THE JOURNAL FOR CMAs

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FAIR VALUE ACCOUNTING

CHANGING CONTOUR OF FINANCIAL REPORTING IN INDIA

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of Parliament)
www.icmai.in

INSOLVENCY PROFESSIONAL AGENCY OF INSTITUTE OF COST ACCOUNTANTS OF INDIA (IPA OF ICAI)

(Section 8 Company of the Institute of Cost Accountants of India)

INSOLVENCY PROFESSIONAL AGENCY
OF
INSTITUTE OF COST ACCOUNTANTS
OF INDIA (IPA OF ICAI)

About IPA of ICAI:

The Insolvency Professional Agency of Institute of Cost Accountants of India (IPA of ICAI), a section 8 company incorporated under the Companies Act 2013 has been promoted by the Institute of Cost Accountants of India to enroll and regulate Insolvency Professionals (IPs) as its members in accordance with provisions of the Insolvency and Bankruptcy Code 2016, Rules, Regulations and Guidelines issued thereunder.

ENROL AND REGISTER AS AN INSOLVENCY PROFESSIONAL

ENROLLMENT IS OPEN: For Professionals & Advocates and Graduates having Management Experience
IPA of ICAI enrolls the professionals as '**Insolvency Professionals'** under Regulation 7 read with Regulations 4 & 5 of Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, if

1. He/she has passed the 'Limited Insolvency Examination', conducted by the Insolvency & Bankruptcy Board of India (IBBI) and
2. Has/she has ten years of experience as -
(a) a cost accountant enrolled as a member of the Institute of Cost Accountants of India,
(b) a chartered accountant enrolled as a member of the Institute of Chartered Accountants of India,
(c) a company secretary enrolled as a member of the Institute of Company Secretaries of India, or
(d) an advocate enrolled with a Bar Council.

OR

3. He/she has fifteen years of experience in management, after receiving a Bachelor's degree from a University established or recognized by law.

Insolvency Professional may function as:

- ❖ Interim Insolvency Professional in Corporate, Individual and Partnership Insolvency Process; Fast Track Corporate Insolvency Process; and Fresh Start Process;
- ❖ Resolution Professionals for Corporate, Individual and Partnership Insolvency Process; Fast Track Corporate Insolvency Process; and Fresh Start Process;
- ❖ Liquidator in Liquidation Process for Corporate Persons;
- ❖ Liquidator in Voluntary Liquidation for Corporate Persons;
- ❖ Bankruptcy Professional for Bankruptcy of Individual and Partnership Firm.

Why to enrol as Insolvency Professional ......

- ❖ It's a niche area of practice with opportunities galore
- ❖ With the first mover's advantage, there is an opportunity to create a brand name
- ❖ Adequate handholding from IBBI and the IPA of ICAI

Insolvency Professional Agency of Institute of Cost Accountants of India

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The Institute of Cost Accountants of India

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (erstwhile The Institute of Cost and Works Accountants of India) was first established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.

On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.

It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

MISSION STATEMENT

The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.

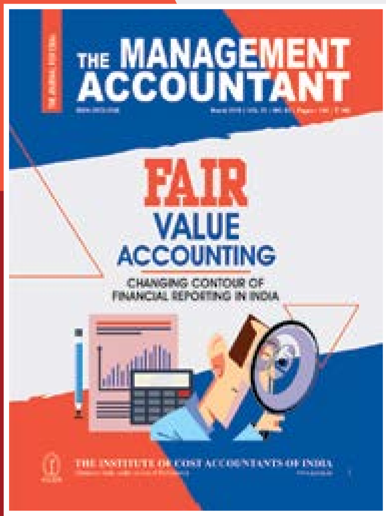
VISION STATEMENT

The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.

IDEALS THE INSTITUTE STANDS FOR

- *to develop the Cost and Management Accountancy profession*
- *to develop the body of members and properly equip them for functions*
- *to ensure sound professional ethics*
- *to keep abreast of new developments*

*Behind every successful business decision, there is always a **CMA***



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The Management Accountant, official organ of The Institute of Cost Accountants of India, established in 1944 (founder member of IFAC, SAFA and CAPA)

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Greetings!!!

With the advent of Indian Accounting Standards (Ind AS), a large number of entities in India are set for sweeping changes to their financial reporting and disclosure practices. Many entities have already been subjected to these changes in the financial year ended 31st March 2017. While the transition to Ind AS entailed significant changes in the reporting framework, it also had an impact on various other aspects of the organisation, including information technology (IT) system configurations, business and contracting processes, budgetary controls and decisions of the board and management. With evolving experience and further clarifications, entities have seen substantial changes in reporting requirements due to changes in measurement principles and disclosure requirements. The adoption of Ind AS has indeed paved the way for enhanced comparability of financial statements of Indian companies in line with global standards, thereby leading to a more transparent and relevant disclosure. This requires fair value accounting for many assets and liabilities. Financial instruments, in particular, which meet certain conditions, would now be required to be carried at fair value.

Fair Value Accounting is an alternative approach to measurement that seeks to capture changes in asset and liability values over time. Under the fair value measurement approach, assets and liabilities are re-measured periodically to reflect changes in their value, with the resulting change impacting either net income or other comprehensive income for the period. The result is a balance sheet that better reflects the current value of assets and liabilities. Fair value is the estimated price at which an asset can be sold or a liability is settled in an orderly transaction to a third party under current market conditions.

A primary advantage of fair value accounting is that it provides accurate asset and liability valuation on an ongoing basis to users of a company's reported financial information. When the price of an asset or liability has increased or is expected to increase, the company marks up the value of the asset or liability to its current market price to reflect what it would receive if it sold the asset or would have to pay to relieve itself from the liability. Conversely, the company marks down the value of an asset or liability to reflect any decrease in the market price.

Determining fair value often requires a variety of assumptions, as well as significant judgement. Thus, investors desire timely and transparent information about how fair value is measured, its impact on current financial statements, and its potential to impact future periods. There are numerous items for which fair value measurements are required or permitted. ASC 820 and IFRS 13 ("the fair value standards") provide authoritative guidance on fair value measurement.

Fair value accounting can also present challenges to companies and users of their reported financial information. Conditions of the markets in which certain assets and liabilities are traded may fluctuate often and even become volatile at times. Applying fair value accounting, companies re-evaluate the current value of certain assets and liabilities even in volatile market conditions, potentially creating large swings in the value of those assets and liabilities.

Fair value continues to be an important measurement basis in financial reporting. It provides information about what an entity might realize if it sold an asset or might pay to transfer a liability. In recent years, the use of fair value as a measurement basis for financial reporting has been expanded, even as the debate over its usefulness to stakeholders continues. The increased use of fair value requires companies to refresh measurement policies and procedures. Companies should analyze how fair value is determined when no active market exists, and establish procedures to develop the appropriate disclosures. Valuation professionals may need to be involved early in the process.

This issue presents a good number of articles on the cover story theme 'Fair Value Accounting: Changing Contour of Financial Reporting in India' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.

THE JOURNAL FOR CMAs

THE MANAGEMENT ACCOUNTANT

-: PAPERS INVITED :-

Cover stories on the topics given below are invited for 'The Management Accountant' for the four forthcoming months.

Theme: April 2018 — Capital Market & Derivatives

Subtopics

- Mechanics and Valuation Basics
- Pricing and Market Risk
- Economic function of the Derivative Market
- Financial Reform and Government Regulation
- Financial Derivatives under GST
- Role of CMAs in Capital Market

Theme: May 2018 — Foreign Trade Policy of India

Subtopics

- From Import Substitution to Export Promotion: The Evolution of Foreign Trade Policy of India
- The Foreign Trade Policy of 2015 – 2020
- Trade Agreements and India's Foreign Trade
- Export Incentives and its Role in India's Foreign Trade
- Implication of GST on Foreign Trade Policy
- Role of CMAs

Theme: June 2018 — Blockchain Technology – A Game Changer in Accounting

Subtopics

- Blockchain – Introduction & Concept
- Blockchain - the future of accountancy
- Blockchain – an opportunity for accountants
- Will Blockchain render accountants irrelevant?
- Blockchain - impact on auditing
- Blockchain Accounting - misconceptions & challenges

Theme: July 2018 — Indian Railways - CMAs as Game Changer

Subtopics

- Vision & Plans
- Cost Management
- Tariff Mechanism
- Security Systems & Risk Management
- Non-tariff Sources for increasing Revenue
- Sustainable Growth
- Govt Initiatives
- Role of CMAs

The above subtopics are only suggestive and hence the articles may not be limited to them only.

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport-size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for publication anywhere else. Please send your articles by e-mail to editor@icmai.in latest by the 1st of the previous month.

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"Success is peace of mind which is a direct result of self-satisfaction in knowing you did your best to become the best you are capable of becoming"

-- John Wooden

CMA SANJAY GUPTA
President
The Institute of Cost Accountants of India

My Dear Professional Colleague,

Namaskaar!!!

By the time this communication reaches to you all might be back to work after celebrating the Holi Festival. Holi also known as the "festival of colours". It signifies the victory of good over evil, the arrival of spring, end of winter, and for many a festive day to meet others, play and laugh, forget and forgive, and repair broken relationships. It is also celebrated as a thanks giving for a good harvest.

I wish all the CMAs and aspiring CMAs and their families and friends all best wishes and good luck and health and happiness. After Holi, this month is also the time for the crucial board exams and I wish the children of our members who are appearing in the Board exams a spectacular victory with top Grades.

Now coming to Institutional activities the most important event which is coming soon is the 58th National Cost Convention.

58th National Cost Convention (NCC 2018)

As you all are aware that the Institute is organising its **58th National Cost Convention (NCC 2018)** on the eve of Platinum Jubilee Year of the Institute on 16th &17th March 2018 at Vigyan Bhawan, New Delhi on the theme **"New India 2022: Role of CMAs from Intent to Action"** We are pleased to inform you that **Shri M. Venkaiah Naidu, Hon'ble Vice President of India** has given his kind consent to be the Chief Guest of the **Inaugural Session of the NCC 2018 on 16th March, 2018**. Further, **Shri Suresh Prabhu,** Hon'ble Union Minister of Commerce & Industry, **Shri Piyush Goyal,** Hon'ble Union Minister of Railways and Coal, **Shri P. P. Chaudhary**, Hon'ble Minister of State for Law & Justice and Corporate Affairs, **Shri Shiv Pratap Shukla**,Hon'ble Minister of State for Finance and **Shri Injeti Srinivas**, **Secretary**, Ministry of Corporate Affairs have also consented to be the **Guests of Honour**.

Various sessions of NCC-2018 will deliberate / discuss on the Role of CMAs and the imperative of providing cost competitive environment to encourage global players which is key to transform India to achieve the targeted economic growth. I earnestly request all the members of the Institute to attend this Annual National event of the Institute in large numbers to show the strength of CMA profession and make the event a grand success.

Mission Antyodaya Month

As informed in my earlier monthly communiqué, the month of March 2018 will be celebrated as "Mission Antyodaya Month" by visiting and conducting survey in Gram Panchayats within this month through Regions and Chapters of the Institute based on the Key Parameters identified by the Ministry of Rural Development. The Institute will also arrange and conduct massive awareness programs Pan India basis at various schools and colleges at Panchayat level to spread over the concept of "Mission Antyodaya".

Results of December 2017 term

The Institute has declared Foundation, Intermediate and

Final results for December 2017 term of Examination. I take this opportunity to congratulate all the students who have passed and wish them a bright career. I also wish best of luck to all those who could not cross the line this time.

Directorate of Studies (Training, Placement & Counselling)

✔ Two-week Career Development Programme

The Directorate of Studies (Training, Placement & Counselling) of the Institute conducted a two-week Career Development Programme on **"Excel your Performance"** for the CMA students pursuing Intermediate and Final from 05.02.2018 - 17.02.2018 at J.N. Bose Auditorium, Institute's Headquarters, Kolkata to impart hands on training on practical issues on different subjects of professional interest. The objective of the training was to assist students to get well placed by preparing them for the Interview.

Some of the key aspects that has been covered in the programme are: Know yourself; Tools of Personality Development; Communication Skills; Team Building; Soft Skills; Technical sessions on various functional areas of Management: Accounting, Cost and Management Accountancy, Taxation, Audit, Capital Market, Foreign Trade, Quantitative methods & analysis and IT, Values and Ethics of a Responsible Manager, etc. More than 100 students actively participated in the programme. A book entitled **"Excel Your Performance – A Practical Guide to Career Development"** has been distributed to the participating students.

✔ Career Counselling Programme

The Directorate of Studies (Training, Placement & Counselling) of the Institute organized a Career Counselling Programme at Scottish Church College, Kolkata on 20th February, 2018 to propagate the CMA Course for the college students and professors. Shri Narayan Chandra Guriya, Joint Commissioner, Directorate of Commercial Taxes, Government of West Bengal inaugurated the programme.

Directorate of Advanced Studies

✔ One-Day National Conference

Directorate of Advanced Studies of the Institute conducted a One-Day National Conference on 'Integrated Financial Sector Reforms in India' in collaboration with Indian Accounting Association (IAA), South Bengal Branch on 24th February, 2018 at J.N. Bose Auditorium, Institute's Headquarters, Kolkata.

CMA Manas Kumar Thakur, Immediate Past President and Chairman Board of Advanced Studies of the Institute inaugurated the programme. Dr. Gabriel Simon Thattil, Professor, Department of Commerce, School of Business Management and Legal Studies, University of Kerala, Thiruvananthapuram & General Secretary, IAA was present as Chief Guest along with Dr. Ashok Banerjee, Professor of Finance and In-charge, The Financial Research and Trading Laboratory, IIM Calcutta who delivered the key-note address, CMA Dr. Malayendu Saha, Professor, Dept. of Commerce, University of Calcutta and Chairman, West Bengal Joint Entrance Examinations Board, Prof. Jaydeb Sarkhel, Former Professor, Dept. of Commerce, University of Burdwan and President, IAA, South Bengal Branch, Dr. Arindam Gupta, Professor, Dept. of Commerce with Farm Management, Vidyasagar University & Vice President, IAA, South Bengal Branch and other eminent personalities. More than 150 professors and professionals attended the conference.

✔ Round-table Discussions

In order to support **Mission Antyodaya** initiative, Directorate of Advanced Studies of the Institute conducted a Round Table Discussion on **"Self-Sustainability Model for Panchayats through Capacity Building"** on 8th February, 2018 at Institute's Headquarters, Kolkata. The objective of the discussion meet was to discuss and develop an exclusive study report on the subject based on extensive field survey. CMA Manas Kumar Thakur, Immediate Past President and Chairman Board of Advanced Studies of the Institute inaugurated the programme. Shri Arabinda Das, Former Principal Director, RTI, CAG, Dr. Sanjib Kumar Basu, Dean and Associate Professor, St. Xavier's College, Kolkata, Prof. Asish Kumar Sana, Professor, Calcutta University, Dr. S K Gupta, Group CEO – AIHP, Shri Abani Bhusan Dwari, Consultant, WBSRLM and other eminent dignitaries were present in the discussion meet.

Directorate of Advanced Studies of the Institute conducted a Round Table Discussion on **"Promotion of Advanced Studies Courses"** with the Deans and Professors of various colleges and universities (including technical universities) on 3rd February, 2018 at Institute's Headquarters, Kolkata to promote various Courses under Advanced Studies Directorate among them and to discuss various scopes and avenues in the areas of mutual interest to facilitate Students' community at large.

✔ Knowledge Report on Indian Railways

I am pleased to inform that the knowledge report on **"Indian Railways New Growth-Eco-System – From Steam to Bullet"** prepared by Directorate of Advanced Studies was released by the Shri Piyush Goyal, Hon'ble Union Minister of Railways and Coal at the 5th PHD Global Rail Convention – 2018 at New Delhi. The report was highly acclaimed by the Hon'ble Minister and the eminent dignitaries present at the Convention. The Global Rail Convention 2018 also had discussions on featuring the Initiatives and Opportunities in the Railway Sector. I was present in this event as a Special Guest and eminent part of the Panel discussion.

International Affairs Department

✔ SAFA Committee and Board Meetings

CMA Dr. P.V.S. Jagan Mohan Rao, Vice President SAFA and Council Member, CMA Dr. I Ashok and CMA P. Raju Iyer, Council Member attended the 51st SAFA Board meeting and other Committee meetings of SAFA held in Kathmandu on 30th January to 1st February, 2018. SAFA International Conference was organised on the theme "Evolving Economic Environment - Challenges and Way Forward" and CMA P. Raju Iyer addressed the Conference as a speaker in Technical Session on "Are CFO's Future Ready".

Insolvency Professional Agency of Institute

I attended the 3rd meeting of Insolvency Law Committee on 16th & 17th February, 2018 to celebrate further on the issues identified and to finalise the draft recommendations for drafting sub-committee and other related matters called by Ministry of Corporate Affairs at New Delhi.

Membership Department

With extreme pleasure I take this opportunity to congratulate and welcome in the CMA fraternity all the new 349 Associate members being granted membership and the 71 existing members for having been advanced to Fellowship during the month of January and February 2018.

I would call upon all members holding Certificate of Practice (CoP) to renew their CoP for the Financial Year 2018-19 well in advance as their present CoP is valid till 31st March 2018. An advisory to this effect has already been uploaded on the Institute's website under the "Members" section on the "Forms" and "Guidelines/Circulars" link. For ready reference and guidance, the said advisory has also been published elsewhere in this journal.

Membership fee shall also fall due on and from 1st April 2018 for the year 2018-19 for which I request all members to clear their dues, preferably by online mode, and continue to enjoy the membership benefits. I am sure that our members will continue to play a path breaking and defining role in our profession and economy in the upcoming new financial year with each day throwing up new challenges and opportunities in the national and global scenario

Professional Development and CPDCommittee

I sincerely appreciate our Regional Councils and Chapters for organizing more than 75 programs, seminars and discussions on the topics of professional relevance and importance for the members such as, GST Return - Types, Form, Due Dates & Penalties; Role of CMAs in Insolvency and Bankruptcy Code; Bitcoin - Myth or Reality; Union Budget FY 2018-19; Costing in Pharmaceuticals Industry; Women Empowerment in Profession & Self Confidence, and so on.

The Institute was associated with PHD Chamber of Commerce & Industry for a seminar on "Post Budget Interactive Session - Implication of Union Budget 2018" on 6th February, 2018 and also for Knowledge Series on Goods and Services Tax.

PD Directorate is sending representation letters to various organizations for inclusion of cost accountants for providing professional services. I want to inform you that on the request made by the Institute, Indian Institute of Management Bangalore considered Cost Accountants for providing Concurrent Audit Services. Further, NIT Nagaland, State Blood Transfusion Council, Indian Institute of Entrepreneurship and The Handicrafts and Handlooms Exports Corporation of India Ltd included CMA profession in their Tenders/EOIs in the month of February 2018.

A presentation was made to the Chairman, National Anti-Profiteering Authority about the role of Cost Accountants in securitisation of applications received by the Screening Committees formed by the Ministry of Finance.

✔ Interactive Session with Shri P.P. Chaudhary on Corporate Governance

I am pleased to inform that I was invited to be a key speaker of the Panel Discussion organised by 'Governance Now', An interactive event 'Reflect' -an Interaction with Shri P.P. Chaudhary, Hon'ble Union Minister of State for Ministry of Law & Justice and Corporate Affairs on strengthening corporate governance for sustainable economic growth, on 28th February, 2018 at the Imperial, New Delhi. The Institute was the Institutional Partner for this event.

Taxation Committee

CMA Niranjan Mishra, Chairman - Taxation Committee along with CMA Chandra Wadhwa, Past President, CMA V.S. Datey, Institute's Representative attended the Professional Meeting of CBEC on 2nd February, 2018 at New Delhi.

On 16th February, 2018, I along with CMA Niranjan Mishra, Chairman - Taxation Committee, CMA Amit Anand Apte, CCM, CMA Dr. S.R. Bhargave, Former CCM, attended the Professional Meeting of CBEC and also met Shri B.N Sharma, Chairman, National Anti - Profiteering Authority and appraised him about the recent activities of Taxation Committee of the Institute.

Activities at Regional Councils & Chapters

✔ 39th Cost Conference jointly organised by EIRC and Howrah Chapter of the Institute

39th Cost Conference on "Transforming India through Cost Governance" jointly organized by the EIRC and Howrah Chapter of the Institute during 9th & 10th February, 2018 at Kolkata. Shri Sovandeb Chattopadhyay, Hon'ble Minister of Power, Government of West Bengal inaugurated the Conference as the Chief Guest. I addressed the gathering during the Inaugural Session of the event. My council colleague CMA Manas Kumar Thakur, Immediate Past President of the Institute also graced the occasion.

✔ National Seminar organised by WIRC of the Institute

I am happy to share that Hon'ble Shri Chandrakant Dada Patil, Revenue Minister, Government of Maharashtra inaugurated the National Seminar as the Chief Guest, organized by the WIRC of the Institute during 10th & 11th February, 2018 at Mumbai with a theme "CMAs Partner in Vision 2022 for a Vibrant India". I had the opportunity to preside the Inaugural Session of the event and also addressed the gathering. CMA H. Padmanabhan, Vice President of the Institute also graced the occasion.

✔ State Level Students Convention organised by Hyderabad Chapter of the Institute

On 24th February, 2018, Hyderabad Chapter of the Institute organised "CMA PRATHIBHOTSAV" - a State Level Students Convention at Kahirtabad, Hyderabad. I was invited to address the student's gathering of the convention. My council colleague and Vice President, SAFA, CMA Dr. PVS Jagan Mohan Rao also graced the occasion.

I conclude my communication by referring a quote from 'Jerry Reinsdorf'. "Teams that consistently perform at the highest levels are able to come together and be unified across the organization - staff, players, coaches, management, and ownership. When everyone is on the same page, trust develops, and teams can grow and succeed together".

Let us unitedly march to achieve our goals.

I wish all prosperity and happiness to members, students and their families on the occasion of Holi, Chaitra Navaratri, Gudi Padwa, Ugadi, Mahavir Jayanti and pray for the success in all of their endeavours.

With warm regards,

CMA Sanjay Gupta

1st March, 2018

Glimpses of 39th Cost Conference on "Transforming India through Cost Governance" jointly organized by the EIRC and Howrah Chapter of the Institute during 9th & 10th February, 2018 at Kolkata

Glimpses of National Seminar on "CMAs Partner in Vision 2022- for Vibrant India" organized by the WIRC of the Institute during 10th & 11th February, 2018 at Mumbai

Shri Piyush Goyal, Hon'ble Union Minister of Railways & Coal along with CMA Sanjay Gupta, President of the Institute and eminent dignitaries at the 5th PHD Global Rail Convention 2018 on the theme 'New Growth Eco System From Steam to Bullet' on February 28, 2018, at PHD House, New Delhi. The Institute was the Knowledge Partner of the Global Convention

Glimpses of Interactive Event jointly organised by Governance Now and Sri Adhikari Brothers (SAB) group on "Corporate Governance for Sustainable Economic Growth"on 28th February, 2018 at New Delhi.

The ICAI National Cost Convention 2018 release of brochure by Chairman NCC 2018 CMA H Padmanabhan, Vice President of the Institute at Members' Meet in Chennai

CMA H Padmanabhan, Vice President of the Institute addressing during the ICAI Budget Meet 2018 at Chennai. CMA Dr. P V S Jaganmohan Rao, VP SAFA, CMA Dr Mayil Murugan, Chairman, SIRC and other eminent dignitaries were also present during the Meet

ICAI SIRC Budget 2018 Meet at Chennai
CMA H Padmanabhan Vice President, CMA Dr. P V S Jaganmohan Rao, VP SAFA, CMA Dr. A Mayil Murugan Chairman, SIRC, Moderator CMA Rajaratinam, Renowned Professionals and others were present in the Meet

Ms. Aishwarya, CMA Final Student lighting the lamp at the Oral Coaching Inauguration of SIRC.
CMA H Padmanabhan, Vice President of the Institute, Chief Guest, Dr. Manjula DCE TN, CMA Dr Mayil Murugan, Chairman and CMA Suresh Gunjjali Vice Chairman, SIRC were among eminent dignitaries present in the programme

CMA H Padmanabhan Vice President addressing at ICAI SIRC Oral Coaching Inauguration Session 2018

CMA H Padmanabhan, Vice President of the Institute inaugurating during the Board of Advanced Studies GST Course by lighting the lamp at Chennai Centre on 17th February 2018

CMA H Padmanabhan, Vice President of the Institute along with team of faculty members at GST Course of Board of Advanced Studies at Chennai Center

Inaugural Address by CMA H Padmanabhan, Vice President on the commencement of GST Course at Chennai Center by Board of Advanced Studies

CMA Dr P V S Jagan Mohan Rao, VP SAFA and CMA Dr I Ashok, Council Member and Chairman, International Affairs are present in Round Table discussion with Academicians, Philosophers and Corporate Leaders on Role of CMAs at Global Level

CMA Dr I Ashok, Council Member and Chairman, International Affairs of the Institute lighting the lamp during the International Seminar held at Dr MGR Educational and Research Institute at Chennai.
CMA Dr P V S Jaganmohan Rao VP, SAFA and other dignitaries were also present in the seminar

CMA Dr P V S Jaganmohan Rao, Vice President SAFA during his inaugural address in the International Seminar on Business Analytics and GST at MGR Education and Research Institute, Chennai.CMA Dr I Ashok, Chairman International Affairs and other dignitaries were also present in the seminar

The Directorate of Studies (Training, Placement & Counselling) of the Institute conducted a two-week Career Development Programme on "Excel your Performance" for the CMA students pursuing Intermediate and Final Courses from February 5, 2018 till February 17, 2018 at J.N. Bose Auditorium, Headquarters, Kolkata to impart hands on training on practical issues on different subjects of professional interest.

Directorate of Advanced Studies of the Institute conducted a One-Day National Conference on 'Integrated Financial Sector Reforms in India' in collaboration with Indian Accounting Association (IAA), South Bengal Branch on 24th February, 2018 at J.N. Bose Auditorium, Headquarters, Kolkata.

CMA Manas Kumar Thakur congratulating Shri P.K. Mukhopadhyay on becoming Chairman of Damodar Valley Corporation

39th Cost Conference-2018
9th and 10th February, 2018, Science City, Kolkata

EIRC and Howrah Chapter of the Institute organized the 39th Cost Conference-2018 on February 9 and 10, 2018 at Science City, Kolkata on the theme 'Transforming India through Cost Governance'. The Conference was inaugurated by Shri Sobhandeb Chattopadhyay, Hon'ble Minister-in-Charge, Power & Non – Convention Energy Sources, Government of West Bengal on 9th February, 2018. Shri Sanjay Budhia, Managing Director, Patton Group, Padmashri Ajoy Kumar Roy, Director, IIEST, CMA Sanjay Gupta, President, CMA Manas Kumar Thakur, Immediate Past President, CMA Pranab Kumar Chakraborty, Chairman EIRC and CMA Ashok Kr Samanta, Chairman, Howrah Chapter were among other eminent dignitaries present in the Conference. The Technical Session - I was organized on GST – Anti Profiteering Issues and Shri Devendra Nagvenkar, IRS, Commissioner-CGST was the chairman of the session and the session was moderated by CMA Niranjan Mishra, Council Member. Shri Rajib Sengupta, Joint Commissioner, GST-PPU Cell, Kolkata, CA. CMA Chiranjib Das, Expert – Indirect Taxes, Kolkata, CA. CMA CS. Sathya Kumar, Founder & CEO – Tycoon +, Chennai, CMA CS T B Chatterjee, Expert-Indirect Taxes, Kolkata were the resource persons in the session. Technical Session – II was organized on Unleashing IBC in Banking & Insurance Sector and CMA P Raju Iyer, council member was the chairman of the session. Shri Partho Sen, AGM, State Bank of India, Kolkata, CS. Mamta Binani, Past President, ICSI were the resource persons. Technical Session - III was organized on Achieving Excellence through Cost Governance in MSME Sector. CMA P M Chandriah, Managing Director, Bengal Chemicals & Pharmaceuticals Ltd was the chairman of the session. Technical Session – IV was organized on Paradigm Shift in Valuation – Opportunities for CMAs. Shri S K Deb, Managing Partner, S K Deb & Associates, Kolkata was the chairman of the session. Technical Session – V was organized on Forensic Audit & Fraud Detection. Shri Alok Bardhan, Asst. Director, MCA, Kolkata chaired the session and welcome address was delivered by CMA Avijit Goswami, Council Member. Technical Session – VI was organized on Revisiting Women Empowerment and Mrs. Ananya Chakraborty, Chairperson, West Bengal State Commission for Protection of Child Rights was the chairman of the session. Deliberations of the conference were very beneficial for all the delegates and would result in the proper implementation of policies by the Government. More than 350 professional accountants participated in the conference.

National Seminar on 'CMAs Partner in Vision 2022-for Vibrant India'
February 10 and 11, 2018, YB Chauhan Centre, Mumbai

WIRC organized a National Seminar on the theme ***'CMAs Partner in Vision 2022-for Vibrant India'*** on February 10 and 11, 2018 at YB Chauhan Centre, Mumbai. The National Seminar was inaugurated by Shri Chandrakant Dada Patil, Hon'ble Minister of Revenue, Government of Maharashtra. The key note speakers for the inaugural session on February 10, 2018 were CMA Rajneesh Jain, CFO Reliance Jio, CMA Yatrik R Vin, CFO, NSE of India Ltd. Chief Guest for the event, Hon. Cabinet Minister Shri Chandrakant Dada Patil stressed on the concept "Money saved is money earned". He asserted that cost effective techniques in all areas are necessary to improve margins and by providing skill & talent to the young generation to make them financially independent is the need of the hour. CMA Rajneesh Jain in his address coined the fact that there are new opportunities for CMAs and one has to work hard and capitalize on these avenues and play the pivotal role in the Vibrant India 2022 campaign. CMA Yatrik Vin urged young CMAs to focus on the areas of Business leadership, innovation & technology, cost leadership, skill development. CMA Sanjay Gupta, President of the Institute said the attitude of the common man is now changing from "Chalta Hai" to "Badal Sakta Hai". CMA H Padmanabhan, Vice President, CMA Kailash R Gandhi, Chairman WIRC, CMA Laxman D Pawar, Convener, National Seminar, CMA Shriram Mahakaliwar, Secretary WIRC, CMA Harshad Deshpande, Treasurer WIRC were also among the eminent dignitaries who were present in the seminar. Speakers for the plenary session were Dr Ashutosh Raravikar, Director-EDMU, CMA Dr Paritosh Basu, Economist & Senior Professor NMIMS, Dr Yashwant Vaishampayan, Economist & Director Parikrama Institute of Management and Shri Aniket Kale, CEO, India Arab Countries Chamber of Commerce Industry & Agriculture. The technical sessions commenced having eminent speakers CMA Yatrik Vin, CMA Imtaiyazur Rahman, CFO & CS UTI, CMA Dhiraj Sachdev, Sr VP & Fund Manager- Equities HSBC, CMA Dr VVLN Sastry- Director Firstcall India Investment Banking, CMA HK Joshi, Director Finance, The Shipping Corporation of India Ltd, CMA Robin Banerjee, MD Caprihans India Ltd and Shri KC Jani, Independent Director NHB. The sessions covered the subjects of mega opportunity in Investing in India & Infrastructure being a catalyst for economic growth. On February 11, 2018, Mr Sushil Behl, Govt Nominee of the Institute and Insolvency Professional, Shri Satish Soni, Additional Commissioner Mumbai APM Committee, Shri MS Mani, Senior Director Indirect Tax, Deloitte Touche Tohmatsu India Pvt Ltd, CMA Ashok Nawal, Council Member, CMA Pramod Jain, Financial Consultant were the eminent speakers and the sessions covered the subjects of challenges for corporates and banks under the Insolvency & Bankruptcy Code and Anti profiteering compliance under GST. The two day National Seminar was well appreciated by the dignitaries, professionals, senior members and the participants.

FAIR VALUE ACCOUNTING FOR MERGER AND ACQUISITION

CMA Deepa Hinge
Lecturer in Bhonsala College
Nashik

Any activity doing under intention of "profit " is business.In business every item related to businessman. To know the present status of business financial statements should be prepared and get audited at the convenient internal but always though preparation of financial statements and it audit is according to the various acts and Accounting standards. The valuation plays very important part in the financial statements. To know the correct and fair pictures of every asset and liability related to the business they reflect fair valuation in the statements. The most important technique of valuation of assets and liabilities is "fair value".

Lets take some definitions of fair value accounting Fair value accounting is the alternative approach to measurement that seeks to captures the changes in assets and liabilities overtime.

The "International Accounting standredboard defines fair value as "An amount at which an asset could be exchanged between knowledgably and willing parties in an arms length transaction".

It uses current market value on the basis for recognizing certain assets and liabilities. Fair value is the estimated price at which an asset can be sold or liabilities settled in an orderly transaction to a third party under current market conditions.

Some of the following which are important concepts –

1) Current market conditional – The derivation of fair value should be passed on market conditions on the measurement date rather than the occurrence of the transaction at some earlier date.

2) Intent – The intention of the holder of an asset or liability to continue to hold it is irrelevant to the measurement of fair value such intent might otherwise alter the measured fair value.

3) Orderly transaction – Fair value is to be derived based on an orderly transaction where there is no undue pressure to sell as may be the case in a corporate liquidation

4)Third Party – Fair value derived based on presume sale to an entity that is not a corporate insider or related in any way to the seller.

Fair value accounting uses mark to market method.

The term "value " in accounting parlance is the worth of the monetary, material or assessed measurement of an asset, good or service. Value is used to quantify the worth of something and different types of value can be applied to explain various situations. Accounting is the language of business and value is the unavoidable function of language. In relation with the accounting, book value and fair value are the broad categories. Book value is the original value of asset according to its balance sheet less accumulated depreciation, amortization or impairment costs made against the asset. In accounting and in most business school of economics thought, fair value is a rational and unbiased estimate of the potential market price of a good, service, asset. It takes into account such objective factors such as 1) As acquisition, production gives internationally costs or costs of close substitutes 2) Actual utility at a given level of development of social productive capability 3) Supply vs Demand 4) Subjective factors such as: i. Risk characteristics ii. Cost of and return on capital iii. Individuality perceived utility

The ideal determination of fair value is based on prices offered in an active market where sufficiently high volume of transactions to provide on going pricing information and it should be 'Principle Market' having greater volume of transactions for the assets and liabilities.

Approaches of fair value accounting-

1) Market Approach **–** In this actual market transactions for similar or identical assets and liabilities means prices of saltires form NSC on which regular trading is going on.

2) Income Approach **–** In this approach uses estimated cash inflows or earnings adjusted by discount rate that represents the time value of money and the risk of cash flows not being achieved to derived a discounted present value.

3) Cost approach – This approach uses estimated cost to replace an asset adjusted for the obsolesces of the existing assets.

International Accounting standers and GAAP (generally Accepted Accounting, Principles) givesimmense importance to fair value accounting. GAAP provides a hierarchy intimation sources that range from level 1 to lever 3 that is from best to worst.

1) Level 1- This is the quoted price for an identical item in an identical item in an active market on the measurement date. Most reliable evidence of fair value that using the big price for an asset valuation and ask price for a liability that may shift the result at lower level automatically

2) Level 2- This is the price of an asset or liability for similar items in active market identical or similar items inputs which is other than quoted prices.

3) Level 3- This is an unobservable input, it may include the company's won data adjusted for other reasonably available information. This level inputs are internally generated financial forecast and prices contained within an other quote form distributor.

These three levels are consider hierarchy of fair value. According to these level the selection of inputs for valuation techniques not directly used to create fair values for assets or liabilities. According to the GAAP fair value is the amount at which any asset could be bought or sold in a current transaction willing parties other them the liquidation on the other side liability is the amount at which that liability could be incurred or settled in a current transaction between witting Portis other than in a liquidation. Fair value is the most important financial instrument as it provides more transparency than historical cost. It company uses fair value for measurement of all financial instruments at fair value, then depositors investors could have achieved greater regulations and market dispelling and it is help full to avoid some of losses that investors have had to pay during pervious downturns in the economy fair value accounting has been accepted at (international financial reporting standers) 13 deals with the measurement of fair value. The stander defines fair value on the basis of an exit price notion and uses a fair value hierarchy which results in a market based rather than entity specific measurement IFRS 13 betimes some important terms regarding the fair value measurement

1) Active market – where transactions are take place for assets and liabilities with sufficient frequency and liabilities with sufficient frequency and volume to provide information on ongoing basis.

2) Exit price **–** the price that would be received to sell an asset or paid to transfer a liability.

3) Principle market – the market with the greatest volume and level of activity for asset or liability. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through fair value hierarchy.

- The article is related with the mergers and acquisitions and fair value accounting so first of all mergers and acquisitions are the business combinations or consolidation of companies assets and liabilities mergers occurs when who separate entities combines forces to create a new joint organization return to the take over of one entity by another according to accounting standard 14 business combination means, a transaction or other event in which an acquire obtains control of one or more business combinations as that term in this standard. Mergers and acquisitions are methods by which corporation legally unify ownership of assets formally subject to separate control. It is regulated by federal and state laws that are aimed at monitoring the effects of the elimination of competition in an industry which increases the potential for the dominant company to raise prices and reduce output.some benefits which are very important for using the fair value.

- It is necessary for financial records to represent the economic reality of the business, because conventional accounting allows for asset values to be written down book values tend to under estimate the value of asset.

- Losses are reported when asset values change not when they are involved in the transaction, proponent of fair value accounting content that investors are not as easily able to be mislead by companies that by to hide the losses.

- The company has to look to similar times in active markets for identical items or unobservable company which provide estimates.

Fair value measurement -

According to Indian Accounting standards measuring the fair value of particular identifiable assets and non-controlling interest in an acquire then assets which are having uncertain cash flows then acquirer shall not recognise a separate value of the assets.

Why fair value accounting is necessary or every body instating it form last two decades fair value accounting of assets and liabilities at estimates or their current value. This marks major departure form the centuries old tradition at books at historical cost as historical cost affects the in vestment choices and management decisions with consequences fir aggregate economic actuality. This more relevant but some times blamed for some dubious practices.

Both GAAP and International Financial Reporting Standards adopted near by 100 countries world wide to continue to use fair value extensively. Asset management firms strongly supported the use of fair value accounting in 2000; then three largest investment banks Goldman such, Morgan Stanley, me rill lynch were all enthusiastic supporters of fair value rules for mergers and acquisitions during deliberations on the subject. Fair value accounting are complex and numerous. First of all Investment banks and asset management are accustomed to using fair value in their day to day business to prepare in house balance sheets for risk management purpose. This supported there in public financial reporting standard.

Second Generally Accepted Accounting Principles defined the profit on a fair value basis rather than a historical cost which accelerate the recognition of gains particularly in periods of rising asset prices.

Fair accounting value has uses in many business combinations. Business combination means a transaction or other event in which an acquirer obtains control of one or more business combinations such as mergers and acquisitions. This Article is related with the uses of fair accounting value for mergers and acquisition and its implications

Third fair value use to determine impairment of goodwill from mergers and Acquisitions activity imposes on average less than earnings.

Fair value Accounting increased with a concomitant impact on accounting standards. Potentially mergers and acquisitions acquit boosted and it is a major source forinvestment activity.

Every system has its followers and criticizers so fair value accounting has been erotised by investment bankers as it is the main reason of financial meet down is like akin to blaming the doctor for making diagnosis It was blamed for everything form the subprime crisis the credit crunch, problems with credit default it, swaps liquidity crises bank replay of Lehman Brothers, equity market volatility.

According to Financial Accounting stranded 157 fair value measurement could assigned into the following three categories

Level 1 **–** observable market prices in liquid market.
Level 2 **–** comparable securities with observable market prices.
Level 3 **–** unobservable market inputs.

Fair value unnecessary down ward spiral of asset value during the financial orisons and argue that reading the requirement which could allow financial institutions to set the market price for their distressed assets as it simply reflects reality probably 70% of the real crisis that we face today is caused by mark to market accounting is an illiquid market.

Following are some of highlights :-

- Fair value accounting has not caused the financial crisis but has been telling the truth.

- Without mark to market giving early warnings the problems credit defaults swaps could have hurt the financial sector even more.

- Fair value does not increase volatility it only unveils the problems.

- Suspending fair value accounting is the suspending market judgement.

- Current fair value accounting is not perfect but there is no better alternatives especially when valuing complex derivatives and structured products. Alternative are "mark to myth" the accounting.

When there is accounting having leas rigorous tendered could result in even worse problems.

At the time of mergers and acquisitions purchase price exceeds the fair value of purchase company net asset then it is goodwill fthe from free company there are Two main focus of accounting value Thetis.

- Providing investors with corporate information with which to make a decision.

- Providing regulators with information necessary to determine if finical institution can fulfil there obligations when they are due.

Regardless all these technical ins and outs of fair value accounting keeping or suspending of fair value accounting market players and regulates have needs to understand the risks posed to the financial system. Accounting it self should not serve as a tool to conceal financial problems nor misleads with unrealisable information. If an accounting or financial reporting form work serves to maximise investors benefits it must evolve in that information being provided is an transparent and objective as possible no matter whether this information is based on fair value or book value. Certainly like any other accounting rules current fair value accounting values are a product of compromise of theoretical correct ness and practically that reflect the needs of and perceived benefits to different types of business enterprises. It fair value accounting were to be abandoned one must find an alternative that for sue for better serves investor interests. It serves to provide information to regulatory authorities it must provide to the information that is obligations and the resources needed to meet those obligations. MA

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FAIR VALUE ACCOUNTING

CHANGING CONTOUR OF FINANCIAL REPORTING IN INDIA

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The use of fair value has been one of the most debated topics in the recent years because it has a direct impact on how performance is measured when companies have to estimate the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In present accounting Standard regime (IndAS) IndAS113 guides us with set of principles on which basis the fair value measurement will be evaluated of an asset or group of assets or a defined liability.

The fundamental differences between existing (IGAAP) and New standards (IndAS) is:

The new accounting standard recognises substance over form and importance of fair value to compute financial statements. This means accurate reporting will gain importance over just complying the legal provision and it should reflect the most current picture of financial statements and position and to safeguards the stakeholder's interest.

Moreover, it is appropriate to say that, IndAS 113 is solely not applicable to prepare financial statements but it helps other IndAS where the fair value measurement is required. Besides it, in IGAAP fair value has defined in the context of each accounting standard, whenever applicable but in IndAS regime IndAS 113 describes the fair value as

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date."

The key principle is that "Fair Value is the exit price from the perspective of market participants who hold the asset or owe the liability at the measurement date." It is based on the perspective of market participants rather than the entity itself, therefore fair value is not affected by an entity's intention towards the asset, liability or equity item that is being fair valued.

A fair value measurement prerequisite under which basis management to determine:

(i) The particular asset or liability that is the subject of the measurement,

(ii) The highest and best use for/of a non-financial assets,

(iii) The principal market,

(iv) The valuation technique.

Now, we are going to valuation technique as stated in IndAS 113 as notified by the Govt. with consultation of NFRA as recommended by the Institute of Chartered Accountants of India (ICAI).

An entity shall use valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The widely use valuation techniques are as follows:

(A) Market Approach:

(i) (paraB5): The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e similar) assets, liability or a group of assets and liabilities, such as business.

(ii) (paraB6): Valuation techniques consistent with market approach often use market multiple derived from a set of the comparables. Multiple might be in ranges with a different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factor specific to the measurement.

(iii) (para B7): Valuation techniques consistentwith The market approach include matrix pricing. Matrix Pricing is a mathematical techniques used principally to value some types of financial instruments, such as debt securities, without relying exclusively on the securities relationship to other benchmark quoted securities.

(B) Cost Approach:

The cost approach reflects the amount that would be required currently to replace the service capacity of an asset.

(C) Income Approach:

The income approach converts future amounts to single current amount. When the income approach is used, the fair value measurement reflects current market expectation about those future amounts. Valuation techniques includes, for example, the following:

(i) Presents value techniques,

(ii) Option pricing models etc.

Fair Value is the exit price from the perspective of market participants who hold the asset or owe the liability at the measurement date. It is based on the perspective of market participants rather than the entity itself, therefore fair value is not affected by an entity's intention towards the asset, liability or equity item that is being fair valued.

Normally, Valuation techniques used to measure fair value shall be applied constantly. However, a change in a valuation techniques or its application is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances that might be the case if, for example, any of the following event takes place:

(a) New market develop,

(b) New information becomes available.

(c) Market condition change etc.

Now, we will conduct a comparative discussion about the IGAAP and IndAS on which fair value measurement IndAS 113 applicable:

Property, Plant and Equipment:(AS 10/IndAS16)

AS10: Revaluation of existing Fixed Assets is allowed through three methods:

(i) Appraisal by competent valuer,

(ii) Indexation,

(iii) Current Market Price.

But there is no specific requirement as to the frequency of revaluation.

IndAS16: PPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost of bringing the asset to working condition for its intended use.

If an entity opts for revaluation model, then the asset has to be revalued at regular intervals of time.

Investment Property : (AS13/IndAS 40)

AS13: Defines Investment Property as an investment in land or building that are not intended to be occupied substantially for use by or in the operation of the investing enterprise.

IndAS40: Investment Property is property held by an entity to earn rentals and/or for capital appreciation.

Initial measurement of an investment property will be at cost. Subsequent measurement of investment properties to be carried at cost less accumulated depreciation and any accumulated impairment losses. Additionally, the disclosure of the fair value of its investment property by an entity is required.

Share Based Payment: (Guidance Note/IndAS102)

Guidance Note: ICAI has issues a guidance note on accounting for employee share based payment as well as SEBI requirement is also there:

The guidance note permits the use of either the intrinsic value method or the fair value method for determining cost of benefits arising from employee share based compensation and recommends the use of Fair Value Method.

IndAS102: Equity-settled share based payment transactions are measured at the grant date's fair value for employee services and for non employee transactions at the fair value of the goods or services received at the date on which the entity recognises the goods or services. If the fair value of the goods or services cannot be estimated reliably, such as employee services and circumstances in which the goods or services cannot be specifically identified, then entity uses the fair value of the equity instrument granted

Impairment of Assets: (AS28/IndAS36)

AS28: Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired. Moreover, Intangible Assets that are not available for use and that are amortised over a period exceeding 10 years, to be assessed for impairment at least at each financial year end, even if there is there is no indication that the asset is impaired.

IndAS36: Most of the assets are subject to an impairment test to ensure that they are not overstated on the balance sheet. The basic principle of impairment is that an asset may not be carried on the balance sheet above its recoverable amount. Recoverable amount is defined " the higher of the asset's fair value less cost of disposal and its value in use.

Business Combination: (IndAS 103/AS 14)

AS14: There is no comprehensive standard dealing with all business combinations as per IGAAP. Amalgamation in the nature of purchase are accounted for recording the identifiable assets and liabilities of the acquirer either at the fair value or at book value.

IndAS103: If an acquirer obtains control of a business then the acquisition is accounted as a Business Combination. All business combinations, within IndAS 103's scope are accounted for using the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities are generally recognised at their fair value in accordance with IndAS113.

Financial Instruments: (AS13/IndAS109)

AS13: Long term instruments are carried at cost less provision for diminuation in the value which is other than temporary.

Current investment are carried lower of cost and fair value. Entity not following AS-30 recognises all losses in respect of derivative by mark to market at the balance sheet date.

IndAS109: All financial assets and liabilities are measured initially at the fair value under IndAS 109. The fair value of a financial instrument is normally the transaction price i.e fair value of the consideration given or received. However, in some circumstances, the transaction price may not be indicative of fair value. IndAS permits departure from the transaction price only if fair value is evidenced by a quoted price in an active market for an identical assets ao liability or based on a valuation technique that uses only data from observable market. All derivatives are measured at fair value.

Transitional Effect in Indian scenario:

According to recent study reported in a Big4 Consulting Organisation"s journal that the first time IndAS result of BSE top 100 companies:

(A) Net worth of three companies due to fair valuation of PPE increases by Rs.43,900 Crores.

(B) Net worth increases by Rs. 68,600 Crores applying fair value of inveatment in group companies by 2 Companies.

(C) Net worth of 4 companies has been decrease by Rs. 26,600 Crores due to fair value of PPE.

(D) Net Worth of 1 companies has been decrease by Rs. 630Crores due to fair value of investment in group companies.

Implementation:

For extensive and smooth implementation of fair value the companies should keep in mind the following matters:

(i) The companies should take Expert help for assessing fair value of assets and defined liabilities.

(ii) Fair Valuation may be subjective at times and hence may be subject to misuse and therefore the companies should maintain a strong internal control.

(iii) The companies should consider various internal and external factors to develop the methodology keeping in mind IndAS 113 fair value measurement as stated herein.

(iv) IndAS 113 states about extensive disclosure to increase the acceptability and feasibility of valuation done of assets and liabilities.

Conclusion

As a conclusion, the professional like CMA can play a major role in implementation of this IndAS 113 and continuation of application of this standard in present Financial Reporting Environment.

Note: Reference has been taken MCA website for IndAS material. MA

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COUNTERMEASURES TO CREDIT CARD FRAUDS

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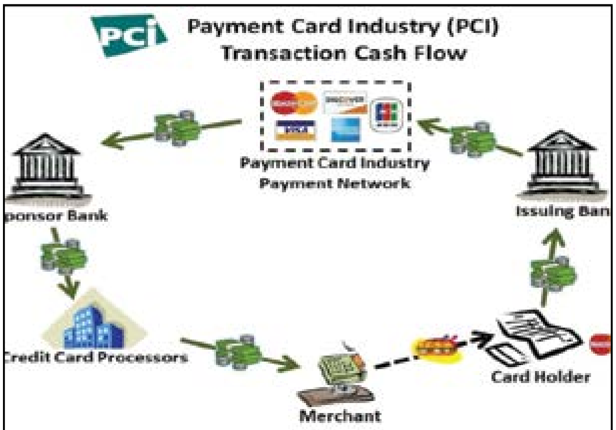
One of the many modern conveniences today is the credit card. It grants the card holder a line of credit which is guaranteed by an issuing bank and is used to purchase goods and services without using cash. Due to the convenience they provide to consumers credit cards have gained significant importance and acceptance within the economy. Their growth has been fuelled by various incentives offered by banks, card issuers, businesses, retailers, e-commerce sites and so on. Their penetration has reached such huge proportions that today in a single month the total value of transactions runs into a few hundred billions. For example in the month of May 2017 alone these cards were used for more than a hundred million transactions with a total value exceeding three hundred billion rupees. The figure is as per records published by the RBI, which also states that the total number of credit cards outstanding within India has crossed thirty million. The increased ownership and use of credit cards has also increased frauds involving credit cards. Credit card fraud includes theft of the actual card or the theft of card details and usage of such information for illicit and illegitimate gains. The incidence of fraudulent activity is more for **'card not present'** transactions where the physical card cannot be produced while transacting, such as in case of online or e-commerce transactions.

Nowadays a number of features are used to prevent credit card frauds. Here we take a look at some of the methods that are used to secure credit cards. Some of these features are integrated within the card and some are implemented within the card-processing infrastructure.

The following image shows a transaction flow using a credit card.

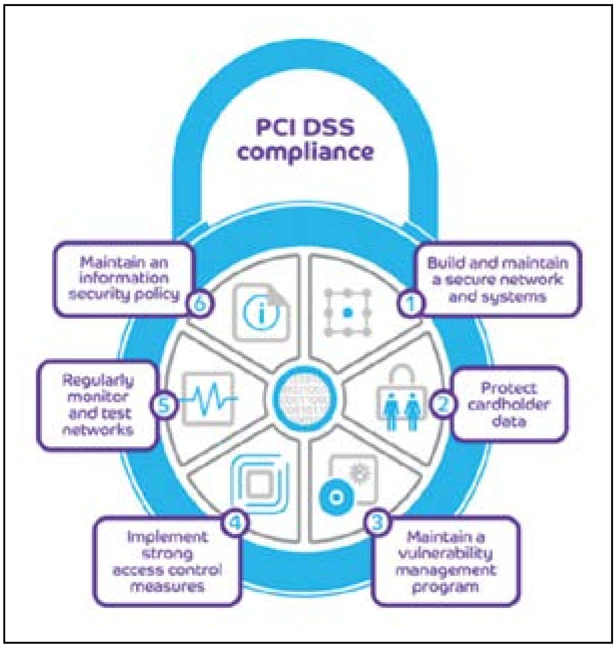
Image 1: Transaction Cash Flow for the Payment Card Industry



Payment Card Industry Data Security Standard (PCI DSS)

This is a security standard prescribed by the Payment Card Industry Security Standards Council which has to be followed by the acquiring banks on their merchant network and is applicable for all card based merchant transactions. This standard was developed to provide additional security and reduce fraudulent use of credit cards at merchant establishments. All merchant establishments which accept, process, store and transmit credit card information need to comply with this standard. They also face regular audits to ensure continued compliance to the standards. The PCI DSS standard involves six groups comprising of a total of twelve requirements for compliance shown in image#2 below.

Image 2: PCI DSS Compliance Groups



Source: barclays.com

Credit Card Number Display and Storage

To ensure secrecy certain standards are followed while displaying card information such as while printing it on a credit card statement or on a charge slip. Usually some form of masking is always used to hide a part of the card number. One commonly used masking method known as 'PAN Truncation' displays only the last four digits and replaces the other digits with asterisks. The absence of the full card number makes it difficult for an unauthorized person to guess it.

The databases on which credit card information is stored have strict security measures implemented to prevent any unauthorized access. Access to such database is usually need-based and all activity is monitored continuously to deter any unauthorized access. These also undergo regular system audits to check for any unauthorized activity such as unauthorized access, alteration and download. This also ensures continued compliance to recommended practices. For further security the card numbers are stored in a non-readable format either by encrypting them or by generating tokens in place of the numbers. Encryption uses a security algorithm to generate an encrypted non- readable output. In case of a data breach the non-readable output prevents the unauthorized person from knowing the actual credit card numbers. In the other method called 'Tokenization' the card numbers are replaced with randomly generated token numbers. The token numbers are by themselves meaningless and contain no card information. Even if the token numbers are leaked there is no way to associate these to the actual card numbers.

Fraud Detection and Prevention Software

Every time a credit card is used the card details get validated by the payment processor, the card network and the issuing bank. Transactions which receive a positive validation from the issuing bank are cleared for order fulfilment at the seller's end. Transactions entered using cards that are reported stolen or are already blacklisted get denied automatically by the payment processor during card validation so that the order cannot be completed at the seller's end. These functions are carried out by specialised fraud detection and prevention software implemented by these intermediaries.

Such anti-fraud softwares keep track of card activity and analyze these to detect potential fraud. Any transaction not falling within the card holder's normal buying pattern gets red-flagged which causes a second authentication method to be invoked to authenticate the identity of the card user. Alternatively such activity gets reported to an intervention team which contacts the card holder to verify the transaction. In case the card holder cannot be contacted the transaction is either put on hold or cancelled to prevent fraud. The card may be blocked till such time as the card holder proves his credentials usually by answering certain challenge questions. Deviations from normal pattern include deviations beyond a tolerance limit from the average value of transactions entered over a period of time by the card holder, or a change in the location where the card is used or a different website or service than the usual ones, or known compromised websites or online platforms. Often card issuers call the card holder and confirm a transaction if the transaction value exceeds a certain threshold.

CSC, CVC and CVV codes

CSC stands for Card Security Code, CVC for Card Verification Code and CVV for Card Verification Value and is printed on the reverse of a credit card. A valid CSC or CVV number is required for completing all 'card not present' or online transactions where the card cannot be presented for a visual inspection. Without a valid CVV number a transaction will be declined thus preventing its misuse. Providing the code for an online transaction signifies the customer is in possession of the actual card or has seen it which proves ownership of the card and assumes that an unauthorized user who has obtained the card number by fraud will not have access to the card and so will not be able to provide the CVV number.

Two Factor Authentication

Some of the banks, card networks and e-commerce platforms use a second level of authentication for online transactions. The two factor authentication method adds an additional layer of security to a card transaction and makes it harder for an unauthorized person to use it because the password is no longer sufficient by itself to complete the transaction.

Where two factor authentication is enabled a customer has to clear an additional layer of verification after entering the card details on the payment gateway. This additional factor may be a security token, an additional password, a PIN, or a biometric attribute. Registration for this second factor is usually done by the card holder as part of the card's security program. There may be a hard token (a physical instrument) or a soft token (software based) which generates random numbers in real time, or a single use password ('OTP' or 'One Time Password') valid for a short time generated by the card network or the bank for a specific transaction and sent to the registered mobile and email. A fraudster possessing a credit card would not have access to the second authentication factor, the security token or the registered mobile and email of the actual card holder thus preventing fraud.

The following two images (3 &4) show the two factor authentication flow and the various types of second factor authentication methods in use.

Image 3: Two-factor Authentication-Information Flow

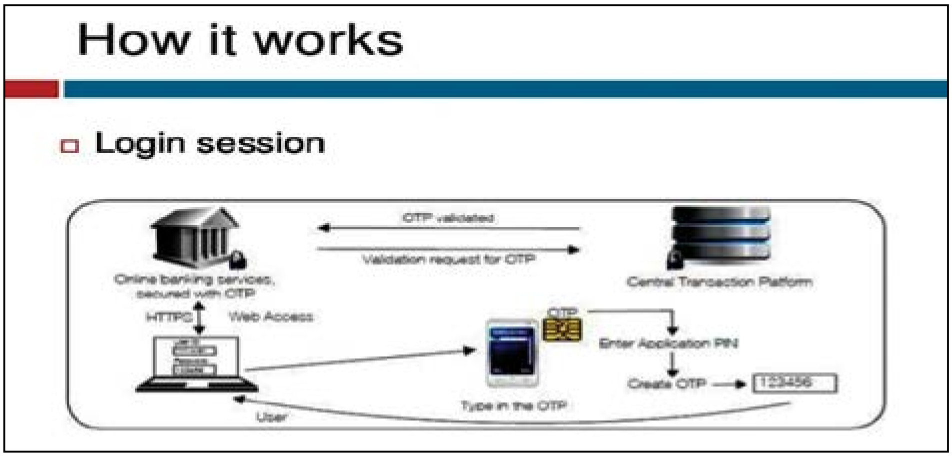


Image 4: Two-factor authentication methods

Chip & Pin or EMV Cards

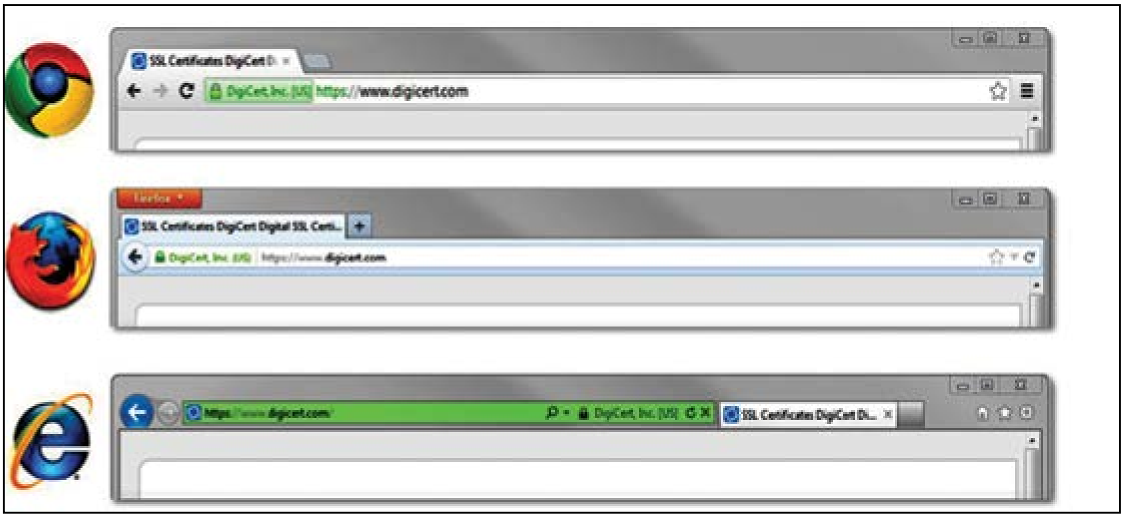
The latest security feature introduced in India and in most of the countries is the 'Chip & Pin' technology or the EMV Technology. EMV stands for Europay Mastercard Visa and are the three card networks which initially designed this technology. An EMV credit card comes embedded with a chip which stores encrypted data within it. When making a transaction at a point of sale the customer has to enter the PIN associated with the chip embedded in the card. Without this PIN the transaction cannot be completed thus effectively preventing fraud. The chip creates a unique code for each transaction and communicates with the card reader using strong encryption algorithms. The embedded chip of an EMV card itself cannot be copied or cloned by a counterfeiter. The earlier cards that only had the magnetic stripe (i.e. without the EMV technology) had no such security and could be easily cloned while swiping it on a card reader.

SSL and TLS encryption technology

SSL stands for Secure Sockets Layer and TLS for Transport Layer Security. These are cryptographic standards widely used by e-commerce sites, banks and financial institutions for securing all confidential communications using the internet. This provides privacy and data integrity between two computers such as the server of an ecommerce site and the consumer placing an order on it. Websites using the SSL/TLS standards ensure that data transmitted over the network cannot be intercepted or modified by an unauthorized person. As the encryption and decryption keys are stored only in the origin and destination computers, even if the data is intercepted by an unauthorized entity it cannot be decrypted due to the absence of the required decryption key. Besides encryption SSL and TLS also signify authenticity for a website. A website with a SSL or TLS certificate means that the information is being sent to the intended server or website and not to a hacker or attacker trying to steal card information.

Websites using the SSL/TLS technologies can be easily identified by the presence of 'https' instead of 'http' and a green coloured address bar or letters as shown in the image#5 below.

Image 5: How to identify a secure website



Source: www.digicert.com

Best Practices by Card holders

Ultimately the onus is on the card holder to follow certain guidelines when using credit cards. A few best practices are mentioned below.

- ☆ Ensure the physical card is not handed over or card details disclosed to another person.
- ☆ Report a stolen credit card immediately to the issuing bank.
- ☆ Review charges regularly and report any unauthorized activity.
- ☆ Using antivirus software, secure browsers and secure websites for online transactions.
- ☆ Not falling prey to phishing, vishing, spoofing and other internet fraud attacks by keeping oneself educated of these threats.

Conclusion

Over the years various new technologies and methods have been adopted by card issuers and networks to combat the menace of card frauds. Yet the number and volume of fraudulent transactions has increased steadily with the increase in credit card usage causing huge financial losses to consumers, card issuers and merchants. The growth of credit cards depends a lot on the availability of a safe and secure financial and technological ecosystem which minimises incidents of fraud. Consumer friendly steps and legal protection to the consumers against financial liability for fraudulent transactions too will help in increasing the penetration and usage of credit cards within the economy. The consumers too have to play an active role in preventing frauds by following recommended best practices and by not falling prey to lucrative offers, threats and a host of other methods employed by unscrupulous people. MA

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2. *Digicert Inc.*
3. *Visa India: www.visa.co.in*

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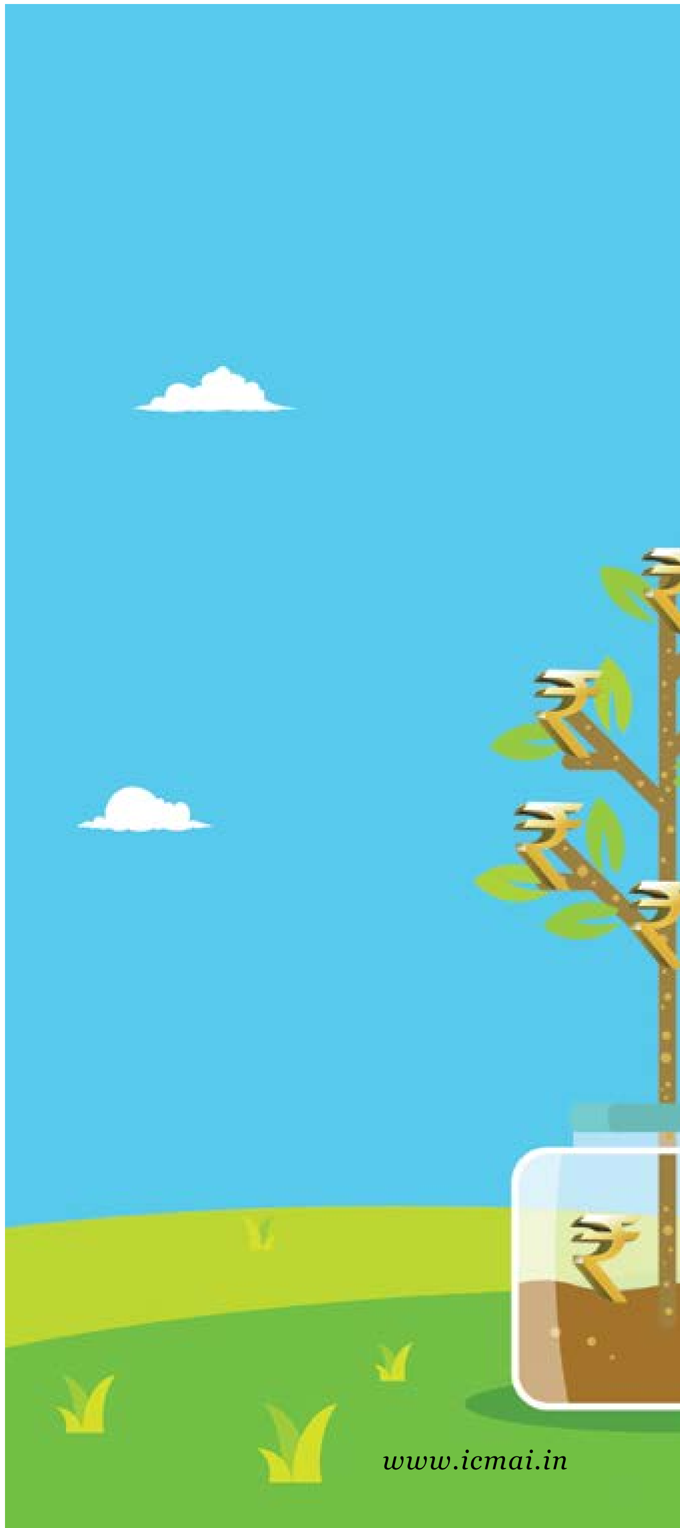
OVERVIEW OF SOME KEY PROVISIONS IN FINANCE BILL 2018



India has witnessed several important systematic changes being implemented in Indian economy in recent past. Current finance bill unveiled a series of tax reforms. Some changes are made in tax provisions to punish willful tax evaders and non-filers. Also some relief has been given to small tax payers. Some of the key changes have been discussed hereunder.

Relief to senior citizens

Finance Minister Mr. Arun Jetly has expressed in his budget speech that *"a life with dignity is a right of every individual in general, more so for the senior citizens. To care of those who cared for us is the highest honour. To further the objective of providing a dignified life, I propose to announce incentives for senior citizens."* This budget has given some relief to senior citizens from paying income tax. Existing provisions of income tax do not allows senior citizen to claim any exemption for expenses incurred toward medical and transport by them from their total

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income, if no medical insurance is obtained by them even if they have spent remarkable part of their income on hospitalization and other medical expenses in old age. Hence to give relief to senior citizen pensioners, a standard deduction of ₹ 40000/- will be allowed to them towards medical and transport expenditure from their total income. Also in case of specified diseases, amount of deductions for medical treatment has been raised to ₹ 100000/- for all senior citizens. Moreover, amount of deduction in respect of medical insurance premium, preventive health check-up of a senior citizen, or medical expenses incurred for very senior citizens have been raised to ₹50000/- for senior citizens. Further, if the health insurance policy having cover of more than one year is obtained and premium for such policy is paid in one year, deduction for such premium will be allowed on proportionate basis for number of years for which health insurance cover is obtained. All these changes will be effective from 1st April, 2019.

Further, existing income tax provisions allows senior citizens to claim deduction of ₹10000/- from his total income towards interest income from bank savings account. To give relief to senior citizens, this deduction has been raised to ₹ 50000/- with effect from 1st April, 2019, and will be applicable. for interest income from all bank deposits or post office deposits including recurring deposit. Also no tax at source (TDS) will be deducted if such interest income of senior citizen is less than ₹50000/-. So there will be big relief from filing Form 15H with banks.

Widening scope of obtaining PAN

Existing income tax provisions requires obtaining Permanent Account Number (PAN) if total income of any person is more than maximum amount not chargeable to income tax or if his sales or gross receipt is more than five lakh rupees or if he is required to furnish income tax return. Now in order to link financial transactions with PAN, every person other than individual who enters into financial transaction for a sum exceeding ₹ 250000/-, has to obtain PAN, if they have not already obtained. Hence this provision will be applicable to every company, Hindu Undivided Family (HUF), partnership firm, trust, association of persons, body of individuals etc. For this purpose managing director, director, partner, trustee, author, founder, karta of Hindu Undivided Family (HUF), chief executive officer, principal officer or office bearer or any person competent to act on behalf of such entities shall apply to allot PAN.

Tax on transfer of listed equity shares

Tax on transfer of listed equity shares in most discussed point in current finance bill. Under the existing tax regime, long term capital gain arising from transfer of listed equity shares, units of equity oriented fund and units of business trust are exempt from tax. Currently if such shares are held for more than twelve months and Securities Transaction Tax has been paid on it, no tax on capital gain arising on transfer of such asset is levied. The return on investment in equity is quite attractive even without tax exemption. Hence in order to curb erosion of tax base, this tax exemption has been withdrawn. Hence with effect from 1st April, 2018, long term capital gain arising from transfer of a long term capital asset being an equity share in a company or unit of an equity oriented fund or a unit of a business trust shall be taxed at 10% if such capital gain is exceeding ₹ 100000/-. However capital gain arising for the period up to 31st January, 2018 is made exempt and tax on capital gain will be payable only on capital gain incurred after 31st January, 2018 on amount exceeding ₹ 100000/-. The long term capital gain will be calculated by deducting cost of acquisition from the full value of consideration. For this purpose cost of acquisition for such asset acquired on or before 31st January, 2018 will be the actual cost. However if the cost is less than the fair market value as on 31st January, 2018, the fair market value will be deemed to be the cost of acquisition. Further if the full value of acquisition on transfer is less than the fair market value, then such full value of consideration or the actual cost whichever is higher will be deemed to be the cost of acquisition.

Examples for computation of capital gain provided in FAQ released by CBDT are as under:

Scenario 1: Equity share is acquired on 1st January, 2017 at ₹ 100/-, fair market value as on 31st January, 2018 is ₹ 200/-, such shares sold on 1st April, 2018 at ₹ 250/-.

As the cost of acquisition is less than the fair market value as on 31st January, 2018, the fair market value as on 31st January, 2018 at ₹ 200/- will be taken as cost of acquisition and long term capital gain will be ₹ 50/- (250-200).

Scenario 2: Equity share is acquired on 1st January, 2017 at ₹ 100/-, fair market value as on 31st January, 2018 is ₹ 200/-, such shares sold on 1st April, 2018 at ₹ 150/-

In this case, the actual cost of acquisition is less than the fair market value as on 31st January, 2018, the fair market value as on 31st January, 2018. However, sale value is also less than fair market value as on 31st January, 2018. Accordingly sale value of ₹ 150/- will be taken as the cost of acquisition and the long term capital gain will be NIL (150-150).

Scenario 3: Equity share is acquired on 1st January, 2017 at ₹ 100/-, fair market value as on 31st January, 2018 is ₹ 50/-, such shares sold on 1st April, 2018 at ₹ 150/-

In this case, fair market value as on 31st January, 2018 is less than actual cost of acquisition and therefore the actual cost of ₹ 100/- will be taken as actual cost of acquisition and the long term capital gain will be₹ .50/- (₹150 - ₹100)..

Scenario 4: Equity share is acquired on 1st January, 2017 at ₹100/-, fair market value as on 31st January, 2018 is ₹200/-, such shares sold on 1st April, 2018 at ₹50.

In this case, the actual cost of acquisition is less than the fair market value as on 31st January, 2018 and also the actual cost of acquisition. Therefore, the actual cost of ₹100/- will be taken as the cost of acquisition and long term capital loss will be ₹.50/- (₹50 - ₹100)

Taxability of conversion of stock in trade into capital asset

Another major change made in current finance bill which is applicable mainly to transaction of real estate and share is tax imposed on conversion on stock in trade into capital asset. Existing provisions of Income Tax Act provides for taxability of capital gain arising from conversion of capital asset into stock in trade. Such capital gain is chargeable to tax in the previous year in which such transfer took place and fair market value of asset converted is deemed as full value of consideration. But this section was not applicable vice versa. Hence there was no provision to charge tax on transfer of stock in trade into capital asset. Hence it was the device to differ tax. If an assessee is in the business of real estate and on closure of his business, he retains existing stock in trade of immovable properties of the business with him it becomes capital asset from the date of closure of business. It was taxable only when he sells such assets. Also indexation benefit was available for this transaction. Moreover, in case of trading of shares, even during continuation of business, the assessee may transfer some of his stock into capital asset and can pay capital gain on the date of sale of such shares. Now with effect from 1st April, 2019 (A.Y.2019-20), profit or gains arising in conversion of stock in trade into capital assets brought under tax net and will be treated as business income. For this purpose, fair market value of such inventory on the date of conversion or transfer shall be treated as full value of consideration and said value will be treated as cost of conversion while computing capital gain on sale of such capital asset. Also period of holding of such capital asset shall be reckoned from the date of conversion or treatment and the asset will be treated as short term/long term as per that holding period.

Punishment to company in case of non filing of income tax return

Apart from penalty for various defaults, the Income Tax Act also contains provisions for punishment with imprisonment. As per provisions of Income Tax, if a person willfully fails to furnish return of income in due time, he shall be punishable:

(1) in case where amount of tax evaded if the failure has not been discovered exceeds ₹25000/- with a rigorous imprisonment for a term not less than six months but which may extend to seven years and with fine;

(2) in any other cases with imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

Existing section was not applicable if the return is furnished by him before expiry of the assessment year or the tax payable by him on the total income determined on regular assessment, as reduced by the advance tax, if any paid and any tax deducted at source does not exceed three thousand rupees. But the shell companies or companies holding Benami properties have taken undue advantage of this exception. Government has taken various steps against shell companies for statutory compliance and to check abuse for tax evasion. As a part of such measures, an amendment has been made to this section stipulating that with effect from 1st April, 2018, exception to this section shall not be applicable to companies. Hence the prosecution shall lie against all companies for non filing of the return of income irrespective of the fact that whether any tax is payable or not.

Exemption of some transaction between holding and subsidiary company

Existing Income Tax provisions treats transaction of transfer of capital asset as stock in trade between holding company and wholly owned Indian subsidiary company and between wholly owned Indian subsidiary company and holding company as tax neutral. At present certain transaction will not be regarded as transfer and capital gain is not applicable for such transfers. However such transfer of capital asset by holding company to subsidiary company without consideration or for a consideration less than fair market value by an amount exceeding ₹50000/- were subjected to tax under the head "income from other sources" in the hands of recipient company. To resolve such inconsistency, amendment has been made with effect from 1st April, 2018. Hence now such transactions shall not be included as income from other sources. MA

Reference

(1) FAQ on long term capital gain issued by CBDT
(2) Memorandum to Finance Bill

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Articles invited

We invite quality articles and case studies from members in the industry with relevance to Cost and Management Accountancy, Finance, Management, and Taxation for publication in the journal. Articles accompanied by color photographs of the author can be sent to: editor@icmai.in

ECONOMIC SURVEY 2017-18

AT A GLANCE

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The Economic Survey 2017-18, was tabled in the Parliament on January 29, 2018, by Mr Arun Jaitley, Union Minister for Finance and Corporate Affairs, Government of India. The Survey forecasts a growth rate of 7 to 7.5 per cent for FY18-19, as compared to the expected growth rate of 6.5 per cent in FY17-18. The implementation of the Goods and Services Tax (GST), demonetisation, and enacting other structural reforms expected to re-instate India as the world's fastest growing major economy. Some **Key Highlights** of survey are summerised below**:**

Fiscal Deficit

- Central Government is confident of achieving fiscal deficit of 3.2 per cent of GDP for 2017-18, same was 3.5, 3.9 and 4.1% of GDP for 2016-17, 2015-16 and 2014-15 respectively. Although in various previous statements, different government official specify 3% as fiscal deficit target for FY2018-19

- The data on Central Government finances are available till November 2017 from the Controller General of Accounts. Based on this data, on the revenue front, there are three distinct trends during the first eight months of the current year:

  1. Direct tax collections are on track;
  2. Non-tax revenues have under-performed; and

3. Non-debt capital receipts, mainly proceeds from disinvestment, are doing well.

- The gross fiscal deficit of the states estimated to come down at 2.3% of GDP after increased steadily in recent years (2.5% of GDP in 2014-15, Revise estimate of 2.9% of GDP in 2015-16).

GDP Growth:

- GDP growth expected to be between 7 and 7.50 per cent in 2018-19.
- Real GDP growth expected at 6.75 per cent in 2016-17.
- GDP growth has averaged 7.3 per cent for the period from 2014-15 to 2017-18, which is the highest among the major economies of the world.
- Predicted GVA growth is 6.1 for FY 2018-19 as compared to 6.6 for previous financial year.

Inflation and monetary policy:

- Inflation in the country continued to moderate during 2017-18. Headline inflation as per Consumer Price Index – Combined (CPI-C) declined to 3.3 per cent in 2017-18 (Apr-Dec) from 4.8 per cent in the corresponding period of 2016-17.
- Average inflation based on the Wholesale Price Index (WPI) stood at 2.9 per cent in 2017-18 (Apr-Dec) as compared to 0.7 per cent in 2016-17 (Apr-Dec).
- In the third bi-monthly Monetary Policy Statement for 2017-18 (in August 2017), the Monetary Policy Committee of RBI decided to reduce the policy Repo Rate by 25 basis points to 6.0 per cent.
- The gross non-performing advances (GNPA) ratio of Scheduled Commercial Banks increased from 9.6 per cent to 10.2 per cent between March 2017 and September 2017.

Public Finance:

- The growth in direct tax3 collections of the Centre kept pace with the previous year, with a growth of 13.7 per cent. The budgeted growth for indirect taxes for the full year 2017-18 is 7.6 per cent; the actual growth till November is 18.3 per cent. The eventual outcome in indirect taxes during this year will depend on the final settlement of GST accounts between the Centre and the States and the likelihood that only taxes for eleven months (excluding IGST on imports) will be realized. The States' share in taxes grew by about 25 per cent during 2017-18 (Apr-Nov), much higher than the growth in centre's net tax revenue at 12.6 per cent and of gross tax revenue at 16.5 per cent.
- The total expenditure of the Government increased by 14.9 per cent during 2017-18 (Apr-Nov), as compared to 12.6 per cent in the same period of the previous year. The revenue expenditure grew by 13.1 per cent and capital expenditure by 29.3 per cent during the first eight months of the current year.

External Sector:

- Current account deficit (CAD) was 1.8 per cent of GDP, merchandise exports grew by 12 per cent, net services receipts grew by 14.6 per cent, net foreign investment grew by 17.4 per cent, and external debt indicators improved in first half of 2017-18.
- India's export growth continued to be negative in the H1 of 2016-17 at (-) 1.3 per cent. However, in the H2 of 2016-17, it started recovering and the year 2016-17 witnessed a growth of 5.2 per cent. In 2017-18 (April – December) export growth picked up further to 12.1 per cent.
- In 2017-18 (April-December) imports grew by 21.8 per cent.
- With capital flows remaining at healthy levels, the foreign exchange reserves steadily increased from US$ 292 billion at the end of March 2013 to US$ 370 billion at the end of March 2017. India's foreign exchange reserves reached US$ 409.4 billion on December 29, 2017, with a growth of 14.1 per cent on a YoY basis from end December 2016 and growth of 10.7 per cent from end-March 2017. The foreign exchange reserves were US$ 413.8 billion on 12th January 2018.
- The rupee strengthened by 2.5 per cent to a level of Rs. 64.24 per US dollar during December 2017 from the level of Rs. 65.88 per US dollar during March 2017 on the back of significant capital flows.

Performance of Different Economy Sectors:

A. Agriculture and food management:

- The share of agriculture and allied sectors in GVA declined from 18.2 per cent in 2012-13 to 16.4 per cent in 2017-18 (17.4 in 2016-17)

- The growth rate for the agriculture and allied sectors is estimated to be 2.1 per cent for 2017-18 as compared to 4.9 in last FY.

- As per Advance estimate food grains production for the Kharif Season during 2017-18 is estimated at 134.7 million tonnes, lower by 3.9 million tonnes as compared to 2016-17.

- During Kharif 2016 season, 23 States implemented PMFBY and during Rabi season of 2016-17, 25 States/ Union Territories implemented PMFBY. As on December 2017, total claims of Rs. 13292 crore have been approved for 116 lakhs farmers (applications) and Rs. 12020 crore have been paid under PMFBY.

B. Industries, corporate and infrastructure sector:

- As per the Index of Industrial Production (IIP), which is a volume index with base year 2011-12, the industrial output increased by 3.2 per cent during April-November 2017-18 vis-à-vis the corresponding period of previous year.

- India has leapt 30 ranks over its previous rank of 130 in the World Bank's latest Doing Business Report 2018. Moody's Investors Service has also raised India's rating from the lowest investment grade of Baa3 to Baa2.

- Initiatives and reaching edges:

Steel: In February 2017, Government notified anti-dumping duties and countervailing duties on various steel products. The Government also rolled out a New Steel Policy in May 2017.

Textiles and Apparels: In December 2017, the approved the scheme for Capacity Building in Textile Sector with an outlay of `1,300 crore for the period from 2017-2018 to 2019-2020.

Leather sector: For the purpose of promotion of employment in the leather & footwear sector, a scheme was announced in December 2017 with an outlay of Rs 2600 crore over three financial years from 2017-18 to 2019-2020.

Roads: As of September 2017, the length of roadways comprises 115,530 km of NHs along with 1,76,166 km of state highways and 53,26,166 km of other roads.

Railways: During April-September 2017, Indian Railways carried 558.1 million tonnes of revenue earning freight traffic as against 531.2 million tonnes during the corresponding period of previous year, showing an increase of 5.1 per cent during this period. With financial assistance from Government of India, 425 km of metro rail systems are operational and about 684 km are under construction in various cities across India as in December 2017.

Ports: In 2017-18 (till 31.12.2017), cargo traffic handled at Major Ports has been 499.4 million tonnes, as compared to 481.8 million tonnes handled during the corresponding period of 2016-17.

Telecom: At the end of September 2017, the number of subscribers stood at 1207 million, out of which 502 million connections were in the rural areas and 705 million in the urban areas.

Civil Aviation: In April–September 2017, domestic airlines carried 57.5 million passengers, showing a growth rate of 16 per cent over the corresponding period of previous year.

Power: All-India installed power generation capacity reached 330,861 MW as on November 30, 2017. As on April 1, 2015, there were 18,542 unelectrified census villages, of these electrification of 15,183 villages has been completed as on November 30, 2017.

C. Services sector:

- Growth in 2017-18 is expected to be at 8.3%

- Growth in services exports robust at 16.2 per cent in first half of 2017-18.

- In India, the tourism sector has been performing robustly with Foreign Tourist Arrivals (FTAs) growing to 8.8 million in 2016. Foreign Exchange Earnings (FEEs) from tourism grew at 8.8 per cent to US$ 22.9 billion in 2016. As per the provisional data of Ministry of Tourism, FTAs during 2017 were 10.2 million with a growth of 15.6 per cent, while the FEEs from tourism were US$ 27.7 billion with a growth of 20.8 per cent over 2016.

- However, India's gross expenditure on R&D has been low at just around 1 per cent of GDP. India currently ranks 60th out of 127 on the Global Innovation Index (GII) 2017, improving from 66th rank in 2016. MA

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COST AND MANAGEMENT ACCOUNTING FRAME WORKS FOR MAJOR INDIAN PORTS

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Organisations make use of principles of Cost and Management accounting to integrate the relevant financial information and other cost to the other parameters for better financial planning, control and managerial decisions. It has been traditionally used as a control system to monitor utilization of resources, namely, man, machine, material and money. The objective has been extended to include productivity to identify the action required to be taken to improve utilization of resources. The ultimate aim has been to achieve strategic objectives of a firm leading to competitive advantage. The American Institute of CPAs (AICPA) and Chartered Institute of Management Accountants (CIMA) have suggested four principles of global management accounting. These are influence, relevance, analysis and trust. The motivation behind such framework was to cut across the silos and integrate decision making; integrate financial and non-financial data to enable identify the root cause of issues and simulate different business scenario. At the end these principle are likely to instill confidence on the stakeholders of a firm (CGMA, 2014).

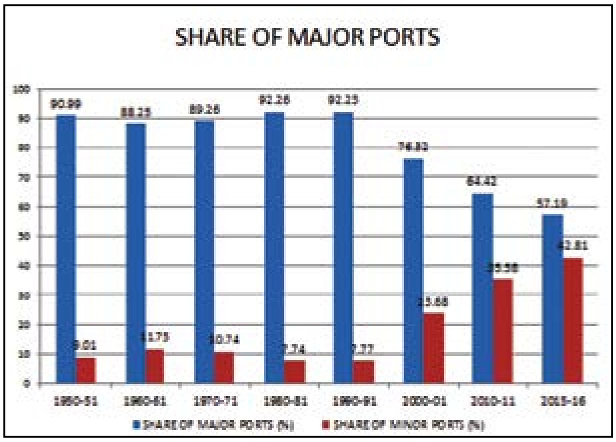
Daniel (1961) pointed out that the key to the development of a dynamic and useable system of management information is to move beyond the limits of classical accounting reports and to conceive of information as it relates to two vital elements of the management process – planning and control. One key requirement to establish a sound cost and management accounting system is to identify the critical success factors (CSF) (Esteves (2004), Ramaprasad and Williams (1998) and Amberg et al, (2005)). The term strategic management accounting (SMA) was introduced by Simmonds (1981) and defined by him as 'the provision and analysis of management accounting data about a business and its competitors, for use in developing and monitoring business strategy'. CIMA (2010) stressed the importance of strategic management accounting as its aids strategic decision making via the provision of financial analysis. It suggested that monitoring of margins, re-forecasting and variance analysis are key activities for drawing up future strategy. Cuganesan (2012) stressed the roles for management accounting in strategising that extend beyond the typically ascribed functions of decision-facilitation and decision-influencing. Its main contribution is the detailing of specific ways in which management accounting is constitutive of strategizing through specific organisational practices. . Cinquini and Andrea., (2010) concluded that customer accounting, competitive position monitoring, competitor performance appraisal based on published financial statement and quality costing represent the most widely used SMA (strategic management accounting) techniques in the Italian sample. From the regression analysis, both defender and cost leader type of strategy are found to be more willing to use SMA techniques addressing cost information.

The oceanic shipping consists of two main participants namely the carriers and sea-ports which are influenced by the requirements of transportation for various commodities. Ports are the economic entities primarily engaged in loading and unloading of cargo to and from ships. There are other associated functions, namely, shed, yard and terminal management, repair and maintenance of equipment, pilot services, tugging and towing. Ports deploy all resources, as applicable to different tasks, to carry out its activities.

In the context of ports, cost and management accounting system ensures effective utilization of the oceanic resources for economic development of the country. The operational cost structure of sea- ports covers the infrastructure, superstructure, port labours and other enabling functions.

So far, major ports in India have not been able to make their presence among the top 30 ports in the world. Figure 1 show that the share of major ports has declined to less than 60 % as on 2017 from 90% in 1991.

Figure 1: Comparison of share of cargo handled by major and minor ports in India



Source: IPA, Major Ports of India: A Profile, 2016-17

An effective management accounting and control system will be able to reflect on operational and cost structure towards improving port operations and meeting the stakeholders' interest. Given the current thrust on improving India's ranking in Ease-of-Doing-Business by the government, the results cannot be achieved without improving the port efficiency. Ports also need to enhance its cargo throughput, expansion and utilization of capacity and make capital investments. Major ports in India are resorting to all kinds of governance architecture to remain competitive. Ports have three models to follow; one the Land Lord model, second, the Tool Port model and third, the Service-Port model. Traditionally were in the third category and the performance declining over years have resorted to privatization and outsourcing. This has landed the port in a hybrid state of affairs and is yet to achieve the desired results. Authorities of many of the major ports have leased out their berths and terminals to the private sector. However results of analysis show that many of the privately managed terminals are yet to demonstrate the desired efficiency levels (Dasgupta and Sinha, 2016). The cost and management accounting system must provide data on port costs and revenues for analysis of port's performance. For proper analysis and evaluation of port performance, one can develop a set of port performance indicators. These indicators help the port authorities to measure the performance of port's operation. These indicators should be easy to calculate and simple to understand. These indicators should be benchmarked with the target and with other ports. The process of calculation and comparison is a continuous process and management should use the data for cost reduction and cost control purposes. These indicators can also be used for pricing decisions like port congestion surcharges, port development, port tariff considerations and investment decisions. The main objective of the port performance indicators is to provide useful managerial information for planning and control. The purpose of planning is to predetermine a course of action and the purpose of control is to ensure progress towards the objectives in the plan.

In this paper an analysis of implementation of cost and management accounting system in ports has been made. A new framework based on critical success factors and identification of key strategies has been suggested.

Analysis of implementation of cost and management accounting system in ports

The analysis of cost and management accounting in port include:

i. To ascertain the revenue and cost flow in ports

ii. To study the present financial reporting system of the port and its utility for managerial decisions.

iii. To examine the implementation of the concept of responsibilities centre within the port for accumulation on ascertainment of cost and revenue to enable Management Control System.

iv. To examine the applicability of existing fiscal laws in the light of financial reporting practice within port.

v. To enhance faster decisions at all levels with Cost and Management Accounting System.

The approach and methodology

i. Assessment of revenue and cost flows for the resources, accumulation and accounting including the points of control.

ii. Studying the budgeting process for revenues and cost and budgeting control system follows currently.

iii. Incorporating the principles of Management Control Systems and financial perspectives of balance score card for customizing a Cost and Management Accounting System for ports.

vi. Providing select formats of control reports for day to day monitoring and decision making.

v. Recommend financial, operational and integrated metrics for better control and planning.

Process followed by Ports in preparation of its Budget Estimates:

Statutory provisions for Major Ports

Section 98 of Major Port Trusts Act, 1963 stipulates that the Board of Trustees of Ports shall prepare and provisionally approve its estimate of the Income and Expenditure for a financial year on or before the preceding 31st January. This estimate shall be prepared in the formats specified by the Central Government.

The estimates as approved by the Board are required to be forwarded on or before 10th February to the Central Government. The Central Government is required to accord its sanction for the estimate on or before 31st March, with or without modifications/alterations after seeking additional clarifications or particulars either by returning the estimates to the respective ports or without returning the estimates to the ports.

If the estimate is not approved by Central Government on or before 31st March, the Central Government may authorize the Board of Trustees of the ports to incur such expenditure as considered necessary by it till such time the estimate is approved by Central Government.

These estimate procedures are exactly similar to the methodologies followed by Union Government for its Budget and 'Vote on Account'.

In view of these statutory provisions, preparation of the budget in the specified Form, its approval by Board of Trustees and its sanction by the Central Government are time sensitive.

Minor Ports

In Minor Ports, there are no statuary provisions for preparation of budgets. They follow the usual procedure for preparation of their budgets like other corporates.

Distribution of Operating Income

The Table 1 provides the present practice of distributing revenue from various sources in a port. Cargo Handling and Storage refers to the revenue earned from cargo loading and unloading operations, while Port and Dock Charges include earning from marine operations. Ports which leased out their terminals to run by private operators, earn a revenue share from cargo handled in those terminals. For examples, Chennai port in eastern coast earn revenue share from container handling by the private terminal operator, i.e., Chennai Container Terminal Limited (CCTL) . Many of the ports maintain the last mile railway connectivity that connects the port yards to the trunk railway of the Indian Railways. Shippers who bring cargo by rail pay railway charges. Apart from these earnings from operational sources, ports also earn from lease rent of its estate.

Table 1: Sources of Revenue

Sl No.	Nature of Income
1	Cargo Handling & Storage
2	Port & Dock Charges
3	Revenue Share from Private Terminal Operators
4	Railway Earnings (if any)
5	Estate Rentals
6	**∑ Total Operating Revenue**

Distribution of Non-Operating Income

A small amount flow from different sources such as penalties, interest earned and from similar means. This is generally accounted under Miscellaneous Income.

The Table 2 provides a snap shot of distribution of revenue from various sources under the heading F&M Income (FMI).

Table 2 : Distribution of Non-operating Income

Sl No.	Nature of Income
1	Interest from Bank Deposits
2	Interest and Dividend income from Investments
3	Others
4	**∑ TOTAL FMI**

Distribution of Operating Expenses

The Table 3 provides a snap shot of distribution of expenses under various headings.

Table 3: Distribution of Operating Expenses

Sl No.	Nature of Expenditure
1	Salaries & Wages
2	Stores Expenses
3	General Expenses
4	Sundry Expenses
5	Depreciation
6	∑TOTAL EXPENDITURE

Distribution of Non-Operating Expenses

The Table 4 provides a snap shot of distribution of expenses under various heads under the heading F&M Expenditure (FME).

Table 4: Distribution of Non-Operating Expenses

Sl No.	Nature of Income
1	Contribution to Pension Fund
2	Contribution to Gratuity Fund
3	Others
4	∑TOTAL FME

Estimation of Operating Income and FMI

Every year the port draws up its budget for the next year (April to March) in the month of September and puts up its revised budget for the ongoing year. The earnings from different sources based on forecast cargo traffic proposed to be handled in the next year. The revised budget is drawn up based on the trend in earning from the first half of the period, that is, April to August' of the year. The budgets are fine-tuned by iterating the same for exceptional changes (positive or negative) in Scale of Rates (SoR) for vessel and cargo related charges.

The forecast of cargo traffic is generally based on trend of cargo handled during the past years; and factoring the CAGR (compounded annual growth rate) to project the next years' traffic. The forecast is perfected through adjustment based on port users' feedback and exceptional changes (such as disruptions due to weather, shortfall in domestic demand and similar causes)

Railway Earnings are estimated based on the proportion of total projected quantities of cargo handled or estimated.

The Estate rentals are estimated on manual intervention/iteration based on the extent of land and buildings leased out, with current and future estate rentals.

FMI is estimated primarily by the Finance Department by iteration and consideration of actual data of investments available at the time of preparation of budget estimates

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Estimation of Operating Expenses and FME

The Budget Section sends out internal notes to the following Departments and also to CISF (Central Industrial Security Forces) requesting them to provide the estimate of expenses for the next financial year to be accompanied with a justification note for every item. A typical major port of India would have 8 departments, namely, GAD (General and Administration), Traffic, Marine, Civil engineering, Mechanical engineering, Finance, Medical and Vigilance. Earlier there were few more departments, such as Estate, Planning, Materials, Labour and Law. These have been subsumed in the present 8 departments. In ports such as Kolkata port a separate department on hydraulics exists. It is called Hydraulic Study Department (HSD). This department focuses on river dynamics as Kolkata port is a riverine port. Most of the major ports deploy CISF to maintain their security. All operational expenses on account of CISF are borne by the port.

Data are forwarded by the individual departments and CISF either manually or electronically to the Budget section. These are manually verified by the Budget Section and this Budget Section advises to make changes as considered appropriate. After receipt of the changed estimates the budget is sent for approval by the Financial Advisor and Chief Accounts Officer (FA&CAO). Since most of the ports have ERP (Enterprise Resource Planning) system in place, and final budgeted estimates are made available to the departments through the system, along with a printed Budget manual

Limitations of Present System

The existing system is too generic and does not provide specific information for management control. In the event of drop in revenue or increase in expenditure, it is difficult to identify the root cause of the problem. In these cases it becomes difficult to recommend specific actions (short term as well as long term) required to be taken to restore the performance. Moreover, the present management accounting system is not fully capable to give strategic directions to the port authority. These relate to change in port tariff, investment planning and feasibility of outsourcing and privatization.

Proposed Management Accounting Framework

The management accounting (MA) system should enable to monitor the critical success factors (CSF) and address the strategic decision making. The CSF lies with profitability of different independent units such as docks, berths, yards and terminals; and overall profitability of cargo handling, marine and railway operations. The MA system should enable determination of resource wise utilization, earning, and expenses. For example, equipment wise productivity, idle time, breakdown time and expenses.

Thus the MA system in port should enable control of the following CSF:

1. The Berth wise profitability

2. The Dock wise profitability

3. Profitability under the following head.

    a. Cargo handling and storage charge

    b. Port and Dock charges

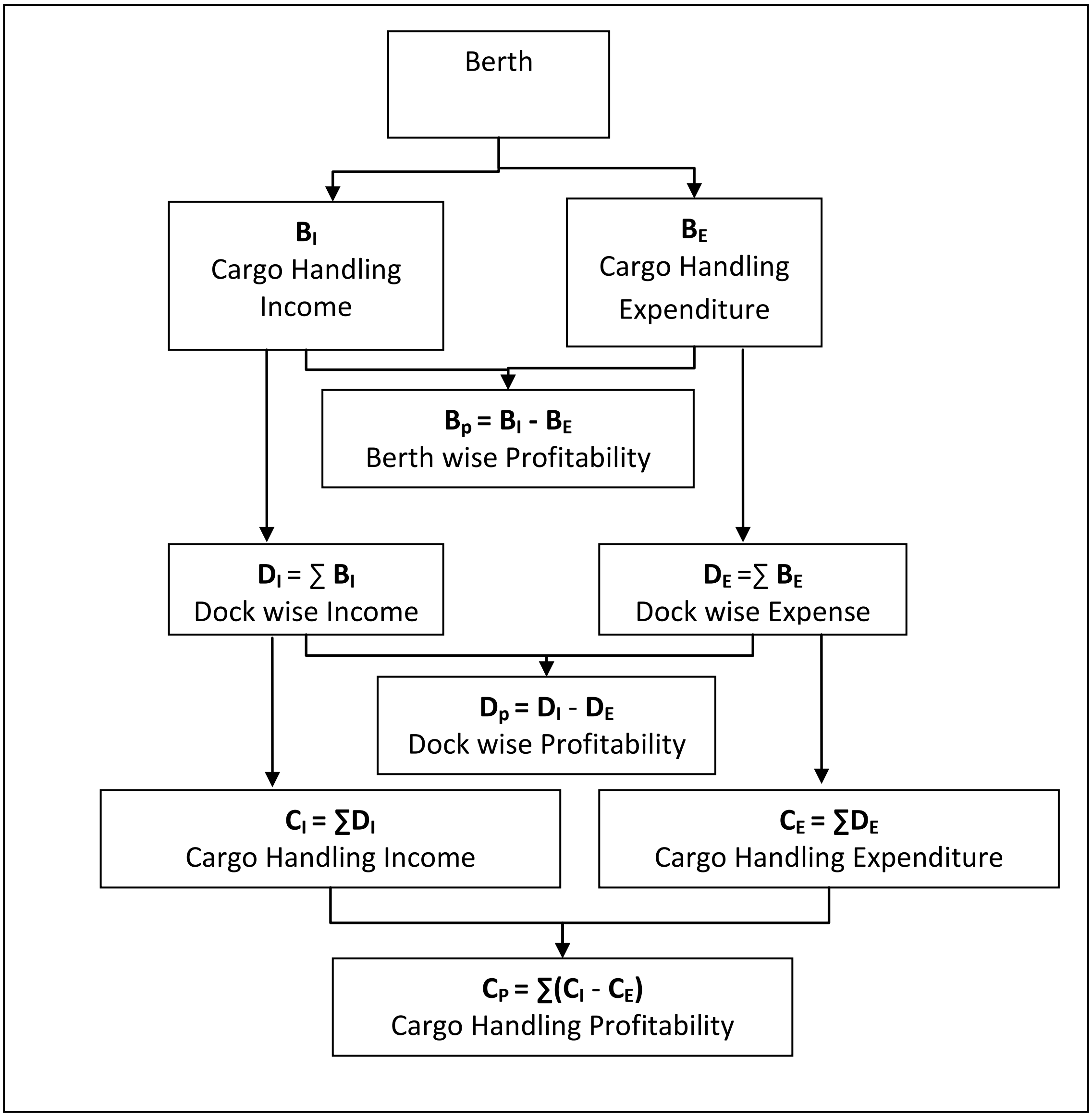
    c. Railway earnings

    d. Estate rentals

    e. Revenue share from cargo handling by private terminals

The structure of the budget should be reoriented from top down to bottom up approach. The structure is illustrated in figure 2 below.

Figure 2: Bottom up approach to Cargo Handling Profitability in a Port



Similarly, port and dock charges should be accounted for each berth and dock. The actual expenditure should be recorded for each vessel, especially fuel and other variable cost of tugs and boats used for berthing a vessel.

Allocation of Overheads

The UNCTAD report on port pricing discussed methods for converting capital expenditure into a flow of annual capital costs. Capital costs for port facilities and equipment form the bulk of the fixed costs of a port. An important consideration is how fixed costs are allocated when selecting financial indicators. Since a large portion of fixed costs are associated with capital costs and since these costs are associated with a particular port area, the basis for their allocation is that which best represents the capacity for that area. For break – bulk, general cargo berths, the most suitable basis is the quantity of cargo handled.

Major ports in India have been losing their share (IPA, 2017) to the smaller and minor ports despite considerable investments and reforms since 1991. Ports need to undertake better managerial decision relating to long term planning and control. It calls for assessment of cost and management accounting system in ports. In this paper a review of implementation of management accounting system in ports has been made. This paper identifies the critical success factors, key performance indicators (KPIs) and strategic decisions related to the port and its integration with the management accounting system. This will enable the port planners to take critical decisions on investments, outsourcing and tariff charges, apart from exercising control on its activities. The results of this analysis suggest a relook into allocation of overheads and integration of performance parameters with financial outcomes.

The remaining general overheads not allocated, for example supervision, staff facilities, utilities etc, can only be allocated to the various cargo handling areas of the port on an arbitrary basis. Thus it is recommended for control purposes that such costs are not allocated. Therefore one should find out the contribution from each area which will cover the overhead costs, return on investment and profit for the port.

Although fixed overhead rates are important for costing and long-run pricing, such rates have limited significance for control purposes.

The most important financial indicator for measuring port performance is contribution per ton of Cargo handled by a berth over a specified time period. The direct costs of a berth are deducted from the revenues generated by the berth in order to calculate the contribution of the berth. The contribution of the berth so calculated is divided by the Cargo handled (in tons) by the berth in order to find out the contribution per ton. Contribution per TEU may be calculated for the berths which handle containers.

A negative contribution may not necessarily be a bad thing provided it has arisen as a result of a policy decision to allow other local or national economic interest to benefit from a port subsidy.

An extremely important indicator, both operationally and financially, is the monthly volume of the Cargo worked. If, for example, the port charges for Cargo handling are based on tons of Cargo worked, the management must be made aware of the variance between the budgeted and the actual quantity handled. This difference is an indication of the likely revenue variation.

Management Control System

The ports need an information system that integrates financial with operational parameters to exercise control on consumption of resources and utilization of assets. The following port performance indicators should be calculated for any given period of time duration, say on monthly basis, for the purpose of cost control, cost reduction, increasing revenues and return on assets;

a. Tonnage worked

b. Berth occupancy revenue per ton of cargo
= (Total birth occupancy revenue produced)/ Tonnage worked

c. Cargo handling revenue per ton of cargo
= (Total revenue produced from transferring cargo to or from ships from or to storage areas)/Tonnage worked

d. Labour expenditure per ton of cargo
= (Total direct labour expenditure for transfer of cargo to or from ships, from or to storage areas)/ Tonnage worked

e. Capital equipment expenditure per ton of cargo
= (Total depreciation and interest allocated to and maintenance and operating costs incurred for the berth group, excluding the costs of transit sheds and warehouses)/ tonnage worked

f. Contribution per ton of cargo
= (Total contribution)/Tonnage worked

g. Total contribution
= Berth occupancy and cargo handling revenues minus labour and capital equipment expenditure

In case of berths handling containers, instead of per ton, we can calculate contribution, revenue and cost per TEU (twenty equivalent units).

The following 'Performance Parameters', though being non-financial operational data, may be calculated for revision of tariff and to decide on dynamic tariff.

a. Performance Parameters Relating to Cargo Related Services

i. Average ship berth day (in tonnes) in respect of every cargo constituting more than or equal to 5 % of total of Cargo Related Income

ii. Average moves per hour (in TEUs) in respect of containers

b. Vessel Related Services

i. Average Turn Around Time (TAT) of vessels (in hours or days)

ii. Average Pre-Berthing Time of Vessels (in days)

c. Berth and dock related performance metrics

i. Average output per berth per day (in tonnes for non-containers)

ii. Average no. of moves per crane hour (for containers)

Conclusion

Every industry has certain peculiarities that make cost and management accounting system unique for a firm. Previous studies have focused on SMA (strategic management system) to enable cost and management accounting system to address both strategic planning, tactical planning and operational planning and control. So far, ports have system of budget where they estimate the income and expenditure on certain broad heads by seeking inputs from respective departments. This system has limitations as it fails to address the control on critical success factors and answer the strategic questions, namely, need for tariff revision, outsourcing and viability of investments.

This paper suggest a bottom up approach that would answer the following two leading questions:

a. How much revenue is produced from a service?

b. What is the cost of the service?

The above two significant results clubbed with operational parameters will enable the top management to achieve the following primary objectives:

1. Identification of profit making resources/ entities
2. Identification of loss making resources/ entities
3. Identification of idle resources which will lead to improvement of productivity
4. Identification of overutilised resources which will lead to necessity of further investment
5. Fixation of port tariff/ pricing
6. Presentation of perspective plans

The present work can be extended to design the management information system and develop causal models for policy experimentation. MA

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CORPORATE SOCIO-ECONOMIC RESPONSIBILITY

A STUDY ON FERTILIZER SECTOR IN INDIA

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An analysis of Business Standard, May 20 2014 considering the top 28 listed manufacturing firms by revenue across industry segments indicates that they have increased their workforce only by 2.87 percent a year between 2003-2004 and 2012-2013, bringing into focus the allegation of jobless growth. These 28 companies, from different sub-sector of manufacturing industries have registered a revenue growth 17.8 percent a year during this period. In some industries, the direct workforce has reduced over the decade .It was revealed in the report that the top four fertilizer companies reduced their headcount and the manpower growth rate (compounded annual growth rate, %) was estimated at -0.25%. The news is basically a tip of the iceberg. Is this partly due to indifference of the corporate sector towards the burning problem of unemployment of the country? We often see a company to hoist the flag of corporate social responsibility in an admirable spirit of philanthropy. However, being an economic unit of the society its primary responsibility lies in serving the socio-economic interests of the society, particularly to maximize its contribution to the GDP and to eradication of unemployment as far as possible. The existing benchmarks of corporate performances, however, concentrates on maximization of shareholders' wealth, measured in terms of profitability and productivity. This paper tries to introduce socio-economic criteria in addition to the existing profitability-productivity criteria for measurement of corporate performance and to examine whether serving socio-economic interests of the society contradicts to the shareholders' wealth maximization goal.

The issue of corporate socio-economic responsibility has added relevance for emerging economies like India. A developed market is characterized by availability of huge capital but less manpower. Industry usually wins success by attaining cost efficiency, increased productivity and profitability by use of technology aided capital intensive production system which requires huge capital but less manpower. Thus the features of availability in a developed market are consistent with the requirements for industry success. On the other hand most of the emerging markets have the common features of abundant labor and inadequate capital which are obviously mismatch for technology aided capital intensive production system requiring huge capital and less manpower. A more consistent production system for the stated economic and demographic features of emerging markets could be a labor intensive one requiring less capital. That does not necessarily mean to ignore economic rationality and economic justification of a business without which an economic unit is hardly expected to sustain. The present study aims to examine the role of both the productivity-profitability benchmarks and contribution to GDP and employment generation benchmarks to meet the economic goal of a firm-- maximizing its value.

The Background of the Study

By the end of the 1970's, India had remained as one of the most protected and highly regulated economies in the world. In the beginning of the 1980s, a few tentative steps were taken to liberalize the regulatory regime. Having an objective of self reliance development strategy, the policy makers' of India has always placed a heavy emphasis on the creation of well-diversified industrial base to nourish the industry led development. Heavy industries under the Public sector have taken the main lead of the strategy implementation but the private players were also allowed to play a supplemental role. Till in the beginning of the eighty's, several measures such as licensing requirement for installation of capacities, quantitative and tariff restrictions on imported inputs, regulation of monopolies and trade practices, foreign exchange regulation, price controls, etc. has been imposed on the private players to safeguard the public sector as well as private owned small and medium enterprises(SMEs). The policy makers' socialistic outlook to protect the labour intensives small scale industries (SSIs) have also reflected in their policy measures. Stringent labour laws have also prevented the large firms of firing the labours. Regulatory framework of the pre 1980s has been held responsible for the lack of competitiveness of the firms. That has been reflected in the high cost of production, sub-standard quality of the produce, indifference to meet the customer satisfaction and that ultimately, lead to low growth of output and productivity (Ahluwalia, 1991).

The measures for economic liberalization were initiated in India after 1991-92 .Those measures were quite comprehensive and wide ranging. These include graduated deregulation of industry through substantial but phased elimination of licensing for setting up industries and for expanding capacity, abolition of the office of the Controller of Capital issues, drastic reduction in the number of industries reserved for the public sector, liberalization of corporate access to foreign technology, phased elimination of import and export controls and phased reduction in export duties. Present economic policy facilitates foreign direct investment and business friendly initiative has been taken also for national entrepreneurs. Overseas investment by Indian firms has been liberalized. The government has also stepped up investment in infrastructure and human resource development. It had been observed that public policy after 1991 has considerably increased the exposure of corporate to competitive pressures and at the same time also raised the opportunities relatively unfettered growth and diversification. It was expected that the structural restructuring of the economy would lead India in the trajectory growth path. However, as noted by Rodrik and Subramanian (2005), no such structural break in either growth or productivity is evident after the initiation of reform process of the nineties.

Kochher et al. (2006) has indicated the several issues that may be looked into immediately. In the next four decades, averages of 13 million people per year are expected to be added in India's labour force; many have expressed concerns about the relatively jobless growth of the last fifteen years (Mehta, 2005). It is also the fact that unlike East Asian Economies, India failed to draw employment from agriculture into manufacturing in any significant magnitude. To many, India is emerged as world class services hub but that also have relatively limited prospects of skill based development of employment growth. High level of dependency on agricultural sector, growth stagnation in manufacturing sector and amazing growth in service sector has made the situation highly complex and those results in inequality of income, uneven distribution of opportunities across states, unemployment, etc.

The present study aims to examine the contribution of the socio-economic and financial benchmarks of performance towards the wealth generation of the select organizations of the specific sector, namely fertilizer sector, in an emerging market. India is the third-largest fertilizer producer and consumer in the world with installed production capacities of over 18 million tons per annum. Currently, there are over 64 large fertilizer units in the country, manufacturing a wide range of nitrogenous and phosphatic complex fertilizers. The adoption of new technology, emphasis on marketing research, investment in R& D and strong distribution network etc contributed significantly for the growth of productivity and profitability of the firms in the fertilizer sector, in general. On the other hand, automation was one of the main reasons for limited/ negative job creations of this sector. With this background, an attempt has been made to understand the priorities of the firms towards socio-economic performance and financial performance considering top most organizations belonging to the fertilizer sector.

Research Objectives

In the extant literature the factors contributing to shareholders' wealth are profitability and productivity and their measurement is done through ratios coined as financial performance measures. On the other hand the factors contributing to the GDP and eradication of unemployment in order to serve the economic interests of the society are Value Added Income and employment generation and their measurement is done through ratios coined as socio-economic performance measures. We feel that good socio-economic performance with good/ moderate financial performance is more rewarding not only to the society but also to the firm than good financial performance without good/moderate socio-economic performance. Our aim is to estimate the priorities of the firms towards socio-economic performance and financial performance and to appraise the success of the firm with the two types of measures mentioned above. We also examine whether fulfillment of owners' objective is in conflict with that of the socio-economic objective of the firm.

The following issues will be addressed in this research paper:

a) To construct a Performance Index (PI) which would be indicative of the level of contribution of both socio-economic and financial measures of the concerned organizations.

b) To examine the nature and extent of impact of socio-economic and financial measures on the value of the firm.

Research Design

Sources of Data

To assess the socio-economic and financial performance of the firms, the study selects eight leading firms comprising public, private and cooperative forms of organization of a single sector (the fertilizer sector, since it is one of the worst hit sector in respect of employment generation growth) with a basic objective to construct a measure the extent of their socio-economic and financial performance and to evaluate their impact on the value of the firm.

The database of Centre for Monitoring Indian Economy Private Limited (CMIE) of the detailed performance report of Indian firms in the form of software PROWESS 3 and 4 are used as the source of performance data of the respective organizations. The performance data of the select firms has been taken for the financial year of 2009-2014.

Methodology

While for traditional measures of profitability and productivity the popular financial ratios are used, Value Added Income (VAI) and its components are chosen for assessing the contribution of a firm towards GDP. Again, in regard to employment generation, direct contribution of a firm is measured in terms of total number of man-year employed, i.e., employment generated in a year in terms of number of employees.

Table 1 Financial Measures

Financial Performance measures	I. Profitability –measured in terms of Return on Equity (ROE)	Return on Equity (ROE)
	II. Productivity-measured in terms of Productivity of Labour(POL)	POL = [Value added Income*] / [No. of Employees]
Socio-Economic Performance measures	III. Contribution to GDP-measured in terms of Value added Income Generation Ability[VAIGA] with respect to invested Capital	VAIGA = [Value Added Income*] / Capital Employed * Value added Income = [PAT+Interest Expenses+Employees Cost+Direct Tax+Indirect Tax]
	IV. Contribution to Employment Generation Ability[EGA]-measured in terms of employment generated with respect to invested capital	EGA = [No. of Employees] / Capital Employed

Discriminant scores have been estimated on the basis of four parameters–two financial and two socio-economic, for each organization. Discriminant score is reflection of the level of performance of individual firm in the sense that it discriminates between a low value firm and a high value firm.

The net worth of each organization for the time period 2009-2014 is taken as value of the firm.

Now, regression analysis has been performed taking the value of the firm (net worth), as dependent variable and discriminant scores (reflection of performance) as independent variables to ascertain the level of influence the performance index has on the value of the organization.

Research Findings

Analysis- Stage I

The organizations of the specified sector are first sorted on ascending order based on net worth. The objective is to form two relatively homogeneous groups. Then, on the basis of these two groups, discriminant analysis has been performed.

Before that, normality test for four parameters related to Performance Measures such as Return on Equity (ROE), Productivity of Labour (POL), Value added Income Generation Ability (VAIGA) and Employment Generation Ability (EGA) has been performed. Large significance values (>0.05) of all indicate that the observed distribution corresponds to the theoretical distribution. The value of significance indicates that all the independent parameters are normally distributed.

Discriminant analysis has to be performed on the basis of two groups and discriminant scores has been obtained for each organization. The classification table measures the extent of correct classification of this sample. The results indicate that 72.9% of the cases are classified correctly.

Analysis –Stage II

The discriminant scores can be taken as a resultant effect of performance measures consisting both dimensions, financial and socio-economic, of each organization namely Return on Equity (ROE), Productivity of Labour (POL), Value added Income Generation Ability (VAIGA) and Employment Generation Ability (EGA).

The construct of Performance Index(PI) can be formed based on the standardized canonical discriminant function coefficients (a1, a2, a3, a4) of four performance measures, namely, Return on Equity (ROE), Productivity of Labour (POL), Value added Income Generation Ability (VAIGA) and Employment Generation Ability (EGA). (Ref Table 2).

Table 2: Standardized Canonical Discriminant Function Coefficients of Performance Measures

Performance Measures	Associated Co-efficient[a_i]	Coefficient Value
Return on Equity (ROE)	a_1	0.214
Productivity of Labour (POL)	a_2	1.470
Value added Income Generation Ability (VAIGA)	a_3	-1.553
Employment Generation Ability (EGA)	a_4	1.272

The Performance Index (PI) based on four financial parameters of each organization can be represented in the following mathematical form:

PI= a1 (ROE) + a2 (POL) + a3(VAIGA) + a4(EGA) ------(I)

Analysis –Stage III

Equation I indicates the construct of Performance Index (PI) on the basis of objective measures of four parameters corresponds to both financial and socio-economic measures of each organization and the standard canonical discriminant function coefficients (ref Table 2) indicate the level of importance of the four measures on the Performance Index.

Analysis-Stage IV

Now, Regression analysis has been performed directly considering net worth(value of the firm) as dependent variable and the discriminant scores of the select organizations which are basically reflection of performance, named as Performance Index (PI) as independent variable.

Results show that R- value stands good for association between variables and R Square value indicates that Performance Index related to financial measures with respect to the four dimensions can explain the value of the select organizations at about 36.1 % level (Ref table 3). The coefficient that is associated with discriminant scores reflection of Performance Index (PI) is highly statistically significant (Ref table 4).

Table 3 Output of Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.601[a]	.361	.347	16487.6295

a. Predictors: (Constant), Discriminant Scores from Function 1 for Analysis 1

Table 4 Significance of Performance Index

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24399.706	2379.784		10.253	.000
	Discriminant Scores from Function 1 for Analysis 1	-10360.6	2033.069	-.601	-5.096	.000

a. Dependent Variable: NETWORTH

The mathematical model of regression analysis can be expressed as follows:

$$\text{Net Worth (NW)} = \bar{\beta}_0 + \bar{\beta}_1 PI \quad \ldots\ldots\ldots\ldots (2)$$

Where PI =Performance Index

An analysis of Business Standard, May 20, 2014 considering the top 28 listed manufacturing firms by revenue across industry segments indicates that they have increased their workforce only by 2.87 percent a year between 2003-2004 and 2012-2013, in contrast to the revenue growth of 17.8 percent a year during the same period, bringing into focus the allegation of jobless growth. Despite loud acclamation of corporate social responsibility the companies are primarily focused to maximization of shareholders' wealth leading to use of profitability and productivity as measures of corporate performances (coined as financial measures). This paper introduces two socio-economic measures, namely, contribution to GDP and generation of employment, for appraisal of corporate performance. We also examine whether fulfillment of owners' objective is in conflict with that of the socio-economic objective of the firm. For empirical study we selected the fertilizer sector as it is identified for having limited /negative job growth.

Discriminant scores have been estimated on the basis of four parameters—two financial and two socio-economic, for each organization, namely, Return on Equity (ROE), Productivity of Labour (POL), Value added Income Generation Ability (VAIGA) and Employment Generation Ability (EGA). Regression analysis has been performed directly considering Net Worth(value of the firm) as dependent variable and the discriminant scores of the select organizations which are basically reflection of performance, named as Performance Index (PI) as independent variable. The most interesting revelation is that VAIGA has the highest positive impact on Net Worth (NW). In this empirical study on fertilizer sector in India it is observed that Corporate Socio-Economic Responsibility, discharged by contributing to GDP and by generation of employment, is also rewarding for the wealth maximizing shareholders.

$\hat{\beta}_1$ =Co-efficient associated with independent variable PI [Performance Index]

Now, the mathematical construct of PI is incorporated from euqation1 and by substitution, the following mathematical model is developed,

$$\text{Net Worth (NW)} = \hat{\beta}_0 + \hat{\beta}_1[a_1\,(\text{ROE}) + a_2\,(\text{POL}) + a_3(\text{VAIGA}) + a_4(\text{EGA})\,]$$

$$\text{Net Worth (NW)} = \hat{\beta}_0 + \hat{\beta}_1 a_1\,(\text{ROE}) + \hat{\beta}_1 a_2\,(\text{POL}) + \hat{\beta}_1 a_3(\text{VAIGA}) + \hat{\beta}_1 a_4(\text{EGA}) \quad ..(3)$$

Where $\hat{\beta}_1 a_i$ indicates the level of importance of i-th parameter towards the Net Worth of the firm by virtue of its sign and magnitude

Net Worth (NW) = 24399.706+ (-10360.60) (0.214) ROE + (-10360.60) (1.470) POL + (-10360.60) (-1.553) VAIGA + (-10360.60) (1.272) EGA

Net Worth (NW) = 24399.706+ (-2217.168) ROE + (-15230.082) POL + (16090.012) VAIGA + (-13178.683) EGA

Results and implications

The point of interest is the sign and magnitude of the coefficients associated with each parameter revealing the positive/negative impact of the measures on Net Worth and the magnitude of such impact. Normally it is understood that increasing employment generation is not likely to raise Net Worth. Thus a negative coefficient for EGA is not surprising. But more interesting is the result that reveals that POL has even negative impact on Net Worth and that even at a magnitude greater than EGA. ROE could have been the largest contributor to Net Worth, but it is not even able to have a positive impact on Net Worth. The most interesting revelation is that VAIGA has the highest positive impact on Net Worth.

Conclusion

We construct Profitability Index (PI) for selected firms in fertilizer sector. By use of PI we regressed Net Worth (NW) with two financial and two socio-economic parameters and found that socio-economic parameters are more value relevant than financial parameters. In this empirical study on fertilizer sector in India it is observed that Corporate Socio-Economic Responsibility, discharged by contributing to GDP and by generation of employment, is also rewarding for the wealth maximizing shareholders. MA

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EXPLORATORY FACTOR ANALYSIS

KEY FACTORS INFLUENCING FUNCTIONING OF MICROFINANCE INSTITUTIONS IN BILASPUR

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Muhammad Yunus in the year 1976 found that small loans can make a big difference in life of poor people. For his remarkable concept and contribution in reducing the level of poverty in Bangladesh, Muhammad Yunus was awarded with the Nobel Peace Prize in 2006. Since then Microfinance has came across way forward in the area of financial inclusion. As a result of this growth in this sector, Microfinance Institutions has reflected drastic growth and expansion in India also.

Microfinance is the process of providing micro loans to the underprivileged section of the society who don't have access to formal banking. Due to this poor banking access they don't get financial credit (loan) from formal financial institutions without any mortgage and collateral security.

Through Microfinance these marginalized unbanked people get microloans without any security and in quick succession of time. Though the interest rate charged is quite high yet the financial support provided at the time, when it is highly required for a person , helps him in his economic and social development.

1.1 Background of the Study:-

In the past few years Microfinance has emerged as a key player in the area of poverty eradication. And different delivery mechanisms of Microfinance have emerged over a period of time.

Mainly in India two delivery models are in practice and they are as follows:-

1) Self Help Groups (SHGs).

2) Microfinance Institutions (MFIs).

In terms of clients outreach and loan portfolio the SHG model in India has very wide coverage then the MFI model. (Kabir & Mishra, 2016)

However, this study is based on the Microfinance Institution model. MFI's are the companies registered under the Non Banking Finance Companies (NBFC) of the Companies Act, 1956 and have profit making as their primary objective.

Under the MFI lending model the institutions has to develop a balance between their financial objectives and social objectives. Where the financial objectives include growth and profit making the latter one includes economic and social development of its beneficiaries.

MFIs these days prefer lending through the Joint Liability Group (JLG) Mode in which they lend to the group of 10-15 persons and do not provide loans directly to individuals. This group is either formed by the borrowers themselves or it is formed by the official of the MFIs. This group consists of members belonging to somewhat equal financial and social status. As the name suggests in this model liability of each member is shared among themselves within their group .

MFIs have remarkably expanded their client base and loan portfolio in last decade, and thus there is always a need to analyse and evaluate the functioning of MFIs based on the perception of its beneficiaries. Every entity depends on its clients, perception and attitude of its clients becomes the base for its future business plans, objectives and their implementation.

1.2 Purpose of the study

The main purpose of this study is to find out the factors that influence the functioning of Microfinance Institutions based on perception of the rural and urban area beneficiaries of Microfinance Institutions in Bilaspur district of Chhattisgarh.

1.3 Statement of the problem

The present study is conducted to seek the answer of the question.

What are the important factors that influence the functioning of Microfinance Institutions in Bilaspur City?

1.4 Objective of the Study

To find out the answer of the Research Question following Objective has been formulated:-

To find out the factors that influences the functioning of Microfinance Institutions in Bilaspur City?

1.5 Scope of the Study

With the gradual increase in the number of beneficiaries (clients) of Microfinance Institutions through Joint Liability Group Mode, it is quite important to know the perception of its beneficiaries about its operations, services and functioning. Microfinance has become a dominant contributor in movement of financial inclusion. This study is performed in Bilaspur focusing on these changes in perception of beneficiaries towards the functioning of Microfinance Institutions. Along with this, it also provides characteristics of the respondents.

2. Literature Review

- Beneficiaries have positive attitude towards the impact of microfinance on their social empowerment. (Kabir and Mishra, 2017)

- Microfinance Institutions activities lead to increase in social, economic sustainability and social interaction and its beneficiaries. (Mathur & Mathur, 2016)

- Results depicted that Microfinance Programs have a positive impact on the life of its beneficiaries. Microfinance loan facility has resulted in engagement of various income generating activities of its beneficiaries. It has also improved their role in family decision making and support through their individual income. After joining microfinance the awareness level towards financial resources improved. It has also transformed them from informal to formal sources of credit. It is also concluded that microfinance schemes have contributed in increasing creativity, better planning innovative techniques, etc. (Dash, Prasad, & Koshy, 2016)

- Microfinance is one amongst the major tool for improving the standard of living. Even after having large no. of MFIs not suffice for India. There is a lot scope for development of microfinance sector in India. It has turned out into a global movement for providing access to poor marginalized people. (Tripath, 2015)

- Formal institutions are mainly interested in lending large loans. Main aim of Microfinance Institutions schemes is poverty reduction and improvement the living standards of impoverished people of our society. (Jhawar & Chawala, 2015)

- Joint liability model has been introduced in microfinance programme where social entity becomes the base for providing loans to the marginalized people. There are variable like loan size, interest rate, operation cost which affects both individual and Joint Liability Group default rate. (P, 2013)

- Women Participation in financial activities has been increased through microfinance. Microfinance Institutions has been drastically increased in past few years. However they face several problems challenges, still there are several opportunities for Microfinance Institutions working in rural areas. And growth of MFIs will ultimately result in development of women in the rural area by increasing their role in decision making. (Kashif & Sridharan, 2012)

- It is observed that Microfinance Institutions can feasibly achieve their target of social and financial goal parallelly. (Bassem, 2012)

- Heterogeneity of groups sometimes causes different problem in repayment, on utilization, default in receiving which turns out to be a problem for MFIs. (Hietalahti & Linden, 2006)

3. Methodology

1) Nature of Research Study: - Exploratory study based on quantitative research approach.

2) Sample Design:-

- **Area of Research Study:** - Covering Bilaspur city of Chhattisgarh.

- **Target Respondents:** - Beneficiaries of Microfinance Institutions who have taken loan through Joint Liability Group Mode (JLG).

- **Sampling Technique:** - Non Probability Sampling.

- **Sampling Method:** - Judgement Sampling.

- **Sample Size:** - 205 respondents.

- **Data Collection Method:** - Survey Method.

- **Research Instrument:** - Structured Questionnaire (Pilot study was carried out among 25 respondents which were not considered for further research analysis).

- **Statistical Test Applied:** - Descriptive Analysis (frequency, mean, standard deviation, and percentage analysis), reliability statistics and factor analysis.

- **Software Packages Used:** - For the purpose of the study Ms Excel and SPSS (Version 20) has been used.

- **Survey Measures:** - Measures used in this study were based on interview done by the researcher of Microfinance Institutions officials, beneficiaries of MFIs, literature available related with the study and personal observation made by the researcher.

- **Scale:** - Each statement was measured on Five Point Likert's Scale ranging from Strongly Disagree (1) to Strongly Agree (5).

4. Analysis and Interpretation

4.1 Reliability and Validity Test

Instruments ability to measure consistently is its reliability. (Tavakol & Dennick, 2011) Lee Cronbach developed the Alpha to provide a measure of reliability of a particular scale. The coefficients of reliability in Alpha test ranges between 0 to 1. More is the value of Alpha closer to 1 more will be the reliability of the scale. It is used to check the reliability of multiple item scales, as it reports the internal consistency of items of the scale.

As a rule of thumb reliability of 0.7 and above is acceptable and considered as reliable scale from the output of the Alpha Test. For performing reliability test of ability the standard acceptable cut off is 0.7. (Kline, 1999)

Reliability test was carried out using Cronbach's Alpha in SPSS and the table provided below shows that it is 0.9 which is quite above the value of 0.7. Hence it can be concluded that scale is internally consistent so it is reliable for the study.

The content validity of Questionnaire has been checked with the help of expert's opinion and suggestions. Also it was requested to provide their valuable feedback and suggestions after evaluation of questionnaire. And necessary changes were made in the questionnaire based on the expert's opinion.

4.2 Factor Analysis

The actual performance of any financial institutions is depended upon the perception of its clients towards its functioning. The objective of the study can be achieved by drawing the factors through exploratory factor analysis which influences the perception of beneficiaires towards functioning of MFIs.

Factor analysis was performed on 11 statements based Likert Scale and the results are depicted in tables below:-

- **KMO and Barlett's Test (Table 1)**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.904
Bartlett's Test of Sphericity	Approx. Chi-Square	710.598
	Df	55
	Sig.	.000

The value of Kaiser-Meyer-Oklin measure of sampling adequacy is 0.904, which is quite above the level of 0.5 which is the minimum required KMO value. This shows that sample size for the test was adequate to factor analysis. (Kaiser, 1974)

Another test The Barlett's Test of Sphericity was tested through the Chi-Square test which shows 710.598 value at 55 degree of freedom. While its sig. value is 0.000, which shows its p value < 0.05. Thus we can say that this model is fit for performing Factor Analysis

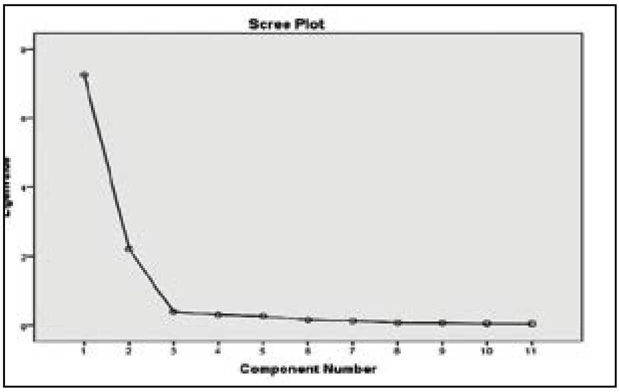
- **Total Variance Explained (Table 2)**

Total Variance Explained									
Component	Initial Eigen Values			Extraction Sums of Squared Factor Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	**7.263**	66.028	66.028	7.263	66.028	66.028	6.026	54.784	54.784
2	**2.229**	20.263	86.291	2.229	20.263	86.291	3.466	31.507	86.291
3	.400	3.635	89.925						
4	.318	2.895	92.820						
5	.274	2.494	95.314						
6	.158	1.440	96.753						
7	.124	1.131	97.884						
8	.074	.672	98.556						
9	.066	.600	99.156						
10	.050	.458	99.614						
11	.042	.386	100.000						

Extraction Method: Principal Component Analysis

In total variance explained table, component 1 generated above explains 54.784% of the variance among all the variables in the data set. Component 2 explains 31.507% of the total variance explained among all the statements (variables) in the data set. These two factors have been created because of having their Eigen Value>1. And these two factors commutatively explain 84.652 % of the total variable explained which is above the satisfactory level for generation of factors. (more details of total variance explained table)

- **Scree Plot**



Screen plot is also one the mode to draw the factors up to the consideration level. The distance between the nodes points) in the Screeplot is based on the Eigenvalues. In the screeplot generated after factor analysis, it can be observed that the distance between node 1 and node 2 is greatest. So component 1(factor 1) explains the maximum variance among all the 11 variables in the data set. Now, as we go downward from node 2 to node 3 we observe that the distance between the nodes is quite shorter than the distance between node 1 and node 2. This confirms that component 2 explains the lower degree of variation among the variables in the data set as compared to component 1. As we move downwards the nodes in the Scree Plot, we observe that the distance between the subsequent nodes gradually become shorter and shorter. Thus, as we move from component 2 to component 3 and then, from component 3 to component 4, the degree of explaining the total variance among all the variables in the data set reduces. And the line becomes somewhat flatter after node 2, this also indicates that only two components (factors) can be drawn from the above 11 variables.

- **Rotated Component Matrix (Table 3)**

Rotated Component Matrix Table[a]

Statement	Component	
	1	2
Sanctioned Loan Amount	0.955	
Repayment Scheduling	0.951	
Processing and Other Charges	0.944	
Rate of Interest Justified	0.910	
Time Lag in Loan Sanctioning	0.884	
Terms and Conditions of Loans	0.875	
Loan Default Consequences	0.841	
Training and Skill Development Provided		0.918
Group Formation Done by MFI		0.918
Timely Resolving of Complaints		0.871
Counseling Provided		0.803

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Factors of MFI's Functioning

Following two important factors has been extracted with the help of Factor Analysis performed through Principal Component Analysis:-

1) Loan and its Procedures (Factor 1):-

Providing Microloans to the marginalized people is the main functioning objective of the Microfinance Institutions. And it is also the primary function of every Microfinance Institutions. Here factor named Loan and its procedure has been emerged as the most important factor of this study. It is explaining 54.784% of the total variance. This factors constitutes 7 variables namely sanctioned loan amount (0.955), repayment scheduling (0.951), processing and other charges (0.944), interest rate is justified (0.910), time lag in sanctioning loan (0.875) and lastly loan default consequences (0.841).

The results are positive and satisfactory in terms of perception of beneficiaries towards the loan and its procedure factor also it's the loan procedure variables that mostly influence their perception towards the functioning of the Microfinance Institutions.

2) Service Factor (Factor 2) :-

Apart from basic micro lending services there are certain other allied services which are provided by staff of the MFIs to its beneficiaries. The second factor that influences the functioning of MFIs is other service factor and it has a variance of 31.507%, which is also very high. The variables that have high factor loadings in this factor are training and skill development (0.918), group formation done by MFI (0.918), timely resolving of complaints (0.871), and counseling provided by MFI staff (0.803).

These variables show that perception of beneficiaries towards the services provided by MFI staff also plays an important role in the functioning of MFI in the study area. They are satisfied in terms of the services received by them from the staff of MFIs and this positively affects their attitude towards the MFI.

Descriptive Statistics (Table 4)

FACTOR NO.	FACTOR NAME	VARIABLES	MEAN	STD. DEV.	ANALYSIS (N)
1	LOAN AND ITS PROCEDURE	Time Lag In Loan Sanctioning	3.58	1.31071	205
		Processing and Other Charges	4.20	1.08797	205
		Repayment Scheduling	3.36	1.13856	205
		Loan Default Consequences	4.22	1.05540	205
		Sanctioned Loan Amount	4.60	.72843	205
		Terms And Conditions Of Loan	3.52	1.28158	205
		Rate Of Interest Justified	4.26	1.00631	205
		Overall Mean of 7 Variables	3.96		
2	OTHER SERVICE FACTOR	Training and Skill Development Provided	3.70	.73540	205
		Group formation done by MFI	4.60	.69985	205
		Timely resolving of Complaints	4.76	.59109	205
		Counseling provided	3.60	.75593	205
		Overall Mean of 4 Variables	4.16		

This table of descriptive statistics provides the details of perception of beneficiaries towards individual statements (variables) which are clubbed into two factors by resultant output of factor analysis.

The major outcome of the Exploratory Factor Analysis has come out in form of 2 components namely loan and its procedures factor, and other service factor provided by the staff of MFIs representing 11 variables used in the study. First factor explains 54.784% of the total variance explained and the second factor explains for 31.507% of it. It is observed that MFIs should focus on improving the quality of these two factors to get better attitude of its beneficiaries towards its functioning.

The study shows the factors influencing the functioning of MFIs based on the perception of its beneficiaries. After this study the policy makers may reframe or develop their business strategies and policies for rendering Microfinance services in a manner to get more and more beneficiaries benefitted. Further leading to improvement in their economic and social status after seeking Microfinance.

Due to paucity of time and money constraint the sample size is of 205 respondents only which are quite small to represent the whole target population. Also there is a scope for future researcher to conduct similar study on large sample size and with other variables involvement too to get the more detailed insight and better understanding of the same.

It is observed from the table that the mean score of 4 variables namely sanctioned loan amount, loan default consequences, processing and other charges, and rate on interest justified is greater than the overall mean of factor 1. This reflects that in the perception of beneficiaries these four variables plays more important role in influencing the functioning of MFI as compared to the remaining 3 variable whose individual mean score is less than that of factor mean score.

On looking towards the factor 2 it can be observed that overall mean score of factor 2 is 4.16 which is on the higher side and 2 variables namely timely resolving of complaints and group formation done by the MFI staff are more influencing the functioning as compared to the other two variables. (Name of variables) It can be concluded that complaints resolving and group formation are more affecting the perception of beneficiaries towards functioning of MFI.

5. Conclusion

An analysis for exploring the factors influencing the perception and attitude of beneficiaries towards the functioning of Microfinance Institutions was carried out. Exploratory Factor Analysis further resulted in formation of two factors namely 1) Loan and its Procedures and 2) Other services.

The result of the study reflects that in perception of beneficiaries, the functioning of MFI mainly depends on loan and its procedures related factors which contribute around 54% of the total variance of all variables. Whereas the other services performed by MFI staff also leads noticeable impact on it's functioning. It contributes around 31% of the total variance of variables.

Thus from the above analysis it can be concluded that both the aforesaid factors of functioning influences the perception of its beneficiaries in a positive manner. Hence MFIs should formulate and implement their practicing policies by considering the above two factors and shall take necessary steps to improve these factors further. As a result they can achieve their financial objectives of wealth maximization in conjunction to the socio-economic objective of developing the living standards of underprivileged section of our society.

6. Limitations and Scope for Further Research

This study is an attempt to know the factors influencing the functioning of Microfinance Institutions based on the perception of its beneficiaries. Based on statements drawn from interactions with MFIs officials, beneficiaries, observation of researcher and review of available related literature. And since this research is a part of an education research the area selected for the study is quite small and confined to Bilaspur city of Chhattisgarh state only. It is also performed on a sample size of 205 respondents due to time and money constraints which is the major limitation of the study.

Further more detailed empirical analysis is required for confirming the results of the study. More statements covering additional features of functioning can also be tested to get more insight on this factors influencing functioning of Microfinance Institutions. In general more research should be conducted to get more information which would be useful and beneficial for the MFIs for formulating and implementing their functioning, practices and strategies. MA

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Sometimes, we wonder...How does an organization made of many Departments;Verticals and Subsidiaries - Work? It is full of thousands of people with agreements and disagreements still it works and regulates smoothly, the decisions are acceptable and followed by everyone.

Kanupriya Mewara
Deputy Manager
Marketing & Professional Services
Raymond, Thane

As we closely observe a family structure where head of the family takes the decision seeing the surroundings and with everyone's consent. In any organizations decisions are taken by higher authority and the same is respected by everyone, the way a decision taken by head of the family after consent of every member.There is a mechanism in an organization which is managed by a group of people that consists of Board of Directors (BOD), Executives,Shareholders, and various other Stakeholders who take the decisions and create a framework that needs to be followed by everyone.

What is Corporate Governance?

Traditional definition of Corporate Governanceis "the system of rules, practices and processes by which a company is operated, directed and controlled". It is a mechanism / processby which a company is managed and directed. Essentially,company behaves as per the stake holders desires'. It is in fact conducted by the BOD and the concerned committees for Stakeholder's benefit. Their actual goals are to be balancedwith Individual and Societal goals along with Economic and Social goals.

"Corporate Governance is the system by which companies are directed and controlled." ~Adrian Cadbury

Since the main objective of Corporate Governance is to provide the framework to attain the company's objectives – It encompasses every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

How does it work?

Corporate Governance is the major interaction between various participants in shaping corporations performance. The relationship between the owners and the managers must be healthy and there should be no conflicts between the two. Hence, the proxy advisors and shareholdersare the important stakeholders of company who indirectly affect governance. The BOD plays a pivotal role in regulating the governance; it can have major ramifications for equity evaluation.

BOD's are a group of people selected as a representative of company for taking strategic decisions on crucial issues. They play a role of fiduciary, on behalf of stakeholders, for the well-being of the company. Some issues that fall under the purview of BOD's are Hiring / firing of an Executive, declaration of Dividendpolicies, Option policies and

Executive compensation, etc. Responsibility of a BOD is to set broader goals, support executives in their duties, and also to ensure that company is having enough resources – and the same are managed well.

Benefits of Corporate Governance:

1. Corporate Governance leads to transparency in the organization. The flow of informationbecomes systematic amongst the stakeholders. Access to full information helps in collaboration, cooperation and faster decision making.

2. Good Corporate Governance ensures corporate success and growth. It is rightly said: Corporate Governance is "of the stakeholders, by the Stakeholders and for the Stakeholders of the company.

3. Corporate Governance increases confidence in the minds of the Shareholders, which leads to surge in the market share price of the company.

4. Corporate Governance helps providing proper inducements to the owners along with the managers to achieve their goals and objectives.

5. Good Corporate Governance reduces the wastages, risk, corruption and mismanagement – as it is controlled by many people and those many people are involved in every decision taken.Those people are accountable and take the responsibility to accomplish the work in given timelines with pure efforts.

6. Good Corporate Governance helps in organization follow one of the important objectiveof "Brand formation and development".

As we all know that to sail a ship in the ocean, we need guidance of the captain. Without direction and going clueless would not lead to ship reaching its final goal or destination. Similarly a successful organization would always require good Corporate Governance to sail in the ocean of this huge corporate world. MA

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HR

THE SPILLOVER OF FACETS OF QUALITY OF WORK LIFE ON JOB SATISFACTION

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QWL or the quality of the relationship between employees and the total working environment, (Davis, L. 1983) has captured the attention of today's corporates, business organizations, researchers and academicians. The early philosophers of the scientific management era propounded rational system of management devoid of personal relationship and the monetary lure to enhance personal efficiency and overall productivity. However, with the dawn of human relations movement, personal relationships and human dimensions were further implemented in understanding employee as an asset, rather than a machine to be exploited from dawn to dusk. This gradual transformation in the perceptions of industrialists and academicians bred, the concept of Quality of Work Life.

There is minimal academic attention diverted to understand the QWL of college teachers. This paper attempts to fill the lacuna in understanding the varied dimensions and perceptions towards their work life. The advent of globalization and liberalization, led to organizations struggling to survive and finally have learnt the mantra for efficiency in the long run is through Human Capital (Rai, 2015). Caudron (1994), rightly mentioned that the source of maintaining competitive advantage in today's world is high quality personnel instead of merely capital, technology orlong-lived products. Employees are the soft assets and are the hiddenvalue of a company (Abdeen, 2002).The QWL concept posits that an employee is to be perceived as an important resource, trustworthy, responsible and capable of adding immense value to the organization when treated with dignity and respect (Straw, R.J. 1984). Employees are to be treated as an important resource to be developed rather than simply used or exploited, when jobs are assigned. The concern of QWL is to know the impact of work on people as well as organizational effectiveness throughemployee integration in decisions which affect their work (Nadler, D. A. 1983).

Overview of Literature

Early QWL activities have been traced back, between the years 1969 to 1974 when the term Quality of Work Life was coined by Louis Davis. The first International convention on QWL was held in the year 1972, at Toronto. The varied aspects of an employee's organizational life and its impact on productivity is the major concern of QWL. In 1977, General Motors at Tarrytown (village in New York)launched a programme to improve the QWL and it was established that QWL positively correlated with industrial democracy. (Walton, R. E. 1973) The major conceptual areas of QWL are: adequate and fair compensation, safe and healthy working conditions, development of human competencies, growth and security, social integration, constitutionalization and total life space and social reliance.QWL is not a specific notion but a whole parcel of terms and notions under an umbrella namely: industrial effectiveness, human resource development, and organizational effectiveness, work restructure, job enrichment socio-technical systems, working humanization, group work concept, labour management cooperation, workers' participation and cooperative work structures (Jain, S. 1991). Rossmiller, R. A.,(1992) advocated that QWL of secondaryschool teachers and principals is positively influenced with the respect conferred to school teachers, participation in managerial decisionsaffecting their work, opportunity to use skills and knowledge in the teaching learning environment also augmented the QWL.

Rai,(2015) comparatively analyzed the varied dimensions of QWL of bankers in the private and public sector. Significant variations in the level of perceptions to QWL was reported with regard to nature of banks (i.e. private and public); designation and experience of the bankers. Flexible working hours could aid the intervention of demands of work in the private life leading to a favourable work and leisure balance. The Quality of Work Life of the school teachers were investigated based on eleven parameters. The government-aided school teachers were comparatively better satisfied with regard to their private counterparts, reporting a fairly high level of satisfaction and lower employee turnover (Rai, G. D. 2015).

Research Objectives and Hypotheses

QWL concept has been applied in almost every sphere of business organization, but there has been little concern for QWL of college teachers, its measurement and the various parameters affecting it. The extent and the reasons of variation in perceived QWL in different types of colleges and the prominentimpact of QWL on the faculty members' performance or retention is still oblivious. Hence an empirical research is undertaken to find the level of perception of teachers with their QWL. Through this study, educational administrators can perceive the level of QWL in the colleges and consequently formulate policies to enhance the QWL, thereby promoting job satisfaction and performance.

The study has been conducted to prove the following hypotheses:

The Quality of Work Life (QWL) constructposits a concern for the humane aspects of work and attainment of organizational goals through satisfaction of employees' needs. The present paper seeks to identify the prominent facets of QWL and its spillover effect on satisfaction from job. The sample size comprises 108 college teachers chosen from ten colleges of West Bengal.Correlation analysis, step-wise regression model, Chi-Squaretests and ANOVA were administered to identify and understand the variations in the perceptions of the college teachers. Results confirm significant associations of nine out of ten facets chosen with QWL and job satisfaction. The different aspects of QWL viz. salary norms, utilization of human capacities and recognition of efforts significantly predicted satisfaction but was negatively impacted by job stress. Income policy was reported as a major predictor of QWL and job satisfaction. The perception of QWL varied significantly with the nature of college while gender had no impact on QWL levels.

H_1:All the ten facets of QWL significantly predict the level of perception of QWL.

H_2:All the ten facets of QWL significantly predictthe level of job satisfaction.

H_3: There is a significant difference between the perceived levels of QWL of government aided andprivate college teachers.

H_4:Gender significantly impacts the perception of QWL at college.

Research Methodology

This study has been conducted in tencolleges of West Bengal (three each private and seven government aided) to portray the QWL among the college teachers. A descriptive and qualitative research was undertaken to empirically analyze the levels of QWL on the basis of various facets namely:

1. Adequate income & fair compensation(I): Remuneration norms should be just and fair to maintain a desirable standard of living.
2. Safe & healthy working conditions (WC): Working conditions should provide protection from ill health, pollution etc. within the workplace.
3. Immediate competencies to develop human capacities (IC):Job should provide autonomy and control to use one's skill and creativity at work.
4. Opportunity for continued growth and security (GS): Career progression and promotions should be available for eligible employees.
5. Social integration in the work force (SI): A sense of belongingness to organization should be instilled; indiscrimination of gender, race, religion, etc. will increase the employers' work experiences.
6. Constitutionalism at work (C): Right to expression and equitable treatment at work.
7. Recognition of efforts (RE): Sincere efforts are to be recognized by the management in cash or in kind.
8. Work and Total Life Space (WLS): A properwork and private life balance could aid the stress at work.

9. Social Relevance of Work (SR): Social contribution and obligations achieved through work.

10. Workload and stress (S): Less of physical and mental pressures lead to a fairly high QWL.

For selection of sample,initially cluster sampling method was adopted and later snowball sampling was administered for increasing the sample size.Initially, 120 respondents were chosen, but due to communication bottle-necks and incomplete questionnaires, 108 respondents have successfully filled in.An objective assessment of the qualitative factors is made possible through a structured un-disguised five point Likertscalequestionnaire vividly eliciting the elements of QWL (4-Strongly Agree;1-Strongly Disagree;0-Neutral). The model comprised of 10 varied facets of QWL, originally consisting of 30 items, served as Independent Variables. Dependent variables constituted of three-item QWL scale and a five-item scale portraying job satisfaction developed by Dubinsky et al. (1986) was also administered in the present study.Mail-back questionnaires with prepaid envelopes and e-questionnaires via google documents were utilized in collating the filled in questionnaires from the professors. Chi-Square tests have been adopted to understand association of QWL with nature of college and gender. ANOVA tests were deployed to verify the third and fourth hypotheses at 5% level of significance.The demographic profile of the respondents are exhibited in Table A.

Table A: Demographic Profile of the sample:

Socio-Economic Indicators	Frequency	Relative Percentage
1. Nature of college:		
a) Government Aided	58	53.70
b) Private	50	46.30
2. Gender:		
c) Male	62	57.41
d) Female	46	42.59
3. Teaching Experience:		
e) More than 25 years	17	15.74
f) More than 15 years; less than 25 years	33	30.56
g) More than 5 years; less than 15 years	37	34.26
h) Less than 5 years	21	19.44
4. Age Group:		
i) More than 50 years	12	11.11
j) More than 40 years; less than 50 years	41	37.96
k) More than 30 years; less than 40 years	39	36.11
l) More than 20 years; less than 30 years	16	14.82

Findings and Discussions

Hypotheses 1 & 2:

A preliminary analysis of Pearson Correlation was administered to investigate the relationship between the varied dimensions with the perception of QWL and Job Satisfaction, afore conducting the regression analysis. The analysis has shown that there areno violations of the assumptions of linearity or homoscedasticity. Furthermore the rule of thumb for understanding multi-collinearity between dimensions of QWL havingVariance Proportions less than 0.9 (column values), with a corresponding Condition index of lesser than 30, was implementedin the present study (Gaur & Gaur, 2006). The variables had maximum values of Variance Proportions and Condition index as 0.51 and 22.64 respectively. All associations are significant at .05 level of significance amidst the dependent and independent variables except constitutionalism as exhibited in table H. As a matter of fact, the most prominent association between compensation norms with QWL and job satisfaction (r=0.509; 0.484, p<0.05respectively) was reportedbut absence of any association with constitutionalism at work (r=0.123; 0.182; p>0.05) was seen from the analysis below:

Table H: Correlation between various facets with QWL & Job Satisfaction

Dependent Variables	Mean	S.D.	QWL	JS	I	WC	IC	GS	SI	C	RE	WLS	SR	S
QWL	2.77	.943	1											
JS	2.95	.921	.611**	1										
Independent Variables														
I	2.82	.946	.509**	.484**	1									
WC	2.56	.846	.400**	.226*	.289**	1								
IC	2.76	1.003	.405**	.423**	.319**	.041	1							
GS	2.65	1.008	.592**	.526**	.435**	.181	.535**	1						
SI	2.63	.933	.581**	.480**	.339**	.208*	.403**	.705**	1					
C	2.66	1.078	.123	.182	.243*	.214*	.070	.206*	.077	1				
RE	2.66	.997	.213*	.318**	.382**	.176	.029	.232*	.174	.386**	1			
WLS	2.61	1.066	.253**	.210*	.191*	.121	.148	.350**	.417**	.021	.076	1		
SR	2.71	.996	.476**	.474**	.422**	.150	.566**	.569**	.478**	.151	.277**	.387**	1	
S	2.59	1.119	-.249**	-.236*	.073	-.258**	.045	.004	-.110	.061	.175	.030	.062	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
N: 108; [QWL: Quality of Work Life; JS: Job Satisfaction]

It is further perceptible from the above table that, satisfaction from income norm score is the highest (mean value 2.82) on a 5-point Likert scale, whilst the responses to working conditions in the colleges exhibit the lowest mean score of 2.56. All the identified facets of job were associated with QWL and satisfaction from job, except Constitutionalism at work, this surprising fact demands further research. Zero-order correlations provided strong internal assessment to the proposition that higher the perceived independent facets of work life, higher is the degree of QWL and job satisfaction, as the variables (except Constitutionalism) are significantly related at 5 percent level of significance.

On closer inspection, it can be seen that stress is negatively correlated with QWL (r= -0.249; p< 0.01) and job satisfaction (r= -.236*; p < 0.05). Thus, the results support the findings of Ahmad et al. (2010), Applebaum et al. (2010), Chao et al. (2013) and Bashir et al. (2010). The burgeoning literature corroboratesthe construct of QWL differs from job satisfaction (Davis &Cherns, 1975; Kabanoff, 1980;Staines, 1980; Champoux, 1981; Lawler, 1982) and rather the latter is one of the major outcomes of QWL. It is also reported that QWL, besides job satisfaction, it also spills over to other domains of life such as satisfaction from family, social life, finance, etc. (Efraty and Sirgy, 1990; Efraty et al., 1991; Sirgy et al., 2001; Chan et al., 2007; Lee et al., 2008). Table H elucidates QWL is positively correlated with job satisfaction, which is consistent with past research (Hall et al., 1970; Porter, 1961).A strong association betweenQWL and job satisfaction was perceived from the analysis (r = .611*; p < 0.01).

In order to investigate and understand the prominent predictors of QWL of the college teachers, a stepwise regression model was implemented. The construct of QWL was explained by ten different facets (originally comprising of 30 items) as the independent variables. The dependent variables namely QWL was explained by 3 items and a five-item job satisfaction scale developed by Dubinsky et al.(1986) was incorporated in this study to portray the degree of satisfaction from job. Table I elucidates the regression analysis, presenting the strength of relationship of the model with QWL and job satisfaction. The value of R2 is the degree of variance in the dependent variable explained by the independent variables. The present model explained 57.5 percent of the variation in QWL and 49.7 % of the variation in satisfaction from job. Hence, we can infer that the ten varied aspects of work life can predict 57.5% of the variation in QWL and 49.7% of job satisfaction. The proposition H1 receives a strong support as fairly high levels of R2 are reported, furthermore, to substantiate the results of the model Durbin Watson tests and F tests were directed.

Table I:Results of Multiple Regression Analyses showing the Beta values

Independent Variables	Dependent Variables					
	Quality of Work Life			Job Satisfaction		
	Beta	*t*	Sig.	Beta	*t*	Sig.
(Constant)		1.553	.124		3.085	.003
I	.245**	3.005	.003	.235**	2.647	.009
WC	.183*	2.461	.016	-.028	-.346	.730
IC	.076	.860	.392	.167*	1.731	.087
GS	.219*	2.030	.045	.155	1.325	.188
SI	.216*	2.172	.032	.113	1.050	.296
C	-.055	-.745	.458	.005	.067	.947
RE	.029	.370	.712	.193*	2.234	.028
WLS	-.026	-.336	.738	-.006	-.068	.946
SR	.097	1.026	.308	.109	1.056	.294
S	-.208**	-2.889	.005	-.297**	-3.796	.000
R Square	**.575**			**.497**		
Dublin Watson	**1.992**			**1.939**		
ANOVA(*F*)	**13.103****			**9.586****		
Sig.	**.000**			**.000**		

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The Durbin Watson test verifies the independence of errors in the model, the model value of 1.992, 1.939 (QWL and job satisfaction) safely lies between 1-3, which proves the results are independent of errors. The F tests proves the significance of analysis of variance for the regression model as a whole. If the F Ratio tends to be high, the null hypothesis will hold true, depending on the significance level.The F statisticof 13.103 on QWL and 9.586 on job satisfaction with their corresponding significance less than 0.01, denotesthat the variation explained by the model on dependent variablesis not due tochance (at 1 percent level of significance).

From the resultsof multiple regression analysis exhibited in Table I, we construe the fact that QWL is significantly predicted by the salary norms (I)(Beta = 0.245; $p < 0.01$), working conditions (WC) (Beta=0.183; $p < 0.05$), career growth (GS) (Beta= 0.219; $p < 0.05$), social integration (SI)(Beta= 0.216; $p<0.05$) and stress at work (S) (Beta= -0.208; $p < 0.01$). The salary policy was one of the strongest predictors of QWL, followed by career progression while stress was negatively related with the perception of QWL of the teachers. The presence of mental and physical stress negatively impacts the perceived levels of QWLat college with is in conformity with the past researches of Ahmad et al. (2010)and Chao et al. (2013).The results failed to support any relationship between constitutionalism at work and QWL perception in spite of the 57.5 percent of variation in QWL explained by the independent variables.

Likewise, the other half of Table I reveals the analysis of multiple regression of ten facets over job satisfaction of the college teachers. We perceive that sundry dimensions of QWL viz. remuneration policy (I) (Beta = 0.235; $p < 0.01$), competencies to develop human capacities (IC) (Beta = 0.167; $p < 0.05$), Recognition of efforts (RE) (Beta = 0.193; $p < 0.05$) and job stress (S) (Beta = -0.297; $p < 0.01$) significantly predicted satisfaction at work. The remuneration policy is a strong predictor of job satisfaction but job stressors were detrimental to such satisfaction at colleges. Present results support the research of Mosadeghrad, et al. (2011) and Applebaum et al. (2010).Interestingly, thus, the results failed to support the relationshipbetween constitutionalism at work and job satisfaction, despite the 48.7% variation in the latter explained by the model.The explanation for this intriguing circumstancedemands muchfurther research.

Hypothesis 3:

While testing the third hypothesis, Chi-Square Tests have been implemented with a motive to verify that the selected categorical variables (nature of college and QWL level) are independent of each other. It is perceptible from the Table C, that there is a significant variation in the different dimensions of QWL with regard to nature of the college employed i.e. government aided and private teachers.

Table C: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**14.388***	**4**	**.006**
Likelihood Ratio	14.837	4	.005
Linear-by-Linear Association	5.067	1	.024
N of Valid Cases	108		

0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.41.

***Values significant at .01 level of significance**

The Pearson Chi-Square of 14.338 is much greater than the critical value of 7.41, consequently the significance value is less than .01. We can perceive that there is a significant variation in the level of perception of the college teachers with regard to their QWL, persisting in government and private sectors. Thus, we infer that there is a significant association of the nature of college and perceived QWL levels.

Hypothesis 4:

Results of Chi-Square tests substantiating our fourth hypothesis are exhibited in Table D. The analysis reveals that 62 male and 46 female college teachers share the same level of QWL. It is perceptible from the analysis that the Pearson Chi-Square value of 2.246 is much less than the critical value and the level of significance (p-value 0.691) falls beyond the significance level. From which, we accept the null hypothesis, leading us to deduce that there is no statistical variance in the perception of the numerous aspects of work life based on gender. Consequently, gender has no association with the level of perceptions towards work life.

Table D: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**2.246[a]**	**4**	**.691**
Likelihood Ratio	2.275	4	.685
Linear-by-Linear Association	1.197	1	.274
N of Valid Cases	108		

0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.41.

***Values significant at .05 level of significance**

Conclusion and Implications

It is indeed challenging to measure anabsolute QWL model, but an attempt has been made for identification of the different parameters and its measurement. The quality of working life is ultimately defined by the worker himself (Takezawa, 1984).However being the first study relevant to the subject and area of study, the present paper endeavored to make a contribution and fill the lacuna in the extant QWL literature. Interestingly, the results of the regression analysis indicated that the QWL of teachers at college is positivelypredicted by salary, work settings, career advancement and social integration, whilst stressors at work negatively impacted their QWL score. Job satisfaction of professors was predicted by salary norms, utilization of human capacities on job, recognition of efforts and negatively job stress. The nature of college has a significant association with regard to QWL levels, while gender had no association with the perception of QWL, which were confirmed through Chi- Square Tests. Job enrichment or job design is the need of the hour so that the college teachers can be utilized as resources, which can be further developed to add value to the students' lives, overall college and society as a whole; rather than to be merely used and exploited.This study reveals that salary norms is a major predictor to define one's QWL and satisfaction from work.

Furthermore, assigning of classes as per the college teachers' capability and expertise is also to be given due priority especially in the government aided colleges. Private teachers have relatively reported a greater amount of stress compared to their public college counterparts. Some amount of flexibility at work could aid the intervention of work in private life and stressors at work ultimately enhancing the satisfaction from job (Rai, 2015). The public college teachers are in need of more orientation and seminars, to update their teaching techniques in comparison to the frequency of the same as implemented by private colleges. The administrators and the management need to first understand the prominent dimensions impacting the work life of the college teachers and accordingly review their policies for enhancing QWL and satisfaction from job.The model failed to establish any association of constitutionalism, autonomy and creativity at work of the teachers with their QWL and job satisfaction, this intriguing finding is not presently evident and sows seed for further research. The study was limited with sample, design and the facets chosen to identify QWL. The questionnaire was circulated among the college teachers in West Bengal, hence this study is constrained with limited geographical diversity.There is scope for further research, incorporating, more number of colleges and a fairly larger sample size to depict the QWL of college teachers, in a more vivid manner. MA

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LAYING FOUNDATION FOR REVIVING INDIAN AGRICULTURE

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Agriculture is the backbone of our country in terms of livelihood. Agriculture accounts for 16% of GDP and 49% of total employment. Agri-products account for over 10% of total export of our country. Though the hard work of Indian farmers brings about a record level in agriculture production of our country but the Central Statistical Organization (CSO) estimates shows disappointing results. As per this estimate the Gross Value Added (GVA) in agriculture, forestry and fisheries declined from 4.9% in 2016-17 to 2.1% in 2017-18 at 2011-12 prices. The Economic Survey 2017-18 also indicates that the level of agricultural GDP and real agricultural revenue has remained constant over the last four years. This poor agricultural performance can lead to inflation, farmer distress and unrest, and larger political and social disaffection. Farmers have lots of expectation from this budget and Government would have a key role to play for the development of agriculture and welfare of farmers. The Government has not disappointed its masses in this respect. It wants to help farmers not only to produce more from the same plot of land at lesser cost but also to realize higher prices for their produce. Government proposes to double farmers' income by 2022. Beside this it also emphasizes on generating employment for the farmers and landless families. It allocated Rs. 1434317 crore for infrastructure and livelihood development in agriculture and rural sector. Following are the budget proposals announced by the Finance Minister on agriculture and allied activities:

- Government has been very much sensitive about the income of farmers and believes that farmers should realize at least 50 per cent more than the cost of their produce. It has declared Minimum Support Price (MSP) for the 23 notified crops like paddy, wheat, cotton, etc. at least at one and a half times the cost involved. This MSP for notified crops will benefit 90% of the farmers and now it has decided to implement this MSP further to rest of the crops.

- Farmers should get full benefit of the announced MSP. If price of agricultural produce market is less than MSP, then in that case Government should purchase either at MSP or work in a manner to provide MSP for the farmers through some other mechanism. Niti-Ayog, in consultation with Central or State Governments, will establish a fool-proof mechanism so that farmers will get adequate price of their produce.

- Government will create an institutional mechanism, with participation of all concerned Ministries to develop appropriate policies and practices for price and demand forecast, use of futures and options market, expansion of warehouse depository system and to take decisions about specific exports and imports related measures.

- Out of 585 Agricultural Produce Marketing Committee (APMCs) 470 APMCs have been connected till date to e-NAM network (an e-platform of National Agricultural Market). Rest will be connected by March, 2018.

- Government will develop and upgrade, existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs) through MGNREGA, etc. These GrAMS will be electronically linked to e-NAM and will be exempted from regulations of APMCs. They will provide farmers facility to make direct sale to consumers and bulk purchasers.

- An Agri-Market Infrastructure Fund with a corpus of Rs. 2000 crore will be set up for developing and upgrading agricultural marketing infrastructure in the 22000 Gramin Agricultural Markets (GrAMS) and 585 APMCs.

- Government proposes to strengthen and widen the task of connecting all-weather road to include major link routes which connect habitations to agricultural and rural markets (GrAMs), higher secondary schools and hospitals via Prime Minister Gram Sadak Yojana Phase III.

- To promote specialized agricultural produce in different districts, there is a need to develop cluster based model, like the model for industrial sector, in a scientific manner for identified agriculture produces in our districts.

- Government will promote cultivation of horticulture crops in clusters to bring advantages of scales of operations and encourage establishment of distribution chain from production to marketing. It will also give recognition to the districts for particular crops. The Ministry of Agriculture & Farmers' Welfare will focus on its ongoing schemes and promote cluster based development of agri-commodities and regions, jointly with the Ministries of Food Processing, Commerce and other allied Ministries.

- The Government will encourage organic farming through Farmer Producer Organisations (FPOs) and village Producers' Organizations (VPOs) in large clusters of 1000 hectares each. Similarly women Self Help Groups (SHGs) will also be promoted to take up organic farming in clusters under National Rural Livelihood Programme.

- The Government shall support organized cultivation of highly specialized medicinal and aromatic plants. Similarly, it will support to small and cottage industries that manufacture perfumes, essential oils and other associated products from these medicinal plants. The allotment is Rs. 200 crore.

- The Government doubled the allocation of Ministry of Food Processing from Rs. 715 crore in RE 2017-18 to Rs. 1400 crore in BE 2018-19 and will promote establishment of specialized agro-processing financial institutions in this sector.

- Government proposes to launch an "Operation Greens" like "Operation Flood" to make seasonal and regional production of perishable commodities e.g. tomato, onion, potato, etc. available throughout the year. The allocation is Rs. 500 crore.

- Government is trying to grab the high agri-export potential of our country by liberalizing the export of agri-commodities. It also proposes to set up state-of-the-art testing facilities in all the forty two Mega Food Parks.

- The facility of Kisan Credit Cards is proposed to be extended to fisheries and animal husbandry farmers to meet their working capital needs. As a result, the Small and marginal farmers will be benefited.

- Government considered bamboo as "Green Gold" and detached bamboo from trees. It proposes to launch a Re-structured National Bamboo Mission to promote bamboo sector in a holistic manner. The outlay is Rs. 1290 crore.

- Many farmers are installing solar water pumps to irrigate their fields. Generation of solar electricity is harvesting of Sun by the farmers using their lands. Government of India will take necessary measures and encourage State Governments to put in place a mechanism that their surplus solar power is purchased by the distribution companies or licensees at reasonably remunerative rates.

- The Government set up a Long Term Irrigation Fund (LTIF) in NABARD for meeting funding requirement of irrigation works. Scope of the fund would be expanded to cover specified command area development projects.

- Like Micro Irrigation Fund (MIF) and Dairy Processing Infrastructure Development Fund (DPIDF) of last year, the Government now announces setting up of two Funds: (i) Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and (ii) Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector. The corpus of these two funds is Rs. 10000 crore.

- The Government has been steadily increasing the volume of institutional credit for agriculture sector from year to year from Rs. 10 lakh crore in 2017-18 to Rs 11 lakh crore for the year 2018-19.

- Niti-Ayog, in consultation with State Governments, will evolve a suitable mechanism to enable access of lessee cultivators to credit without compromising the rights of the land owners.

- Government will extend a favourable taxation treatment to Farmer Producers Organisations (FPOs) for helping farmers aggregate their needs of inputs, farm services, processing and sale operations.

Most of the above budget proposals are apparently good so far as agriculture and allied activities are concerned. These proposals are right things to do as suggested by the experts but not likely to produce immediate results. The proposal for MSP (at least 50 per cent more than the cost of produce) is good and farmers can expect a big rise in support prices for the crops. But effective implementation of MSP policy will be vital. Providing higher support prices to the farmers would not be the panacea because farmers have suffered in the past despite higher support prices. It is a fact that many states already provided for MSP, which is 50% above the cost of production but rural distress continues to exist. Moreover, with higher prices for farmers, margins for middlemen would have to be squeezed, otherwise it will cause inflation. Mere announcement to increase the MSP does not solve the problem until and unless the mechanism that the government will set in consultation with Niti Ayog comes into effect and is effective. It could take two to three years to create the mechanism. There are doubts in calculating input costs too. The move to create institutional mechanisms for forecasting prices and demand through the use of futures and options will help farmers sell their produce at higher prices.

The transformation of 22000 rural haats to GrAMS will enable small and marginal farmers transact directly at APMCs and other wholesale markets. Beside this, the linking of these GrAMS electronically to e-NAM and exempting this system from APMC regulations, are very forward looking interventions and will meet the critical need to bring farmers closer to markets. Now farmers all over India including remote areas have information relating to the latest prices of their produce so that they can sale it at that rate by using the e-NAM platform. Development of major link roads will help connect farmers to the Gramin Agricultural Markets (GrAMS) easily and the farmers will get higher prices for their garden fresh crop. "Operation Green" will connect farmers and consumers in such a way that both can satisfy their demand. It will promote Farmer Producers Organisations (FPOs), agri-logistics, processing facilities and professional management with a focus on preventing distress sale of tomato, potato and onion farmers. Government tries to give recognition to the districts for specific crops and the districts producing large quantity of specific crops are grouped into clusters. The cultivation of agriculture and horticulture crops in clusters would promote the value chain approach to production and marketing. The schemes to use solar energy for irrigation pumps of all farmers, use of barren land for setting up of decentralized solar power plants and connecting all grid connected pumps with solar power are worth mentioning initiatives to boost the development of clean energy. The announcements regarding strengthening state distribution companies by enabling them to buy surplus power generated by consumers is noteworthy.

Proposal for organic farming will help farmers reduce their production costs because they do not need to buy expensive chemicals and fertilizers. Organic farming also helps saving energy and protecting environment in the long run. Organized cultivation of medicinal plants will help increase small and cottage industries based on these plants. As medicines produced from these plants are cheaper in comparison to conventional medicine, the cost is affordable to common man. Restructuring of National Bamboo Mission is a welcoming step to pick up India's ailing agricultural sector. Though allocation to food processing sector is doubled but it is not adequate, because we process only around 10% of our total fruits and vegetables. Increase in agri-export from US $ 30 billion to US $ 100 billion by liberalizing exports is a welcoming step but it will take time. The expansion of warehouse depository system and specific measures to boost export will transform Indian agriculture into a demand driven competitive value chain that will benefit both farmers and consumers.

It is a fact that the dairy and fishery farmers are mostly landless. By extending Kisan Credit Card to dairy and fisheries will facilitate farmers to have better cash

*"Agriculture is the backbone of our country in terms of livelihood. Agriculture accounts for 16% of GDP and **49%** of total employment. Agri-products account for over 10% of total export of our country. But as per CSO estimate the Gross Value Added (GVA) in agriculture, forestry and fisheries declined from **4.9%** in 2016-17 to **2.1%** in 2017-18 at 2011-12 prices. This poor agricultural performance can lead to inflation, farmer distress and unrest, and larger political and social disaffection. Farmers have lots of expectation from this budget and Government would have a key role to play for the development of agriculture and welfare of farmers. The Government has not disappointed its masses in this respect. It wants to help farmers not only to produce more from the same plot of land at lesser cost but also to realize higher prices for their produce. Government proposes to double farmers' income by 2022. It allocated **Rs. 1434317** crore for infrastructure and livelihood development in agriculture and rural sector. The budget will strengthen rural economy and boost rural consumption by doubling farmer's income. Government should concentrate not only on income of farmers but also on inflation that affect the entire rural population including those landless farmers earning wages only. However, after a prolonged negligence in agriculture, this budget has laid the foundation very well for reviving the agriculture sector."*

flow and improve the credit worthiness of the landless dairy and fishery farmers. Irrigation fund of NABARD will help farmers by providing stable irrigation facility in dry season. Setting up of Agri-Market Infrastructure Fund will create opportunity for development of Agri-Market Infrastructure. Similarly, creation of Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) and Animal Husbandry Infrastructure Development Fund (AHIDF) is a very forward looking step to develop infrastructure requirement of these sectors. The establishment of specialized agro-processing financial institutions will strengthen the agro-processing sector. Increase in the volume of institutional credit for agriculture sector to 11 lakh crore really helps farmers. The proposal for credit facility to tenant cultivators enables them to avail crop loans and cultivate more lands. Now, nobody can force themselves to take loan from usurious money lenders. 100% tax deduction to FPOs would help in the better functioning of these institutions.

To conclude, there is no doubt that the budget will strengthen rural economy and boost rural consumption by doubling farmer's income. Government should concentrate not only on income of farmers but also on inflation that affect the entire rural population including those landless farmers earning wages only. The budget is not comprehensive enough because there are many other areas left untouched. However, after a prolonged negligence in agriculture, this budget has laid the foundation very well for reviving the agriculture sector. MA

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Form IV

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I, CMA Kaushik Banerjee hereby declare that the particulars given above are true to the best of my knowledge and belief.

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Signature of Publisher

FINANCIAL MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES – SOME ISSUES

There are various definitions of small and medium enterprises (SMEs) most of which swivels around the smallness of the entity. Smallness is categorised either on the basis of turnover of the business, assets of the entity or number of employee of the enterprise. As such these entities are significantly different from their larger counterparts, not only in respect to issues mentioned, but also in terms of certain other distinctive characteristics. Welsh and White (1981) coined these characteristics as 'resource poverty', which arises out of the fact that most of these entities are owner managed. The distinctive characteristics of these entities generate typical financial problems based on which different set of financial arrangements need to be developed. As sole proprietorship is the dominant form of ownership in SMEs, the proprietor who is also the financial manager of the firm, is required to hypothise these financial arrangements.

This paper endeavours to develop a framework for addressing the typical issues in financial management of small business which arises out of the uniqueness of these entities. The paper also endeavours to review the critical issues in asset structure decisions of small firms and propose a framework for the same. For the purpose the paper is segregated into four sections. In section one, certain basic issues of financial management is reiterated. Section two discusses the unique characteristics of SMEs which have bearing to the issues mentioned in section one. In section three an attempt is made to identify the crucial issues in financial management of SMEs and proposes a framework for the same. The last section clusters the observations and conclusions of the study.

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Section I: Issues in Financial Management

The ambit of 'financial management' comprehends the nature of financial decision making as one, financing decisions which comprise all decisions related to raising of finance. Second, investment decisions which are targeted towards investment of funds raised. Since organizations' assets are categorised as fixed assets or working capital, these decision is segregated into decisions regarding investment in fixed assets or in working capital. Dividend decisions, the third type, relate to distribution of surplus; the excess of return from investments over and above the average cost of finance.

In finance literature the words 'financial management' and 'corporate finance' are often used inter-changeably in spite of significant difference between them. While corporate finance presages the financing and investing activities of a corporation[1], financial management is the whole ambit of financial arrangements that enterprises (corporations being only one form of enterprise) use to manage its financial resources. Financial management is defined as an area of financial decision making which harmonizes individual motives and enterprise goal (Birgham & Gapenski, 1988). Corporate finance, on the other, comprises all financial activities of a corporation that pivot around the principle of shareholder wealth maximization (SWM). The concepts of corporate finance and financial management

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are, therefore, intertwined; corporate finance being extension of issues in financial management especially intended for corporations.

The academia of 'financial management' or 'corporate finance' is based on the principle of 'separation'[2]. Small firm uniqueness creates issues which contradicts this basic premise of the academia. Since most of the small firms are owner-managed, the financial decisions of these entities pivot around the preferences of the owner. Financing decisions of small firms are incited with the owner-managers' anxiety of losing control. Consequentially the small firms are often lowly geared and unable to take advantage of trading on equity. Long term debt is an absent phenomenon in the capital structure of a small business. Small firm investment decisions are reliant on intuition of the owner-manager rather than sound financial management practices. The owner-managers are often oblivious to the importance of fixed assets in the asset structure, therefore the fixed asset –turnover ratio of these entities is low. Dividend decision, in small firms, is dubious since the owner-manager has to balance between the financial well-being of his family and the financial health of the business. It is found that the owner-managers are often not cognizant of the vagaries of 'erosion of capital' resulting in over- withdrawal, that jeopardises financial well-being of the entity.

Jindrichovska (2013) noted that 'poor financial management in owner-managed small firms are the root cause of financial distress of these entities'. Peacock (1985) also illustrated that there is positive correlation between poor financial management (including basic accounting) and business failure of small enterprises. A modest study of literature suggests that research on small firm finance has been lop-sided. While issues like SME bankruptcies, capital budgeting decision and financing pattern of small firms has been extensively researched, there has been dearth of research in other areas. One such area which has somehow not been under the scanner of researcher is the asset structure decisions of small firms. This paper is an endeavour to review the critical issues in asset structure decisions of small firms and propose a framework for the same.

Before proceeding to the next section it is imperative to lay down the limitation of the study. Issues in financing decisions (capital structure decisions) and dividend decisions are not considered in this paper due to paucity of space. Aspects of dividend decision are circumvented since the nomenclature of 'dividend' is a misnomer in small business. The conjecture of distribution of surplus in small business is beyond the scope of this paper and is considered as an important scope for future research. The most important limitation of this study is that it is theoretical in nature, bereft of any empirical research. Empirical research on issues covered in the paper is a noteworthy scope in future research.

Section II: Small Firm Uniqueness

This section classifies the unique characteristics of small firms on the basis of the arguments put forward by Ang (1991) who notes that in order to develop a new paradigm for small business financial management, it is imperative to identify the major issues of small business.

Intuition and personal preference of the owner-manager entwines with the financial decision making process which acts as hindrance for the growth of the entity. The owner-manager considers the business as extension of his existence and prefers own capital which negates the advantage of trading of equity. This challenges the basic tenet of the capital structure theories.

In small business the negative issues of agency theory[3] 0is trimmed down as the owner is himself the manager. The vagaries of agency theory subsist in a subtle form as personal preference of the owner-manager impedes in the financial decision making process of the entity creating hindrances for other stakeholders.

Information opacity is one of critical issue in small business. Information reporting requirement is low as these entities do not trade in public securities. Thus small firm suffers ready market for valuation and consequently have fewer sources of finance. This adversely affects the cost of all financial transaction and the financial health of the entity is jeopardised.

The financial and managerial skill of the owner-manager is another critical issue. Authors' opinion varies regarding the financial and managerial ability of the owner-managers. But there is a consensus view regarding the fact that as firms grow old, experience and learning-effect contributes towards making the owner-manager more efficient and effective in taking financial decision. It is evident that since the owner-manager is making decisions close to his heart (given that the owner-manager considers the business as extension of his life) he is expected to take the financial decisions which are biased in favour of his family's well-being rather than the financial health of the organisation.

In the next section of this paper an in- depth study of specific issues of financial management is attempted in order to make a humble endeavour to produce an inventory of new knowledge about small business financial management.

Section III: Managing Small Firm's Assets

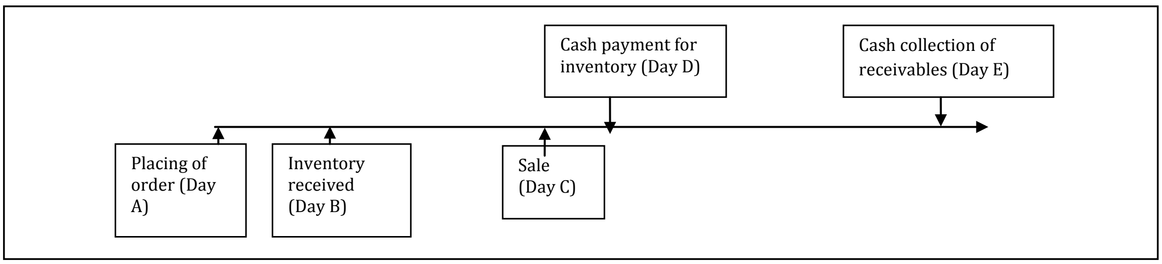
Sunday (2010) noted that small firms rely profoundly on credit facility from account payable to finance their operations. The study concludes that most small firms become insolvent and fail as they are often unsuccessful in accessing institutional financial assistance. Peel and Wilson (1996) noted that efficient working capital management is particularly important in small firms. A significant portion of SMEs' assets are in the form of current assets while current liabilities are the main source of external finance of these entities as these firms face considerable financial constraints (Whited, 1992; and Fazzari and Petersen, 1993) and difficulties in obtaining long-term finance (Petersen and Rajan, 1997). On these lines it is noteworthy to delve on the crucial issues of working capital management of small firms.

Working capital cycle

Working capital is defined as the excess of current assets over current liabilities and its management refers to the management of the components of current assets and currents liabilities. Working capital of an organization is defined either from the static view point or the dynamic view point. The former refers to the excess of current assets over the current liabilities at a particular point in time whereas the other considers requirements of short term assets for daily requirements yielding the concept of working capital cycle. The length of this cycle depends primarily on the type of product. For example, in grocery business this cycle is very small; few days. While in automobile dealership the cycle is longer.

The owner-manager of small business should clearly identify the working capital cycle and manage the cycle to suit the business needs. He should also be able to estimate the size of investments and its timing, as well. The working cycle time line, shown in Fig 1, is an important issue for understanding the size and timing of working capital.

Fig 1: Working Capital Time Line[4]



A hypothetical working capital cycle is considered in Fig: 1. Various phases of working capital cycle are shown in the figure. The significance of each point of time is emphasized as follows:

Day A: Ordering of inventory.

Day B: Inventory is received.

Day C: Credit sales.

Day D: Payment of accounts payable.

Day E: Collection of accounts receivable.

Period 1 (period between B to C) is the inventory conversion period where inventory is converted into finished goods. There is no significant investment in inventory during this period as the inventory is purchased on credit, resulting short term financing of short term assets. Though cash is not realized on day C, on the day of credit sales but revenue is recognized on that date[5] while realization of cash takes place at a much later date (Day E). Thus period Day C to Day E is crucial as the profit earned during the period is not backed by cash. The period day D to Day E, alias cash conversion period, is of crucial importance as the firm has to arrange funds for investment in accounts receivable, the benefits of supplier financing being no longer available.

The cash conversion period needs to be truncated as it augments cash flow problem for the firm.

It is inferred that the owner-manager of a small business should endeavour to lengthen the period between day B and day D as during the period supplier financing is available and should make an effort to shorten the cash conversion period, as this involves investment of funds in accounts receivables. This cash conversion period represents critical time when the firm must find alternative source of financing (either own sources or long term debt) for survival.

Managing accounts receivable

The sum of all outstanding credits is shown in the balance sheet as one of the most important current asset; accounts receivable which is considered as the most important issue in managing cash. It is interesting to note that though extending credit facility to the customers is a marketing decision, primarily aimed at enhancing sales and does not affect firm's cash position, granting credit to customers delay the inflow of cash. It is a basic financial goal of every business to reduce the credit period offered to the customers but greater credit acts as a freebie in enhancing sales. Thus there is a trade off between profitability and liquidity. More credit acts as a sales enhancer which has positive effect on profitability but greater credit implies greater amount of accounts receivable which implies larger cash conversion period; more liquidity problem. Thus small business owner-managers are recommended to consider management of account receivable as a trade off between profitability issues and liquidity issues.

Accounts receivable financing is an important finance management technique for mitigating the liquidity problem arising due to longer cash conversion period, especially for small firms. As such, two types of accounts receivable financing are available. First, accounts receivable is pledged as collateral for a loan. Payments received from customers are forwarded to the lending institution for repayment of the loan. The second type is called factoring where a business sells its accounts receivable to a finance company. The finance company assumes the bad-debt risk associated with the receivables against fees. But in practice both the finance techniques has very limited use mainly because the small firms suffer from information opacity which reduces the scope of transaction with financial institutions.

Managing inventories

Inventory management is an important aspect of working capital management especially in small firms because of their vulnerability to fluctuation in the level of working capital. For small businesses, an efficient inventory management is a vital component of success and survival (Peel and Wilson, 1996). Inventory management in small firms must be designed to minimize inventory carrying cost and processing costs. The practices should be emphasized which minimizes average inventory, releasing funds for more effective use. But the minimum level of inventory must be such designed that the desired production schedule is not hindered. Trimming excess inventory, releases cash and thereby reduces the pressure on liquidity of a small business. The process of trimming would be facilitated through computerization of the inventory management process. Computerization of the process also helps detect 'slow movers'[6] .

Often small firms suffer stock piles. They tend to overbuy inventory. This happens as owner-managers overestimate demand or personalization of the business–customer relationship instigates the owner-manager to stock everything customers want. Owner-managers must exercise restraint stockpiling. Uncontrolled stockpiling increase inventory carrying costs and results in unnecessary blockage of funds.

Managing accounts payable

Accounts payable management is an important component of cash flow management. Payment for purchase of inventory reduces cash instantaneously. Thus there is immediate depletion of cash position of the small business. Account payables are legal obligations which can be paid at various points of time and also the terms of payment can be renegotiated. Therefore, financial management of accounts payable hinges on renegotiation and timing. In emergent situations arising out of excessive liquidity pressures, owner-manager may be required to renegotiate the terms of credit with the suppliers of inventory. Almost all owner-manager attempt the simple financial management technique of 'buy now, pay later' which enables them to utilise credit offered by the suppliers of inventory as short term finance. Payment, therefore, should be delayed as long as acceptable under the agreement.

Generally settlement of accounts payable involves payment terms that include a cash discount. Credit terms of 3/10, net 30 offers a 3 percent cash discount if payment is made within 10 days from the date of invoice. If settlement is made during 11th to 30th day no discount is allowed. In Fig: 2 the settlement costs over the credit period of 30 days are shown. Note that for a purchase worth `20,000, a settlement of only `19,400 is required if payment is made within the first 10 days (cash discount of 3% on `20000). Between day 11 and day 30, the full settlement of `20,000 is required. After the stipulated 30 days, the settlement cost may exceed the original amount as late-payment fees are added. The timing question then becomes "Should the account be paid on day 10 or day 30?" There is little reason to pay `19,400 on days 1 through 9, when the same amount will settle the account on day 10. Likewise, if payment is to be made after day 10, it makes sense to wait until day 30 to pay `20,000. By paying on the last day of the discount period, the buyer saves the amount of the discount offered. The other alternative of paying on day 30 allows the buyer to use the seller's money for an additional 20 days by forgoing the discount. Fig: 2 show that the owner-manager can use the seller's ₹19,400 for 20 days at a cost of ₹600.

Fig 2: Costs for various settlement plans

Date of payment (days after invoice date)	Settlement Costs for a ₹20,000 Purchase
Days 1 through 10	₹19400
Days 11 through 30	₹20000
Day 31 and thereafter	₹20000 + possible late penalty + deterioration in credit rating

Source: self compiled

Thus the hypothetical owner-manager is confronted with a financial decision which has significant financial implication for the firm. For the purpose the calculation of percentage annual interest rate would be crucial. Percentage annual interest rate can be calculated as follows:

Percentage annual interest rate

$$\frac{\text{(Days in year)}}{\text{(Net period-Cash Discount period)}} \times \frac{\text{(Cash Discount (\%))}}{\text{(100 \%-Cash discount (\%))}}$$

$$= \frac{365}{(30-10)} \times \frac{(-3\ \%)}{(100\ \%-3\ \%)}$$

$$= 18.25 \times 0.030928$$

$$= 0.564 = 56.4\%$$

If the owner-manager opts to delay payment and forego the discount he is actually making a financing decision of utilising the supplier's money. Calculation of percentage annual interest rate helps the owner-manager to make this particular financing decision. The percentage annual interest rate is the rate of using supplier's money (delaying payment of accounts payable and forgoing discount) considered in annual terms. In the above example the percentage annual interest rate, calculated at 56.4%, implies that the rate of interest (annually) payable for short term financing (delaying payment of creditors and foregoing discount) is much higher. Thus the owner-manager would be making a better financial decision by making payment on day 10. That entails the firm to benefit from the cash discount as well use the supplier's money during the period day 0 to day 9.

Cash flow management

Keith Lowe[7] opines "The amount of attention you pay to cash flow can literally mean the difference between life and death of your company". Cash flow management is the core of working capital management. The uneven nature (timing) of cash inflows and cash outflows makes it imperative that a business, at any point of time, can become cash poor though it remains profitable. Thus it is crucial that cash flows are appropriately understood and managed.

In analysing cash flows of a business the distinction between revenue and receipts is of utmost importance. Though revenue is recognised and recorded at the time of sale cash inflows does not arise unless sales are made on cash. Cash receipts, on the other hand, are recorded when cash actually flows into the firm after considerable time after sales (which depends on the credit terms of sale). Similarly, it is necessary to distinguish between expenses and disbursements. Expenses occur when materials, labour, or overheads are utilised in the production process. On the other disbursements for these expense occurs at a much later date when the payments are made. It is also imperative to note that though depreciation, is shown as an expense it does not result in outflow of cash. Alike depreciation there are many such expenses which are non-cash in nature. These items of expenditure reduce profits, but do not hinder cash flows. Thus there arise significant difference between cash flows and profits, it is absolutely essential that the entrepreneur develop a cash budget to anticipate when cash will enter and leave the business.

The cash budget is noted as the most important planning document in a small business for avoiding cash flow problems (Longenecker et al, 2008). Preparation of cash budget helps the owner-manager to identify idle funds of the firm.

Capital Budgeting Decisions

It has already been noted that assets of the enterprise are either short term (current asset) or long term (fixed asset). Now a discourse is undertaken which will help the owner-manager of a small enterprise to undertake the financial decision of acquiring fixed assets. It is important to note that there are certain interesting points of difference between small firms and large firms in this context. First, owner-managers of small firms balance wealth maximization (the goal of a firm in capital budgeting theory[8]) against other objectives—such as maintaining the independence of the business (Ang, 1991, Keasey and Watson, 1993)—when making investment decisions. Second, small firms lack the personnel resources of larger firms, and therefore may not have the time or the expertise to analyze projects in the same depth as larger firms (Ang, 1991). Finally, some small firms face capital constraints, making project liquidity a prime concern (Petersen and Rajan, 1994, and Danielson and Scott, 2004).

Capital budgeting theory suggests that the financial decision of acquiring long term financial assets depends on three realistic assumptions about 'rational' investor. One, it is reasonably assumed that the investor prefers more cash than less cash. Secondly, it is assumed that the investor prefers cash sooner rather than later and thirdly it is assumed that the investor is risk averse. Thus the basic assumption underlying the theory of capital budgeting is that the investor is a 'rational' man. But in case of financial decisions of small business, owner-managers are often influenced by personal preferences and intuition. Thus often it is found that the most efficient capital budgeting technique is not referred by the owner-manager of small business. But before undertaking discussion in this regard certain basic issues of capital budgeting techniques are discussed in the next few lines.

There are three major techniques for making capital budgeting decisions which are the accounting return on investment technique, the payback period technique and the discounted cash flow technique which uses either present value or internal rate of return. The basic premises of all the above mentioned techniques are comparison of returns from investment against the cost of such. However the specific issues embedded in each of the 0techniques are as follows:

Accounting rate of return (ARR): In this technique the accounting profit is divided by amount of investment to arrive at ARR which is compared with a cut off rate defined by the financial manager to arrive at the capital investment decision. The main advantage of this technique is that the calculations are easy. But it suffers certain major weaknesses. First, it is based on accounting profits rather than on cash flows received. Thus it may possess severe problem for small firm owner-managers since the liquidity issues are more critical in small firms than profitability issues. Secondly, this technique ignores the time value of money as there is no provision of calculation of present value of return using discounting techniques. Thirdly the ARR of a particular investment has to be compared with a predetermined cut-off rate which depends on the whims of the owner-manager. Thus the whole issue of deciding on the evaluation of the investment in fixed asset depends on the personal preferences of the financial manager. In small firms this creates additional problems as intuition and personal preferences becomes the deciding factor for acceptance-rejection of a project.

In a study[9] conducted by the National Federation of Independent Business it was reported that 25.3% of owner-managers did not use any technique, rather depended on their 'gut feel', in making their fixed asset decision. Thus the contention that small firm owners use their intuition is proved. The next preferred capital budgeting technique in small firms is the pay back profitability. It is found in the study that 18.7% of the respondents preferred the pay back profitability because of its simplicity. The accounting rate of return (preferred by 13.6% of the respondents) scores better with small business owner-manager than discounting cash flow techniques (11.9% respondents use this technique). Other studies have also substantiated the hypothesis that small business owner-managers do not fancy theoretically sound financial methods. In this regard the very nature of small business acts as a hindrance for small business in using sophisticated discounted cash flow tools. In the next few lines some interesting observations are made regarding small business which may be considered as the main reason for the particular behaviour of small business owner-manager.

Small firm owner-managers consider the business as an extension of their lives—that is, business events affect them personally. The inverse also holds good. Thus personal issues of the entrepreneurs affect the financial decisions of the firm. The firm and the owner-managers are inseparable. Consequently the firm's financial decisions depend much on the personal characteristic of the owner-manager. Also non-financial variables play a significant part in the financial decisions of the firm. For example, the desire to be viewed as a respectable person of the community may be more important to owner-manager than the present value of a business decision.

Survival, rather than long-term planning, becomes priority for the small firm owner-managers under conditions of undercapitalization and liquidity problems which are customary features of a small business.

Accuracy of any capital budgeting techniques primarily depends on the forecast of cash flows during the lifetime of the asset. Since small firms suffer greater variability it becomes difficult to forecast cash flows accurately and calculating the cash flows for the entire life of the project is a futile exercise.

In small business the smaller size of projects may make NPV computations less feasible in practical sense. The time and expense required to analyse capital investments are generally the same, whether the project is large or small. Therefore, it is relatively more costly for a small firm to conduct such a study.

Information opacity may induce small firm to consider the market-value rule of maximizing NPV irrelevant. Estimating the cost of capital is also much more difficult for a small company.

The owner-manager of small business frequently has a technical background much opposed to business or finance orientation. The perspective of owner-manager is influenced greatly by their backgrounds.

The above mentioned characteristics of a small business and its owner have significant effect on the financial decision-making process of the firm. The result is often a short-term mind-set, caused partly by necessity and partly by choice. However, the owner of a small firm should make every effort to use discounted cash flow techniques and to be certain that contemplated investments will, in fact, provide returns that exceed the firm's cost of capital.

Section V: Observations and Conclusions

Welsh and white (1981) commented that 'small business is not a little big business'. The smallness in terms of employees, turnover and assets are not the only aspects that make a business 'small'. Certain atypical aspects of the small business craft the uniqueness of these entities. Non separation of ownership and management, the most identifying feature of small businesses, creates different set of agency theory problems. Since the owner-managers consider the business as extension of their lives, financial decision making is often dependant on intuition rather than on sound financial techniques. Thus proprietors' wealth maximization often becomes the primary objective of financial management in small business. Information opacity is another important characteristic of a small business which creates critical problem in financial decision making. In finance literature, the financial and managerial skill of small firm owner-managers has been questioned. With these aspects in view, the paper delves some recommendations regarding asset structure decisions of small firms.

Small firm owner-manager is advised to be careful about the cash conversion period. Moreover he has to keep an eye in truncating the cash conversion period. Small firm owner-manager has to balance between liquidity and profitability in managing accounts receivable. Extending the period of credit augments credit sales resulting in increased profitability but dampens the liquidity position. Thus owner-managers have to be more careful regarding account receivable financing. They are advised to trim down average inventory which will free funds for alternative usage. In respect to inventory management the owner-manager has to rope walk, as on one hand inventory needs to be trimmed down but in another production schedule must not be hampered. Computerization is advisable in inventory management which will assist the owner-manager in calculating the most economic average inventory. Stock piling is common in small business as relationship marketing often leads small owners to overbuy. This must be avoided. Accounts payable management technique pivots on renegotiation and timing. Owner-manager has to undertake renegotiation in case of emergent liquidity pressure but goodwill of the firm should not be compromised. Regarding timing of payments owner – mangers are advised to delay payments as far as practicable. Owner-managers follow simple policy of 'buy now pay later' but proper analysis of discount receivable for early payment vis-a-vis opportunity cost of the amount should be considered to evaluate the cost of the 'buy now pay later' policy. In cash flow management the owner – manager must be financially literate to distinguish between net cash flows and profit. For this purpose preparation of cash budget is must.

A lot said and advised, keeping in view the imperative role of small firms towards the economy it is the responsibility not only of the owner-manager but of the government as well to move towards a more efficient, effective and more importantly, sustainable financial management system of the 'unique' small firms. MA

(Endnotes)

[1]Indian Accounting Standard (AS 9) details the issue of revenue recognition on credit sales.

[2]'Slow movers' are items in inventory that are purchased, warehoused and essentially forgotten [source:www.idii.com/wp/dawson_inventory.pdf., accessed on December 3, 2014].

[3] Keith Lowe, "Managing Your Cash Flow" [source:http://www.entrepreneur.com/article/0,4621,295043,00.html, accessed on December 3, 2014]. Keith Lowe is the co-founder of Alabama Information Technology Association.

[4]Capital budgeting is the process of identifying and selecting investments in long-lived assets, or assets expected to produce benefits over more than one year.

[5]Willi am J. & Dennis, Jr. (ed.) (2003), The National Small Business Poll: Reinvesting in the Business, 3(3), NFIB Research Foundation, p. 13.

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FLAWS ON EXPORTERS (OPERATION SUCCESSFUL PATIENT DIED)

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After GST implementation, exporters have suffered a lot. Earlier there was no exemption on payment of IGST for EOU, Advance Authorisation Holder or EPCG Holder. All exporters were required to pay CGST + SGST / IGST for domestic purchases even when used for exports product. They were required to take the refund on refund of IGST paid on exports under Rule 96 of CGST Rules 2017. Lot of hue & cry was made by the exporters and thereafter GST Council has recommended to exempt the IGST on importation by EOU, Advance Authorisation Holder and EPCG Holder,

Supplies to the Merchant Exporters were required to pay 0.1% of IGST and exporters were entitled to claim refund of IGST claimed on exports under Rules 96 of CGST Rules 2017. Huge amount of duty which was locked in exports where gradually released through refund. Govt came out with the Circular No. 17/2017 dtd.15.11.2017 whereinmanual filing and processing of refund claims in respect of zero-rated supplies was implemented. Further Govt. also clarifies vide Circular No 78/2017 dtd. 13.10.2017, how to make the corrections in the documents already filed therefore refund of duty paid will be released. Further, Govt has issued the Circular No. 5/2018 Customs dtd. 23.02.2018 giving detailed procedure for releasing the refund which could not be given due to communication gap and understanding of the exporters.

However, the problems of exporters could not be solved but problems have been aggravated when rules 96 of CGST Rules 2017 amended retrospectively vide NotificationNo. 3/2018 C. Tax dtd. 23/01/2018.

It is important to highlight the impact of this notification amending the Rule 96. The wording of the amendment to Rule 96 is given below :

Quote:

(10) The persons claiming refund of integrated tax paid on exports of goods or services should not have received supplies on which the supplier has availed the benefit of the Government of India, Ministry of Finance, notification No. 48/2017-Central Tax dated the 18th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1305 (E) dated the 18th October, 2017 or notification No. 40/2017-Central Tax (Rate) 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1320 (E) dated the 23rd October, 2017 or notification No. 41/2017-Integrated Tax (Rate) dated the 23rd October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1321 (E) dated the 23rd October, 2017 or notification No. 78/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1272(E) dated the 13th October, 2017 or notification No. 79/2017-Customs dated the 13th October, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 1299 (E) dated the 13th October, 2017.";

Un Quote

It means, if any person who is receiving the supplies from any supplier who has claimed benefit under various notifications (once or number of times) as given below, then such person will not be entitled for claiming refund of IGST paid on exports.

Type of Supplier	Notification No.	Benefit
Supplier to Merchant Exporter	40/2017-Central Tax (Rate) 23rd October, 2017	Charging 0.5% of CGST & 0.5% of SGST
Supplier to Merchant Exporter	41/2017-Integrated Tax (Rate) dated the 23rd October, 2017	Charging 0.1% of IGST
EOU	78/2017-Customs dated the 13th October, 2017	Exemption of Basic Customs Duty as well as IGST
Advance Licence Holder & EPCG Holder	79/2017-Customs dated the 13th October, 2017	Exemption of Integrated Tax/Cess on import of goods under AA/EPCG. Schemes.

In other words, if any person who has receives the goods on or after 23rd October 2017 from EOU or Advance License Holder or EPCG Holder, then such person will never be able to claim IGST paid on exports. This is never the intention of the Govt. but wording of the notification has been so badly drafted. intention of change in law is mainly to make the provisions parallel with earlier laws like 25/2003 Excise dtd. 31.03.2003 as amended.

In view of the above following categories of the exporters will be deprived of the benefits of refund of IGST paid on exports.

EOU:

When EOU are importing the goods under the Notification No. 78/2017 Cus. dtd. 13.10.2017 following IGCRD Rules whereby, Basic Custom Duty and IGST is exempted and therefore EOU will not be entitled to pay IGST on exports and claim the refund under Rule 96. Albeit, there is no exemption to CGST + SGST / IGST when goods are supplied to EOU by domestic supplier. Therefore, EOU Unit will have to pay CGST + SGST / IGST on domestic procurement and claim the refund under Notification No. 48/2017 Central Tax dtd. 18.10.2017 or follow the procedure as given in the CGST Circular No. 14/2017 dtd. 06/11/2017 i.e. issue of Form A to domestic supplier & report consumption in Form B in line with Form A i.e. consumption of imported material and submit to Custom / IGST Officer.

We strongly advise that purchase of material from domestic supplier on payment of CGST + SGST / IGST and EOU to issue Form A to domestic supplier & report consumption in Form B. Kindly note, if option of claiming refund under deemed export category by EOU Supplier is obtained, still such EOU will not be entitled to claim IGST Refund even paid on its physical exports. If issuance of Form A to the supplier and report consumption of domestic material in Form B is not feasible then only alternate left for EOU to claim refund of input under Rule 89 of CGST Rules 2017. It is important to note, if any taxable person having one GSTN may have Domestic Unit, EOU Unit, Service Unit, etc. and if EOU Unit is importing the goods without payment of duty or procuring the domestic goods under Form A and claim the refund under Deemed Export, then all the units having the same GSTN will not be entitled to export the goods & services on payment of IGST under the claim of refund under Rule 96 of CGST Rules 2017.

Merchant Exporter:

Merchant exporter is entitled to procure the goods from his supplier on payment of 0.01% of CGST + SGST / IGST and Merchant exporter cannot claim refund of IGST paid on export of goods under Rule 96 of CGST Rules 2017. However, if Merchant Exporter is also engaged as manufacture exporters / service exporters and even standalone purchases has been made on payment of 0.01% of CGST + SGST / IGST then all the units under the same GSTN will not be entitled to claim the refund of IGST paid on exports under Rule 96 of CGST Rules 2017.

Suppliers of Supplies against Advance Authorisation / EPCG Authorization:

If any exporter is exporting the goods under Advance Authorisation Scheme / EPCG Scheme and obtain the advance release order from licensing authority and against such ARO and such supplies are received from domestic supplier, then the Advance Authorisation / EPCG holder receiving the goods against ARO / invalidation letter will not be entitled to avail refund of IGST paid on export of goods & services under Rule 96 of CGST Rules 2017. Further, any EPCG holder or Advance Authorisation holder for any goods imported or indigenously received against any Authorisation number cannot claim refund of IGST paid on export of goods under Rule 96 of CGST Rules 2017 any time. It is nothing but denial to the legitimate benefit to the exporters and liquidity loss to the exporters.

In view of the above, all exporters coming under above category will have to obtain the refund of accumulated credit under Rule 89 of CGST Rules 2017 and not on payment of IGST under the claim of refund under Rule 96 of CGST Rules 2017.

Any exports made on payment of IGST under the claim of refund during 23.10.2017 till date (since system is accepting), refund may be granted to you, but it will have to be repaid back on the same day. However, there is no system set up by the GSTN for payment of such liability of wrongly granting the refund or recredit the amount of IGST paid under the claim of refund but not granted.

Exporters will get relived only when following actions are taken with immediate effect and if the council takes the proactive steps and resolve the difficulties of exporters:

- Withdraw the amendment made vide Notification Number 3/2018 C. Tax dtd. 23/01/2018

- The amount transferred in TRAN-1 will be allowed to use for payment of IGST paid exports and refund to be granted

- Refund to be granted under Rule 89of CGST Rules 2017 without asking any input document and it should be sanctioned only on refund claim filed on common portal

If these suggestions are not implemented, exporter will have very bad days and will face the liquidity crunch. MA

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Eastern India Regional Council

The Institute of Cost Accountants of India-Bhubaneswar Chapter

The Chapter organized a workshop on 'Structuring Life for Senior Citizens of Bhubaneswar' in association with M/s TWARAN & AADHYA on 15th October 2017 at its premises specifically meant for senior citizens and other members of the Chapter. Mrs Anjana Tripathy, Nutritionist, Kalinga Hospital guided on "Nutrition for Senior Citizens", Dr. Brig. Basudev Routray, Urologists, Kalinga Hospital guided on "How to take care of life after 60", Dr. Col. Amiya Kumar Mohapatra, Neurologist guided on "How

care gives should look after senior citizens", Dr. R.K.S Mangesh Dash Co-Founder-TWARAN guided on "Positive approach towards life", Mr. Krupasindhu Sahoo, President, Senior Citizens Quorum highlighted about "Information about legal rights & Govt. Schemes for Senior Citizens", Mrs Preetam Kar, Head India Operation, TWARAN & Trustee of AADHYA addressed on "How AADHYA supports senior citizens", Miss Purnendu Patra, Trustee AADHYA guided on "About counseling of senior citizens". The Chapter observed the "Rashtriya Ekta Diwas (National Unity Day)" on October 31, 2017 at its premises in the memory of Late Sardar Vallabhbhai Patel with reference to the notification of the Institute. On the same day, the

Chapter observed the Vigilance Awareness Week and the Members of Managing Committee, Staffs and Students of the chapter wholeheartedly participated in the campaign. A Seminar on "Recent Changes in IND- AS & Challenges on its Implementation" had been organized by the Chapter on 8th November, 2017 at its premises. CA Harsh Narsinghani & CA Vishal Kulthia executives from M/s Deloitte Haskins & Sells were the resource persons on the occasion and addressed the participants in detail on the topic. On November 11, 2017 the chapter organized a Seminar on "GSTR TRAN -1 & TRAN -2" and CA Tarun Kr. Agrawalla, Partner, M/s T K Agrawalla & Co, Chartered Accountants were the Resource Person & CMA Santosh Kumar Sahu, CEO, FACOR Power Ltd was the Special Guest on the occasion. CA Tarun Agrawalla, Partner, T K Agrawalla & Co, Chartered Accountants delivered in detail about the “GSTR TRAN -1 & TRAN -2”. The chapter organized career counseling programmes on different dates of November 2017 at different colleges of Odisha. The Chapter observed the “National Armed Forces Flag Day” on December 7, 2017 at its premises. The Chapter on December 17, 2017 organized meeting among the faculties, teaching members and members of the managing committee to know the difficulties faced by faculties and students during imparting oral coaching. The Chapter organized a Practitioners meet on “Exposure Draft on CAS-4” held on January 13, 2018 at its premises. CMA Shyam Sundar Sonthalia, M/s S S Sonthalia & Co, Cost Accountants, was the resource persons on the occasion.

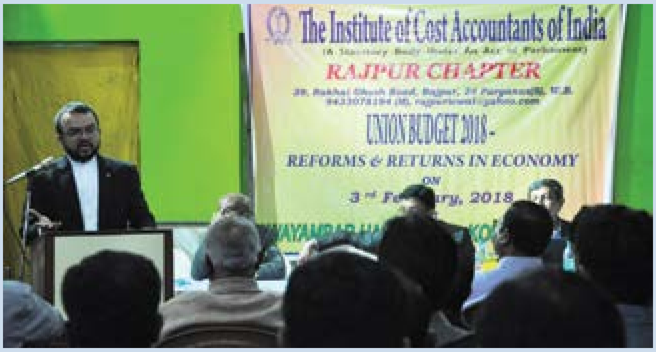
The Chapter organized a Seminar on “Implementation of Costing System in ERP Environment (With reference to Manufacturing Industry)” on January 14, 2018 at its premises. CMA Soumya Ranjan Singh, Dy. Manager Finance, CESU Ltd. was the Resource Person on the

occasion. The Chapter observed the 69th Republic Day at its premises. CMA Niranjan Mishra, Chairman, Taxation Committee & Council Member unfurled the National Flag as Chief Guest and advised the students about their roles and responsibilities to build a vibrant India. The Chapter and the Tax Research Department organized a National Seminar on GST on January 27 and January 28, 2018 on the theme “Goods and Services Tax-The Sustainability Imperative” at

KIIT Convention Center (Campus-6) , Bhubaneswar. The said 2-day National Seminar on GST was inaugurated by Shri Shashi Bhusan Behera, Hon’ble Cabinet Minister (Finance, Excise & PE), Govt. of Odisha. Chief Guest on the occasion, Shri Shashi Bhusan Behera, Hon’ble Cabinet Minister, Finance, Excise and Public Enterprises, Govt. of Odisha appreciated the organizing committee for arranging such the seminar and opined Cost and Management Accountants are one of the pillars of Govt. to regulate finance wings, Law and Taxation matter of the State and Country. Four Panel Discussions were held on various topics at Bhubaneswar and chaired by eminent dignitaries. A National Seminar was organized in collaboration with Utkal Chamber of Commerce (UCCI) and in association with the media partners such as Business Standard, The Samaj, Odisha Live and O TV at CMA Bhawan on 25th January,2018. CMA Niranjan Mishra, Council Member and Chairman, Taxation Committee & Conference Committee of the Institute extended valedictory address and conveyed thanks and gratitude to all the participants, members of the organizing committee. The Chapter has organized a Panel Discussion on Union Budget-2018-19 at its Premises on 4th February, 2018. Shri H. P.Nayak. IRAS, Director (Fin), OPGC Ltd., Bhubaneswar inaugurated and graced the event as “Chief Guest”. CA. A K Sabat, Founder & Sr. Partner of M/s A K Sabat & Co, Chartered Accountants and one of the experts on Budget Analyst at Odisha was the Resource person and deliberated in detail by giving lot of analytical data specifically impact on Union Budget on Direct Tax to the common people and Indian Economy as a whole. The Chapter organized a Career Counseling Program at Sri Baneswar Degree College, Bentapur, Balianta, Khurdha dated February 10, 2018.

The Institute of Cost Accountants of India-Rajpur Chapter

The Chapter organized a seminar on Union Budget 2018 on 3rd February 2018 on the theme "Union Budget 2018 - Reforms and Returns in Economy". Shri S.N. Das, secretary of the chapter explained on the theme in details. CMA Mrityunjay Acharjee, Sr. Vice President (Fin & Txn), Balmer Lawrie Limited highlighted the effect of budget proposals



on direct tax revenue vis-a-vis burden on the people and corporate. CA Vivek Mehta of Deloitte discussed the indirect tax matters linked with budget proposal. He also gave an overview of the budget on indirect revenue. CA Hemant Jajodia of Deloitte spoke on the indirect tax aspect and its effect on Customs Act in details.

The Institute of Cost Accountants of India-Rourkela Chapter

The Chapter conducted a seminar on 'Union Budget 2018-19' dated February 4, 2018 and during the inaugural session, chief guest was Shri Aswiny Kumar, CEO RSP and the guest of honours were Shri D N Kar, Principal commissioner of Income Tax, Sambalpur and Cuttack and CMA N Mishra, Chairman Taxation committee and CMA Bashir Masoudi, GM (F) and Chairman of the Chapter. In the panel discussion, Chairman was Shri D N Kar, Principal commissioner of Income Tax, Sambalpur and Cuttack and panelists were CMA M Acharjee, CMA N Swain and CMA Bashir Masoudi.

The Institute of Cost Accountants of India Talcher-Angul Chapter

The Chapter organized an Annual Seminar on GST on February 11, 2018 on the theme 'GST- A Growth Opportunity'. CMA K C Samal, Director (Finance), NALCO Ltd. graced the seminar as Chief Guest. CMA Niranjan Mishra, Council Member and Chairman, Taxation Committee of the Institute, Er. R K Mishra, Executive Director, S&P, NALCO Ltd and Chairman, India Institute of Metal, Nalco Nagar Chapter, Shri M G Brahmapurakar, General Manager, MCL, CMA Cheruvu Venkataramana, Secretary & Treasurer, ICAI-EIRC and CMA P K Chakrabarty, Chairman, ICAI-EIRC also graced the occasion. CMA Niranjan Mishra, highlighted the steps taken by the Tax Research Department of the Institute like conducting GST Seminar, Webinar, Introduction of Certificate Course on GST, Help Desk, Submission of Pre Memorandum

Budget & other suggestions to Govt. of India and many more steps for successful implementation of GST all over the country. Technical Session-I was chaired by Shri Ananda Kumar Satapathy, Additional Commissioner, State Taxes, Odisha , CA. Tarun Kumar Agrawal, Expert-Indirect Taxes, Bhubaneswar, CMA Shiba Prasad Padhi, GST Consultants, Bhubaneswar,CMA B K Dash, DGM(Fin), NALCO Ltd. CMA Sugyani Rath, Asst. Professor (Commerce), Govt. College (Autonomous), Angul delivered welcome address and CMA Rabi Kumar Sahu, Member of the chapter extended formal vote of thanks. The second technical session was chaired by CA. Dr. D N Panda, Former Judicial Member, CESTAT, Mumbai and moderated by CMA CS. Dr. Suresh Chandra Mohanty, Past President of the Institute and was continued further by the panelists CMA CA.Mrityunjay Acharjee, Sr. VP-Indirect Taxation, Balmer Lawrie & Co. Ltd., Kolkata, CMA CS. Niranjan Swain, Expert-Indirect Taxation, Bhubaneswar and Shri Subash Chandra Mohanty, Senior Standing Counsel, GST, Central Excise and Customs, High Court. CMA B K Das, DGM (Fin), NALCO Ltd and CMA Sugyani Rath, Asst. Professor (Commerce), Govt. College, Angul anchored the entire seminar nicely.

The Institute of Cost Accountants of India - Duliajan Chapter

The Chapter inaugurated their chapter office on January 18, 2018 and Director Finance, Oil India Ltd., Mrs. R. S. Borah inaugurated the Chapter office along with dignitaries from various other organizations, including IOCL, NEEPCO, BVFCL and AGCL.

Northern India Regional Council

The Institute of Cost Accountants of India -Jaipur Chapter

The Chapter organised Investors Awareness Programme on 21st January 2018 at B.S. Mehta Auditorium, OTS, JLN

Marg, Jaipur under the aegis of Investor Education and Protection Fund, Ministry of Corporate Affairs, Govt. of India. Chief Guest of the program was Shri Gumanmal Jain,

CFO, Mayur Uniquoters Ltd, Dr. Amol Shinde, Dy. ROC cum Dy. Official Liquidator was Guest of Honour. During this occasion, Shri Sunil Parnami, Head of Investment

Relationship, AU Small Finance Bank Ltd. and Shri Virendra Singh Rathore, Ex-Chairman, Press Club were also present as special guests. Key Speaker of First Technical Session was CA Pawan Sharma, Practicing Chartered Accountant and in the Second Technical Session, Key Speaker was CMA Dr. G.D. Rathod, Associate Dean-IBS, the ICFAI University. Both the speakers told about when to invest, where to

invest and how much to invest. The Chapter celebrated the 69th Republic Day Function on 26th January, 2018 at its premises. CMA Rakesh Yadav, chairman of the chapter hoisted the National Flag alongwith senior members. The Chapter organised a seminar on Union Budget 2018 on 3rd February, 2018. CMA Rakesh Yadav, Chairman and CMA S.L. Swami, Secretary of the Chapter welcomed all the Speakers and participants and briefed the Members about latest developments of the Chapter activities.

The Institute of Cost Accountants of India- Lucknow Chapter

The Chapter organized Flag Hosting Ceremony on the occasion of 69th Republic Day celebrations on 26th January, 2018 at CMA Bhawan. The Chapter organized a seminar on 'e-Way Bill' on 31st January, 2018 at CMA Bhawan. Chief Guest Shri Mudit Kumar, Dy.Commissioner, CST, speakers of seminar CMA Arpit Gupta & Advocate Dileep Kumar Srivastava, Chairman, LCCA CMA Vikas Srivastava and other committee members were present in the seminar. Speaker Advocate Dileep Kumar Srivastava told e-Way Bill can be generated on the e-Way Bill portal. On December 16, 2017 the chapter organized a seminar on GST- A Practical Applicability and its Mapping with Cost Audit. Chief Guest Shri Shakti Pratap Singh, Deputy Commissioner – GST State, Government of Uttar Pradesh and main speaker CMA Navneet Kumar Jain discussed about implementation of GST with reference to similar implementations in many more countries across world.

Southern India Regional Council

The Region organised a Professional Development Meeting on 21st November, 2017 at its premises on the topic 'Empowering CMAs Through Business Analytics'. CMA T. Mohan, CTO – Analytics, Accuracy, Singapore who was the Guest Speaker, made a Power Point Presentation on the

Role of Cost and Management Accountants in 'Business Analytics' which was well received by the members. A State Level Seminar on 'Impact and Impediments of GST'

was organised jointly by SIRC & Srimad Andavan Arts and Science College, Trichy in association with Ministry of Corporate Affairs, Govt. of India, on 9th December, 2017. Shri J. Ilango, IRS , Asst. Commissioner – GST, Trichy Region, Special Guest addressed on 'Practical Aspects of GST'. On 16th December, 2017, a comprehensive MoU was signed by SIRC and Dr. MGR University, Chennai by Chairman, SIRC and Registrar, Dr. MGR University in the presence of President , Dr. MGR University and all other senior officials. SIRC organised a Study Circle Meeting on 'Recent Amendments in Cost Audit' at its premises on 16th December, 2017. Madura College, Madurai organised an International Seminar on Business Analytics & GST on 28th December, 2017 under 'Investor Awareness Programme' in association with Ministry of Corporate Affairs, New Delhi. On 6th January, 2018, Ganapathisubramanian Memorial Fund Committee organised 12th S. Ganapathisubramanian Memorial Lecture at E Hotel, Chennai. The Guest Speaker Shri M.P. Vijay Kumar, Chief Financial Officer, Sify Technologies Ltd. addressed on 'Digitisation – Impact on Accounting and Assurance' which was well received by all the participants. On 7th January, 2018, the Tamil Nadu Youth Meet – 2018 was organised by Vikatan Group in association with SIRC at the Institute Premises. CMA H. Padmanabhan, Vice President and Dr. A. Mayil Murugan, Chairman, SIRC addressed the gathering regarding 'Cost Accountancy Course' and other Finance related Courses. SIRC celebrated the 69th Republic Day at its premises on 26th January, 2018. A Seminar on 'Business Analytics and Monetary Policy of India' was organised by Pondicherry Chapter in association with the Southern India Regional Council on 29th January, 2018 at Pondicherry University Campus, Puducherry. Shri M. Arun Prasad, I.C.L.S. Registrar of Companies, Pondicherry addressed the gathering on 'Capital Market Analysis'. The Post Graduate & Research Department of Commerce of Sri G.V.G. Visalakshi College of Women, Udumalpet organised a Seminar on 'Dynamic Monetary Policies – Impact on Investment' at its premises on 2nd February, 2018. The Programme was sponsored by Ministry of Corporate Affairs, SIRC and University Grants Commission. During the Seminar, Mrs. K. Vasanthi, Associate Professor, Dr. MGR Educational and Research Institute University, Chennai addressed on 'Capital Market Investment' and Shri B. Mohan, CEO, SAIMA Financial Planning, Coimbatore addressed on Wealth Maximisation. SIRC organised its Oral Coaching Inauguration Programme on 3th February, 2018 at its premises. Dr. J. Manjula, M.Sc., M.Phil., Ph.D., B.Ed., Director of Collegiate Education was the Chief Guest and highlighted that timely completion of this Course will pave the way for bright and excellent future. SIRC of the Institute organised a Professional Development Meeting on the topic 'Discussion on Union Budget – 2018' at its

Premises on 3rd February, 2018. The discussions were focused on Direct Tax, Indirect Tax and Representation on Planning for interlinking of rivers and agricultural development.

The Institute of Cost Accountants of India- Cochin Chapter

The Chapter in association with The Cochin Chamber of Commerce & Industry conducted "Annual Lecture on the Union Budget 2018 - 19", by Mr. Homi P. Ranina, Eminent Lawyer and Tax Consultant from Mumbai, on February 03, 2018. The key areas of focus of the budget presentation were on the issue of tax evasion in India in different sectors of the economy & the various steps to be taken up by the Government of India to promote the agricultural sector. The programme was opened by Mr. Shaji Varghese, President, Cochin Chamber of Commerce & Industry and CMA (Smt.) Pushpy B. Muricken, Chairperson of the chapter expressed vote of thanks. The Chapter organized a seminar on Labour Laws - Prudence & Compliance, IBC and E-Way Bill and Adv C. B. Mukundan, Adv. Little Treesa, Mr. Jose Martin, Deputy Director, ESI, Mr. Ebin Viswanath V.,Asst. Provident Fund Commissioner, Mr. Sasikumar S. K.,Data Processing Assistant etc were the moderators of the seminar. A session was inaugurated on January 6, 2018 at Silver Jubilee Hall of the chapter and CMA Sunil Chacko, CFO, CIAL ltd was the chief guest of the session. Career Awareness programmes were held on different dates of 2017 and 2018 at different colleges.

The Institute of Cost Accountants of India- Bangalore Chapter

The Chapter organized career counselling awareness programmes at different colleges of Bangalore from November 1, 2017 till January 31, 2018 and many eminent dignitaries attended the programme. On December 29, 2017, January 5, 2018 and January 12, 2018 three professional development meets on 'IPs Experience as IRP & RP', 'Presumptive Taxation & Practical Aspects' and 'Integrated Reporting-Emerging trend in Financial Reporting' were organized by the chapter. On December 21, 2017 Practitioner's Meet on Stock Audit & The Companies (Cost Records & Audit) amendment Rules, 2017 was organized by the chapter at its premises. A HR Subramanya Memorial Lecture on 'Insolvency & Bankruptcy code, 2016' was

organized on December 6, 2017 at its premises. The Institute interacted with Sri Ananth Kumar Hegde, Hon'ble Union Minister for Skill development & Entrepreneurship

and explained about the CAT Programme, at Mysore. CMA H S M Bhatta, chairman, CMA N R Kaushik, vice chairman, CMA Sreepada H R, secretary and CMA Vishwanath Bhatt, past chairman of the chapter were present in the programme. The Chapter organized a one day seminar on 'Energy Sector Reforms and Cost Management' and Sri D K Shivakumar, Hon'ble Minister for Energy, Government of Karnataka was the chief guest of the seminar.

The Institute of Cost Accountants of India-Coimbatore Chapter

The Chapter arranged a Students' Meet on 5th January, 2018. CMA H Padmanabhan, Vice President of the Institute, CMA Dr. Debaprosanna Nandy, Director, Research & Journal, Advanced Studies and Training, Placement & Counseling, CMA Dr. A. Mayil Murugan, Chairman, SIRC and Chapter Chairperson CMA Meena Ramji were present in the Meet. A PDP on 'New Opportunities for CMA Professionals' was held on 5th January, 2018 at the Chapter. The programme was chaired by the Vice President of the Institute, CMA H Padmanabhan. CMA Dr. Debaprosanna Nandy, Director, Research & Journal, Advanced Studies and Training, Placement & Counseling, CMA Dr. A. Mayil Murugan, Chairman, SIRC and Chapter Chairperson CMA Meena Ramji were also present in the programme. In connection with the launch of new Certificate Course on GST, Vice President of the Institute had a Press Meet on 6th January, 2018 at Coimbatore accompanied by Dr. Debaprosanna Nandy, Director - Research & Journal, Advanced Studies and Training, Placement & Counseling, CMA Dr. A. Mayil Murugan, Chairman, SIRC and Chapter Chairperson CMA Meena Ramji. The Chapter organised a CMA Course Awareness Program to commerce Teachers of higher secondary school in and around Coimbatore. Vice President of the Institute, CMA H Padmanabhan was the Chief Guest and SIRC Chairman was the Guest of Honour. CMA Dr. Debaprosanna Nandy, Director - Research & Journal, Advanced Studies and Training, Placement & Counseling and Chapter Chairperson were present in the programme.

The Institute of Cost Accountants of India- Trivandrum Chapter

The Chapter organized the first batch of the Certificate Course in GST inaugurated by Sri. Thyagarajababu B S., Deputy Commissioner of Excise, SGST, Government of Kerala, Thiruvananthapuram on February 17, 2018 at the CMA Hall of the Chapter. A Professional Development Programme had been conducted on Highlights of Union Budget 2018-19 at the CMA hall on February 18, 2018 presided over by the Chairman CMA Pramode Chandran P G . The session was handled by CMA B V Subramoniam, practicing cost accountant. The Chapter celebrated the 69th Republic Day on 26th January 2018.

The Institute of Cost Accountants of India -Tiruchirapalli Chapter

The Chapter on January 26, 2018 conducted a professional development programme on the theme "Business Analytics " on January 26, 2018 at the Chapter Conference Hall. CMA A. Mayil Murugan, Chairman, S I R C and also Associate Professor & HOD of Commerce, The Madura College were the resource persons of the programme. Resource Person CMA A. Mayil Murugan, dealt at length on the current business concepts. The Chapter celebrated 69th Republic Day with Flag hoisting by CMA A. Mayil Murugan, Chairman, S I R C and Associate Professor & HOD of Commerce, The Madura College.

Western India Regional Council

The Institute of Cost Accountants of India- Pimpri Chinchwad Akurdi Chapter

The Chapter conducted a seminar on 'Personal Finance & Tax Planning' on 13th January 2018 at CMA Bhawan. CMA Roven Pereira, CIMA (London) briefly focused on Mutual Fund. He said that a mutual fund is a trust that pools savings of a number of Investors who share a common financial goal. The Chapter conducted an inaugural function of oral coaching classes on 15th January 2018 at CMA Bhawan. Chief Guest Mr. Vinod Bansal, Managing Director, Jayashree Polymer Group, Pune and CMA Ashish Deshmukh, Past Chairman of the chapter were present in the programme.






The Institute of Cost Accountants of India- Kolhapur Sangli Chapter

The Chapter had organised a half day seminar on 'Insolvency & Bankruptcy code 2016- Scope and Opportunities for CMA Professionals' on 23rd December 2017 at its premises. The faculty for the seminar was CMA (Dr) A. G. Anikhindi. He explained the provisions of Insolvency & Bankruptcy Code 2016 in details and also presented scope and opportunities for CMAs under the code.

The Institute of Cost Accountants of India -Ahmedabad Chapter

The Chapter organized inauguration function of oral coaching classes at its premises on January 9, 2018. Chief Guest CMA Vinod Savalia complemented the students to join this valuable professional course in the era of global industrial competition. The Chapter conducted CEP Program on January 11, 2018 at its office on Draft Cost Accounting Standards CAS-4 revised 2017. On January 20, 2018 the Chapter organized CEP Program on "The companies (Cost Records and Audit) 2nd Amendment Rules 2017. The Chapter organized flag hoisting ceremony celebrating the 69th Republic Day of India and on January 29, 2018 the chapter conducted a CEP Program at its office on "GST E-Way Bill". CMA Malav Dalwadi submitted presentation on E-Way bill preparation under GST Act.

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA 75 Years 1944 - 2018

58th NATIONAL COST CONVENTION 2018

NEW INDIA 2022:

ROLE OF CMAs FROM INTENT TO ACTION

Chief Guest

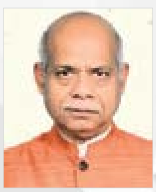
Shri M Venkaiah Naidu
Hon'ble Vice President of India

Guest of Honour

Shri Suresh Prabhu
Hon'ble Union Minister of Commerce & Industry

Shri Piyush Goyal
Hon'ble Union Minister of Railways & Coal

Shri P.P.Chaudhary
Hon'ble Union Minister of State for Law & Justice and Corporate Affairs



Shri Shiv Pratap Shukla
Hon'ble Minister of State for Finance

Shri Injeti Srinivas, IAS
Secretary, Ministry of Corporate Affairs
Govt. of India

MARCH 16-17, 2018

VIGYAN BHAWAN, NEW DELHI

Behind every successful business decision, there is always a CMA.

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WORK WITH INTEGRITY AND SUCCEED WITH INTEGRITY.

Dr. A. P. J Abdul Kalam
Former President of India

VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

MISSION STATEMENT

"The Cost and Management Accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

ABOUT THE INSTITUTE

The Institute of Cost Accountants of India is a statutory body set up under an Act of Parliament in the year 1959. The Institute as a part of its obligation, regulates the profession of Cost and Management Accountancy, enrols students for its courses, provides coaching facilities to the students, organizes professional development programmes for the members and undertakes research programmes in the field of Cost and Management Accountancy. The Institute pursues the vision of cost competiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants are increasingly contributing towards the management of scarce resources and apply strategic decisions. This has opened up further scope and tremendous opportunities for cost accountants in India and abroad.

After an amendment passed by Parliament of India, the Institute is now renamed as "The Institute of Cost Accountants of India" from "The Institute of Cost and Works Accountants of India". The Institute is the 2nd largest Cost & Management Accounting body in the world and the largest in Asia, having approximately 5,00,000 students and 70,000 members all over the globe. The Institution headquartered at Kolkata operates through four regional councils at Kolkata, Delhi, Mumbai and Chennai and 95 Chapters situated at important cities in the country as well as 9 Overseas Centres. It is under the administrative control of Ministry of Corporate Affairs, Government of India.

The Institute apart from being a member of International Federation of Accountants (IFAC), South-Asian Federation of Accountants (SAFA), Confederation of Asian & Pacific Accountants (CAPA), National Advisory Committee on Accounting Standards (NACAS), and National Foundation for Corporate Governance (NFCG) is also a member of Government Accounting Standards Advisory Board (GASAB).

58th National Cost Convention, 2018

MESSAGE OF THE PRESIDENT

It had been indeed a welcome move, rather a long awaited one when our Hon'ble Prime Minister of India Shri Narendra Modi explained his idea of "New India" and urged people earnestly to take vow for meeting the target by 2022, the need being to reinvent India as an Innovation Nation. Shri Modi emphasized that India becoming a world power will be unstoppable if the mission is successful. The idea is to create the opportunities for poor so as to enable them to chart their own course and help them rise above poverty. India, he said, should be looked upon as a hub for the opportunities for poor and that the dependence on charity to be done away with completely.

The vision was articulated last year in 2017 on the occasion of 70th Independence Day in the Prime Minister's speech from the Red Fort. Also, the Hon'ble President of India Shri Ram Nath Kovind made a mention of it in his address to public on the eve of Independence Day. Now that we are in the year 2018, the country is already witnessing positive indications in this direction. A few of these being the improvement in World Bank ranking by 30 places from 130 in 2017 to 100 in 2018, India emerging as the fastest growing major economy according to CSO/ IMF, implementation of Goods and Services Tax (GST), introduction of the Insolvency and Bankruptcy Code–2016, Valuation Norms prescribed by the Companies Act-2013 and rising awareness about Forensic Audit for risk management.

The above developments act as an impetus for us all who have faith in ourselves and believe firmly in meeting the ends with constant perseverance leaving no stone unturned till the objective is fulfilled.

Another aim that the Government is envisaging is on materialising the concept of "One Nation – One Election". As such the nation is moving towards the federal structure with the implementation of GST that has made "One Nation – One Market" a reality.

It is not only from the standpoint of the commercial parlance that India is progressing fast, but technologically speaking, the country commands a good standing world-wide. In the Year 2017, ISRO achieved another milestone by launching 104 satellites from a single rocket.

We, at the institute and the CMA fraternity are committed to support the Government and its initiatives and I am very glad that the theme of the National Cost Convention is well aligned for that matter. I am sure that the deliberations during this two-day convention will be catering to the needs of all the participants and that there will be takeaway for one and all from the convention.

CMA SANJAY GUPTA
PRESIDENT

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MESSAGE FROM THE CHAIRMAN

"Less Time, More Work"
"Less Talk, More Action"

CMA H. Padmanabhan
Vice President

Dear Friend,

This gives us immense pleasure to inform you that the Institute of Cost Accountants of India is organizing its 58th National Cost Convention (NCC – 2018) on 16 – 17 March, 2018 at Vigyan Bhawan, New Delhi on the theme "New India 2022: Role of CMA from Intent to Action". The Convention aims to address emerging issues of economy with thought-provoking deliberations of eminent resource persons and domain experts.

We earnestly request all the members, students and officials of the Institute, representatives from corporate and media houses and other stakeholders to participate in the Convention in a large way to make it a grand success. We also like to request our professional colleagues from the Chapters and Regions to actively participate for the overall success of the Convention.

Varied topics would be discussed by eminent experts, top-notch bureaucrats, policy makers and dignitaries from industry, academia and professional bodies. The take away for the participants will be enormous professional and technical wisdom. The participants will definitely be able to simulate and generate innovative ideas and knowledge inputs towards fulfillment of the vision of New India 2022.

We look forward to welcome you at the Convention venue and request your wholehearted support and co-operation to make NCC-2018 a memorable one.

Warm regards and Best Wishes,

"TOGETHER LET US AIM AHEAD"

CMA H. Padmanabhan
Chairman
NCC-2018

CMA Sunil Singh
Co-Chairman
NCC-2018

CMA Balwinder Singh
Convenor
NCC-2018

58th National Cost Convention, 2018

ABOUT THE THEME

NEW INDIA 2022: ROLE OF CMAs FROM INTENT TO ACTION

India has emerged as the fastest-growing major economy in the world as per the CSO and IMF and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's labour force is expected to touch 160-170 million by 2020, based on the rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to the study.

India has improved its ranking in the World Bank's Doing Business Report by 30 spots over its 2017 ranking and is ranked 100 among 190 countries in 2018 edition of the report. India's GDP is expected to reach US$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. India is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a BCG report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040.

The global manufacturer landscape has been evolving at a very fast pace. Existing dynamism and fierce competition in the global market space compel all players to maintain their products and services at a competitive price without compromising on the quality. CMAs with their acumen in managing costs and providing cost-effective business models, can be instrumental in ensuring cost competitiveness in Indian manufacturing companies by reducing wasteful activities & waste production, innovating and improving processes and systems to reduce 'avoidable costs' and attain quality standard of production; finally positioning the country as a low-cost hub of manufacturing quality products. Over the years, the CMA profession has strived relentlessly to promote the socio-economic development of the country. The CMAs are considered to be the powerhouse in the Indian economy as they are trained to be cost competitive, utilize available resources in an efficient and cost-effective manner through cost optimization, efficient deployment of scarce resources leading to cost control, cost reduction and cost consciousness. With our Professional expertise, we are dedicated to professional contribution in nation building, and to realise Vision New India 2022.

Various sessions of NCC-2018 will deliberate discussions on New India 2022: Role of CMAs and the imperative of providing cost competitive environment to encourage global players. This is the key to transform India to achieve the targeted economic growth, and to pull India's poor from poverty.

58th National Cost Convention, 2018

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TENTATIVE PROGRAM DETAILS

16th-17th March, 2018, Friday & Saturday

DAY - 1 & 2

Inaugural Session

Plenary Session
New India 2022: Role of CMAs from Intent to Action

Technical Sessions
Ease of Doing Business: Contribution of CMAs
Insolvency & Bankruptcy Code: CMAs Reviving Businesses
New India 2022: Vision of CMAs
Indian Railways: CMAs as Game Changer
Valuation: A New Perspective
Challenges in Doubling Indian Farmers' Income: Role of CMAs
Anti Profiteering: An Opportunity for CMAs

Cultural Program on Day 1

Convention Dinner on Day 1

PANEL DISCUSSION : CEO Speaks
Empowering India Inc Growth: 2018-2022
Strategy Trends to Transform India

Valedictory Session on Day 2

Venue VIGYAN BHAWAN, Maulana Azad Road, New Delhi - 110001

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MINING GREAT MINDS

Calmness in Chaos

A special talk by
Dr Mohit D Gupta
Professor of Cardiology, GB Pant Hospital

Hon'ble Justice Shri Sudhansu Jyoti Mukhopadhyaya
Chairperson of the National Company Law Appellate Tribunal

Mr. B.N Sharma, IAS
Chairman
National Anti-Profiteering Authority

Mr. M.S.Sahoo
Chairman
The Insolvency and Bankruptcy Board of India

CMA B.S.Bhalla, IAS
Joint Secretary
Ministry of Commerce and Industry

CMA Rajeev Mehrotra
CMD
RITES LTD

CMA Manoj Mishra
CMD
National Fertilizers Ltd.

CMA Upender Gupta
Commissioner
CBEC

Mr. Ajai Das Mehrotra
IRS, Chief-Commissioner
Income Tax

CMA Robin Banerjee
Managing Director
Caprihans India Ltd.

CMA Partha Basu
Global GPO
AkzoNobel NV (Amsterdam)

CMA Sanjay Jaju, IAS
Director (Finance)
NHIDCL

Sr. Adv. Amarjit Singh Chandhiok
President-INSOL India

Mrs. Simrit Kaur
Principal
Sri Ram College of Commerce
Delhi University

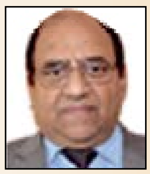
Mr. Brian McEnery
Global President
Association of Chartered Certified Accountants (London)

CMA Anil Chaudhary
Director (Finance)
Steel Authority of India Ltd.

CMA Vivekanand
Director (Finance)
ONGC VIDESH

CMA Ramesh Subramanyam
CFO
TATA Power Co. Ltd.

Mr. Rakesh Kumar
Director (Finance)
NLC India Ltd.



CMA Mahesh Kumar Mittal
Director (Finance)
NHPC Ltd.

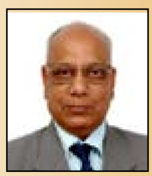
CMA Saikat Kumar
CEO
Almasah Capital Management Ltd. (Dubai)

CMA Mahendra Mehra
CFO - Jasmi's Corporation WLL (Bahrain)

Mr. Mohit Bhasin
Director
KPMG India

Mr.Y.V.S.Sravankumar
Executive Vice President
LARSEN & TOUBRO

Mr. Surender Kumar
Professor
Delhi School of Economics



CMA R Krishnamoorthy
Ex Member (Finance)
CERC

(*CONFIRMATIONS RECEIVED TILL FEBRUARY 24, 2018)

58th National Cost Convention, 2018

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REGISTRATION PROCEDURE

Participants

Cost and Management Accountants, Company Secretaries, Chartered Accountants, Legal Professionals, MBAs, Directors and other Senior Management Executives in the Corporate & Services Sector and other Professionals working in Costing, Financial, Management and Academic Disciplines would benefit from participating in the Convention.

Speakers

Eminent persons from the Government and Industry, including Professionals & Management Experts will address the delegates. There would be brainstorming interactive sessions.

Papers for Discussion

Members who wish to contribute papers for publication in the Souvenir are requested to send the same through e-mail (ncc2018@icmai.in) on or before 7th March, 2018. An honorarium of Rs. 2,500/- will be paid by the Institute for each paper selected by the screening committee for publication in the Souvenir.

Delegate Fee* (Non Residential)

Type of Delegate	Early bird (Discounted fee paid up to Feb 28th 2018)	Others (Delegate fee paid on or after March 1st 2018)
Corporate Delegates	₹ 4,500/- + 18% GST = ₹ 5,310/-	₹ 5,000/- + 18% GST = ₹ 5,900/-
Cost Accountants – in –Practice/ Self Sponsored Members	₹ 3,500/- + 18% GST = ₹ 4,130/-	₹ 4,000/- + 18% GST = ₹ 4,720/-
Accompanying Guest/Spouse	₹ 2,000/- + 18% GST = ₹ 2,360/-	₹ 2,000/- + 18% GST = ₹ 2,360/-
Students	₹ 1,500/- + 18% GST = ₹ 1,770/-	₹ 2,000/- + 18% GST = ₹ 2,360/-
Foreign Delegates	$ 250/-	$ 300/-

The Entire fee is payable in advance and is not refundable once the nomination / delegation fee is received.

CEP Hours

The members of The Institute of Cost Accountants of India will be given **8 CEP** hours for attending the Convention.

Delegate Registration

For more details, please visit the website - **www.icmai.in**

58th National Cost Convention, 2018

SPONSORSHIP & ADVERTISEMENT TARIFF

PLATINUM SPONSOR (₹ 10 Lacs)

- Prominent Display on the convention backdrop as Platinum Sponsor.
- Acknowledgment on National Conference website as Platinum Sponsor.
- Display as the Platinum Sponsor on the banners and signages.
- Full Page Colour Advertisement in the Convention Souvenir and ICMAI's Journal (March/April Edition)
- Sponsor Logo in delegate badges, cover page of the writing pad of Convention.
- Delegate Fee exemption for 10 delegates.

GOLD SPONSOR (₹ 5 Lacs)

- Prominent Display on the convention backdrop as Gold Sponsor.
- Acknowledgment on National Conference website as Gold Sponsor.
- Display as the Gold Sponsor on the banners and signages.
- Full Page Colour Advertisement in the Convention Souvenir and ICMAI's Journal (March/April Edition)
- Sponsor Logo in delegate badges, cover page of the writing pad of Convention.
- Delegate Fee exemption for 6 delegates.

SILVER SPONSOR (₹ 3 Lacs)

- Prominent Display on the convention backdrop as Silver Sponsor.
- Acknowledgment on National Conference website as Silver Sponsor.
- Full Page Colour Advertisement in the Convention Souvenir and ICMAI's Journal (March/April Edition)
- Display as the Silver Sponsor on the banners and signages.
- Delegate Fee exemption for 4 delegates.

SPONSOR FOR LUNCH/DINNER (₹ 3 Lacs)

- Prominent Display on the convention backdrop as Sponsor.
- Acknowledgment on National Conference website as Sponsor.
- Display at convention lunch/dinner.
- Full Page Colour Advertisement in the Convention Souvenir and ICMAI's Journal (March/April Edition)
- Delegate Fee exemption for 4 delegates.

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SPONSORSHIP & ADVERTISEMENT TARIFF

SPONSOR FOR CONVENTION KIT (₹ 2.5 Lacs)

- Prominent Display on the convention backdrop as Sponsor.
- Acknowledgment on National Conference website as Sponsor.
- Sponsor Logo printed on Convention Kit.
- Full Page Colour Advertisement in the Conference Souvenir.
- Delegate Fee exemption for 3 delegates.

OTHER SPONSORSHIPS AVENUES

Tea–Coffee Break (4 Qty)	₹ 1,00,000 each
Cultural Event	₹ 1,00,000/-
Mementoes	₹ 1,00,000/-
Others (Banner/Publicity Material)	₹ 75,000/-

ADVERTISEMENT TARIFF FOR SOUVENIR

Back Cover	₹ 1,50,000/-
Front/Back Cover Inside	₹ 1,00,000/-
Colour Full Page	₹ 75,000/-
Colour Half Page	₹ 50,000/-
Colour Quarter page	₹ 30,000/-

58th National Cost Convention, 2018

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UNIQUE SPONSORSHIP OPPORTUNITY FOR PCAs

Any Practicing Cost Accountant (PCA) / Practising Cost Accountant firm can give an advertisement in souvenir to be released at the NCC 2018. The advertisement shall be "With best compliments from (name of PCA firm, its address & contact details) shall be printed in that box". No others details (like various service offered or area of specialization etc.) about the firm shall be allowed.

One full page of souvenir is divided into four boxes of equal size .For each such box ,the advertisement tariff is ₹ 20,000/-. If any PCA/PCA firm is paying ₹ 30,000/-then size of advertisement is equivalent to two such boxes i.e half page and if any PCA/PCA firm is paying ₹ 45,000/- then size of advertisement is equivalent to four such boxes i.e. full page.

The PCA/PCA firm is allowed the following number of delegate(s) to attend 58th National Cost Convention without payment of delegate fee.

₹ 20,000/-	One Complimentary member can attend the Convention
₹ 30,000/-	Two Complimentary members can attend the Convention
₹ 45,000/-	Four Complimentary members can attend the Convention

58th National Cost Convention, 2018

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NCC 2018
COMMITTEES

CONVENTION COMMITTEE

Chief Patron
CMA Sanjay Gupta, President

Chairman
CMA H Padmanabhan, Vice President

Convener
CMA Balwinder Singh

Co-Chairman
CMA Sunil Singh, Chairman NIRC

Advisors: Past President
CMA JK Puri

CMA GB Rao

CMA DC Bajaj

CMA Chandra Wadhwa

CMA Rakesh Singh

Members
CMA Kailash Gandhi, Chairman WIRC

CMA Dr Mayil Murugan, Chairman SIRC

CMA Pranab Kumar Chakrabarty, Chairman EIRC

Chapter Representatives
CMA Vishnu Upadhyay, Chairman-Faridabad Chapter

CMA Saurabh Srivastava, Former Vice Chairman NIRC

CMA K.K.VYAS, Chairman- Jodhpur Chapter

CMA Arindam Goswami, Chairman-Raipur Chapter

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The Institute of Cost Accountants of India
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Advisory for Renewal of Certificate of Practice For 2018-19

The members of the Institute holding Certificate of Practice having validity up to 31st March, 2018 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4th February, 2011 published in the Gazette of India may be noted:
   a. The validity of a Certificate of Practice (COP) is for the period 1st April to 31st March every year unless it is cancelled under the provisions of the Cost and Works Accountants Act and Regulations, 1959 as amended.
   b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 and payment of renewal fee and annual membership fee.
   c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not beeing issued.
   d. However, the members concerned may download the renewal status from the Institute's website www.icmai.in.
2. It may please be noted that under Section 6 of the Cost and Works Accountants Act, 1959, both the **Annual Membership Fee *** and **Fee for Renewal of Certificate of Practice*** falls due on 1st April each year.
3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31st March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew his certificate within **31st March** every year.
4. **If the Certificate of Practice of a member is not renewed within 31st March, 2018, his/her status of COP from 1st April 2018 till the date of renewal would be "Not Active".**
5. Subject to what h a s b e e n mentioned in Sl. No. 4 above, a member can get his/her Certificate of Practice for 2018-19 renewed within **30th June**, 2018. If application for renewal of Certificate of Practice is made after 30th June 2018, the member's Certificate of Practice for 2018-19 will not

be renewed but will be considered as a case of fresh issuance with effective date being the date of the application or receipt of the prescribed fee * for Certificate of Practice, whichever is later.

6. It may please be noted that mere payment of fees * alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form M-3 is to be used for Renewal of Certificate of Practice duly filled in and signed is **mandatory**. The soft copy of prescribed Form M-3 for Renewal of Certificate of Practice can be downloaded from Institute's website www.icmai.in.
7. The Institute has introduced a scheme of Continuing Education Programme (CEP) and the same is mandatory in accordance with proviso to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959, as amended, whereby no Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such training.

   The detailed guidelines in this connection are available on Institute's website www.icmai.in.
8. **Other relevant issues for Renewal of Certificate of Practice are as follows:**
   a. Application for renewal of Certificate of Practice upto 31st March 2019 has to be made in prescribed **Form M-3** which may be filed online or through hard copy of form duly filled in and signed on both sides together with Renewal Certificate of Practice fee * of Rs.2,000/- and all other dues to the Institute on account of annual membership fees * and entrance fees *.

   b. The annual membership fee * for Associate and Fellow members are Rs.1,000/- and Rs.1,500/- respectively. The entrance fee * for Associate and Fellow members is Rs. 1,000/- each payable at a time at the time of application for admission to Associateship or advancement to Fellowship, as the case may be.

   c. The fees * may be paid online or by Demand Draft/Pay Order/at par cheque payable at Kolkata if remitted by post to the Headquarters of the Institute.

   d. Members should note that the **renewal of Certificate of Practice can be effected only after receipt of the prescribed fees * along with duly filled in form at the Headquarters of the**

Institute and on meeting the stipulated CEP credit hours. Mere submission of the same at the Regional Councils or Chapters will not be sufficient. Members are advised to make payment directly to the Headquarters or use the online facility of submission of application and payment to avoid any delay.

All practicing members are advised to send their application for renewal of Certificate of Practice for the year 2018-19 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata by 28th March 2018 to enable the Institute to issue the renewal of Certificate by 31st March, 2018.

***(GST is applicable against all types of fees to pay)**

<u>Renewal of Part-time Certificate of Practice</u>

1. For renewal of part-time Certificate of Practice, it is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practising member has undertaken any employment or there has been a change in employment:

   "Shri/Smt .... is employed as (designation) .... and (name of Organisation) .... he is permitted, notwithstanding anything contained in the terms of his employment, to engage himself in the practice of profession of Cost Accountancy in his spare time in addition to his regular salaried employment with us.

   Signature of Employers with seal of Organisation"

2. It may be noted that members holding Part-time Certificate of Practice (COP) are not eligible to undertake statutory assignments like Cost Audit, Central Excise Audit, Certification of Compliance Reports etc.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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EXAMINATION TIME TABLE & PROGRAMME – JUNE – 2018

FOUNDATION COURSE EXAMINATION

Day & Date	Foundation Course Examination Syllabus-2016 Time 2.00 p.m. to 5.00 p.m.
Monday, 11th June, 2018	Fundamentals of Economics & Management
Tuesday, 12th June, 2018	Fundamentals of Accounting
Wednesday, 13th June, 2018	Fundamentals of Laws & Ethics
Thursday, 14th June, 2018	Fundamentals of Business Mathematics & Statistics

Examination Fees

Foundation Course Examination	Inland Centres	` 1200/-
	Overseas Centres	US $ 60

1. **The Foundation Examination will be conducted in Offline, descriptive (Pen & Paper) mode only. Each paper will be of 100 marks and for 3 hours duration.**

2. Application Forms for Foundation Examination has to be filled up through online and fees will be accepted through online mode (including Payfee Module of IDBI Bank).

3. STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.

4. (a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card or Net banking.

   (b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.

5. **Last date for receipt of Examination Application Forms is 10th April, 2018.**

6. Examination Centres: Adipur-Kachchh(Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Ghaziabad, Guntur, Guwahati, Haridwar, Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Palakkad, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur,Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli,Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.

7. **A candidate who is completing all conditions for appearing the examination as per Regulation will only be allowed to appear for examination.**
8. **Probable date of publication of result: 23rd August, 2018.**

*** For any examination related query, please contact exam.helpdesk@icmai.in**

Arnab Chakraborty
Secretary (Acting)

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – JUNE 2018

	PROGRAMME FOR SYLLABUS 2016	
Day &Date	**Intermediate Time: 2.00 P.M. to 5.00 P.M.**	**Final Time: 2.00 P.M. to 5.00 P.M.**
Monday, 11th June, 2018	Financial Accounting	Corporate Laws & Compliance
Tuesday, 12th June, 2018	Laws & Ethics	Strategic Financial Management
Wednesday, 13th June, 2018	Direct Taxation	Strategic Cost Management – Decision Making
Thursday, 14th June, 2018	Cost Accounting	Direct Tax Laws and International Taxation
Friday, 15th June, 2018	Operations Management & Strategic Management	Corporate Financial Reporting
Saturday, 16th June, 2018	Cost & Management Accounting and Financial Management	Indirect Tax Laws & Practice
Sunday, 17th June, 2018	Indirect Taxation	Cost & Management Audit
Monday, 18th June, 2018	Company Accounts & Audit	Strategic Performance Management and Business Valuation

EXAMINATION FEES

Group (s)		**Final Examination**	**Intermediate Examination**
One Group	(Inland Centres) (Overseas Centres)	`1400/- US $ 100	`1200/- US $ 90
Two Groups	(Inland Centres) (Overseas Centres)	`2800/- US $ 100	`2400/- US $ 90

1. Application Forms for Intermediate and Final Examination has to be filled up through online only and fees will be accepted through online mode only (including Payfee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.

2. STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.

3. (a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card or Net banking.
(b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.

4. Last date for receipt of Examination Application Forms is 10th April, 2018.

5. The provisions of direct tax laws and indirect tax laws, as amended by the Finance Act, 2017, including notifications and circulars issued up to 30th November, 2017, are applicable for June 2018 term of examination for the Subjects Direct Taxation, Indirect Taxation (Intermediate) , Direct Tax laws and International Taxation and Indirect Tax laws & Practice (Final) under Syllabus 2016. The relevant assessment year is 2018-19. For Paper 11- Indirect Taxation(Intermediate), and Paper 18- Indirect Tax Laws &Practice(Final) please also refer to Notification dated Ref No GST/2/8/2017 dated 16 August 2017. Please also refer to http://icmai.in/upload/Students/Circulars/Relevant-Info-June2018.pdf. For revised contents and study materials please refer to http://icmai.in/studentswebsite/Syl-2016.php

6. Companies (Cost Records and Audit) Rules, 2014 as amended till 20th Dec 2017 is applicable for June 2018 examination for Paper 12- Company Accounts and Audit (Intermediate) and Paper 19-Cost and Management Audit (Final) under Syllabus 2016 for June 2018 term examination. Please also refer to http://icmai.in/upload/Students/Circulars/Relevant-Info-June2018.pdf

7. The provisions of the Companies Act 2013 are applicable for Paper 6- Laws and Ethics (Intermediate) and Paper 13- Corporate Laws and Compliance (Final) under Syllabus 2016 to the extent notified by the Government up to 31st December 2017 for June 2018 term of examination.

8. For Applicability of IND_AS and amended AS for paper 5 –Financial Accounting and Paper 12-Company Accounts and Audit(Intermediate) and Paper 17-Corporate Financial Reporting(Final) refer to relevant circular in website for June 2018 term examination. Please refer to http://icmai.in/studentswebsite/Syl-2016.php

9. Pension Fund Regulatory and Development Authority Act, 2013 is being included in Paper 6- Laws and Ethics(Intermediate) and Insolvency and Bankruptcy Code 2016 is being included in Paper 13- Corporate Laws and Compliance (Final) under Syllabus 2016 for June 2018 term of examination. For clarification visit our website www.icmai.in

10. Examination Centres: Adipur-Kachchh (Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur (Ganjam), Bhilai, Bhilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam,Erode, Faridabad, Ghaziabad, Guntur, Guwahati, Haridwar, Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Palakkad, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur,Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.

11. A candidate who is fulfilling all conditions specified for appearing in examination will only be allowed to appear for examination.

12. Probable date of publication of result: Inter & Final – 23rd August, 2018.

*** For any examination related query, please contact exam.helpdesk@icmai.in**

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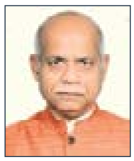

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