulatory laws with the spirit of competition law in the country;
- To effectively carry out competition advocacy and spread the information among all stakeholders to establish and

nurture healthy competition culture in the Indian economy.

The main components / elements of the Competition Act, 2002 are :-

1. *Anti – Competitive Agreements* – Sec.3 of the Competition Act, 2002 which came into effect from May 20, 2009.
2. *Abuse of Dominant Position* – Sec. 4 of the Competition Act, 2002 which came into force from May 20, 2009.
3. *Combinations including Mergers & Acquisitions* – Sec 5 & 6 of Competition Act, 2002, which came into force from June 1, 2011.
4. *Competition Advocacy*.

Let us look briefly at the aforesaid components:-

1. Anti – Competitive Agreements covered under the Competition Act 2002:

Following are typical category of agreements / contracts that attract provisions under the Competition Act, 2002 :-

- a. Price fixing Agreements
- b. Facilitating Practices
- c. Quiet Life Agreements
- d. Group Boycotts
- e. Joint Venture Agreements
- f. Trade Associations
- g. Cartels
- h. Tie in Arrangements
- i. Exclusive Supply or Distribution Agreements
- j. Refusal to Deal
- k. Resale Price Maintenance

2. Abuse of Dominant Position under the Competition Act, 2002 :

This refers to anti competitive business practices in which a dominant firm/ entity may engage in order to maintain / increase/ consolidate its position in the market. The abuse of dominance, be it of an individual enterprise or of a group, involves the following stages :-

- Determination of 'relevant market' which is assessed on the basis of relevant product / geographical market.
- Determination of 'dominance' in the relevant market.
- Determination of an 'abuse' in respect of the dominant position.

What constitutes Abuse of Dominant Position?

'Abuse of dominance' is not defined in the Indian Competition Act. However, various activities covered under abuse of dominance position that attracts the provisions of the Competition Act are :-

- A) If an enterprise or a group directly or indirectly impose unfair or discriminatory condition in purchase or sale of

- goods or services; or
- B) If an enterprise or a group directly or indirectly impose unfair or discriminatory price in purchase or sale of goods or service ; or
- C) If an enterprise or group restricts production of goods or provision of services or markets related thereto; or
- D) If an enterprise or group restricts technical or scientific development relating to goods or services to the prejudice of consumers; or
- E) If an enterprise or group indulges in practice resulting in denial of market access in any manner; or
- F) If an enterprise or group uses its dominant position in one relevant market to enter into or protect other relevant market ; or
- g) If an enterprise or group applies dissimilar conditions to similar transactions with different trading parties, thereby, placing them at a competitive disadvantage.

3. Combinations including Mergers and Acquisitions under Competition Act, 2002:

Combination under the Competition Act 2002 implies acquisition of control, shares, voting rights or assets by a person over an enterprise where such person has direct or indirect control over another enterprise engaged in similar business, and merger and amalgamation between enterprises when the combining parties exceed the thresholds specified in the Act .The thresholds are specified in the Act in terms of assets or turnover in India and outside India and are applicable for individuals and groups.

Under the Competition Act “Group “means two or more enterprises which directly or indirectly are in a position to –

- a) Exercise twenty six percent or more of the voting rights in the other enterprise; or
- b) Appoint more than fifty percent of the members of the board of directors in the other enterprise ; or
- C) Control the management of affairs of the other enterprise ;
- For the purpose of determining whether a combination would have or is likely to have an appreciable adverse effect on competition in the relevant market, the Commission shall have due regard to all or any of the following factors , namely :-
- 1) Actual or potential level of competition in the market ;
 - 2) Extent of barriers to entry into the market ;
 - 3) Level of combination in the market ;
 - 4) Likelihood that the combination would result towards significantly increasing profits or prices ;
 - 5) Extent to which substitutes are available or are likely to be available in the market ;
 - 6) Market share , in the relevant market , of the persons or enterprises in a combination ;

- 7) Nature and extent of vertical integration in the market ;
- 8) Nature and extent of innovation perceived in the market ;
- 9) Whether the benefits of the combination outweigh the adverse impact of the combination , if any ;

4. Competition Advocacy:

Section 49 of the Competition Act 2002 empowers the CCI to undertake competition advocacy. Advocacy initiatives take the Commission from being merely an enforcing authority to be an advocate of merits of competition and to take suitable non-enforceable measures with an aim to create and strengthen awareness of the role of competition among market players and various stakeholders , thereby , encouraging compliance and reducing the need for enforcement action on erring enterprises.

Way ahead for the Competition Law in India and other countries –

a) Intellectual Property Rights -

Competition Law has become increasingly interwined with intellectual property, such as : copyright , trademarks , patents , industrial design rights , trade secrets etc. On one hand it is believed that promotion of innovation through enforcement of intellectual property rights promotes competitiveness, while on the other hand, it is perceived to result in unfair trade practices. The present Competition Act need to focus on this issue as increasing number of copy right / trade mark disputes relate to finding a balance between giving preference to intellectual property rights or towards promoting competitiveness.

b) Interface with corporate governance –

With the growing emphasis on corporate governance the world over, and the increasing complexities arising in the area of Competition Law that impacts business governance, it is desirable that the regulatory framework of corporate governance should include specific mention of compliance with the provisions of Competition Law / Act, as may be applicable to potential enterprises or groups.

Role of Professionals in the context of Competition law -

Professionals like Economists, Lawyers, Cost & Management accountants, Company Secretaries, Business Analysts etc. Have a large role to play to ensure that the spirit of competition law is practiced in the desired manner both at the micro level and macro level of an economic society. Essentially, the Cost & Management Accountants have a special role in the governance of competition law not only in India but all over the world.

Specific role that a Cost & Management Accountant can play in the domain of competition law whether in India or overseas are:-

- A) Advisory / Consultancy Services to Enterprises so as to avoid any penalties / consequences for contravention of

the provisions of Competition Act / Competition Law.

- B) Drafting of Competitive Agreements so that no clause in the Agreement is anti competitive which attracts the provision of Competition Law .
- C) Representation on behalf of enterprises by acting as an interface between Competition Commission and various Sectoral Regulators.
- D) To facilitate and spread awareness regarding suitable competition compliance program in enterprises that are or are likely to be under the coverage of Competition Act.
- E) To act as an 'Expert 'in the office of the Competition Commission of India in the area of : mergers / acquisitions, business combinations , industry specific pricing under competitive market conditions , etc.
- F) To actively participate / initiate various Competition Advocacy Programs among the stake holders from time to time at various places to bring awareness of the benefits of Competition Law in trade and business practices and to update the participants of the current developments in the Competition law in India and other

countries.

Concluding Observations -

India responded positively by opening up its economy by removing controls during the economic liberalization. As a result, Indian market faces competition from within and outside the country. This require the need for a strong legislation to govern the process of transition and ensuring proper management of legal and administrative issues that would emerge in due course. This was the genesis for the coming into force of the present Competition Act, 2002 replacing the erstwhile MRTP Act , 1969. By 2008, 111 countries had enacted Competition Laws and many amendments are taking place in the Competition Act regularly all over the world as business complexities are growing in leaps and bounds. The present Competition Act in India is an efficient piece of legislation in this direction and considering the various guidelines /notifications / amendments that have been brought under this Act from time to time, it is expected that the Competition Law in India will indeed serve the purpose for which it was enacted.

Project financing: a detailed study

Pranab Kumar Sikdar

M.Com; PGDBM; FCMA; MBA (Finance)

Ex-Company Executive; Corporate Trainer; Sr. Faculty of ICAI; ICSI; BBA and MBA Courses.

Financing of a Project and its ways and means, and different considerations can be described as under:

1) **Financing through Markets, Public Issue:**

When project is thought of financing from the sale of the equity shares of the company as well as from the various other sources such as bonds, debentures, preference shares. These are subject to the rules and guidelines of SEBI (Securities Exchanges Board of India).

2) **Financing through Financial Institutions:**

When project is thought of being financed through the funds to be raised through various financial institutions. This may include sometimes 'bank' also. However, banks do the other services also besides the financing of the projects. Therefore, sometimes, financial institutions may mean excluding the banks.

3) **Newer concepts of Financing:**

In the earlier days, the sources of finance for the projects were considered mostly from:

- promoters' fund
- issue of shares to public from the capital markets as stated above
- financial institutions
- deposits.

Present days, financing for the projects is also considered from (subject to certain rules and guidelines from Government):

- ECB (External Commercial Borrowings)
- FDI (Foreign Direct Investment)
- GDR (Global Depository Receipts)
- Joint Venture
- Execution of projects on:
 - ⇒ Build Own Operate (BOO)
 - ⇒ Build Own Operate Transfer (BOOT)
 - ⇒ Build Own Operate Sale (BOOS)
 - ⇒ Build Own Operate Lease (BOOL), etc.
- Lease financing

- Contracts financing
- Deferred payments arrangements

4) Taking into account '**Capital Structure Theories**':

This refers to the mix of the initial capital (fixed) employed in the business, when the same is started. In other words, it may be the ratio of debt and equity capital i.e., how much:

- Owned (promoter's capital)
- Public issues for equity, preference shares, debentures, etc.
- Debt from financial institutions
- Financing from other modes including foreign loans.

Broadly, it will indicate the mix of fixed capital into equity and debt keeping in view the company's policy and government guidelines including rules and regulations of SEBI (Securities Exchanges Board of India).

5) Considering '**Cost of Capital and Capital Structures**':

Various sources of capital in the mix of capital structure carry cost. For example, the capital structure is with a mix of:

- Equity capital
- Preference share capital
- Debentures
- Bonds
- Foreign loans as FDI (Foreign Direct Investment) or loan from ECB (External Commercial Borrowings)
- Public deposits
- Commercial papers
- Loan from other companies
- Debt from financial institutions.

These sources will have cost either in the form of interest or dividends. Therefore, a mix with a reasonable cost of all these sources will be suitable for the financing of the project. Thus, before the financing of project is decided, the above concept, i.e. cost of capital and

determining the expected rate of return from the project is considered while deciding about the investment in project.

6) **Detailed consideration for 'Lending Policies and Appraisal Norms by the Financial Institutions'.**

The financial institutions and banks have their own lending policies under the rules, regulations and directives of Government and Reserve Bank of India as well as under their own acts and policies.

The loans are sanctioned after the proper appraisals of the proposals of the borrowers. The proposal is appraised considering the norms fixed by the financial institution and banks.

Besides the normal norms of appraisals fixed by the financial institutions for the proposals made by the borrowing companies, there may be various other conditions also laid by the financial institutions. These conditions may broadly include:

- Pledging of promoters' equity.
- Equity conversion clauses.
- Appointment of concurrent auditors and professionalisation of management structures, among others.
- The borrowers will not be allowed to take up new projects unless their existing projects go on stream.
- The conditions laid will have to be complied with by the borrowers. In the event of any default, fund will not be extended to the borrowers.
- Besides the above conditions, the promoters of the projects will also have to bring in 20% equity contribution towards the cost over-runs, if any in the project.
- No funds will be allotted to other projects, unless the projects for which funds have been allotted, have been completed and stabilised.
- The financial institutions will also nominate the Directors on the Boards of the borrower companies if thought necessary by the institutions.

7) **Term Loan Agreement:**

After the funds/loans are sanctioned, the term loan agreement is executed between the financial institutions and the borrowing company for the project.

The usual conditions may be:

- (a) Rate of interest.
- (b) Repayment schedule and the period when the repayment will start.
- (c) Various statements/reports on the progress of project activities from time to time on regular basis.
- (D) Reports on utilisation of funds.

(E) Cost and time over-runs if any with the reasons for the same.

(F) Details of project organisation, with details of deployment of qualified technical staff.

(G) Details of the project consultants.

(h) Any other information related to the project and its progress

8) **Monitoring of the progress of units and fund assistance by the Financial Institutions:**

Nowadays, financial institutions come forward for monitoring the progress of the projects for which they have given the term loans. This is with an objective to ensure progress of work on the project so as to complete the same without any cost and time over run.

Thereafter, when operating activities start, the funds from the operation would be available for repayment of loan funded by the financial institutions.

9) **Project Financing and Venture Capital:**

Project financing has many risks such as:

- Repayment delay
- Repayment of total amount of fund provided
- Project may be delayed in completion for which funds have been provided by the financial institutions
- There may be huge cost and time over-runs in the project due to the reasons other than fund constraints.
- Institutions come forward to finance such projects with their terms and conditions as a venture capital provider.

10) **International Funds as a source of finance:**

Nowadays, project financing has been extended to the international sources also. The funds from international sources may include:

- ECB loans
- Foreign Direct Investments
- Global Depository Receipts (GDR)

11) **Consideration of 'Dividend Policy and Retention of Profit':**

Sometimes, company may decide to hold dividends on shares and the profit may be retained to increase the net worth. Thus, the increase of net worth by way of retaining the profit, will ultimately result in making the availability of the fund to the project.

12) **Corporate Taxation and its impact on Corporate Financing:**

Mode of financing will have direct impact on the corporate taxation. For example, if financing is done from commercial borrowings more than the equity

capital, there will be more interest burden on the profit; hence tax burden will be lower, since the interest is deducted from the profit before the taxable income is worked out for tax calculation. Hence, it is imperative to decide a proper mix of sources of financing from debt and equity.

13) **Equity and preference shares, debenture and bonds, company deposits:** These are the sources of finance for the project.

14) **Term loans from Financial Institutions and Banks:**

Financing from banks or financial institutions is in the form of term loans. The words 'term loans' denote the type of loan either:

- Short term loan, or
- Long term loan, or
- Medium term loan.

The purpose, terms, rates of interest of these types of loans are different. Therefore, these are called 'term loans'. For example, short term loan carries higher rate of interest, its purpose for utilisation is for short term i.e., working capital, whereas long term loans carry lower rates of interest and its purpose would be to be used for long term assets.

15) **Deferred Payments Arrangement:**

This is a source of project financing. In this method, project financing is done by deferring repayments instead of making immediate repayments of loans.

16) **Financing Cost Escalation:**

Project financing is initially planned for the original cost of the project. However, during the execution period, project cost increases due to various reasons such as price escalation, volume increase, duties and taxes, etc. Financing arrangement for the increased cost of project has also to be made. Fund for the cost escalation is also arranged from the financial institution. Sometimes, the financial institutions enforce the condition that the promoters of the project must bring minimum 20% of the cost escalation.

17) **International Finance and Capital Markets (or International Money Market):**

Capital market has increased its scope with the openings for international finances such as ECB, FDI, GDR, etc. Besides these, the financing is also availed by trying up for joint ventures with the foreign companies including equity participation for the technology transfers.

18) **Instruments:**

The documents papers, certificates, contracts, hypothecation deeds, cheques, drafts, commercial papers, bonds, share certificates, etc. used in the financing/capital marketing transactions, between the

two parties i.e. financial institutions (indigenous as well as global), banks and companies (borrowers) respectively are considered as "instruments".

19) **Exchange risks and transactions:**

In the foreign financing transactions, there is always the risk of exchange rate variations. When the exchange rates increase in terms of rupee, the foreign loans become costlier. This risk remains, till the repayment of entire loan is completed.

20) **Weighted Average Cost of Capital:**

The various sources of finance carry cost either in the form of interest or dividend. When, financing is arranged from more than one source, the sum of the costs of these sources divided by the total sum of funds obtained from various sources will be said as "weighted average cost of capital".

21) **Marginal Cost of Capital:**

This denotes that the cost of capital i.e. the average of financing charges of various sources as well as the rate of anticipated dividends to be considered on the equity share capital/preference share capital as well as cost of bonds issued for financing the project as well as charges (interest rates) for all other various sources of financing including foreign, should not exceed the maximum rate, which organisation considers as a margin of safety to be allowed in the situation, when fund crisis prevails in the capital market.

22) **Negotiation of Term Loans with Banks and Financial Institutions:**

While negotiating the term loans with the banks and financial institutions, following points are considered by the borrowers:

- (a) Alternative sources available
- (b) Rates being charged by various source agencies
- (c) Quantum of fund required and to be available from the various sources
- (d) Repayment schedules demanded by various agencies
- (e) Various terms and conditions laid down by the financial institutions/banks.
- (f) Terms and conditions acceptable to the borrower
- (g) Type of project for which term loans are being negotiated,

23) **International Financial Management:**

While negotiating the loans from the international sources, negotiations should be done considering the factors as suggested in point (22) above and besides these, the following areas would also be considered for better financial management:

- (A) Terms and conditions of the institutions

- (B) Exchange rates and its fluctuations associated with the risk management
- (C) Repayment schedules
- (D) Documentation/guarantees required to be executed
- (E) Cheaper rate
- (F) Better terms and conditions
- (G) Better repayment schedules
- (h) Less exchange rate fluctuations - are the important areas related with the international financial management,

24) **Internal Financing:**

This is considered when the project financing is thought from the view of the internal resources. This mode may be restricted mainly to the small and regular additions, modifications, replacements, and balancing projects or internal financing may be considered a part of the total project costs as one of the various sources.

25) **Ploughing Back of Earnings:**

When the cash generated from the earnings from the operation is deployed back in the project financing as well as in financing the working capital requirement, is called "ploughing back of earnings".

Besides these issues, there are the following miscellaneous points also which are always deliberated in the context of project financing:

- Pattern of financing
- Impact of taxation
- Public loans
- Small savings
- Surplus of public enterprises
- Deficit financing
- Public sector project financing
- Role of tax planning in project financing.

Deduction or collection of tax at source

Pradeep K Chandra

B.Sc., ACMA, SACP (Dip), PGDFM, AASM, (Author)

In order to avoid tax evasion, the Government has made provisions in the Income Tax Act to deduct or collect tax at source at the time of accrual or payment of income to the payee. As per the Income Tax Act, the person responsible for making payment of income is liable to make TDS and deposit the same in the Government's treasury within the stipulated time. The recipient of income, though gets net amount after TDS, is liable to calculate tax on the gross amount and to pay the net amount of tax after making adjustment of TDS made

on his amount.

TDS (Tax Deducted at Source): In case of certain income, tax is deducted at source by the payer at the specified rate at the time of accrual or payment of such income to the payee.

TCS (Tax Collected at Source): In certain cases, tax is collected at source by the seller from buyer / licensee / lessee at the time of debiting the amount to the account of the buyer / licensee / lessee or the receipt of payment whichever is earlier.

Section	Person	Payment covered	Time of making TDS	TDS
192	Payer: Employer Payee: Employee	Taxable salary of the employee.	At the time of making Payment. See note below.	Rate: Normal, as per the slabs. Application can be made to AO in Form No. 13 for lower or no TDS.
193	Payer: Payer of interest on securities. Payee: Resident.	Interest on securities except the following: (a) Debenture issued by any co-operative society or any other institution notified by Central Govt. (b) Any Govt. security, interest not more than Rs. 10,000 p.a. (c) Securities beneficially owned by LIC or GICL. (d) Any listed Demat security.	At the time of payment or making credit, whichever is earlier. No TDS is necessary if the debenture (issued by a listed company interest in which public are substantially interested & paid by an a/c payee cheque) interest ?Rs. 5000 p.a.	Rate: 10% (no surcharge, EC etc). Application can be made to the Assessing Officer in Form No.13 for lower or no TDS. Application in Form 15G or Form 15H can be made by individual or HUF for no TDS.
194	Payer: Domestic company. Recipient: Resident shareholder.	Deemed dividend U/S 2(22)(e) (not dividend U/S 115-O).	At the time of making payment.	Rate: 10% (no surcharge or EC).
194A	Payer: Any person (not an individual or HUF, whose accounts are not required to be audited U/S 44AB in the immediately preceding financial year).	Interest other than interest on securities. No TDS if the yearly interest does not exceed 5,000 (10,000 in case of bank interest, co-operative bank	At the time of payment or at the time of credit, whichever is earlier.	Rate: 10% (no surcharge or EC). Form No.13 & Form 15G (or Form 15H) are applicable.

	Recipient: A resident person.	interest and interest on Senior Citizen Saving Scheme).		
194B	Payer: Any person paying the amount. Recipient: Any person	Winning from lotteries, crossword puzzles, etc. exceeding 10,000 (5,000 before 01.07.10).	At the time of payment. Note: (1) Where the prize is given partly in cash and partly in kind, TDS is made from cash prize, considering the aggregate amount of cash prize and the value of prize in kind. (2) Where the winning is wholly in kind or cash prize is not sufficient to meet the TDS liability, the person responsible for paying shall, before releasing the winning either in cash or in kind, ensure that tax has been paid in respect of the winning.	Rate: 30% (no surcharge or EC).
194BB	Payer: Any person Recipient: Any person.	Winning from horse races (if the amount of payment crosses 5,000 (10,000 from June 1, 2016)	At the time of payment.	Rate: 30% (no surcharge or EC).
194C	Payer: A specified person. Recipient: A resident contractor or sub-contractor.	Consideration for any work contract e.g. Advertising, Broadcasting & Telecasting, Carriage of goods or passengers not by railways, Catering, Manufacturing or supplying product by using material purchased from such customer. It includes supply of labour for carrying out any work.	At the time of payment or making credit, whichever is earlier. NOTE: No TDS is made if the amount paid or credited does not exceed Rs.30,000 (Rs.20,000 before 01.07.10) in a single payment or 100,000 (75,000 up to May 31, 2016) in the aggregate during the financial year.	Rate: 1% if the recipient is individual or HUF otherwise the rate is 2%. Form No. 13 can be submitted to AO for lower TDS or no TDS. NOTE: Payment to transport operators is not subject to TDS if the recipient furnishes his PAN to the deductor. From June 1, 2015: Recipient owns 10 (or less than 10) goods carriages at any time during the P/Y. He gives a declaration to this effect to the deductor.
194D	Payer: Any person. Recipient: A resident person.	Insurance commission [if the amount exceeds 20,000 (15,000 from June 1, 2016) during the financial year].	At the time of payment or making credit whichever is earlier.	Rate: 5% (no surcharge or EC), if recipient is a person other than a company.. 10% if the recipient is a company. Form No.13 can be submitted.

194DA	Payer: Any person Payee: Any resident	Payment of any sum paid under LIP which are not exempt U/S 10(10D)	At the time of payment whichever is earlier. or making credit Recipient can submit Form No. 15G / 15H U/S 197A for not making TDS.	Rate: 2% (1% from June 1, 2016) of sum paid including bonus, which are not exempt U/S 10(10D). However, no TDS is required if the amount payable during the financial year is less than Rs. 1,00,000.
194E	Payer: Any person. Recipient: Non-resident sportsman or sports association.	Payment to non-resident sportsman or sports association.	At the time of payment or making credit, whichever is earlier	Rate: 10% up to June 30, 2012 and 20% after June 30, 2012 Form No. 13 is not allowed.
194EE	Payer: Post office. Recipient: Any person.	Payment (principal + interest) from National Saving Scheme, 1987 but not NSS, 1992.	At the time of payment, provided the amount is more than Rs. 2,500 & not paid to legal heirs of the deceased depositor.	Rate: 20% (10% from June 1, 2016) (no surcharge or EC). No TDS is made if a declaration is submitted U/S 197A by the recipient to the payer. Form 15G or 15H is allowed.
194F	Payer: Mutual fund or UTI. Recipient: Units holder U/S 80CCB, during the years 1990-91 & 1991-92.	Payment on account of repurchase of units mentioned in section 80CCB.	At the time of payment.	Rate: 20% (no surcharge or EC).
194G	Payer: Any person. Recipient: Any person.	Commission on sale of lottery tickets , if the amount is more than 1,000 (more than 15,000 from June 1, 2016).	At the time of payment or making credit, whichever is earlier	Rate: 10% (no surcharge or EC). Form No. 13 can be submitted to the AO for lower or no TDS.
194H	Payer: Any person, not being an individual or HUF whose accounts are not required to be audited U/S 44AB. Recipient: Any resident person.	Commission or brokerage , not being insurance commission. TDS is made if the amount is more than Rs. 5,000 (Rs. 15,000 from June 1, 2016).	At the time of payment or making credit, whichever is earlier.	Rate: 10% (5% from June 1, 2016) (no surcharge or EC). Form No. 13 is allowed to be submitted to AO for lower TDS or no TDS.
194-I	Payer: Any person, not being an individual or HUF whose accounts are not required to be audited U/S 44AB. Recipient: A resident person.	Rent [provided the amount of payment during the year is more than Rs.1,80,000 (Rs. 1,20,000 before 01.07.10)]. No TDS if payee is Govt. or Local authorities.	At the time of payment or making credit (excluding service tax and municipal tax), whichever is earlier	Rate: (1) For the use of any machinery, plant or equipment: 2% . (2) For the use of any land, building or furniture: 10% . Form No. 13 is allowed for lower or no TDS. No TDS when rent is paid or credited to real estate investment trust.
194-IA	Any person (a transferee) responsible for paying to resident transferor	Payment on transfer of immovable property (other than rural agricultural land) and it exceeds Rs. 50 lakhs.	At the time of payment or making credit to the transferor, whichever is earlier.	Rate : 1% TAN is not applicable in the case of deductor for this section.

194J	Payer: Any person, not being an individual or HUF, whose accounts are not audited U/S 44AB. Recipient: A resident person.	Fees for professional or technical services. No TDS if the amount is not more than Rs. 30,000 (Rs. 20,000 before 01.07.10) during the year. no threshold limit for director's fees.	At the time of payment or at the time of making credit, whichever is earlier.	Rate: 10% (no surcharge or EC) on total payment including service tax and reimbursement of actual expenditure in case of consolidated bill. But excluding service tax and reimbursement if they are shown separately in the bill. Form No. 13 can be submitted for no TDS or TDS at lower rate.
194LA	Payer: Any person. Recipient: A resident person.	Compensation / Consideration (may be enhanced amount) for compulsory acquisition of land or building (except rural agricultural land).	At the time of payment or making credit, whichever is earlier. Not applicable in case of payment or credit before 01.10.2004.	Rate: 10% (no surcharge or EC). NOTE: No TDS if the amount does not exceed Rs.2,50,000 (2,00,000 up to May 31, 2016) during the financial year or payment or credit is made before 01.10.2004.
194LB	Payer: Any person. Recipient: A non-resident or a foreign company.	Interest on infrastructure debt fund referred to in Sec. 10(47).	At the time of payment or making credit, whichever is earlier.	5% plus SC + EC + SHEC. Sec. 197 is not applicable i.e. payment without TDS or with lower TDS is not allowed.
194LB A(1)	Payer: Any person responsible for making the payment. Payee: Resident unit Holder	Where any distributed income is payable by a business trust to its unit holder.	At the time of payment or making credit, whichever is earlier.	10%
194LB A(2)**	Payer: Any person. Payee: Non-resident or a foreign company	Where any distributed income is payable by a business trust to its unit holder.	At the time of payment or making credit, whichever is earlier. If the recipient does not have PAN, tax is deductible @ 20%.	5% (+ SC + EC + SHEC). Applicable from June 1, 2015: If rental income (received by a real estate investment trust) is distributed to unitholders, TDS is 30% (40% if the recipient is a foreign company) + SC + EC + SHEC.
194LBB	Payer: Business trust. Payee: Unitholder	A business trust distributes any income referred to in Sec. 115UB (not being business income of the nature referred to in Sec. 10 (23FBB)).	At the time of credit of such payment to the account of the payee at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier.	10%. If the assessee does not have PAN, TDS will be @ 20%. Provisions of Sec. 197 or Sec. 197A are not applicable.
194LBC	Payer: Payee: Investor	Income is payable to an investor in respect of an investment in a securitization trust.	At the time of credit of such payment to the account of the payee at the time of payment thereof in cash or by the issue of a cheque or draft or by any other	a. 25% if the payee is a resident individual / HUF; b. 30% if the payee is a resident other than an individual / HUF; c. 40% if the payee is a foreign company; d. 30% if the payee is a non

			mode, whichever is earlier	resident, not being a foreign company. Provisions of Sec. 197 or Sec. 197A are not applicable.
194LC	Payer: Indian company or business trust. Recipient: A non-resident or a foreign company.	Interest is paid or payable at approved rate. Interest should relate to money borrowed during July 1, 2012 and June 30, 2017 in foreign currency from a source outside India: (a) under a loan agreement, or (b) by way of issue of long term infrastructure bond, As approved by the Central Government.	At the time of payment or making credit, whichever is earlier. There is no maximum limit which can be paid without making TDS.	5% plus SC + EC + SHEC. Sec. 197 is not applicable i.e. payment without TDS or with lower TDS is not allowed.
194LD	Payer: Any person responsible for making payment. Recipient: A foreign institution investor or a qualified foreign investor.	Interest (not exceeding notified rate of interest) on a rupee denominated bond of an Indian company or Government security which is payable after May 31, 2013 but before July 1, 2017.	At the time of payment or making credit, whichever is earlier. If TDS is made under this section, section 195 and 196D will not be applicable.	5% plus SC + EC + SHEC. 20% if recipient does not have PAN. Sec. 197 is not applicable i.e. payment without TDS or with lower TDS is not allowed.
195	Payer: Any person. Recipient: A non-resident person	Any payment to non-resident other than salary and dividend U/S 115-O.	At the time of payment or making credit, whichever is earlier.	Rate: For different income different rate (including EC & SHEC) as is mentioned in the Finance Act.
196B	Payer: Any person. Recipient: Any person.	Income in respect of units referred to in section 115AB or LTCG arising from the transfer of such units to an Offshore Fund.	At the time of payment or making credit, whichever is earlier.	Rate: 10%.
196C	Payer: Any person. Recipient: A non-resident person.	Income / LTCG from GDR /Bonds (not being dividend U/S115-O).	At the time of payment or making credit, whichever is earlier.	Rate: 10% (+ SC + EC + SHEC)
196D	Payer: Any person. Recipient: FII (Foreign Institutional Investor).	Income in respect of securities mentioned in section 115AD (not being dividend U/S115-O or capital gain from transfer of securities under Sec 115AD).	At the time of payment or making credit, whichever is earlier.	Rate: 20%.

NOTE:

(1) For section 192: Computation of taxable salary and tax thereon: At the time of making TDS, the person responsible for paying salary during the financial year 2015—16 should consider the following points:

- **HRA exemption**— The employer should calculate HRA applying section 10(13A). the exemption depends upon the rent paid by the employee. The concerned employee should submit to the employer a written statement pinpointing rent paid, name of landlord, address of the property and PAN of the landlord (PAN is required only if rent paid is more than 1,00,000 p.a.) along with the rent receipt given by the landlord. However, for the purpose of TDS, the CBDT has given a concession that rent receipt is not required if HRA is 3,000 p.m. or less.
 - Other income of employee—An employee at his option can declare his other incomes to the employer. He cannot declare negative income (except loss from house property).
 - Deduction from GTI—Employer should consider the deductions U/S 80C, 80CCC, 80CCD, 80CCG, 80D, 80DD, 80DDB, 80E, 80EE, 80GG, 80GGA, 80TTA and 80U.
- (1) If the recipient does not submit PAN to the payer, tax will be deducted at the normal rate or 20%, whichever is higher.**
- (2) Surcharge on TDS for the financial year 2016-17 will be applicable as follows:**
- Payment of salary & payment/credit to a non-resident non-corporate assessee (other than salary): @15% if the

amount subject to TDS > 1 crore;

- Payment / credit (other than salary) to a non-resident firm / co-operative society, surcharge is 12% if the TDS for the financial year 2016-17 exceeds 1 crore.
 - Payment /credit to a foreign company: @2% if the income subject to TDS > 1 crore ut not more than 10 crore & @ 5% if the amount subject to TDS > 10 crore.
- (3) EC @ 2% & SHEC @1% will be applicable on-**
- TDS from payment of salary; &
 - TDS from payment/credit to a non-resident or a foreign company.
- (4)** In case of payment / credit (other than salary) to a resident, EC etc is not applicable for TDS purposes.
- (5) The payer will issue a certificate of TDS to the recipient in Form No.16 (or 12BA) or 16A, as applicable.**
- (6) Sec. 194G:** If an authorized lottery ticket agent purchases lottery tickets in bulk at a discount from the State Government and sells the same at a price of his choice, sec. 194G is not applicable.
- (7) Sec. 194LA:** If a land was agricultural land and not used for non-agricultural purposes, it will be treated as "agricultural land" even if it was not actually used for agricultural purposes and consequently tax is not deductible from payment of compensation on acquisition of such agricultural land.
- (8) No TDS on service tax:** If service tax is shown separately in the invoice, TDS is applicable on the payment excluding service tax.

TDS certificates

TDS certificates are given by deductor / payer in Form No. 16 or 16A, as the case may be.

Income	Form No.	Due date
Salary	Form 16	Annually by 31st May of the following F/Y
Other income	Form 16A	Quarterly within 15 days of furnishing return of income.
Sec. 194-IA	Form 16B	Within 15 days of furnishing challan in Form No. 26QB.

Due dates for deposit of TDS / TCS**a. If deductor / payer is Government:**

Amount deposited without challan	On the same day of deduction
Amount deposited with challan	On the 7th day of next month

b. If deductor / payer is other than Government:

	Due date
If amount is paid or credited in the month of March	April 30th
If amount is deductible in March except above	April 7th
If amount is deductible in April to Feb. including Sec. 194-IA	7th of next month

Due dates for deposit of TDS / TCS Statements

Quarter ending	Due dates of TDS return, if deductor is-		
	TCS return	Government	Other than Government
June 30	July 15	July 31	July 15
September 30	October 15	October 31	October 15
December 31	January 15	January 31	January 15
March 31	May 15	May 15	May 15

Consequences of default: Where a person, who is required to make TDS, does not deduct or after deducting fails to pay, the whole or any part of tax, as required by the Act, then such person shall be deemed to be an assessee in default in respect of such tax U/S 201(1). He will be liable to pay tax, interest, penalty and prosecution. Besides, disallowance U/S 40(a) will be attracted.

Consequences of non-compliance of TDS provisions

Section or Chapter	Non-compliance	Default section	consequences
Sec. 197A	Delay, no submission or no TDS declarations	272(2)(I)	100 per day; maximum amount: tax on declaration
Chapter XVII-B	Fails to deduct the whole or any part of TDS	271C(1)(a)	Penalty of a sum equal to the amount of TDS not so deducted.
Sec. 200	Delay in payment of TDS	201(1A)	Interest @ 1% p.m.
Sec. 200	Delay, no submission of quarterly TDS statement or correction statement.	272A	110 per day.
203A	Default in the matter of PAN	272BB	Penalty of 10,000.

TCS Rates [Sec. 206C]

Serial No.	Nature of goods / contract	% of purchase price
Category A: Sale of the following		
1	Alcoholic liquor for human consumption	1%
2	Indian made foreign liquor	1%
3	Tendu leaves	5%
4	Timber or any other forest product not being tendu leaves	2.5%
5	Timber obtained under a foreign lease	2.5%
6	Timber obtained by any mode other than under a forest lease	2.5%
7	Scrap	1%
8	Minerals, being coal or lignite or iron ore	1%
Category B: Grant of lease / license of the following		
9	Parking lot, Toll Plaza, Mining and quarrying (shall not include mining or quarrying of mineral oil i.e. petroleum & natural gas)	2%
10	Sale of minerals being coal or lignite or iron ore if the same was not purchased by buyer for personal consumption or for manufacturing, processing or producing article or thing or generation of power.	1%

Category C: Sale of the following where consideration (fully or partly) is received in cash		
11	Sale of bullion (exceeding 2,00,000 in cash), jewellery (consideration in cash exceeding 5,00,000) or with effect from June 1, 2016, any other goods or service (consideration in cash exceeds 2,00,000) if TDS provisions are not applicable	1%
Category D: Sale of the following whether payment is received by cheque or by any other mode		
12	Motor vehicle of the value exceeding 10,00,000 (from June 1, 2016)	1%

Principles of Public Procurement in India

CMA Balaknath Bhattacharyya

What is procurement?

Procurement is concerned with securing goods, services and works. The process spans the whole cycle, from identification of needs through to the end of a service or the end of the useful life of an asset and its disposal. It is concerned with securing goods and services that best meet the needs of users and the local community in order to help achieve desired key priorities. It also supports the commissioning of services and supports work on developing markets where appropriate

Importance of Public Procurement

Public procurement has a significant impact on our everyday lives as it plays a key role in the creation of both social and economic infrastructure like roads, schools, hospitals, provisions for drinking water and sanitation etc. Studies have shown that sectors like railways, defence, health, and telecommunication have allocated significant portions of their budgets to public procurement. In light also of the fact that public procurement system in India accounts for roughly 20% of the country's GDP as per World Bank report which is tantamount to Rs 29, 43,000 crore, the importance of having an 'effective' public procurement system can never be understated.

Basic Aims of Procurement – the Five R's of Procurement

In every procurement activity -public or private, the basic aim is to achieve just the right balance between costs and requirements concerning the following five parameters called the Five R's of procurement. The entire process of procurement (from the time the need for an item, facility or services is identified till the need is satisfied) is designed to achieve such a right balance. The word 'right' is used in the sense of 'optimal balance'.

i) Right Quality

Procurement aims to buy just the right quality that will suit the needs – no more and no less– with clear specification of the Procuring Entity's requirements, proper understanding of functional value and cost, understanding of the bidder's quality system and quality awareness. The concept of the right balance of quality can be further refined to the concept of utility/value. For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money while

benchmarking the specification.

ii) Right Quantity

There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged uses. Hence, the right quantity should be procured (in appropriate size of contract) which balances extra costs associated with larger and smaller quantities.

Chapter – 1

iii) Right Price

It is not correct to aim at the cheapest materials / facilities / services available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for facilities / works / services which could lead to a situation of nonperformance or failure of contract). The concept of price can be refined further to take into account not only the initial price paid for the requirement but also other costs such as maintenance costs, operational costs and disposal costs (Also termed as life cycle costing).

iv) Right Time and Place

If the material (or facility or services) is needed by an organisation in three months' time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials /facilities/ services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

v) Right Source

Similarly, the source of delivery of Goods, Works and Services of the requirement must have just right financial capacity and technical capability for our needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few packets of printer paper directly from a large manufacturer may not be the right strategy. On the other hand, if our requirements are very large, buying such requirements through dealers or middlemen may also not be right.

Refined Concepts of Cost and Value – Value for Money

The concept of price or cost has been further refined into Total Cost Of Ownership (TCO) or Life Cycle Cost (LCC) or

Whole-of-Life (WOL) to take into account not only the initial acquisition cost but also cost of operation, maintenance and disposal during the lifetime of the external resource procured. Similarly, the concept of quality is linked to the need and is refined into the concept of utility/value. These two, taken together, are used to develop the concept of Value for Money (VfM, also called Best Value for Money in certain contexts). VfM means the effective, efficient, and economic use of resources, which may involve the evaluation of relevant costs and benefits, along with an assessment of risks, non-price attributes (e.g. in goods and/or services that contain recyclable content, are recyclable, minimise waste and greenhouse gas emissions, conserve energy and water and minimize habitat destruction and environmental degradation, are nontoxic etc.) and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM.

Fundamental Principles of Public Procurement in India

General Financial Rules, 2017 (Rule 144) has laid down the Fundamental Principles of Public Procurement. These principles and other additional obligations of procuring authorities in public procurement can be organised **into five fundamental principles** of public procurement, which all procuring authorities must abide by and be accountable for:

i) Transparency Principle

All procuring authorities are responsible and accountable to ensure transparency, fairness, equality, competition and appeal rights. This involves simultaneous, symmetric and unrestricted dissemination of information to all likely bidders, sufficient for them to know and understand the availability of bidding opportunities and actual means, processes and time-limits prescribed for completion of registration of bidders, bidding, evaluation, grievance redressal, award and management of contracts. It implies that such officers must ensure that there is

- a) consistency (absence of subjectivity),
- b) predictability (absence of arbitrariness),
- c) clarity, openness (absence of secretiveness),
- d) equal opportunities (absence of discrimination) in processes.

As part of this principle, all procuring entities should ensure that offers should be invited following a fair and transparent procedure and also ensure publication of all relevant information on the Central Public Procurement Portal (CPPP).

ii) Professionalism Principle

As per these synergic attributes, the procuring authorities have a responsibility and accountability to ensure professionalism, economy, efficiency, effectiveness and integrity in the procurement process. They must avoid wasteful, dilatory and improper practices violating the Code of integrity for Public Procurement (CIPP).. They should, at

the same time, ensure that the methodology adopted for procurement should not only be reasonable and appropriate for the cost and complexity but should also effectively achieve the planned objective of the procurement. As part of this principle, the Government may prescribe professional standards and specify suitable training and certification requirements for officials dealing with procurement matters. In reference to the above two principles - Transparency and Professionalism Principle, It may be useful to refer to the following provisions in the General Financial Rules, 2017:

The procedure to be followed in making public procurement must conform to the following yardsticks:-

- a) The description of the subject matter of procurement to the extent practicable should —
 1. be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics;
 2. not indicate a requirement for a particular trade mark, trade name or brand, the specifications should be in terms of quality, type etc.,
 3. the specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential features, which may result in unwarranted expenditure;
- b) the quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organizations. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- c) Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards. In case of Government of India funded projects abroad, the technical specifications may be framed based on requirements and standards of the host beneficiary Government, where such standards exist subject to provision that a procuring entity may, for reasons to be recorded in writing, adopt any other technical specification;
- d) offers should be invited following a fair, transparent and reasonable procedure;
- e) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
- f) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- g) at each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

- h) a complete schedule of procurement cycle from date of issuing the tender to date of issuing the contract should be published when the tender is issued.
- i) Departments shall prepare Annual Procurement Plan before the commencement of the year and the same should also be placed on their website.

iii) Broader Obligations Principle

Over and above transparency and professionalism, the procuring authorities have also the responsibility and accountability to conduct public procurement in a manner to facilitate achievement of the broader objectives of the Government - to the extent these are specifically included in the 'Procurement Guidelines':

- a) Preferential procurement from backward regions, weaker sections and MSEs, locally manufactured goods or services, to the extent specifically included in the 'Procurement Guidelines';
- b) Reservation of procurement of specified class of goods from or through certain nominated CPSEs or Government Organisations, to the extent specifically included in the 'Procurement Guidelines';
- c) Support to broader social policy and programme objectives of the Government (for example, economic growth, strengthening of local industry - make-in-India)

iv) Extended Legal Responsibilities Principle

Procuring authorities must fulfil additional legal obligations in public procurement, over and above mere conformity to the mercantile laws (which even private sector procurements have to comply with). The Constitution of India has certain provisions regarding fundamental rights and public procurement. Courts have, over a time, taking a broader view of Public Procurement as a function of 'State', interpreted these to extend the responsibility and accountability of public procurement authorities. Courts in India thus exercise additional judicial review (beyond contractual issues) over public procurement in relation to the manner of decision making in respect of fundamental rights, fair play and legality. Similarly, procuring authorities have also the responsibility and accountability to comply with the laws relating to Governance Issues like Right to Information (RTI) Act and Prevention of Corruption Act, and so on.

v) Public Accountability Principle

Procuring authorities are accountable for all the above principles to several statutory and official bodies in the Country – the Legislature and its Committees, Central Vigilance Commission, Comptroller and Auditor General of India, Central Bureau of Investigations and so on – in addition to administrative accountability. As a result, each individual public procurement transaction is liable to be scrutinised independently, in isolation, besides judging the overall outcomes of procurement process over a period of time.

Procuring authorities thus have responsibility and accountability for compliance of rules and procedures in each individual procurement transaction besides the achievement of overall procurement outcomes. The procuring authority, at each stage of procurement, must therefore place on record, in precise terms, the considerations which weighed with it while making the procurement decision from need assessment to fulfilment of need. Such records must be preserved, retained in easily retrievable form and made available to such oversight agencies. The Procuring Entity shall therefore maintain and retain audit trails, records and documents generated or received during its procurement proceedings, in chronological order, the files will be stored in an identified place and retrievable for scrutiny whenever needed without wastage of time. The documents and records will include:

- a) documents pertaining to determination of need for procurement;
- b) description of the subject matter of the procurement;
- c) statement of the justification for choice of a procurement method other than open competitive bidding; documents relating to pre-qualification and registration of bidders, if applicable;
- e) particulars of issue, receipt, opening of the bids and the participating bidders at each stage;
- f) requests for clarifications and any reply thereof including the clarifications given during pre-bid conferences;
- g) bids evaluated, and documents relating to their evaluation;
- h) contracts and Contract Amendments; and
- i) complaint handling, correspondences with clients, consultants, banks

Standards (Canons) of Financial Propriety

Public Procurement like any other expenditure in Government must conform to the Standards

(also called Canons) of Financial Propriety. It may be useful to refer to the relevant provisions in the General Financial Rules, 2017.

According to Rule 21 of GFR 2017 Standards of Financial Propriety, every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rule and regulations are observed, by his own office and by subordinate disbursing officers. The principles on which emphasis is generally laid are the following:-

- i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- ii) The expenditure should not be prima facie more than the

occasion demands.

iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

iv) Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless -

a) a claim for the amount could be enforced in a Court of Law, or

b) the expenditure is in pursuance of a recognized policy or custom.

v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

vi) While discharging the duties of financial concurrence of any public expenditure, such authorities subsequent to such decision, shall not be involved in any future financial/ audit/payment responsibilities which may create conflict of interest.

Product Reservation and Preferential/Mandatory Purchase from certain sources

Due care must be given while taking up procurement activities to government notifications providing for mandatory procurement of any goods or services from any category of bidders, or provide for preference to bidders on the grounds of promotion of locally manufactured goods or locally provided services .e.g

1. The Central Government has reserved² all items of hand-spun and hand-woven textiles (Khadi goods) and all items³ of handloom textiles including Barrack Blankets for exclusive purchase from Khadi & Village Industries Commission (KVIC) and handloom units of the Association of Corporations and Apex Societies of Handlooms (ACASH).
2. Reservation of Procurement of certain class of Products from certain agencies Pharmaceuticals from Pharmaceutical CPSEs.
3. Reservation of specific items for procurement from Micro and Small Enterprises (MSE) presently 358 (three hundred and fiftyeight) items including eight items of Handicrafts, from Micro and Small Enterprises.
4. Procurement Preference for Domestically Manufactured Electronic Products.

Public Procurement Cycle

The procurement process for goods, works and/or services typically involves the following cycle of activities, undertaken in the order stated below.

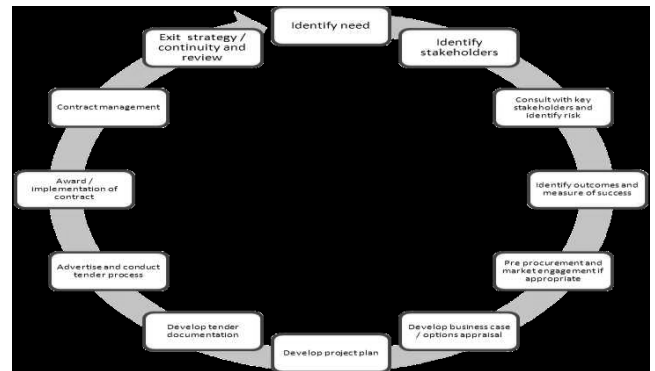
i) **Need Assessment:** Need assessment, formulation of Specifications and Procurement Planning;

ii) **Bid Invitation:** Preparing bid documents, publication, receipt and opening of bids;

iii) **Bid Evaluation:** Evaluation of bids and award of contract; and

iv) **Contract Execution:** Contract management and closure;

v) **Disposal of Scrap:** Disposal of Scrap through various modes of disposal.



Code of Integrity for Public Procurement (CIPP)

Public procurement is perceived to be prone to corruption and ethical risks. To mitigate this, the officials of Procuring Entities involved in procurement and the bidders/suppliers must abide by the following Code of Integrity for Public Procurement (CIPP). All procuring officials may be asked to sign declarations to this effect periodically and in various Procurement decisions (including Need Assessment). The bidders/suppliers should be asked to sign a declaration about abiding by a Code of Integrity for Public Procurement in registration applications and in bid documents, with a warning that, in case of any transgression of this code, its name is not only liable to be removed from the list of registered suppliers, but it would be liable for other punitive actions such as cancellation of contracts, banning and blacklisting or action in Competition Commission of India, and so on. (Rule 175 of GFR 2017)

Code of Integrity for Public Procurement: Procuring authorities as well as bidders, suppliers, contractors and consultants should observe the highest standard of ethics and should not indulge in the following prohibited practices, either directly or indirectly, at any stage during the procurement process or during execution of resultant contracts:

i) **“Corrupt practice”:** making offers, solicitation or acceptance of bribe, rewards or gifts or any material benefit, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process or contract execution;

ii) **“Fraudulent practice”:** any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefits may be obtained or an

obligation avoided. This includes making false declaration or providing false information for participation in a tender process or to secure a contract or in execution of the contract;

iii) **“Anti-competitive practice”**: any collusion, bid rigging or anti-competitive arrangement, or any other practice coming under the purview of The Competition Act, 2002, between two or more bidders, with or without the knowledge of the Procuring Entity, that may impair the transparency, fairness and the progress of the procurement process or to establish bid prices at artificial, non-competitive levels;

iv) **“Coercive practice”**: harming or threatening to harm, persons or their property to influence their participation in the procurement process or affect the execution of a contract;

v) **“Conflict of interest”**: participation by a bidding firm or any of its affiliates that are either involved in the consultancy contract to which this procurement is linked; or if they are part of more than one bid in the procurement; or if the bidding firm or their personnel have relationships or financial or business transactions with any official of Procuring Entity who are directly or indirectly related to tender or execution process of contract; or improper use of information obtained by the (prospective) bidder from the Procuring Entity with an intent to gain unfair advantage in the procurement process or for personal gain; and

vi) **“Obstructive practice”**: materially impede the Procuring Entity’s investigation into allegations of one or more of the above mentioned prohibited practices either by deliberately destroying, falsifying, altering; or by concealing of evidence material to the investigation; or by making false statements to investigators and/or by threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or by impeding the Procuring Entity’s rights of audit or access to information;

Integrity Pact (IP)

The Pre-bid Integrity Pact is a tool to help Governments, businesses and civil society to fight corruption in public contracting. It binds both buyers and sellers to ethical conduct and transparency in all activities from pre-selection of bidders, bidding and contracting implementation, completion and operation related to the contract. This removes insecurity of bidders, that while they themselves may abjure bribery, but their competitors may resort to it and win contract by unfair means. Ministry of Finance, Department of Expenditure have mandated Ministries/Departments and their attached/subordinate offices (including autonomous bodies) to incorporate Integrity Pact by, depending on the nature of

procurements/contracts above a threshold value. The nature of procurement and threshold of value is to be decided by the Ministries/Departments with approval of the Minister in charge.

The pact essentially envisages an agreement between the prospective vendors/bidders and the buyer, committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

i) Promise on the part of the Procuring Entity to treat all bidders with equity and reason and not to seek or accept any benefit, which is not legally available;

ii) Promise on the part of bidders not to offer any benefit to the employees of the Procuring Entity not available legally and also not to commit any offence under prevention of Corruption Act, 1988 or Indian Penal Code 1860;

iii) Promise on the part of bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts; etc.

iv) Undertaking (as part of Fall Clause) by the bidders that they have not and will not sell the same material/equipment at prices lower than the bid price;

v) Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;

vi) Bidders to disclose the payments to be made by them to agents/brokers or any other intermediary;

vii) Bidders to disclose any past transgressions committed over the specified period with any other company in India or Abroad that may impinge on the anti corruption principle;

viii) Integrity Pact lays down the punitive actions for any violation.

Conclusion

Procurement management in respect of public sectors is a very important area of activity. The Cost and Management Accountants who are functioning as Financial Management in public sectors or even in private sectors which supplies goods and services to public sectors must be aware of all the aspects of public procurement policies and principles thereof along with the methodology of procurement so that they can make justice to their profession.

Know about Dress Code

CMA Ajay Deep Wadhwa

Former Chairman, EIRC

A dress code is a set of standards that companies develop to help provide their employees with guidance about what is appropriate to wear to work. In workplaces, usually formal dress-code is preferred because it exhibits professionalism and integrity.

A little bit casual dress codes is normally adopted for employees with no customer or client contact. Depending on the organization, the dress code may be written in great detail, or in the case of a casual dress code, very little detail is necessary.

In some professions, dress codes are so strict that they are known as uniforms. Police men, army personnel, doctors, blue collared employees and training institutes prefer dress code in the form of uniform.

In other jobs, dress codes are important because we represent the company. Employees that work at clothing stores are often required to wear clothes the store sells. Fast food restaurants etc require a strict uniform so that it doesn't look like customers have moved behind the counter.

For office jobs, the person who sits at the front desk may have a stricter dress code.

Many client based industries, like law firms and corporate accounting, have formal dress codes. No one wants to meet with a lawyer with jeans and t-shirts. A suit is the chosen outfit, for both male and female employees. Customers always

prefer tidy and smart Accountants, lawyers or doctors.

Even if the company has no dress code, we still need an internal one. Sloppy is never appropriate. We Cost Accountants must wear trousers and full sleeved shirts in the offices.

It is also a fact that now a days it's a much more casual world, and some famous heads of big companies dress very casually, for the example Mark Zuckerberg, CEO of Facebook. Even companies that used to require strict, formal dress have largely softened. We are more likely to encounter someone in cotton pants and a casual shirt when we visit a Fortune 100 company than someone in a suit. This is generally known as business casual and can vary greatly from organization to organization.

Some I.T. companies allow jeans in, others require pressed pants. Some business casual offices allow flip-flops while some require closed toe shoes. (Of course, some closed toe shoe requirements are for safety reasons instead of just dress codes.). Many strict companies allow employees casual dress on Friday.

In short we can say that Companies can generally decide how they want their employees to look. But still, if companies do not decide, we can always decide our dress code. In India Government offices or in PSUs, no dress code are usually prescribed but still smart officials use their own dress code and they are liked by everyone.

◆ STUDENT'S SECTION ◆



Quiz Master Page

CMA Ajay Deep Wadhwa, *Former Chairman, EIRC of ICAI*

1. Who is the world's largest manufacturer of tractors in volume terms?
2. Who is Zelf Bezos?
3. Who is considered as wealthiest man of American history?
4. How many Life Insurance Companies are operating in India?
5. Which Indian City accounts for half of all the ships recycled globally?
6. Who is the CEO of Tesla Motors?
7. What is the rate of GST on full electric four wheelers?
8. Usually which company markets and sells the electronic brand – “Reconnect”?
9. Who is the author of the book – “India after Gandhi”?
10. Expand SIP in terms of investment.

- Answers:**
1. Mahindra & Mahindra (M&M)
 2. Founder and CEO of Amazon
 3. John D. Rockefeller. His net worth was \$392 billion in 1913 (adjusted for inflation as on 2016)
 4. 24
 5. Alang (Gujrat)
 6. Elon Musk
 7. 12%
 8. Reliance
 9. Ram Chandra Guha
 10. Systematic Investment Plan

EIRC Activities

Campus Placement: After Durga Puja & Laxmi Puja, EIRC arranged campus interview for fresh CMAs who have passed in June, 2017. 14 organisations were keen to attend for campus selection viz.

1. L&T Construction
2. ITC Foods
3. ITC Ltd
4. NBCC
5. Vedanta
6. Deloitte Consulting India Pvt. Ltd.
7. Evolutionary Systems Pvt Ltd.
8. Sanaatan Group
9. PWC
10. Peerless Securities
11. Orient Pest
12. Tax Connect
13. Berger India Ltd.
14. Oxynet Telecommunications Pvt. Ltd.

Out of above fourteen 3 companies like, ITC Ltd., Vedanta and Deloitte Consulting India could not attend EIRC campus due their administrative problem but they preferred to select off campus or interview through skype/ video conference. Other eleven companies attended EIRC campus on 10th, 11th and 12th October and selected candidates through written test, Group Discussion and Personal Interview. Employers were very happy for having a vast pool of talent in one campus. They also expressed their appreciation towards the interaction they had with fresh young CMAs. Though the final panel of selected candidates from all the organizations are still awaited, still 46 (out of 64) candidates have been employed. Some more organizations are in the contact who are expected to recruit fresh CMAs. It is joint effort by all the employees, Council members and HQ officials.

CFO & HR Meet – A seminar was organized by HQ on 22nd October, 2017 at The Crown (Hotel), Bhubaneswar. Theme of the seminar was “**Skill Development & Employability - Agenda For Economic Development**”. CMA Sanjay Gupta, President, CMA Manas Kumar Thakur, Immediate Past President, CMA Niranjan Mishra, CCM, CMA Pranab Kumar Chakraborty, Chairman, EIRC, CMA S. P. Kar, Chairman, Bhubaneswar Chapter were present. Shri Subroto Bagchi, Chairman, Odisha Skill Development Authority, Govt. Of Odisha, graced the program as Chief Guest.

Vijaya Sammilani by Employees: Employees of EIRC arranged Vijaya Smmelan and a get-together at EIRC premises on 16th October. Besides present employees and Council Members all the retired employees were invited. There was a lunch followed by formal get-together. Almost all the retired employees participated in the get-together. After having lunch every gathered in a room. Chairman and Immediate Past Chairman were there. The senior employees were very happy to participate in the Vijaya sammelan. They reminisced their old days, they spent in the office. A gift for each of the retired employees was arranged as a token of love and respect to seniors. It was indeed a nice gathering with present past employees. The present officials thanked the past for their participation and the past officials also thanked for inviting them to a nice occasion.

Observance of Rashtriya Ekta Diwas

Employees of EIRC observed the Rashtriya Ekta Diwas on the auspicious (143rd) Birthday of Sardar Vallabhbhai Patel on 31st October, 2017. All the employees were present with a few students. Collectively they took oath to maintain the integrity of the nation and reaffirmed the inherent strength and resilience of our nation to withstand the actual and potential threats to the unity, integrity and security of the country. Rashtriya Ekta Diwas Sapath (Pledge) was read by one Senior Officer which was pronounced by others. At last National Anthem was sung.

Chapter Activities

Rajpur Chapter - On 8th October, evening Rajpur Chapter of ICAI observed its 24th Raising Day at its chapter office. CMA Manas Kumar Thakur, Immediate Past President of the Institute was the Chief Guest. Members - young and aged- were present in the occasion with enthusiasm and discussed about the ensuing programmes of the chapter specially about the coming Silver Jubilee Raising Day programme on 8th October, 2018.

CMA Thakur laid down some guidelines before the members on how to improve the activities of the chapter and discussed with the members how they could serve the chapter with more dedication. Members were glad to hear him and accepted his points.

The programme ended with special thanks to CMA M.K. Thakur who is patron of the chapter. A grand dinner was also arranged on the occasion among members.



CMA Manas Kr. Thakur, IPP & CCM with members of Rajpur Chapter on its Raising Day on 8th Oct., 2017



Observance of Rashtriya Ekta Diwas on 31st Oct., 2017 at EIRC



Interview by Orient Pest



Presentation by Peerless Securities



Candidates selected by Orient Pest. Amid candidates CMA M K Thakur, IPP, CMA Dr. D P Nandi, Sri T Ghosh, CMA Ria Chowdhury and Sri P Ghosh are also seen.



Interview by M/s Tax Connect



Group Discussion by ITC Food



Vijaya Sammelan and Get Together of present and retired Employees of EIRC. Chairman is also seen.



Vijaya Sammelan and Get Together of present and retired Employees of EIRC along with Chairman.



CFO & HR Meet at Bhubaneswar. (L-R) CMA Sanjay Gupta (addressing), CMA Pranab Kr. Chakraborty, CMA Nirajan Mishra, Shri Subroto Bagchi, CMA Manas Kr. Thakur, CMA S. P. Kar.



CFO & HR Meet at Bhubaneswar. MA Pranab Kr. Chakraborty, Chairman, EIRC is seen addressing the audience.

To reach new height in your career Be a Qualified Cost & Management Accountant

Eastern India Regional Council

The Institute of Cost Accountants of India (EIRC of ICAI)

[Statutory Body under an Act of Parliament]

CMA Bhawan, 84, Harish Mukherjee Road, Kolkata- 700 025

Telephones: (033) 2455-3418/5957/6666/9999, 6456 3600-03; 6450 4305

Fax: +91-33-2455-7920 e-mail: eirc@icmai.in Website : www.eircoficwai.com

About EIRC of ICAI

- ❖ 24 Chapters located at different places
- ❖ 8000 members
- ❖ Excellent Campus Placement
- ❖ Reputed & Experienced Faculties

Role of CMAs

- ❖ Introducing Cost Competitiveness
- ❖ Resource Management
- ❖ Performance Management
- ❖ Financial Report & Strategy
- ❖ Cost Audit & Assurance
- ❖ Risk Management & Mitigation
- ❖ Direct & Indirect Taxation

About the course

- ❖ Full time Course
- ❖ Suits Working Executives
- ❖ Choice of Class Room Learning / Distance Learning
- ❖ Can be pursued along with other courses



COME & JOIN TODAY

Admission
Open

Admission
Open

Admission
Open

STRATEGY → MANAGEMENT → FINANCIAL REPORTS → REGULATORY

Book Post