



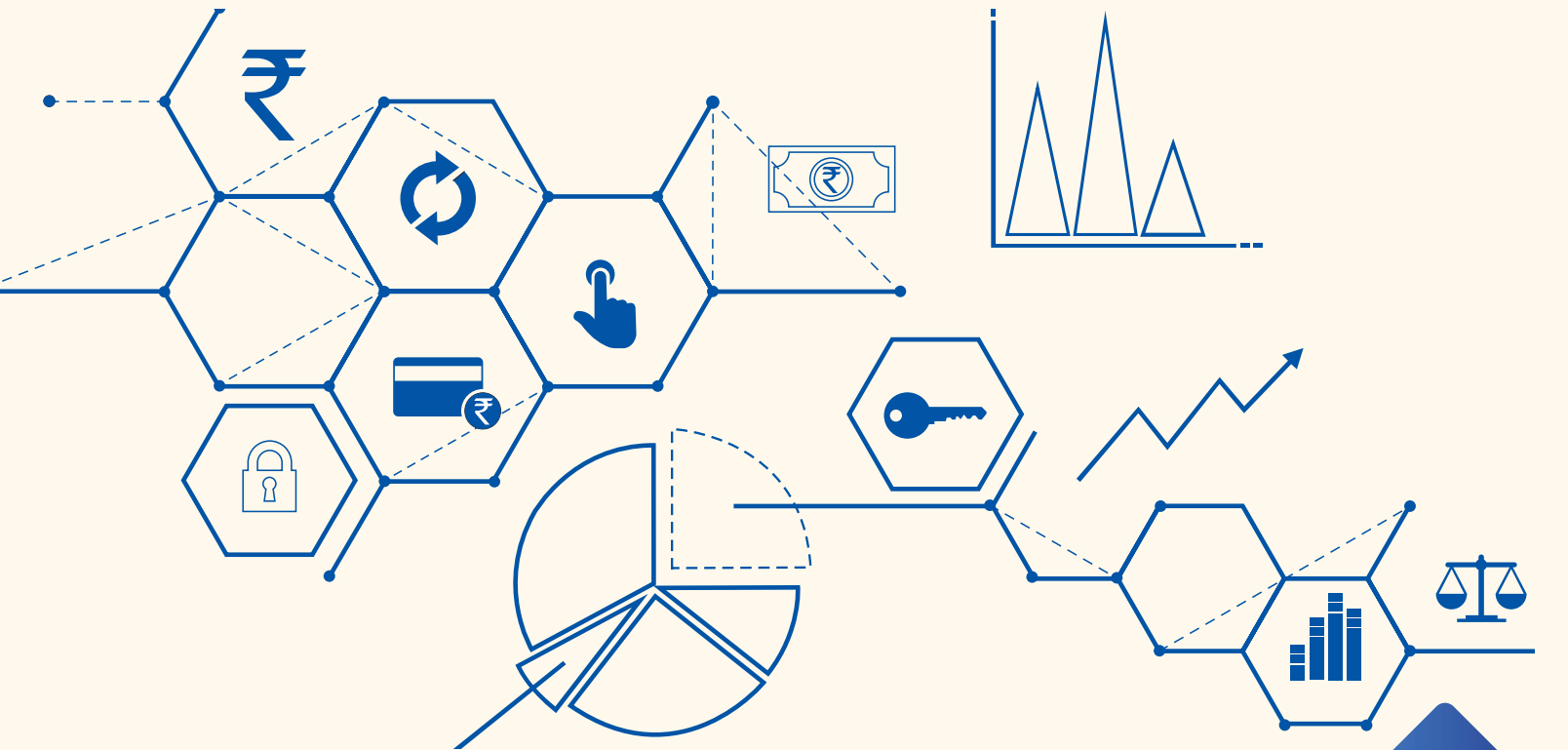
KSCAA[®]

Karnataka State Chartered Accountants Association (R)

NEWS BULLETIN

June 2024 - Vol. 11, Issue 10 - ₹ 15/-
English Monthly - for Private Circulation only

IPR and Protection in India Schemes Supporting Startups



From the President

My dear KSCAA members,



As we step into June, it gives me immense pleasure to address you all with a heart full of pride and optimism. The month ended has been a landmark period for Chartered Accountants in India, marked by significant developments and promising prospects for our profession. The ICAI has proposed a new model of networking, approach III namely as LLP Network Model.

I am able to relate this with the current year's theme "Recraft Yourself", we are deliberating on the last "D" to achieve our goal i.e "Deliver". To achieve professional success, in the modern world networking is very important. As quoted by Porter Gale, "Your network is your net worth". Presently, as per the Guidelines for Networking of Indian CA Firms 2021, ICAI provides two models of networking:

1. Different firms coming together to form an Alliance with a new name of Alliance and continuing to practice independently and can showcase as an Alliance to the world.
2. Different firms coming together to form a Network with a new Network name and practicing in the name of firms belonging to the Network. This Model is sub-divided into the following two options:
 - a. Network of firms in the existing model by practicing in individual firm names.
 - b. Network of firms with a Lead firm acting on behalf of constituent firms of the Network.

Now a new model of networking is proposed named as LLP Firm Network Model which is Registered, Recognized, and Regulated. It is imperative to understand the guidelines prescribed by ICAI. The last date for sending feedback on the exposure draft is 6th June 2024.

In our journey towards personal and professional excellence, the environment we cultivate around us plays a pivotal role. Recently, I had the privilege of listening to an inspiring speech by Mahatria, a renowned spiritual teacher and thought leader. His insights on the profound impact of having good people around us resonated deeply and I felt compelled to share them with you.

**" Buddam Saranam Gaccami,
Dhammam Saranam
Sangam Saranam Gacchami"**

Mahatria eloquently emphasized that the company we keep significantly influences our thoughts, actions, and ultimately, our destiny. He explained that when we

surround ourselves with positive, uplifting individuals, we are naturally propelled towards higher aspirations and achievements. These individuals act as catalysts for our growth, inspiring us to strive for excellence and maintain high ethical standards.

In the professional realm, especially in our field of Chartered Accountancy, the benefits of such an environment are manifold. Collaboration with like-minded, principled colleagues fosters a culture of trust and innovation. It enhances our ability to deliver exceptional service to our clients and stakeholders, reinforcing the credibility and reputation of our profession.

Events at KSCAA:

- Technology Committee organised a joint program with Bagalkot District CA Association on Empowering CAs with AI, a practical use case based approach to embrace technology. Our heartfelt thanks to the President and Committee members of Bagalkot for this joint initiative.
- Women Empowerment Committee organised a two days webinar on a unique topic " Issue of Shares to NRI ,Valuation and FEMA Regulations"

Upcoming Event:

- **Income Tax for the real world**

Direct Tax Committee organises a online 5 days workshop on practical approach to enable Article Students and office staffs of CA firms.

Let me conclude with a note, professional networking is not just about exchanging business cards or attending events. It is about building meaningful, lasting relationships that foster mutual growth and development. As members of the Karnataka State Chartered Accountants Association, I encourage each one of you to actively engage in networking opportunities. Let us harness the power of our collective knowledge and experience to grow individually and as a community, driving our profession forward.

Thank you

Best Regards,

**CA G Sujatha.
President.**

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NEWS BULLETIN

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VISION

- KSCAA shall be the trusted and value based knowledge organisation providing leadership and timely influence to support the functional breadth and technical depth of every member of CA profession;
- KSCAA shall be the nucleus of activity, amity and unity among members aimed at enhancing the CA profession's social relevance, attractiveness and pre-eminence;
- KSCAA shall in the public interest, be a proactive catalyst, offering a reliable and respected source of public statement and comments to induce effective laws and good governance;
- KSCAA shall be the source of empowerment for leadership and excellence; disseminating knowledge to members, public and students; building a framework for new opportunities and partnerships that enhance life in the community and beyond; encouraging highest ethical standards and professional integrity, in realization of India global leadership vision.

MISSION

- The KSCAA serves the interests of the members of CA profession by providing new generation skills, amity, unity, networking and leadership to strengthen the professional capabilities, integrity, objectivity, social relevance, standards and pre-eminence of India's Chartered Accountants nationally and internationally through; becoming gateway of knowledge for Chartered Accountants, students and public; helping members add value to their customers/ employers by enhancing their professional excellence and services; offering a reliable and respected source of public policy advice and comments to bring about more effective laws and policies and transparent administration and governance.

MOTTO: KNOWLEDGE IS STRENGTH

KSCAA welcomes articles & views from members for publication in the news bulletin / website.

Email: journal@kscaa.com | Website: www.kscaa.com

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INCOME TAX UPDATES



CA. Aditya Bharadwaj

I. CBDT UPDATES

● CBDT RELEASES NEW FUNCTIONALITY IN AIS FOR TAXPAYERS TO DISPLAY STATUS OF INFORMATION CONFIRMATION PROCESS IN REAL-TIME

The Central Board of Direct Taxes (CBDT) has now rolled out a new functionality in AIS to display the status of information confirmation process. This will display, whether the feedback of the taxpayer has been acted upon by the Source, by either, partially or fully accepting or rejecting the same. In case of partial or full acceptance, the information is required to be corrected by filing a correction statement by the Source. The following attributes shall be visible to the taxpayer for status of Feedback confirmation from Source:

- Whether feedback is shared for confirmation
- Feedback Shared On
- Source Responded On
- Source Response

This new functionality is expected to increase the transparency.

(Press Release dated 13 May 2024)

● NOTIFIED COST INFLATION INDEX UNDER SECTION 48, EXPLANATION (v) - FINANCIAL YEAR 2024-25

The Cost inflation index for the Financial Year 2024-25 has been notified at 363.

(Notification S.O. 2103(E) [No. 44/2024/F. No.370142/10/2024-Tpl], dated 24 May 2024)

II. RECENT JUDICIAL PRONOUNCEMENTS –

A. Supreme Court

- SC upholds the limit of 60 tax audits per CA imposed by ICAI but makes it effective from 1-4-2024. It was deliberated that the Clause 6.0, Chapter VI of

the Guidelines dated 08.08.2008 and its subsequent amendment that imposes the restriction on the number of tax audits to be undertaken by a CA is valid and is not violative of Article 19(1)(g) of the Constitution as it is a reasonable restriction on the right to practise the profession by a Chartered Accountant and is protected or justifiable under Article 19(6) of the Constitution. The Institute of Chartered Accountants of India has the authority to increase this number as they deem fit. It was also held that such restrictions will be made effective only from 1 Apr 2024.

B. High Courts

- The addition of sub-section (3A) to section 71 by the Finance Act, 2017, effective from 1st April 2018, which limits the set-off of loss under the head 'Income from house property' against any other head to a maximum of Rs. 2 lakhs for a specific assessment year, is not in violation of the Constitution's provisions. The

Sanjay Baweja v Deputy Commissioner of Income Tax [2024] 163 taxmann.com 122 (Delhi)

- The reopening notice issued to the assessee was based on the information available under the risk management strategy (RMS) devised by the CBDT. This information showed that the assessee had supplied goods/services to a company supposedly engaged in bogus contracts/sub-contracts, raising invoices without actual delivery of goods/services, and lacking genuine business activities. Consequently, the reopening based on this information was deemed justified.

Rahul Sachan v Income Tax Officer [2024] 162 taxmann.com 738 (Allahabad)

- The mere assertion in response that an order under section 148A(d) was issued without granting the assessee the opportunity to cross-examine a third party, and without applying for the issuance of summons for the production of such a person, cannot invalidate the entire assessment order on that basis.



Dinesh Khaitan v Union of India [2024] 163 taxmann.com 39 (Calcutta)

- Merely mentioning the name of the assessee-company in the panchnama during a search and seizure operation conducted against another company does not suffice to conclude that there was authorization to conduct a search against the assessee under section 132. Furthermore, initiating proceedings under section 153A without conducting a search against the assessee and subsequently passing an assessment order would be unjustified and therefore should be quashed.

Misty Meadows Private Limited v Union of India [2024] 162 taxmann.com 702 (Punjab & Haryana)

- If the contents of the satisfaction note fail to disclose any information that would reasonably lead the authorities to believe that any of the contingencies as contemplated by section 132(1)(a) to (c) were satisfied, the search and seizure action should be quashed and set aside. This is because it does not fulfill the jurisdictional pre-conditions specified in section 132.

Echjay Industries Private Limited v Rajendra [2024] 162 taxmann.com 387 (Bombay)

- Under the faceless assessment scheme, the geographical location of the assessing authority becomes irrelevant. Therefore, the High Court of any state would assume jurisdiction based on the place of residence of an assessee mentioned in PAN registration details, regardless of where the return was filed.

Ziyauddin Traders v Assessment Officer , National Faceless Assessment Center [2024] 162 taxmann.com 708 (Allahabad)

- If the Assessing Officer (AO) imposed a penalty under section 271D/271E on the grounds that the assessee had received shares application money of Rs. 20,000 or more from individuals other than by an account payee cheque or account payee bank draft, and since share application money does not constitute a loan or deposit, the provisions of section 269SS would not apply, and therefore, no penalty could be levied.

Commissioner of Income Tax v Vamshi Chemicals Limited [2024] 162 taxmann.com 906 (Calcutta)

- In a scenario where an employer deducts tax at source from the salary of an employee (the assessee) but fails to deposit the deducted amount into the Central

Government's account, the Assessing Officer cannot deny the benefit of tax deducted at source by the employer to the assessee. Instead, the Assessing Officer should give credit for the TDS amount to the assessee..

Malay Kar v Union of India [2024] 162 taxmann.com 767 (Orissa)

- Absence of approval from specified authority, as required by section 151, renders initiation of reassessment proceedings void.

Ashok Kumar Makhija v Union of India [2024] 162 taxmann.com 514 (Delhi)

C. ITAT

- If a notice under section 148 was issued by the Assessing Officer just one day prior to the expiry of the limitation period and was sent via email through the ITBA portal, but the email was directed to an account not belonging to the assessee and consequently bounced, the notice under section 148 would not have been effectively served within the period of limitation. In such a case, any assessment order passed under section 147 without the proper service of the notice under section 148 should be declared invalid and subsequently quashed

Brett Lee v ACIT (Internation Tax) [2024] 163 taxmann.com 71 (Delhi - Trib.)

- Once an order under section 263 has been quashed by the Tribunal, any assessment order passed under section 143(3) read with section 263 in pursuance of the said order under section 263 becomes invalid and without effect.

ACIT v Tata Housing Development Company Limited [2024] 163 taxmann.com 13 (Mumbai - Trib.)

- If the claim of deduction under section 80JAA was rejected by the CPC on the grounds that the assessee failed to file Form 10DDA within the prescribed time as per the statute, but the requisite audit report was available with the Assessing Officer before the assessment order was framed, then the claim of deduction should not have been denied.

Akuntha Projects Private Limited v Deputy Director CPC [2024] 162 taxmann.com 861 (Ahmedabad - Trib.)

- Where an assessee paid self-assessment tax prior to the issue of a reopening notice and the Assessing Officer (AO) levied a penalty equivalent to 100%



of the tax sought to be evaded on the grounds that the assessee did not file a valid return under section 139, it's important to consider Explanation 4 to section 271(1)(c). According to this explanation, the amount of tax to be evaded is determined by considering the tax on the total income assessed as reduced by the amount of advance tax, TDS, TCS, and self-assessment tax paid before the issue of the reopening notice. If, in the present case, the amount of tax sought to be evaded was nil, the penalty in question should be deleted.

Smt.Kavita Sachdev v Income Tax Officer [2024] 162 taxmann.com 642 (Indore - Trib.)

- Where an assessee-trust was granted provisional approval under section 80G(5) and subsequently filed an application in Form 10AB after a delay of more than six months, the Commissioner (Exemption) denied the claim before the issue of CBDT Circular No.07/2024, dated 25-4-2024. Since the Tribunal lacked the authority to condone the delay in filing the application under section 80G(5), the denial of the grant of approval under section 80G(5) was deemed justified.

Smt. Mangla Ramniwas Mandhani ABMM Awas Yojana Foundation v Commissioner of Income Tax (Exemption) [2024] 162 taxmann.com 842 (Pune - Trib.)

- Interest paid by the Indian branch or Permanent Establishment (PE) of an assessee, such as a French bank, to its head office (a foreign company), would not be taxable in India under the India-France Double Taxation Avoidance Agreement (DTAA). This exemption applies because the branch had borrowed funds from its overseas head office, and the debt claim of the head office is directly connected to the PE branch in India. The higher rate of tax prescribed for a foreign company does not constitute a violation of the non-discriminatory clause, i.e., Article 26 of the Double Taxation Avoidance Agreement (DTAA) between India and France.

BNP Paribas v ACIT [2024] 162 taxmann.com 671 (Mumbai - Trib.)

- Reopening an assessment is unjustified when the tax liability under Minimum Alternate Tax (MAT) provisions remains higher and unchanged notwithstanding adjustments made under normal tax provisions.

Genus Power Infrastructure Limited v Assistant Commissioner of Income Tax [2024] 162 taxmann.com 730 (Delhi - Trib.)

- Where an assessee made an investment in shares at a price lower than the market value, but failed to provide any reliable basis of valuation of such shares as per methods contemplated under rules, the Assessing Officer was justified in conducting valuation using the Net Asset Value (NAV) method. Subsequently, additions on account of the difference between the value of shares determined by the Assessing Officer and the total purchase consideration of shares received by the assessee were permissible in light of the provision of section 56(2)(viiia).

Brawny Nivesh (P.) Ltd v ACIT [2024] 163 taxmann.com 38 (Delhi - Trib.)

- Where an assessee claimed exemption under section 54F concerning investments made for the purchase of a new residential property against the sale of a long-term capital asset (in this case, land), failure to register the documents for the purchase of the residential house (a flat, in this instance) meant that the condition laid down in section 54F remained unfulfilled. Consequently, the exemption under section 54F was not allowable.

Hiteshbhai Mansukhbhai Bagdai v ACIT [2024] 162 taxmann.com 547 (Rajkot - Trib.)

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SUDOKU - 46

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INDIRECT TAX UPDATES



CA. Sowmya C A

The Goods and Services Tax (GST) revenue for May 2024 reached Rs 1.73 lakh crore, marking a 10% increase compared to the same month last year posing a robust 6.9% growth year on year. The establishment of the long-anticipated GST Appellate Tribunal is underway, with the appointment of judicial and technical members for both the Centre and State in progress and Tribunal is expected to be operational by the year-end. On the systems front, the entire dispute resolution process will be completely digitized streamlining the appeal process reducing administrative burden and overall litigation timelines leading to faster disposal of appeals.

GST authorities are working out a mechanism to deal with the taxation and registration issues related to shared warehouses maintained by e-commerce companies, where multiple suppliers store their goods for the last mile delivery. The issue of taxation of shared warehouse has cropped up after multiple suppliers have geo-tagged the same warehouse as their 'additional place of business' and the same is expected to be discussed by the GST-law committee and presented before the GST Council.

Presently, the common portal developed by GSTN, is functioning as the "front-end" of the overall GST-IT ecosystem while DG (Systems) is functioning as "back-end" that handles tax administration functions, such as refund, investigation, and adjudication by the tax officers. The CBIC has proposed a merger of the two systems and to adopt GSTN as its prime database. This is expected to result in seamless flow of taxpayer data within one integrated set-up (GSTN) and will allow for more effective monitoring, improved tax compliance and reduced tax evasion.

Recent Notifications, circulars, advisories and important judgements are compiled for an interesting read.

Recent GST Notifications:

- **Amendment to Notification No. 02/2017-Central Tax, dated the 19th June, 2017 - Jurisdiction of Central Tax Officers**

Table II of the abovesaid notification which provided territorial jurisdiction of Principal Commissioner/

Commissioner of Central Tax has been modified for entries in Sl No(s). 7, 9, 49, 53, and 102 for districts of Alwar, Jaipur, Jodhpur and Udaipur respectively with effect from 05 Aug 2023.

(Notfn No. 10/2024-CT Dt. 29 May 2024 & 11/2024-CT Dt. 30 May 2024)

- **Guidelines for initiation of recovery proceedings before three months from the date of service of demand order – GST**

Section 78 of the Central GST Act mandates that recovery proceedings for unpaid amounts as per an order should begin only after the expiry of three months from the date of service of the order. Proviso to the said section provides that in exceptional cases where revenue interests are at stake, the proper officer can demand payment before expiry of the three-month period, for reasons to be recorded in writing.

It has been brought to the notice of the Board that some of the field formations are initiating recovery action before the specified period of three months from the date of service of Order, without recording any reasons for initiation of such an action.

To ensure uniformity in the application of legal provisions across all field formations, clear directions have been issued for initiation of recovery proceedings prior to expiry of three months from the date of service of Order.

(Instruction No. 01/2024-GST dated 30 May 2024)

Recent Advisories :

- **Information from manufacturers of Pan Masala and Tobacco taxpayers**

The Central Government had notified special procedure for manufacturers of, Pan Masala and certain types of Tobacco products in Form SRM-I, SRM-II and SRM-III for furnishing details of Packing Machine, Special Monthly Statement, Chartered Engineer Certificate respectively, to be submitted on the common portal vide notification No. 4/2024-CT dated Jan 05, 2024. GST SRM-I is



made available on the GST portal for filing by tax payers and GST SRM-II is expected to be made available soon.

(GSTN update dated 15 May 2024)

• **Advisory on launch of E-Way Bill 2 Portal**

NIC has released the e-way bill2 portal on 1st June 2024 with URL <https://ewaybill2.gst.gov.in>. This portal ensures high availability and runs in parallel to the e-way Bill main portal (<https://ewaybillgst.gov.in>). The e-way bill 2 portal synchronises the e-way bill details with main portal within a few seconds. Presently, E-Way Bill 2 Portal provides the critical services of E-Way Bill system, and gradually will be extended with other services of e-way bill system.

(GSTN update dated 28 May 2024)

DGFT Circulars:

• **Amendment to Appendix-06B, with respect to sector specific requirements for EOU**

To bring parity in the provisions of Chapter 4 (Advance Authorisation/DFIA Schemes) with that of Chapter 6 of the FTP, 2023, relating to EOU's regarding value addition norms for spices covered under Chapter 9 of the ITC(HS) Code, the provisions of the FTP/HBP (Appendix 6B) made applicable to EOU are being amended to the extent that in the case of spices, a minimum value addition of 25% shall have to be fulfilled only where both export as well as import item pertains to Chapter 9 of ITC(HS) Code. In all other cases, the value addition will be 15%.

(Public Notice No. 8/2024-25 dated 03 Jun 2024)

• **Relaxation from submission of 'Bill of Export' as evidence of export obligation discharged for supplies made to SEZ units under Advance Authorization.**

Para 4.21 of FTP, 2023 provides that Authorization holder needs to file Bill of Export for export to SEZ unit/ developer / co-developer. On account of several representations received from industry in complying with this requirement for periods prior to 01 Jul 2017, the issue was examined and it was decided to relax the requirement. Accordingly, it has been provided that exporter may submit the following corroborative evidence in lieu of 'Bill of Exports':

- a. ARE-1 (showing the Advance Authorisation No./ DFIA file No. and) duly attested by jurisdictional Central Excise/GST Authorities of AA holder/DFIA Exporter

- b. Evidence of receipt of supplies by the recipient in SEZ

- b. Evidence of payment made by the SEZ unit to the AA/DFIA exporter as per Para 4.21 of FTP.

(Policy Circular No. 4/2024 dated 03 Jun 2024)

• **Clarification of Para 4.17 of Hand Book of Procedures - 2023**

Para 4.17 of the HBP-2023 permits the applicant to file representation for a review of decision of the Norms Committee with regard to the fixation of norms, within a period of 12 months from the date of uploading of decision on the DGFT website. However, several representations were received on account of difficulty faced by exporters for filing review of Norms Committee decision. Hence, it is clarified that, in the interest of export promotion and to promote ease of doing business, in all cases where Norm's Committee decision were taken before 01.04.2023, the AA holder, who wishes for a review, may file their review application till 31.12.2024. Further it is clarified that such review is only with respect to applications filed after 01.04.2019. No such review will be entertained for applications filed prior this date.

(Policy Circular No. 3/2024 dated 31 May 2024)

Customs Circulars:

Amendments to the All Industry Rates of Duty Drawback effective from 03.05.2024

Amendments have been effected to the All Industry Rates (AIRs) of Duty Drawback rates published vide notification No. 77/2023-Customs (N.T.) dated 20.10.2023. The changes include AIRs/caps of Duty Drawback having been enhanced for few items covering marine products under Chapter 3 and 16, bags, suitcases under Chapter 42, Bed linen, Kitchen Linen under Chapter 63, radar and navigational apparatus under Chapter 85 and unmanned aircraft under Chapter 88. Further, rates have rationalized for few items and new items have been added for specified products of defense sector.

(Circular No. 04/24-Customs dated 07 May 2024)

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FINANCIAL REPORTING AND ASSURANCE



CA. Vinayak Pai V

KEY UPDATES A. AS | Ind AS

1. EAC Opinion – accounting for major spares

The June 2024 edition of the ICAI Journal has carried an Expert Advisory Committee (EAC) Opinion - *Accounting for Major Spares*.

Background - The Querist sought the EAC's opinion on its accounting of major spares: whether its practice of capitalising major spares under PPE on purchase and commencement of depreciation on the date of issue is appropriate; whether the date of issue for commencement of depreciation, is correct; whether it is appropriate to charge the depreciation on purchase cost only ignoring installation and commissioning expenses which will be incurred during installation/ commissioning after issuance of spares; and whether the useful life of major spares estimated technically considering the life of the intended machine where it will be used is not more appropriate than assigning a life ignoring the life of the intended machine just for commencement of depreciation.

A summary of **key takeaways** from the opinion:

- **Major spares should be capitalised** when they **meet the definition** of property, plant and equipment (PPE) and **satisfy the recognition criteria** of Ind AS 16. **The existing practice** followed by the Querist **for commencement of depreciation on the date of issue is not in line with the requirements of Ind AS 16**.
- The **date of issue of major spares**, which the management considers as the date of availability of the spare in the location and condition necessary for capable of operating it for commencement of depreciation, **is incorrect**.
- Since the installation and commissioning costs will be incurred at a later stage when the spare part is actually used for replacement and depreciation is to be charged from the date of purchase/ acquisition

of spare part, till the spare part is so used, the **depreciation is to be charged on the cost of spare part as determined under Ind AS 16**, which will not include installation and commissioning expenses to be incurred during installation and commissioning of spares.

- As per Ind AS 16, spare parts should be depreciated considering its useful life, however, that useful life should be estimated in terms of its expected utility to the entity including both the periods of storage and use, considering factors such as, intended use, part to be replaced, historical data, expected obsolescence, etc.

Link to the Opinion -

<https://resource.cdn.icai.org/80522cajournal-june2024-31.pdf>

B. ASSURANCE

2. ICAI Publication - Non-compliances observed by QRB

On 9th May, 2024, the Institute of Chartered Accountants of India (ICAI) published a *Guidance on Non-compliances Observed by Quality Review Board during Quality Reviews (Volume 1)*. The Volume comprises two parts namely, *Observations related to Engagement and Quality Control Standards* and *Observations related to CARO and IFC*.

The publication is a compilation of some common non-compliances observed by the Quality Review Board while conducting quality reviews. It also contains suggested guidance for members on these common non-compliances.

Link to the Publication -

<https://www.icai.org/post/guidance-on-non-compliances-observed-by-qrb>

3. IRDAI - Master Circular on Corporate Governance for Insurers - External Audit

On 22nd May, 2024, the Insurance Regulatory and Development Authority of India (IRDAI) issued a *Master*



Circular on Corporate Governance for Insurers, 2024 providing operational and procedural aspects covering an array of corporate governance matters for adoption by all insurers.

Annexure 6 of the Master Circular deals with the **appointment of statutory auditors by Insurers**. Salient aspects of the same include:

- The Audit Firm should have been established and in continuous practice for at least 15 years.
- The Audit firm should have a minimum experience of 5 years in audit assignments of entities in the financial sector. At least one of the joint statutory auditors of an insurer must have experience in insurance company audits of at least two years.
- An Audit firm shall be entitled to carry out Statutory Audits of not more than three Insurers (Life/General/Health /Reinsurer) at a time.
- **An audit firm which completes the tenure of four years at the first instance in respect of an insurer may be reappointed as statutory auditors of that Insurer for another term after a cooling-off period of three years.** The incoming auditor during the cooling-off period shall not include other associate / affiliate firm(s) which are under the same network or whose name / trademark / brand is used by the firm or any of the partners of the retiring auditor. The retiring / outgoing statutory auditor or its associate / affiliate, shall not undertake the investment risk management, or concurrent audit of the insurer during the cooling-off period. Existing appointments for period of five years to continue.

Link to the Master Circular -
<https://irdai.gov.in/web/guest/document-detail?documentId=4916164>

C. NFRA

4. Order u/s 132(4) - Reliance Commercial Finance Ltd. Audit

On 16th May, 2024, the National Financial Reporting Authority (NFRA) issued an order (No.015/2024) u/s 132(4) of the Companies Act finding the Audit Firm and the Engagement Partner (EP) of the firm that conducted the statutory audit of Reliance Commercial Finance Ltd. for F.Y.2019 guilty of professional misconduct.

As per the Order,

- The EP **accepted the engagement without first communicating with the previous auditor** and without waiting for a reasonable time for a reply.
- An **inappropriate Emphasis of Matter (EoM)** was issued in the Audit Report even though the contents of the disclosure in the financial statements (namely reporting of suspected fraud by the previous auditor) called for a modification of opinion.
- The auditors **did not obtain sufficient appropriate evidence** to conclude and report that there was no material uncertainty **regarding Going Concern**.
- The auditors **did not perform audit procedures** to ensure the reasonability of the Expected Credit Losses (**ECL**) provision.
- The **Audit Report was misleading** since it stated that there were **no matters falling u/s 143(12)** even though the **auditors were aware of the report of a suspected fraud** issued by the previous auditor.

NFRA imposed a **monetary penalty of ₹2 crore on the Audit Firm** and **₹ 50 lakhs, on the EP**. In addition, the EP has been **debarred for 5 years**.

Link to the Order -
<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc6b56a45a56c59fafdb/uploads/2024/05/2024051797901178.pdf>

D. RBI

5. Monetary penalty imposed on Karnataka Bank Ltd.

On 14th May, 2024, the Reserve Bank of India (RBI) via an Order imposed a monetary penalty (₹59 lakhs) on Karnataka Bank Ltd for non-compliance with certain RBI directions issued on *Interest Rate on Deposits* and *Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances*.

The Central Bank's Statutory Inspection for Supervisory Evaluation (ISE 2022) of the bank (31st March, 2022) found non-compliance with RBI directions. The RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank (i) had **opened savings deposit accounts in the name of certain ineligible entities** and (ii) **failed to review/renew certain loan accounts** within the prescribed period and **yet did not classify these accounts as Non-Performing Assets**.



Since 1957



Link to the Press Release -

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR3264E5FE73ED08C4B788300E9CF25DB2824.PDF>

E. IFRS

6. Release of IFRS 19, Subsidiaries without Public Accountability: Disclosures

On 9th May, 2024, the International Accounting Standards Board (IASB) released *IFRS 19, Subsidiaries Without Public Accountability: Disclosures*. It permits eligible subsidiaries to use IFRS Accounting Standards with **reduced disclosures**.

Background - When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the *IFRS for SMEs* Accounting Standard or national accounting standards. Subsidiaries using the *IFRS for SMEs* Accounting Standard or national accounting standards for their own financial statements often keep two sets of accounting records.

IFRS 19 **enables subsidiaries to keep only one set of accounting records** - to meet the needs of both their parent company and the users of their financial statements; and **reduces disclosure requirements**.

Link to the Standard -

<https://www.ifrs.org/news-and-events/news/2024/05/iasb-simplifies-financial-reporting-for-eligible-subsidiary-companies-with-new-ifrs-accounting-standard/>

7. Amendments to IFRS 7 and IFRS 9

On 30th May, 2024, the IASB issued **amendments to IFRS 7, *Financial Instruments: Disclosures* and IFRS 9, *Financial Instruments***.

The amendments include:

- **Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features**-ESG-linked features in loans could affect whether the loans are measured at amortised cost or fair value. To resolve any potential diversity in practice, the **amendments clarify how the contractual cash flows on such loans should be assessed**.

- **Settlement of liabilities through electronic payment systems**- The amendments clarify the date on which a financial asset or financial liability is derecognised when settled via electronic cash transfers. The IASB also decided to develop an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

The IASB also **amended disclosure requirements** relating to **investments in equity instruments designated at fair value through other comprehensive income** and added **disclosure requirements for financial instruments with contingent features** that do not relate directly to basic lending risks and costs.

Link to the Amendments -

<https://www.ifrs.org/news-and-events/news/2024/05/iasb-issues-amendments-cmfi-ifrs7-ifrs9/>

8. IASB Exposure Draft - Contracts for Renewable Electricity

On 8th May, 2024, the IASB issued an **Exposure Draft (ED), *Contracts for Renewable Electricity, Proposed Amendments to IFRS 7 and IFRS 9***.

Renewable electricity contracts aim to secure the stability of and access to renewable electricity sources. However, renewable electricity markets have unique characteristics. Renewable electricity sources depend on nature and its supply cannot be guaranteed. The contracts often require buyers to take and pay for whatever amount of electricity is produced, even if that amount does not match the buyer's needs at the time of production. These distinct market characteristics have created accounting challenges in applying the current accounting requirements, especially for long-term contracts.

To address these challenges, the IASB is proposing some targeted changes to the accounting for contracts with specified characteristics. The proposals would: address how the 'own-use' requirements would apply; permit hedge accounting if these contracts are used as hedging instruments; and add disclosure requirements to enable investors to understand the effects of these contracts on a company's financial performance and future cash flows.

The ED is open for comments till 7th August, 2024.



Link to the ED -

<https://www.ifrs.org/content/dam/ifrs/project/power-purchase-agreements/exposure-draft/iasb-ed-2024-3-contracts-re.pdf>

F. SUSTAINABILITY REPORTING

9. ESRS - ISSB Standards, Interoperability Guidance

On 2nd May, 2024, the IFRS Foundation and the European Financial Reporting Advisory Group (EFRAG) published a Guidance, *ESRS-ISSB Standards, Interoperability Guidance* to illustrate the high level of alignment achieved between the International Sustainability Standards Board's *IFRS Sustainability Disclosure Standards* and the *European Sustainability Reporting Standards* and how a company can apply both sets of standards, including detailed analysis of the alignment in climate-related disclosures. The document has been designed to reduce complexity, fragmentation and duplication for companies applying both the ISSB Standards and ESRS.

The guidance **describes the alignment of general requirements including on key concepts** (such as materiality, presentation and disclosures for sustainability topics other than climate); and provides information about **the alignment of climate disclosures** and what a company starting with either set of standards needs to know to enable compliance with both sets of standards.

Link to the Guidance -

<https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/esrs-issb-standards-interoperability-guidance.pdf>

G. US GAAP | ASSURANCE

10. US PCAOB adopts new standard on General Responsibilities of the Auditor

On 13th May, 2024, the US Public Company Accounting Oversight Board (PCAOB) adopted a new Auditing Standard AS 1000, *General Responsibilities of the Auditor in Conducting an Audit* that enhances and consolidates the group of standards adopted on an interim basis by the PCAOB in 2003.

AS 1000 and related amendments, *inter alia*, **modernize, clarify, and streamline the general principles and responsibilities of auditors and provide a more logical presentation; clarify the auditor's responsibility**

to evaluate whether the financial statements are 'presented fairly'; clarify the engagement partner's due professional care responsibilities by adding specificity to certain audit performance principles set out in the standards; and accelerate the documentation completion date by reducing the maximum period for the auditor to assemble a complete and final set of audit documentation from 45 days to 14 days.

Link to the new Standard -

https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-049/2024-004-as1000.pdf?sfvrsn=3ba6358a_2

H. SELECT GLOBAL ENFORCEMENT ACTIONS/INSPECTION REPORTS

Enforcement Actions

11. SEC Charges Audit Firm with Massive Fraud Affecting More Than 1,500 SEC Filings

On 3rd May, 2024, the US Securities and Exchange Commission (SEC) charged an Audit Firm and its owner with deliberate and systemic failures to comply with PCAOB standards in its audits and reviews incorporated in more than 1,500 SEC filings (January 2021 to June 2023). The SEC also charged the Respondents with falsely representing to their clients that the firm's work would comply with PCAOB standards; fabricating audit documentation to make it appear that the firm's work did comply with PCAOB standards; and falsely stating in audit reports included in more than 500 public company SEC filings that the firm's audits complied with PCAOB standards. To settle the SEC's charges, the Audit Firm agreed to pay a \$12 million civil penalty, and its owner agreed to pay a \$2 million civil penalty. [Release No. 2024-51]

Extracts from US PCAOB Inspection Reports of Audit Firms

12. Inspection report of an Audit Firm Headquartered in Mexico

Audit deficiency identified - With respect to **Intangible Assets**, the Client determined that it had a single cash-generating unit (CGU) for purposes of evaluating intangibles for possible impairment. The Audit Firm did not sufficiently evaluate whether the method the Client used to determine the recoverable amount of the



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CGU was in conformity with IAS 36, *Impairment of Assets*, because it did not evaluate whether the use of a single CGU to evaluate the intangible asset for possible impairment was appropriate and in accordance with IAS 36. With respect to **Long-Lived Assets** and **Right of Use Assets**, the Audit Firm did not perform procedures to evaluate whether there were indicators of potential impairment for certain long-lived assets and right of use assets beyond reading the Client’s impairment policy. [Release No. 104-2024-063]

13. Inspection report of an Audit Firm Headquartered in Hong Kong

Audit deficiency identified - With respect to **Cash**, for which the Audit Firm identified a fraud risk, it used an external digital confirmation platform to confirm certain cash but did not perform any procedures to support its reliance on this digital platform’s ability to maintain control over the confirmation requests and responses. And with respect to **Subsequent Events**, the firm did not perform auditing procedures, beyond reviewing disbursements for certain components, with respect to the period after the balance-sheet date for purpose of ascertaining the occurrence of subsequent events that may require adjustment or disclosure. [Release No. 104-2024-062]

I. SELECT PUBLICATIONS

- 14. IFRS Foundation – *Compilation of Agenda Decisions – Volume 10*. [1st May, 2024] [<https://www.ifrs.org/content/dam/ifrs/supporting-implementation/agenda-decisions/agenda-decision-compilations/compilation-agenda-decisions-vol-10-nov2023-april2024.pdf>]
- 15. Global Reporting Initiative (GRI) - *CSRD Essentials - The Definitive Guide to the EU Corporate Sustainability Reporting Directive*. [15th May, 2024] [<https://www.globalreporting.org/news/news-center/making-the-corporate-sustainability-reporting-directive-accessible-for-all/>]
- 16. Financial Accounting Foundation (FAF) - *2023 Annual Report, Standards that Work From Main Street to Wall Street*. [29th May, 2024] [https://www.accountingfoundation.org/page/ShowPdf?path=FAF_2023AR_StandardsThatWork_FromMainStreetToWallStreet.pdf]

J. WHAT THEY SAID

Neither boundary I mentioned—that financial statements are not meant to report on the future or to demonstrate impacts or dependencies—are new. If some people are perceiving the financial statements to be limited as they do not deliver any information in that regard, **they ought to be reminded of the statements’ purpose, namely: to inform primary users about the existing resources of and claims against an entity and the changes thereof**. In other fora, I have repeatedly said that **the financial statements are not an entity’s Encyclopaedia Britannica where users can reasonably expect to find an answer to every question they have about the entity**. The boundaries of the financial statements are there for a purpose. Of course, that does not mean that the purpose cannot be changed—as said: financial reporting is a set of conventions. **The question is, however, whether the conventions need to be changed, or whether the purpose of financial reporting would not be better served by linking the information contained in the financial statements to information provided through other sets of reporting.**

-Andreas Barckow, Chairman – International Accounting Standards Board [15th May, 2024]

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**Solution to Sudoku - 45
May - 2024**

2	8	5	7	9	3	1	4	6
4	1	3	2	8	6	7	5	9
6	7	9	5	1	4	3	2	8
1	4	7	8	5	9	6	3	2
5	6	8	1	3	2	4	9	7
9	3	2	4	6	7	8	1	5
7	9	6	3	4	5	2	8	1
8	5	4	6	2	1	9	7	3
3	2	1	9	7	8	5	6	4

RERA, KARNATAKA RERA AND FAQ ON REGISTRATION OF REAL ESTATE PROJECT



CA. Vinay Thyagaraj

The Real Estate (Regulation and Development) Act, 2016, commonly known as RERA, was enacted with the primary objective of fostering trust, transparency, and timely delivery within the real estate sector. This comprehensive legislation aims to instill accountability, responsibility and professionalism across all stakeholders involved in real estate transactions. Beyond these core goals, RERA also focuses on ensuring speedy dispute resolution and enhancing governance practices within the industry.

Key Objectives of RERA:

1. **Trust:** By implementing stringent regulations, RERA seeks to build and maintain trust between buyers and developers. This is achieved through mandatory registration of projects and agents, ensuring that all parties operate within a transparent and accountable framework.
2. **Transparency:** One of the cornerstones of RERA is the requirement for developers to disclose project-related information, such as approvals, layout plans, and timelines, on a public platform. This transparency allows buyers to make informed decisions and reduces the likelihood of fraudulent practices.
3. **Timely Delivery:** To address the perennial issue of project delays, RERA mandates strict adherence to project timelines. Developers are required to complete projects within the stipulated time, failing which they are liable to pay penalties. This provision ensures that buyers receive their properties on time.
4. **Accountability and Responsibility:** RERA holds developers accountable for fulfilling their commitments. This includes adhering to the specifications and quality standards promised at the time of sale. The act also mandates the creation of an escrow account, where 70% of the project funds must be deposited, ensuring that the money is used solely for project-related expenses.
5. **Professionalism:** By setting clear guidelines and standards, RERA promotes professionalism within

the real estate industry. This involves regular training and certification for real estate agents, ensuring they possess the necessary knowledge and skills to serve their clients effectively.

6. **Speedy Dispute Resolution:** RERA establishes Real Estate Regulatory Authorities and Appellate Tribunals at both the state and national levels. These bodies are tasked with resolving disputes in a timely manner, providing a streamlined process for buyers and developers to address grievances.
7. **Better Governance:** The act enhances governance within the real estate sector by establishing a regulatory framework that oversees project approvals, construction standards, and marketing practices. This ensures that all activities are conducted in compliance with the law, promoting a fair and competitive market environment.

The Act is effective from 1st July 2017 and as on date, most of the states have notified the State Rules, Established Real Estate Regulatory Authority (RERA) and Real Estate Appellate Tribunal (REAT), the impact of can be outlined as below -

1. **Uniformity and Local Adaptation:** While RERA provides a uniform framework for the entire country, the state-specific rules ensure that local conditions and requirements are taken into account. This dual approach helps in effectively addressing the unique challenges faced by the real estate sector in different regions.
2. **Enhanced Regulatory Oversight:** The establishment of state RERAs has significantly enhanced regulatory oversight. These authorities are empowered to investigate and address non-compliance issues, thereby ensuring that developers adhere to the stipulated norms and standards.
3. **Improved Dispute Resolution:** With the formation of REAT, stakeholders now have access to a dedicated platform for resolving disputes. This has resulted in quicker and more efficient handling of grievances, providing relief to buyers and developers alike.



4. **Increased Buyer Confidence:** The state-level implementation of RERA has boosted buyer confidence by ensuring that real estate transactions are conducted in a transparent and accountable manner. Buyers are now more assured of timely project completion and adherence to promised specifications.
5. **Professionalism and Accountability:** The Act has fostered a culture of professionalism and accountability within the real estate sector. Developers and agents are now more cautious about fulfilling their obligations, knowing that any deviation from the norms can lead to strict penalties and legal consequences.

In the state of Karnataka, as per Section 20 (1) of the Real Estate (Regulation and Development) Act, 2016 (RERA Act), Interim Real Estate Regulatory Authority was established on 14 July 2017 and was functioning till 06 March 2019. Vide Government notification No. DOH24RERA2017 dated 05 March 2019, the regular Karnataka Real Estate Regulatory Authority is established and functioning from 07 March 2019 and As per Section 43(2) of the Real Estate (Regulation and Development) Act, an Interim Real Estate Appellate Tribunal was established by designating Karnataka Appellate Tribunal, M.S. Building from 06/12/2017. Vide Government notification No. DOH24RERA2017 dated 05 March 2019, the regular Karnataka Real Estate Appellate Tribunal is established, functioning.

One of the primary activities of the RERA Authority since its inception has been the registration of real estate projects. This crucial process ensures that projects meet the stipulated guidelines and transparency standards set forth by the Real Estate (Regulation and Development) Act, 2016. As of today, approximately 6,870 real estate projects have been approved by the RERA Authority.

Key Aspects of Project Registration under RERA:

1. **Mandatory Registration:** Under RERA, it is mandatory for all residential and commercial real estate projects, which exceed a specific land area or involve a certain number of apartments, to be registered with the RERA Authority before they can be marketed or sold. This ensures that only those projects that meet the regulatory standards are allowed to proceed.
2. **Documentation and Compliance:** Developers are required to submit detailed project information during the registration process. This includes project plans, layout, land status, statutory approvals, financial details, timelines for project completion,

and the status of other necessary permissions. Ensuring that all documents are in order helps in maintaining the credibility and transparency of the project.

3. **Approval and Monitoring:** Once the project is registered, the RERA Authority closely monitors its progress. Regular updates on the construction status, fund utilization, and compliance with the approved plan must be provided by the developers. This monitoring helps prevent delays and mismanagement of funds, ensuring that projects are completed on time.
4. **Public Disclosure:** Registered projects are listed on the RERA Authority's website, where all relevant details are accessible to the public. This allows buyers to verify the authenticity of the project and make informed decisions based on reliable information. Public disclosure also deters developers from deviating from their commitments.
5. **Penalties for Non-Compliance:** In case of non-compliance or violation of RERA regulations, stringent penalties are imposed on developers. This includes fines, revocation of project registration, or even imprisonment in severe cases. These penalties act as a deterrent against unethical practices.

Over the years, the Real Estate Regulatory Authority (RERA) has developed a robust online system that streamlines the entire process of real estate project registration. From the submission of applications to the granting of registration certificates, this process is now completely online, paperless, and contactless. This digital transformation has significantly enhanced transparency and built trust among stakeholders by making crucial project documents publicly accessible.

Key Features of the Online Registration System:

1. **Online Application Submission:** Developers can submit their project registration applications online through the RERA portal. This system eliminates the need for physical paperwork and reduces the time and effort required for application submission.
2. **Paperless Processing:** All documentation required for project registration is submitted and processed digitally. This includes project plans, approvals, financial statements, and other relevant documents. The paperless system ensures that all records are maintained in an organized and easily retrievable manner.
3. **Contactless Transactions:** The entire registration process, from application submission to certificate



issuance, is conducted online. This contactless approach not only streamlines the process but also enhances convenience and safety, especially in situations where physical interactions may be limited.

4. **Transparency through Public Disclosure:** One of the most significant advantages of the online system is the transparency it brings. All documents submitted for project registration are published on the RERA portal. This includes project details, timelines, and statutory approvals. By making this information publicly accessible, RERA ensures that buyers and other stakeholders can verify the authenticity and status of projects.
5. **Real-time Status Updates:** Applicants can track the status of their registration applications in real-time through the online portal. This feature keeps developers informed about the progress of their applications and reduces the uncertainty associated with the approval process.
6. **Efficiency and Speed:** The online system significantly reduces the time required for processing applications and issuing registration certificates. Automated workflows and digital processing enable faster decision-making and minimize delays.

Over the last seven years, the Real Estate Regulatory Authority (RERA) has continuously refined and improved its online system to ensure the enforcement of required documents in accordance with the RERA Act and Rules for the registration of real estate projects. Among the various state implementations, Karnataka RERA (KRERA) stands out for its exemplary registration module, which aligns seamlessly with the provisions of the Act and Rules, setting a high standard for other states to follow. Key Improvements in the Online System:

1. **Enhanced User Interface and Experience:** The online system has been upgraded to provide a more intuitive and user-friendly interface, making it easier for developers to navigate and complete the registration process efficiently.
2. **Stringent Document Verification:** The enforcement of required documents has been tightened to ensure that all necessary information is accurately provided and verified. This includes detailed project plans, financial disclosures, land ownership documents, and statutory approvals.
3. **Compliance with Act and Rules:** The online registration module has been updated to ensure strict

compliance with the RERA Act and respective State Rules. This includes mandatory fields and document uploads that are directly linked to the requirements specified in the legislation.

4. **Automated Compliance Checks:** The system now incorporates automated checks that validate the completeness and accuracy of the submitted documents, reducing the risk of errors and omissions and ensuring that only fully compliant projects proceed to registration.
5. **Integrated Grievance Redressal:** The online platform includes a mechanism for addressing grievances and disputes, providing a seamless way for stakeholders to raise and track issues related to project registration and compliance.

Karnataka RERA: A Model for Excellence

Karnataka RERA (KRERA) has been particularly notable for its sophisticated and efficient registration module, which has been lauded for its alignment with the RERA Act and Rules. Here are some of the features that make KRERA stand out:

1. **Comprehensive Registration Process:** KRERA's registration process is thorough and meticulous, ensuring that all required information and documents are provided in a clear and organized manner. This comprehensive approach minimizes ambiguities and enhances transparency.
2. **Advanced Digital Infrastructure:** The digital infrastructure of KRERA is robust, offering a seamless experience for users. It supports efficient document uploads, real-time status tracking, and automated notifications, making the registration process smooth and hassle-free. Highest visited website amongst all other states, total visitors till date is 2,12,66,849 (latest average visitors per day 64834)
3. **Detailed Information Requirements:** KRERA mandates detailed project information, including land titles, layout plans, construction timelines, and financial disclosures. This rigorous documentation process ensures that all aspects of the project are scrutinized and approved according to the highest standards.
4. **Public Access to Information:** KRERA excels in transparency by making all registered project details accessible to the public. Buyers and other stakeholders can easily access information about



project status, approvals, and compliance, fostering trust and confidence in the market.

- Efficient Dispute Resolution:** KRERA has an effective mechanism for resolving disputes, ensuring that any issues related to project registration or compliance are addressed promptly and fairly. This contributes to a more stable and reliable real estate environment.

Over the last seven years, the Real Estate Regulatory Authority (RERA) has significantly improved its online system for the registration of real estate projects. The process has been streamlined to ensure that only the necessary documents, as mandated by the RERA Act and Rules, are required for registration. This approach eliminates the need for additional or unwanted documents, making the registration process efficient and straightforward. Key Features of the Document Submission Process:

- Relevance and Necessity:** The RERA authorities have ensured that only relevant and necessary documents are requested during the registration process. This adherence to the Act and Rules prevents the inclusion of extraneous paperwork, focusing solely on what is essential for compliance and verification.
- Clear Guidelines:** Detailed guidelines and checklists are provided to developers, outlining the specific documents required for registration. This clarity helps developers prepare and submit the correct documentation, avoiding unnecessary delays and confusion.
- Efficiency in Processing:** By requesting only essential documents, RERA has streamlined the application processing time. This efficiency benefits both developers and the regulatory authorities, facilitating quicker approvals and reducing administrative burdens.

- Transparency and Trust:** The transparent document submission process enhances trust among stakeholders. Buyers can be confident that all necessary checks and balances have been observed without the inclusion of unnecessary bureaucracy.

Specific Practices in Karnataka RERA:

Karnataka RERA (KRERA) exemplifies these principles through its refined registration module, which aligns strictly with the requirements of the RERA Act and Rules:

- Concise Documentation:** KRERA requires developers to submit a well-defined set of documents that are essential for project registration. This includes land titles, layout plans, statutory approvals, financial disclosures, and project timelines.
- User-Friendly Online Platform:** The KRERA online portal is designed to be user-friendly, guiding developers through the document submission process with clear instructions and real-time assistance. This reduces the likelihood of errors and omissions.
- Automated Validation:** The system incorporates automated checks to validate the completeness and accuracy of the submitted documents. This ensures that only fully compliant applications proceed, maintaining high standards of regulatory compliance.
- Public Accessibility:** Once the documents are submitted and approved, they are made publicly accessible on the KRERA website. This transparency ensures that all stakeholders, including buyers, can verify project details and compliance status.

In this article, we aim to address several key questions regarding RERA registration. These questions are framed and answered based on the provisions of the Real Estate (Regulation and Development) Act, 2016, corresponding Rules, Notifications, Circulars, Directions, and practical experiences gained over the years.

Frequently Asked Questions (FAQs) on RERA Registration –

Sl No	Question	Answer
1	What is the purpose of RERA registration	The purpose of RERA registration is to regulate and promote the real estate sector by ensuring transparency, accountability, and timely delivery of projects. It aims to protect the interests of homebuyers and enhance professionalism in the real estate industry.
2	Which projects require RERA registration	Residential or Commercial or mixed development or plotted development real estate projects having land area of more than 500 square meters or number of apartments proposed to be developed is more than 8 units.



3	What documents are required for RERA registration	Documents required for the purpose of registration is outlined in Section 4 of the Act and K RERA Rule 4 and 5 - a. The information and documents related to promoter and the Project. b. Legal title, encumbrance, litigation on land etc c. Approvals, sanction plans, NOC's, etc d. Engineering drawings, specifications etc e. Past experience, financial statements, source of funds etc f. Estimated Cost of the project, estimated time to complete the development works etc g. Separate RERA Bank Account details, h. Professional's details (Engineer, CA's, Architects etc)
4	How do apply for RERA registration of real estate project	Apply for RERA registration through the RERA Authority's online portal. a. The process involves filling out the application form, uploading the required documents, and b. Payment of the registration fee as prescribed c. Submission and generation of acknowledgement
5	Who should file application for registration	Promoter shall file application for registration - a. Owner, In case of own land and own development b. In case of joint development model, the developer shall file the application
6	Can landowner and developer apply registration separately for their share	a. No, b. The RERA Act mandates the registration of the real estate project. c. Neither the Act nor the Authority accept the registration of the project separately for landowner and developer under Development Agreement model.
7	The promoter has obtained the completion certificate for the project by deploying own funds. Does he need the RERA registration of the completed project.	a. Yes, registration is mandatory. b. This is the most commonly asked question in every forum. c. RERA is a regulatory authority, not merely a registration authority. To regulate and develop the real estate industry effectively, every real estate project requires registration, regardless of the project's timeline for sales or marketing.
8	Is RERA Registration required if building / apartment is developed for personal purpose and no intention to sell	a. The RERA mandates the registration of the real estate project having intention to sell all units or some of the units in the project b. Hence if the building or apartment built not for sale (all or either one), RERA registration is not required
9	Project is started and completed before the RERA Act, Do I need to register for the completed project?	a. Those projects which has received the completion certificate before 1.5.2017 are exempt from RERA registration.
10	What is the relevance of estimated cost of the real estate project under RERA	a. RERA mandates the promoter to mention the estimated cost of the real estate project. This estimated cost shall be calculated considering the scheme of the project. b. The estimated cost should be prepared considering all the costs involved to develop the project.
11	What costs not to be included in the estimated cost of the project	a. All costs direct or indirectly connected to develop the project shall be included b. Borrowing costs not related to the project c. Marketing and sales costs, Income Tax are not part of the estimated costs.

12	Can landowner and developer open the separate bank account to deposit the money collected from the allottees	<p>a. The Act mandates the promoter to open only one separate bank account for each project</p> <p>b. Accordingly, the authority allows only one bank account for the project. The land owner and builder both should deposit the money realised from the allottees into the single bank account of the project.</p> <p>c. Further, landowner and developer shall have agreement themselves in operation of the bank account of the project.</p>
13	Multiple pieces of lands are held by multiple individually. Collectively obtained the sanction plan for development of the project. How do register for the project?	<p>a. K RERA grant the registration in one promoter name. however, the details related to all other landowners shall be provided along with form B.</p> <p>b. Proper MoU shall be drafted amongst multiple landowners outlining the roles, responsibilities and share of units in the project.</p> <p>c. However, all the landowners are collectively responsible for all the provisions of the RERA Act.</p>

To conclude, the information and documents required for the registration of a real estate project must be clear and accurate. It is essential to validate and ensure that each piece of information and document matches before submission. Once submitted, these details are made

available in the public domain and can be accessed by various stakeholders, including tax authorities.

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Invitation to write articles

KSCAA invites Chartered Accountants and other subject experts to submit articles and share their expertise through KSCAA News Bulletin. The article may cover any topic covering auditing, finance, Tax laws, strategy, technology, Health, RERA and so on. The authors can share the articles to info@kscaa.com.

Guidelines for Submission of Articles:

- ✓ Every article is screened by the committee and a panel of experts, and no assurance can be given for publishing the article.
- ✓ The article should be Original; it should not be published or posted elsewhere.
- ✓ As a policy, at KSCAA we believe in 'Zero Tolerance for Plagiarism' and any violation shall be construed seriously.
- ✓ The committee cannot assure the authors of immediate publishing of the article. A repository of articles would be maintained and accordingly published in the upcoming editions on an appropriate basis as decided by the committee.
- ✓ The article should be limited to 1,500 to 1,750 words. The Author is requested to exercise due care, diligence and professional judgement to restrict their article to the above-mentioned limits.
- ✓ The article should be submitted only in Word Document.

Obituary

KSCAA deeply mourns the sad demise of our beloved Members



**CA KS Ravishankar
(06-06-2024)**



**CA Yaswant Dagliyajji
(22-05-2024)**

We convey our deepest condolences to the bereaved families

INTELLECTUAL PROPERTY RIGHTS AND PROTECTION IN INDIA SCHEMES SUPPORTING STARTUPS (PART - XLVI OF IPR SERIES)



Adv. M G Kodandaram

IP as a Business Enabler

In this series, we have explored the different types of intellectual property (IP) and their significance in enhancing the profitability of entities, especially within the MSME sector. These intangible assets are critical to modern businesses and can be protected and monetized. In today's business landscape, IP is not merely a legal concept, but it is a strategic asset that can drive an entity's success, growth, and competitive advantage. For IP to effectively drive business success, a supportive ecosystem and appropriate government policies are essential, facilitating the journey of IPRs toward strengthening the economy. This part throws light on newer Government initiatives / schemes that support startups and entrepreneurs.

As previously discussed, patent rights protect inventions by granting the patent holder the exclusive rights to use, manufacture, and sell the invention for a specified period (20 years in India). This exclusivity can create a competitive edge, allowing companies to recoup research and development (R&D) investments and generate revenue through licensing agreements or direct commercialization. The Trademarks protect symbols, names, and logos used in commerce. They help companies build brand identity and customer loyalty by distinguishing their products and services from those of competitors. A strong trademark can be a valuable asset, enhancing brand recognition and contributing to long-term business success. The Copyrights protect literary and artistic works, ensuring that creators have exclusive rights to use and distribute their works. This protection encourages creativity and innovation, allowing creators to monetize their works through various channels, including sales, licensing, and royalties. Trade secrets include confidential business information that offers a competitive advantage. Protecting trade secrets requires keeping proprietary processes, formulas, designs, or practices confidential. This protection enables companies to maintain a unique market position without revealing

crucial information to competitors. In India, there is no sui generis law for the protection of trade secrets; instead, protection is provided through common law.

Essence of Entrepreneurship

Entrepreneurship is the dynamic process of designing, launching, and managing a new business venture. It is a crucial driver of innovation, economic growth, and job creation. Entrepreneurs are the visionaries who identify opportunities, develop innovative solutions, and take on the risks associated with bringing new ideas to market. Entrepreneurs often introduce new products, services, or business models that disrupt traditional industries and create entirely new markets. For example, the advent of ride-sharing services like Uber and Lyft revolutionized the transportation industry, while companies like Airbnb transformed the hospitality sector. These innovations not only provide consumers with better options but also drive economic growth by creating new industries and job opportunities.

The Entrepreneurs face significant risks, including financial uncertainty, market competition, and the potential for failure. The entrepreneurial journey requires resilience, adaptability, and a willingness to learn from setbacks. Successful entrepreneurs are often characterized by their determination, creativity, and ability to navigate complex and changing environments. Government policies and a supportive ecosystem play a critical role in fostering entrepreneurship.

A startup is a young company founded by one or more entrepreneurs to develop a unique product or service and bring it to market. Startups typically aim to innovate and create new markets, often in the technology or digital space. They are characterized by their potential for high growth, scalability, and the initial phase of development, where they seek funding and market validation. Many countries have recognized this and implemented initiatives to support startups, such as tax incentives, grants, and incubator programs.



Since 1957



Startup India Initiative

Governments worldwide recognize the importance of IP in nurturing startups, with a view to create conducive environment for innovation and economic growth. India's National IPR Policy is one such effort in this direction. The policy aims to create a favourable environment for IP rights, focusing on awareness, education, and robust legal frameworks. A detailed analysis of the policy and its impact on IP protection have been deliberated in the earlier parts.

Startup India is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. Since the launch of the initiative, Startup India has rolled out several programs with the objective of supporting entrepreneurs and transforming India into a country of job creators instead of job seekers. These Initiatives are supporting entrepreneurs with a goal to build a robust startup ecosystem. These programs are managed by a dedicated Startup India Team, which reports to The Department for Promotion of Industry and Internal Trade (DPIIT). For more details visit <https://www.startupindia.gov.in/>.

One of the critical barriers for startups in India is the complex regulatory framework. The Startup India initiative addresses this by simplifying compliance requirements. Startups benefit from:

- (i) **Self-Certification:** Startups can self-certify compliance with nine labour and environmental laws, reducing the need for inspections.
- (ii) **Startup India Hub:** A single-point contact for the entire startup ecosystem, enabling access to resources, information, and assistance.
- (iii) **Mobile App and Portal:** An online platform to simplify the process of registering a startup, filing for patents, and accessing various government schemes.

To enhance the financial viability of startups, the initiative offers several tax incentives like, they are eligible for a three-year tax holiday within the first ten years of incorporation, allowing them to reinvest profits into the business. Exemption from capital gains tax is granted if the gains are invested in the Fund of Funds recognized by the government. Exemption on investments above fair market value is also provided to attract angel investors.

The Startup India initiative provides multiple funding avenues:

- a) **Fund of Funds:** A corpus of INR 10,000 crores managed by the Small Industries Development Bank of India (SIDBI) to invest in startups.
- b) **Credit Guarantee Fund:** Providing collateral-free loans to startups, reducing the financial risk for lenders.
- c) **Government Grants:** Grants and seed funding for startups working on innovative solutions and high-impact projects. The MSMEs may make use of this for furthering their business.

IP Support for MSMEs and Startups

A strong IP portfolio enhances an entity's market valuation. Investors and stakeholders often consider the value of a company's IP assets when making investment decisions, making IP an essential factor in securing funding. IP protection facilitates market expansion by enabling companies to enter new markets with confidence. Trademarks, for instance, help build brand recognition and trust in different geographical regions.

The process of obtaining a patent can be lengthy and complex, which may hinder the commercialization of innovations. To address this, the Indian Patent Office offers fast-track patent examination procedures. This expedited process allows startups to secure patent protection more quickly, enabling them to bring their innovations to market faster and with greater security. Startups can apply for expedited examination to reduce the time taken for patent grant, typically within 18 months as opposed to the usual 3-5 years.

The cost of filing and maintaining patents can be prohibitive for MSMEs and startups. In India, startups are eligible for up to 80% rebate on patent filing fees, making it more affordable to protect their innovations. Lower maintenance fees for startups help in sustaining patent rights over the entire duration of the patent.

Atal Innovation Mission (AIM) is another initiative by the Indian government to promote a culture of innovation and entrepreneurship. It provides financial assistance for Establishing Atal Incubation Centers (AICs) to support startups with infrastructure, mentorship, and funding. NIDHI is another scheme by the Department of Science and Technology (DST) aimed at fostering entrepreneurship and innovation.



Karnataka Startup Policy 2022

Government of Karnataka has formulated Karnataka Startup Policy 2022 with a focus on ensuring the State plays an integral role in galvanizing the startup community at the national and international level. The aim of the Policy is to position Karnataka as the ‘Champion State’ for startups by adopting a holistic approach towards strengthening the startup ecosystem through compendious and equitable strategic interventions across key pillars of support, viz. funding, incubation, infrastructure, mentoring, acceleration, R&D, and industry linkages. For more information for getting benefits through online submission of applications refer <https://www.missionstartupkarnataka.org/?en>

Some of the state support in the form of incentives & concessions are listed for reference.

Category	Incentive
Patents Filing Cost Reimbursement	The cost of filing and prosecution of patent application will be reimbursed to the startups incubated in GoK supported incubators subject to a limit of INR 2 Lakhs per Indian patent awarded. For awarded foreign patents on a single subject matter, upto INR 10 Lakh would be reimbursed.
Reimbursement of State GST	Beyond Bengaluru Startups, incubators with a maximum annual turnover of INR 1 Crore shall be eligible for 100% reimbursement of annual State GST (SGST), within first three years of being incubated.
Marketing Cost Reimbursement	The government shall provide reimbursements of 30% of the actual costs including travel incurred in international marketing through trade show participation. This incentive will be subject to a maximum of INR 5 Lakhs per year per startup.
Quality Certification Cost Reimbursement	50% reimbursement of cost of quality certification fee with an overall ceiling of INR 6 Lakhs (with maximum of 3 industry standard quality certifications) for startup outside Bengaluru Urban District

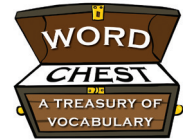
As per this scheme, the state government will be reimbursing the cost of filing and prosecuting a patent application as well as for awarded foreign patents on a single subject matter, from 2 lakhs to Rs. 10 lakhs. To be eligible, the applicant must be a startup registered with

the Karnataka Startup Cell, holding a valid registration number, and should be incubated either physically or virtually. Eligible startups must submit their application in the prescribed format along with the required documents to the Karnataka Startup Cell at <https://www.missionstartupkarnataka.org/incentives?patent-reimbursement-incentives?en>

In the coming part the issues pertaining to providing protective markets to start ups and their products and services will be deliberated.

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“Actus Dei Nemini Facit Injuriam” and “Force Majeure”

“Actus Dei Nemini Facit Injuriam” and “force Majeure” are legal doctrines addressing unforeseen events, but differ in scope and application.

“Actus Dei Nemini Facit Injuriam” meaning “the act of God does wrong to no one,” is a principle that excuses liability for damages caused by extraordinary natural events like floods or earthquakes, which are beyond human control. It is primarily used in common law to provide a defense in tort and certain contract disputes.

“Force majeure,” meaning “superior force,” is a contractual clause that includes both natural events and human-made events such as wars, strikes, or regulatory changes. It relieves parties from fulfilling their contractual obligations when specified unforeseen events occur, provided these events are detailed in the contract.

In essence, “Actus Dei” is limited to natural events under common law, focusing on excusing liability for damages, while “force majeure” is a broader contractual concept that can cover a wide range of unforeseen disruptions, affecting contractual performance.

IN PURSUIT OF TRUTH - PART VI



CA. Arun Chintopanth

Having completed discussion on the first two steps in the pursuit of truth or ‘Samadhi’ namely Yama and Niyama, let us move on to the third step **ASANA**.

Yama and Niyama were related more towards the mental make up of an individual in pursuit of truth. They brought to fore basic characteristics that one should inculcate in further pursuing this sadhana. Having thus established the correct and desirable mental build up, the third step ASANA prompts one to the physical well being which is as important as mental well being.

Unless one is physically fit, sadhana becomes difficult and arduous. This is so particularly in synchronizing body and mind which is the essence of Yoga.

The body is the vehicle in which the journey is to be undertaken. And unless the vehicle is fit and robust, no journey can be successfully completed.

Hence it is imperative that the body must be fit and functional for this inner journey. And ASANA facilitates this.

We all know that ASANA refers to body postures and is practiced as part of Yoga. Actually ASANA may be classified into two categories.

Category 1 is referred to as ‘**Hatha Yoga**’ and category 2 goes by the title ‘**Raja Yoga**’.

In Hatha Yoga, the body goes through various bodily postures during the course of which the mind becomes single pointed or **ekagrata** and becomes devoid of external thoughts and ideas. In other words, when the body is engaged in such postures the mind becomes calm and placid.

A bye product of Hatha Yoga is that, physically too the organs in the body become cleansed and massaged and thus physical health also improves.

At such a stage Raja Yoga comes to play. The calm mind is now trained and coaxed into internal enquiry and the journey goes deep inwards.

In all this, the Sutras suggest that the postures adopted must be comfortable to the Sadhaka and no discomfort should be experienced. For, any discomfort or pain

negates the whole idea of a mind devoid of thoughts. Hence, the postures must ideally be effortless and pleasurable.

In such a situation, the sutra continues, confrontation from pains of opposites cease. The mind becomes one with the body and vice versa. In other words, there is an inseparable union of the two. That is the intended meaning of Yoga which is union.

The essence and objective of the whole exercise (pun intended) of ASANA is to create a harmony of all human faculties. Without such a harmony each faculty will be pulling and pushing in different directions and no inward progress will be possible. That brings me to the subject of harmony.

What exactly is harmony?

According to ‘Tau’ philosophy, the human body has three treasures namely vitality, energy and spirit. And the three combined with a base called harmony becomes a great elixir. Until harmony is mixed, the treasures remain unearthed.

Those who know music will understand this term very easily. Harmony is ‘Swara’ in contrast to ‘apaswara’ - disharmony. Harmony is in having a pleasing and conducive effect. Harmony is in producing chords that are not discordant. Harmony also means to be in agreement.

The expression harmony is derived from the latin ‘Harmonia’ and the Greek word ‘Harmon’. Both of which mean to unite or join or concord.

The greatest example that one can cite for harmony is nature itself. The macrocosm is in a state of unique harmony. It is only the microcosm mainly - we humans who have let harmony go out and so we suffer.

This third step called **ASANA** enables development of such a harmony and with this we are now prepared to take the next step **PRANAYAMA**.

Normally, Pranayama is connected to or considered to be regulation of breathing. The expression Prana is mistaken for our normal breath.



This is not correct. Pranayama has a more deeper and more significant connotation.

Pranayama has two words combined i.e. Prana and ayama.

Prana is the vital force within us more subtler than the breath, while **Ayama** represents restraint or regulation.

The breath uses our physical faculties for functioning. Prana being very subtle does not use the physical faculties but operate through 'NADIS'. Nadis are unseen conduits and the whole process is referred to as Pranayama Kosa.

We are told that every human has 72000 nadis within. However, the three main nadis through which prana operates are the ida, pingala and the sushumna nadis.

It is the regulation of prana through these nadis that is Pranayama.

A classic example of how prana is different from normal breath is given in comparing electric current from the movement of blades in an electric fan. Though the electric current and the fan are different, they do have a close connection.

So too between the breath and prana. Though different from each other, both are connected.

Just as a competent electrician will be required to connect the electric current and the fan, so too in pranayama a competent Guru will be required to connect the breath and prana and to regulate the two.

Since a Guru is necessary to guide one in the nuances of pranayama, I will not venture any deeper on this subject but will restrict myself with mentioning two key aspects in this practice. They are '**kumbhaka**' and '**kundalini**'. Practitioners of Pranayama will understand these expressions.

Kumbhaka refers to retention of breath enabling the practitioner to control and regulate prana.

Kundalini is the latent and vital energy within each one of us which is activated by the practice of pranayama. It is referred to as a coiled serpent of energy that can be activated by these process.

When one has mastered the technique of pranayama and the process of kumbhaka and kundalini, the mind is ready for climbing the next three steps : Pratyahara, Dharana and Dhyana leading to Samadhi.

As discussed earlier, the mind is in a constant state of flux ever engaged in thoughts of objects or events. The events could be past, present or even future. In such a

situation the mind and the sense organs do not work in unison.

In pratyahara, the mind isolates itself not only from the sense organs but also from the external world.

Though this may sound impracticable, it is possible if one has really mastered the earlier stages of this journey i.e. yama, niyama, asana and pranayama all of which has been discussed extensively earlier.

'**Dharana**' can in simple terms be compared to concentration though it is more than just mere concentration.

We have seen during the earlier steps how the mind is '**chanchala**' and how we need to control or channelize the mind.

Dharana builds upon this and refers to how the mind is activated to dwell on particular objects to the exclusion of all other thoughts.

Dharana is an advanced technique whereby the mind is not only trained to focus on a particular object without any other thought or objects interrupting such concentration but also to return to other thoughts and object by will. This requires a great degree of alertness which is what Dharana is all about.

A continuous practice of Dharna leads us to the next step Dhyana which we will discuss next.

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Ethics from Epics - 10



CA Allama Prabhu M S

Paradoxical Characters - 2

3. Kunti – the mother, who could not be a mother!

“कुपुत्रो जायेत क्वचिदपि कुमाता न भवति”

“A wicked son may be born occasionally,
but an unkind mother will never be.”

Sri Adi Shankaracharya emphasizes the unstinted love and care that a mother can give, in contrast to a son’s sporadic disobedience.

Is Mother Kunti an exception?

Maybe because of the complex socio-cultural influences and familial pressures of her time, she abandoned Karna soon after his birth. But she had numerous opportunities to take corrective action; yet she chose not to.

She watched him helplessly as he was discriminated and humiliated throughout his life.

At the very end, she breaks his mental equilibrium by admitting that she is in fact his mother. After learning the truth, Karna was no longer the same Karna who hated Pandavas. His hatred towards Pandavas disappeared and his animosity waned.

Kunti begs for a boon and prefers Arjuna to Karna!

Was she fair? Or judging fairness itself is unfair?

After his death, she got the nerve to reveal the truth; pointless.

It is understandable that when she was an adolescent, for fear of causing a scandal, she had set the baby afloat in the river.

Instead of nurturing and providing comfort, & support Kunti abandoned the baby.

Different stages of life bring different concerns, unfounded fears, inevitable requirements, social priorities; and accordingly, the actions would be justified.

After marriage, she used the same mantra thrice and got conceived. When Karna challenged Arjuna in the tournament, she was able to immediately recognize that he was his own son. At least now and thereafter, she had multiple chances to disclose the truth.

She was a very strong woman with remarkable resilience capable of handling any situation and face societal challenges. But, she fails to demonstrate any of the characteristics of a mother to Karna. Her love was unconditional only to Pandavas and her duties as a mother to safeguard her children was restricted only to them.

Providing Emotional support, psychological support, and validation to their children is one of the utmost responsibilities of a parent. When Karna was discriminated and often looked down upon, and abused as a “Suta Putra” by almost everyone, Kunti did suffer, but took no step to eradicate the mental agony of Karna.

She was not able to disclose the truth, or unwilling to. This remained as a blemish on her legacy and challenges the generally accepted concept of motherhood.

If Kunti had not kept the secret to herself and revealed the truth any time before, then Mahabharata story would have been different. Duryodhana would have cheerfully handed over his Crown and gladly ceded his throne to Karna.

Nobody was happier after Karna’s death.

When it comes to Karna, she fails the test of moral scrutiny and turns out to be a disgrace to motherhood. She is disqualified to be called a mother. When she no longer qualifies as a mother, there is no question of being unkind to her son. Sri Adi Shankaracharya was right.

She did everything a mother could do to protect the five Pandavas, and Sri Adi Shankaracharya was right again!

Yudhisthira's curse to womanhood looks like a joke!

There are men who intentionally share others' secrets openly in public & rejoice at it, and there are women who preserve others' secrets discretely.

4. Shalya – conflicting loyalties

Shalya falls victim to the cunning ploy that was clandestinely crafted by Shakuni & Duryodhana; they both took advantage of Shalya's blind spots and weak points. In fact, he had come to support Pandavas but contrarily joined Kauravas. Certainly not by choice but because of the deceptive tactics.

He was persuaded to drive the chariot of Karna but subsequently he had a secret pact with Pandavas to demotivate Karna during his war with Arjuna.

Duryodhana's trickery resulted in keeping Shalya in his camp, but it did not guarantee his loyalty.

Paradoxically, the one who had internally aligned with Pandavas, got transformed into their adversary.

How is it possible for such a change to happen so quickly?

"The greatest deception men suffer is from their own opinions." - Leonardo da Vinci

When Shalya took up the reins of the horses, he was aware that Karna had donated his Kavacha-Kundalas to Indra-the Surapathi, the King of the Gods. In fact, Indra had come as a meek brahmin begging for the life of Arjuna.

As he had promised Yudhishtira, Shalya employed a psychological warfare on Karna, to weaken his confidence and morale, by reminding him about Arjuna's superiority and narrating other depressing facts.

Even though Shalya was dampening his enthusiasm and demotivating him, Karna did not retort or even react to his strange behaviour. He remained silent & endured the humiliation.

After witnessing the warfare and valor of Karna, Shalya recognized his equality with Arjuna in all respects. He started respecting him.

Shalya knew that Krishna was with Arjuna and Karna had no chance whatsoever to win the battle in the presence of Krishna.

He realized that Karna was not fighting a war against Arjuna, but against his own destiny.

After a particular point of time, he becomes silent and it's likely that at that point he began to inwardly admire him.

Given the deceptive tactics of Duryodhana and Shakuni, Shalya could have upfront refused to join them and returned. He did not. Rather he stayed with them on a sabotage mission. After the death of Karna, he took an oath to avenge the death of Karna, fought against his own beloved Pandavas and died in the war.

It is difficult to decide as to whom Shalya remained loyal to.

Elements of loyalty may change over time considering life experiences, events, circumstances, and more so the moral convictions.

This episode is yet another classic illustration from Mahabharata to understand how cunningness and deception can significantly influence critical decisions, often leading to unforeseen and tragic consequences.

Jnana Sagara S.Krishna Swamy thoughtfully comments:

"Nemesis overtakes man, however great one may be.

A divine intervention or instigation should be seen in all these episodes.

Divinity has defined Dharma in varying contexts. Divine judgement is beyond human judgement, interpretation or comprehension. The determination of what is ethics depends on time, circumstances and also on one's mental limitations.

From the Article *Ekalavya – Ekamevadwiteya*, KSCAA Newsbulletin, Nov 2012

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CA RAVIKUMAR RAMANAN
 author of 'The CFO LENS', IBM Ex-CFO

Moderator – CA Pramod Srihari

Key Takeaways

- Sharing perspectives on Succeeding in Modern Finance & Thinking More Strategically
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- Increasing Personal Productivity

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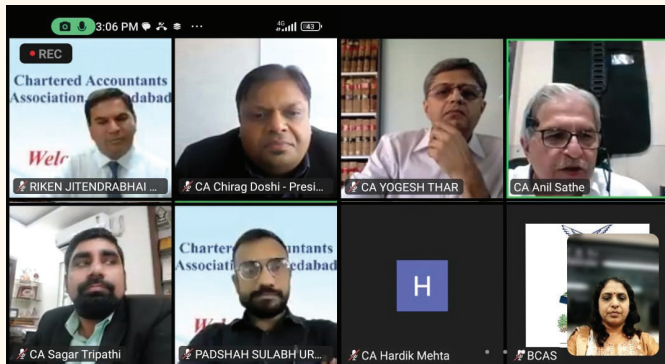
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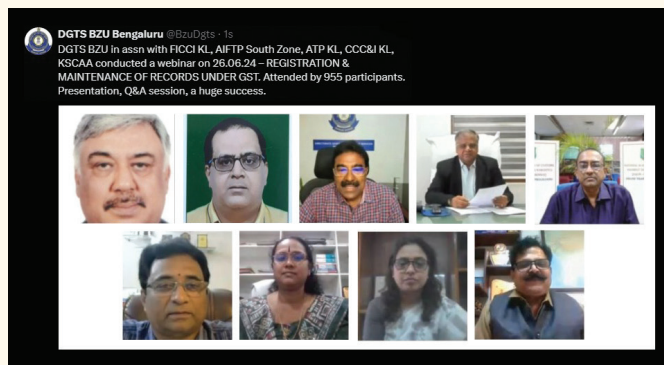
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