SPECIAL FOCUS INSIDE

"Growth of insurance is an opportunity for CMAs' PAGE 60


# the MANAGEMENT ACCOUNTANT

THE JOURNAL FOR CMAs

JUNE 2014 VOL 49 NO. 6 ₹100


# ETHICS OF ACCOUNTANTS

FINANCIAL REPORTING FRAUDS: CAUSES, CONSEQUENCES AND REMEDIES

FINANCIAL FRAUD PREVENTION TOOLS AND PROCEDURES

PROFESSIONAL ETHICS APPROACH TO CORPORATE GOVERNANCE

FRAUDS IN LIFE INSURANCE INDUSTRY IN INDIA: REASONS, IMPACT AND PREVENTION MECHANISMS


The Institute of Cost Accountants of India

(Statutory body under an Act of Parliament)

www.icmai.in

Editorial Office
CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road, Kolkata-700 025
Tel: +91 33 2454-0086/0087/0184
Fax: +91 33 2454-0063

Headquarters
CMA Bhawan, 12, Sudder Street
Kolkata 700 016
Tel: +91 33 2252-1031/34/35
Fax: +91 33 2252-7993/1026

Delhi Office
CMA Bhawan, 3, Institutional Area
Lodi Road, New Delhi-110003
Tel: +91 11 24622156, 24618645
Fax: +91 11 4358-3642

WEBSITE
www.icmai.in

# 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.

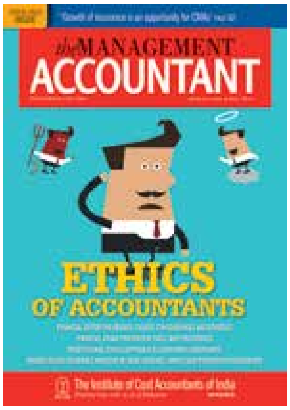
## VISION STATEMENT

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**




JUNE 2014 VOL 49 NO. 6 ₹100

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

**EDITOR**
**CMA Dr. Debaprosanna Nandy**
*editor@icmai.in*

**PRINTER & PUBLISHER**
**CMA Dr S C Mohanty**
*President, The Institute of Cost Accountants of India*
12 Sudder Street
Kolkata 700 016
and printed at
Hooghly Printing Co Ltd
(a Government of India Enterprise)

**EDITORIAL OFFICE**
CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road, Kolkata-700 025
Tel: +91 33 2454-0086/0087/0184
Fax: +91 33 2454-0063



## DISCLAIMER



## June 2014

# Inside

### COVER STORY

## *The Management Accountant* technical data

Periodicity: Monthly

Language: English

**Overall Size:** - 26.5cm x 19.5cm

**Screens:** up to 130

**Subscription**

Inland: ₹1,000 p.a. or ₹100 for a single copy

Overseas: US$150 for airmail or US$100 for surface mail

Concessional subscription rates for registered students of the Institute: ₹300 p.a. or ₹30 for a single copy

# FROM THE EDITOR'S DESK

**Greetings!**

Ethics is a branch of philosophy that provides criteria for evaluating right and wrong. It encompasses the examination of principles, values and norms, the consideration of available choices to make the right decision and the strength of character to act in accordance with the decision. Ethics are taught in accounting courses at higher education institutions as well as by companies training accountants and auditors.

Sometimes accountants' involvement with large corporate scandals in recent times reflects that they have not complied with the expected ethical standards. It is extremely important for accounting professionals to be ethical in their practices because public rely on the information provided by the accountant professionals and based on their information about companies, public make investment decisions. Ethical behavior is necessary in the accounting profession to prevent fraudulent activities and to maintain transparency so that the interest of the stakeholders is safeguarded.

## Code of ethics for professional accountants

A high standard of ethical behavior is expected from those who are engaged in a profession. These standards often are articulated in a code of ethics. The professional accounting bodies establish codes of ethics and integrity standards that their members must adhere to in their practice. These rules have been developed based on the 'principles of professional conduct', which form the basis for professional ethics. International Federation of Accountants (IFAC) has established the Ethics Standards Board for Accountants to develop and issue high quality ethical standards and other pronouncements for professional accountants for use around the world. This Code is in three parts. Part A establishes the fundamental principles for professional accountants and provides a conceptual framework for applying those principles. Parts B and C describe how the conceptual framework applies in certain situations.

The code of ethics of the IFAC includes the following fundamental principles:

a. *Integrity*: To be straightforward and honest in all professional and business relationships.

b. *Objectivity*: To not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

c. *Professional Competence and Due Care*: To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.

d. *Confidentiality*: To respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not to disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.

e. *Professional Behaviour*: To comply with relevant laws and regulations and avoid any action that discredits the profession.

Cost and Management Accountants have an obligation to provide services at the highest level of ethics possible. Ethics is an integral part of management accounting, and companies need to develop a code of ethics or conduct, to set the expected ethical behavior for an accountant.

This issue presents a good number of articles by distinguished authors on the 'Ethics of Accountants' the cover story theme of this issue and interview of industry stalwart. The new section, 'Letters to the Editor' that started a few issues ago, continues. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. 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 ROLE OF THE CFO HAS CHANGED DRAMATICALLY OVER THE PAST DECADE'

**CMA Dr. Suresh Chandra Mohanty**
President, The Institute of Cost Accountants of India

*Some will say this (glass of water) is half-full, some may say this is half-empty. I say it is half filled with water and half with air. I am optimistic by nature. It is in my DNA. – Narendra Modi, Hon'ble Prime Minister of India*

## My Dear Professional Colleagues,

On behalf of the Council of the Institute, CMA fraternity and on my personal behalf, I congratulate Hon'ble Shri Narendra Modi for taking charge as the 15th Prime Minister of India. The Institute appreciates the 10 Point Road Map given by Hon'ble Prime Minister to steer the economy on the path of inclusive growth. The Institute will place its action plan in line with the Road Map to ensure the contribution of the CMA fraternity towards achieving the developmental goals and long-term benefits of all the stakeholders.

"A professional must practice Fiscal Morality, Morality of Language and Physical Morality." the mantra of success given by Hon'ble Mr. Justice Dipak Misra, Judge, Supreme Court of India while addressing the CMAs on 19th May 2014 as the Chief Guest in the 56th Annual Day celebration at New Delhi. Mr. Justice Dipak Misra emphasized on Professional ethics and morality and urged that CMAs must offer cost effective advice to the stakeholders. CMAs have a key and significant role to play in today's highly competitive business world to develop competencies and to provide value addition through their professional services.

Ms. JM Shanti Sundharam, IRS, Chairperson, CBEC, Special Guest of the event stressed that ICAI has been playing a very important role in the Indian economy and CBEC relies on the Cost Accounting Standards released by the Institute in dealing with various cases. CMAs should strive to advise companies on becoming cost competitive for sustainable growth of economy. She acknowledged and appreciated the support of the Institute in competency building of the CBEC officers through training programs conducted at by the Institute at Lucknow, Ahmedabad and Chennai and few more to be organized at various locations. She also advised the CMAs to follow ethical practices in their guidance to the industries.

## 1st CMA CFO Awards

The Institute recognized the contribution of CMA-CFOs in form of an Award for the first time on the Foundation day. I am sure this will encourage the members of the Institute who have risen to the top positions in their respective organisations. Justice Dipak Misra gave away the 1stCMA CFO Awards of the Institute on 19th May 2014 to CMA Kulamani Biswal, Director (Finance), NTPC Ltd. in the Public Sector Manufacturing category, CMA HC Shah, Chief Financial Officer, Elcon Engineering Company Limited in Private Sector Manufacturing category and CMA Hariharan Iyer, Chief Financial Officer, Gujarat Pipavav Port Limited in Services Sector category.

## The CFO Summit

The Institute organized a CFO Summit on 19th May 2014 at New Delhi. I had the opportunity to deliver the welcome address in which I stated that the role of Chief Financial Officer has changed dramatically over the past decade. Besides managing accounting, working capital, inventory, capital expenditure and cost optimization, the CFOs are now being called upon to act as strategic resource and work towards sustainable growth. Corporate restructuring has become common to the corporate sector in order to grow and sur-

> "COST AND MANAGEMENT ACCOUNTANTS POSSESS THE EXPERTISE IN COST MANAGEMENT WHICH CAN DRIVE VALUE CREATION AND HELP DEVELOP SUSTAINABLE BUSINESSES FOR INCLUSIVE GROWTH

vive in the present ongoing corporate environment for increased efficiency and profitable growth. Cost and Management Accountants possess expertise in Cost Management which can drive value creation and help develop sustainable businesses for inclusive growth by enabling industry to offer quality goods and services at affordable prices. CFOs can lead the much needed business transformation through strategic use and application of their expertise to implement an effective Cost Management information system which will facilitate strategic decision making.

Shri Rajiv Takru, IAS, Revenue Secretary, Ministry of Finance, Government of India was the Chief Guest of the CFO summit stressed that the responsibility of the professionals is towards society and not for improving the bottom line of the company. He further added that all their functions should be in furtherance of the benefits to the society and proper cost estimate of the projects will help avoid NPAs. The professionals should exercise self-control, act professionally and always ensure correct reporting of information. A strong emphasis should be given to ethics which in India is unfortunately taken as akin to religion. The profession has to rise and start pointing out what is right and what is wrong.

### Release of publications of the Institute

During the inauguration session of the CFO Summit, the following publications of the Institute were released by the Chief Guest Shri Rajiv Takru, Chief Guest;

- Compendium of Cost Competitive Practices in India
- Research Study on Shareholding Pattern of Corporate Sector in India
- Cost Audit – Key to Sustainable Growth

The Technical Sessions during the summit elaborated the Role and Expectations of CFOs while preparing CFOs for Finance Leadership, redefining Management Accounting and Corporate Restructuring for Sustainability and Growth. The summit was a grand success.

### Meeting with Hon'ble Finance Minster

I had the opportunity to meet and congratulate Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Defence on 27th May 2014 along with Vice President and CMA Sanjay Gupta, CCM. I hope that under the professional expertise, rich experience and able leadership of the new minister, the CMA profession will achieve new heights and have multi-dimensional growth in the current challenging economic environment.

### Meeting with Secretary, Defence Production and Secretary, Mines, Govt. of India

I had the opportunity to meet Shri GC Pati, IAS, Secretary, Defence Production on 16th May 2014. During the discussions, it was apprised that Institute can assist the department in developing suitable costing modules and standards for Defence Production and procurement. Institute can also work out a design to develop and conduct customized Training Programs to enhance the skills of various Production Units.

I also met the Secretary, Mines and apprised him on the role of CMAs to strengthen the sector.

### Regional Cost Convention of WIRC

I attended the Regional Cost Convention of WIRC of the Institute on 10th and 11th May 2014 at Nashik. The theme of the convention was CMA Profession- Catalyst in Socio Economic Development. I addressed the delegates and said that CMAs can contribute to the social growth by bringing in efficiencies in delivery of health, education, banking, and other infrastructure services. Further, CMAs can help in ensuring desired outcomes of the various social schemes launched by the government through a robust monitoring system. CMAs can propagate impact investments i.e. investments made into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside a financial return.

### Meeting of GASAB

I attended the meeting of Government Accounting Standards Advisory Board (GASAB) on 7th May 2014 at New Delhi. The meeting was chaired by Smt. Revathy Iyer, Deputy Comptroller and Auditor General-Government Accounts & Chairperson- GASAB.

The process for recruitment of Secretary, CEO and Joint Director has been started by the Institute and expected to be completed by second week of July 2014.

*To apprise all the members about the activities / initiatives undertaken by the Departments/ Directorates of the Institute, I now present a brief summary of the activities.*

### Advanced Studies

The directorate of advanced studies is launching the Diploma Program in Business Valuation on 31stMay 2014. I am pleased to inform that 26 Members have registered for the course. For Diploma course in IS Audit and Control so far eight webinars were conducted. The last date for applying to the diploma programs in Internal Audit and the 2nd Batch of IS audit and Control has been extended till 15th June 2014.

### CPD Programmes

During the month, a webinar on 'Cost Reduction through Process Improvement – A Case Study of Financial BPO' was organized which was well received by the large number of CMAs. I am proud to inform that during the month, our Regional Councils and Chapters actively organized various programs, seminars and discussions for the members on the topics of professional relevance such as on Costing in Health Sector, Companies Act & Role of CMAs, Internal Audit, Notice under Show Cause Service Tax Provisions – Practical Aspects, Depreciation Under New Companies Act 2013 & its impact on Cost, Forex & CMA, Foreign Trade Policy & Companies Act 2013, Role of CMA's for Sustainable Growth, Project Accounting as per AS-7 and so on.

### Examination Directorate

The preparation for conducting June 2014 Intermediate and Final examination is going on. Next Foundation examination on online mode will be held in June. I urge the examinees to prepare meticulously for these examinations and wish them good luck.

### ICWAI MARF Programmes

The program on 'Recent Trends in Financial Management Including Companies Act, 2013' has been organized during 22-25 April 2014 at Mussoorie, Uttarakhand. The residential program on Service tax was organized during 27- 30th April 2014 at Mount Abu and well was attended by the officers from different organizations

### International Affairs

As informed in the previous communiqué, I attended the SAFA events at Islamabad during 2nd to 4th May 2014 along with CMA TCA Srinivasa Prasad and CMA DLS Sreshti, CCMs. The Institute of cost and Management Accountants of Pakistan (ICMAP), who were the host of the events, invited us for a meeting to discuss matters of mutual interest. We also met the High Commissioner of India. There were Committee Meetings, Board Meeting, SAFA Assembly and Regional Standards Setters Conference, which we attended. SAFA Best Presented Annual Reports award and SAARC Anniversary awards for Corporate Governance Disclosure were also organized during the events. The next SAFA Events are going to be held at Maldives during June 8 – 10, 2014. I will head the Institute delegation to Male to attend these events.

CAPA Board and committee meetings were organised by CA Srilanka at Negombo, Colombo during 22nd and 23rd May 2014. I attended the meetings along with Vice President, CMA Rakesh Singh, CMA Sanjay Gupta, CMA PV Bhattad, CCMs.

### Membership Department

The department is preparing a comprehensive database of members of the Institute and hosted a format on the website of the Institute. I urge all the members to favor with the format duly filled in to the Membership Department at the earliest. I am happy to share with you that during the month, 278 members have been admitted to the Associateship, 48 members have been advanced to the Fellowship, 2 members of IMA, USA and 03 members of IPA, Australia have been admitted to the Associateship of the Institute.

### Technical Directorate

The directorate compiled a Research Report on Shareholding Pattern of Corporate Sector in India and a brochure on Cost Audit- Key to Sustainable Growth and the same was released during CFO Summit held on 19thMay 2014. The Cost Accounting Standard - 22 on Manufacturing Cost has been approved by the Council and awaiting the recognition from CBE&C for recognition for release.

I wish prosperity and happiness to the students, members and their family on the occasion of Ganga Dassera and Rath yatra.

With warm regards,

**(CMA Dr. Suresh Chandra Mohanty)**
**1st June 2014**

the MANAGEMENT ACCOUNTANT
THE JOURNAL FOR CMAs
ISSN 0972-3528

# PAPERS INVITED

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

| Issue months | Themes | Subtopics |
|---|---|---|
| July 2014 | Government Accounting and Role of CMAs | • Government Accounting Processes and System<br>• Traditional methods Vs. Modern methods of government accounting.<br>• Government accounting and financial reporting<br>• Gap analysis of government accounting based on accounting standards<br>• Ethical considerations in government accounting<br>• The constitutional and financial responsibilities of principal government officers<br>• Professional opportunities for Cost and Management Accountants in government accounting |
| August 2014 | Cost Accounting Standards and its economic implications | • Mandatory Cost Accounting Standards and CASB<br>• CAS – a must for cost competitiveness<br>• CAS in manufacturing, mining and service sector<br>• Companies Act 2013 and CAS<br>• Challenges in implementing CAS – case studies<br>• Areas where new CASs can be formed / implemented |
| September 2014 | Forensic Accounting (FA) & Audit | • Definition, objectives and techniques<br>• FA in comparison to other accounting parameters<br>• FA – applicability and consequence in today's economy<br>• FA and Performance Evaluation<br>• Fraud Risk Management Strategy<br>• FA - an application of Techno-Management Accounting<br>• Fraud Triangle and examination |
| October 2014 | Urban Development and Economic growth | • Uniqueness of Municipal Accounting<br>• Urbanism & Consumption Amenities<br>• Rural-Urban continuum & environmental issues<br>• Financing urban infrastructure & town planning<br>• Performance Evaluation parameters of Urban Projects<br>• Project monitoring for sustainable growth<br>• Comparative Analysis of Urban Projects – India & Abroad |

**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.

**Directorate of Research, Innovation & Journal**
The Institute of Cost Accountants of India (Statutory body under an Act of Parliament)
CMA Bhawan, 4th Floor, 84 Harish Mukherjee Road, Kolkata - 700 025, India
Board: +91-33- 2454 0086 / 87 / 0184, Tel-Fax: +91-33- 2454 0063
www.icmai.in

# ICAI-CMA SNAPSHOTS






**1.** CMA Dr. S.C. Mohanty President, CMA Dr. A.S. Durga Prasad Vice President and CMA Sanjay Gupta Council Member met Shri Arun Jaitley, Hon'ble Finance Minister, Corporate Affairs Minister and Defence Minister on 27 May, 2014 in New Delhi.

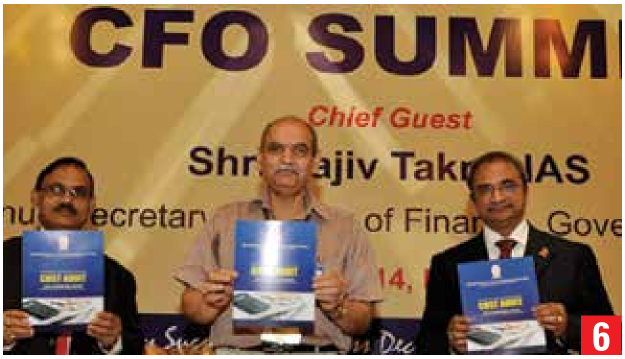
**2.** Shri R.K.Tyagi, Chairman, HAL felicitated CMA Dr. S C Mohanty, President of the Institute in the presence of CA Dr. A.K. Mishra, Director-Finance HAL in a function organized on 25 April 2014 at Nehru Auditorium, HAL Corporate Office, Bangalore.

**3.** CMA Dr. S. C. Mohanty, President, CMA Dr. A.S. Durga Prasad Vice President of the Institute with the Regional Council members and other officials at HAL.

**4.** CMA Amit Apte, Council Member & Chairman CAT lighting the lamp and inaugurating the Trainer's Training Program of ICAI-CAT-ASAP-Govt. of Kerala. CMA H Padmanabhan, Vice Chairman, SIRC, CMA T C A Srinivasa Prasad, Council Member, Sri. Madhusudhanan ASAP-Quality Govt. of Kerala and CMA Santhosh Kumar, Chairman, Cochin Chapter of Cost Accountants are also seen.

**5.** Shri Rajiv Takru, IAS, Revenue Secretary, Ministry of Finance, Government of India Inaugurating the CFO Summit by Lighting the Lamp along with CMA Dr. S.C. Mohanty, President and CMA Dr. A.S. Durga Prasad, Vice-President of the Institute

# ICAI-CMA SNAPSHOTS




6

7

8


9


10

11

12

**6 & 7.** Shri Rajiv Takru, IAS, Revenue Secretary, Ministry of Finance, Government of India along with CMA Dr. S.C. Mohanty, President and CMA Dr. A.S. Durga Prasad, Vice-President of the Institute during the release of publications at the CFO Summit.

**8.** CMA P. V. Bhattad, Council Member, representing the Institute attended the PSFMC meeting of CAPA held at Srilanka on May 22, 2014

**9.** CMA Dr. S.C. Mohanty, President, CMA Dr. A.S. Durga Prasad, Vice-President, the Council Members, Regional Council Members of the Institute and other dignitaries on the dais in the event of Regional Cost Convention, 2013-14 organized by the Southern India Regional Council during 18 and 19 April, 2014

**10.** CMA Dr. S C Mohanty, President, CMA TCA Srinivasa Prasad, CMA D L S Sreshti, Council Members of the Institute and other SAFA Board Members at the 32nd meeting of the SAFA Board at Islamabad, Pakistan on May 3, 2014

**11.** Felicitation of CMA Dr. S C Mohanty, President with bouquet & memento by CMA R B Kothari Chairman, Ahmedabad Chapter of the Institute where the president interacted with the Final qualified students and other members

**12.** CMA Dr. S.C. Mohanty, President, CMA DLS Sreshti and CMA TCA Srinivasa Prasad, Council Members with the officials of ICMAP at the Islamabad office

# ICAI-CMA SNAPSHOTS

13

14

15

16

17

18

**13.** CMA Dr. S.C. Mohanty, President, CMA DLS Sreshti and CMA TCA Srinivasa Prasad, Council Members of the Institute with Shri TCA Raghavan, the High Commissioner of India to Pakistan

**14.** CMA Dr. S C Mohanty, President, presenting a bouquet to Chief Guest Shri K.S. Pattanayak, IAS, Additional Chief Secretary, Home Department, Govt. of Karnataka and Chairman, Bangalore Development Authority at the Golden Jubilee Celebrations of Bangalore Chapter held on 26 April 2014. CMA Dr. A.S Durga Prasad, Vice President of the Institute is also seen.

**15.** Chief Guest Shri K.S. Pattanayak, IAS, Additional Chief Secretary, Home Department, Govt. of Karnataka and Chairman, Bangalore Development Authority at the inauguration of Golden Jubilee Celebrations of Bangalore Chapter held on 26 April 2014. CMA Dr. S C Mohanty, President, CMA Dr A.S Durga Prasad, Vice President and Regional Council Members of the Institute are also seen.

**16**. Shri Pramod Kumar, member QRB being welcomed to his first meeting by the Chairman and other members of Quality Review Board (QRB) on its 17th meeting in Kolkata office on May 30, 2014. Seen from left to right CMA V Kalyanaraman and CMA Kunal Banerjee, members QRB, CMA R S Sharma, Chairman QRB, Shri Pramod Kumar & Dr. Navrang Saini, members QRB and CMA A S Bagchi, Secretary QRB.

**17**. 17th Meeting of Quality Review Board (QRB) in progress in Kolkata office on May 30, 2014.

**18**. Presentation in progress at HAL. CMA Dr. S C Mohanty, President, CMA Dr. A S Durga Prasad, Vice-President and other dignitaries of HAL seen on the dais.

# ICAI-CMA SNAPSHOTS

## Glimpses of the CMA-CFO Award and Foundation Day function of the Institute





# LETTER TO THE EDITOR

As a member I am proud to see the fantastic change *The Management Accountant* has undergone over the year. It has reached the level of a world-class publication and would make any reader overwhelmed. Besides being very informative, it is also getting glossier. Book designing is one of the finest of the arts and the recent changes in the format that have been brought about is really appreciable. I congratulate you and your team for such efforts. We look forward for further development of the Journal in the years to come. Please keep it up.

**CMA K Paul, Chennai**

## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

**(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)**

CLARIFICATION

Ref. No: BOS/01-12/13-14 Dated: Kolkata, 18th December,2013

Clarification on applicability of Companies Act,2013 for CMA Examinations

In continuation with the earlier clarification reference no.BOS/01-08/13-14, which was already hosted in the website on 26th August,2013.

It is further clarified for general information that the provisions of "The Companies Act,2013" shall not be applicable for the CMA Intermediate and Final Course Examinations for June,2014 term of Examination.

Regarding applicability of the Companies Act,2013, for/from December 2014 CMA Examination, necessary communication would be intimated in due course.

All concerned are hereby requested to make a proper and wide publicity to meet the concern of stakeholders on this stated subject.

This issues with an approval of the competent authority.

**CMA Chiranjib Das**
**Secretary to the Board of Studies Committee**

## Obituary

Former President of our Institute CMA Gajanan Kashinath Abhyankar (G. K. Abhyankar) passed away on Saturday, 3rd May 2014 in Pune. CMA G. K. Abhyankar was the President of the Institute of Cost Accountants of India during the Silver Jubilee year of the Institute in 1969-70.

CMA G. K. Abhyankar was with Indian Defence Accounts Service (IDAS) in Delhi, retiring as Financial Advisor. He was a silver medalist at the Institute of Cost Accountants of India, having passed out in 1958.

CMA G. K. Abhyankar was conferred the 'Lifetime Achievement Award' by the former President of India Hon'ble A.P.J. Abdul Kalam in 2009, in recognition of his contribution to the profession of Cost & Management Accounting.

The Council, managing committee members of Regions & Chapters and Members of the Institute of Cost Accountants of India offer their condolences to Mrs. Sheela Phadke, the bereaved daughter of CMA Abhyankar in this hour of grief.

## Obituary

The Institute and its members deeply mourn the passing away of CMA Sanjeev Gawande, past vice chairman and past secretary of Bhopal Chapter of Cost Accountants, on April 23, 2014. He was a Finance Executive at Bharat Heavy Electricals Limited, Bhopal. He was closely associated with the Institute in the past decade. He was the secretary of the Bhopal Chapter of Cost Accountants for five years from 2007-08 to 2011-12. He was also the vice-chairman of the chapter for the year 2012-13. He was also the faculty for Direct Taxation and Cost Audit.

May his family have the courage and strength to overcome the loss.

## Obituary

The Institute and its members deeply mourn the passing away of CMA B. P. Dhanuka, fellow member and past president of the Institute of Company Secretaries of India, on March 1, 2014. He was President (Finance) & Company Secretary, Kanoria Chemicals & Industries Limited. After his retirement, he served as a Company Secretary in whole time practice. He had also been the President of Calcutta Chapter of The Institute of Internal Auditors in the year 1986. He had co-authored a number of books such as *Principles and Practice of payment of Bonus*; *Professional Tax in West Bengal*; *Hand Book on MRTP Act*; *SEBI Guidelines on Capital Markets*, etc. and wrote various articles on Corporate Laws which were published in the *Business Standard*; *Financial Express*; *Company Law Digest*; *The Management Accountant*; *Auditage*; and *Chartered Secretary*.

May his family have the courage and strength to overcome the loss.

# ECONOMY UPDATES

## Customs

• **Tariff Value in respect of some of the imported goods** – As per Notification No. 42/2014-CUSTOMS (N. T.) dated: 15th May 2014, CBEC amends principal notification no. 36/2001-Customs (N.T.), dated: 3rd August, 2001 (last amendment vide notification no.36/2014-Customs (N.T.), dated the 30th April, 2014) and fixes the tariff values specified in column (4) of the Table below, in respect of the im¬ported goods of the description specified in the corresponding entry in column (3) of the said Table and falling under Chapter or heading or sub-heading No. of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

**TABLE-1**

| Sl. No. | Chapter/ heading/ sub-heading/tariff item | Description of goods | Tariff value US $ (Per Metric Tonne) |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1 | 1511 10 00 | Crude Palm Oil | 905 |
| 2 | 1511 90 10 | RBD Palm Oil | 938 |
| 3 | 1511 90 90 | Others – Palm Oil | 922 |
| 4 | 1511 10 00 | Crude Palmolein | 946 |
| 5 | 1511 90 20 | RBD Palmolein | 949 |
| 6 | 1511 90 90 | Others – Palmolein | 948 |
| 7 | 1507 10 00 | Crude Soyabean Oil | 946 |
| 8 | 7404 00 22 | Brass Scrap (all grades) | 3891 |
| 9 | 1207 91 00 | Poppy seeds | 3255 |

**TABLE-2**

| Sl. No. | Chapter/ heading/ sub-heading/tariff item | Description of goods | Tariff value (US $) |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1 | 71 or 98 | Gold, in any form, in respect of which the benefit of entries at serial number 321 and 323 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed | 424 per 10 grams |
| 2 | 71 or 98 | Silver, in any form, in respect of which the benefit of entries at serial number 322 and 324 of the Notification No. 12/2012-Customs dated 17.03.2012 is availed | 650 per kilogram |

**TABLE-3**

| Sl. No. | Chapter/ heading/ sub-heading/tariff item | Description of goods | Tariff value (US $ Per Metric Tons ) |
|---|---|---|---|
| (1) | (2) | (3) | (4) |
| 1 | 080280 | Areca nuts | 1908 |

• **Anti-Dumping Duty**

▪ Levy of definitive anti-dumping duty on imports of Methylene Chloride, originating in or exported from the European Union, United States of America and Korea RP for a period of five years from the date of imposition of the provisional anti-dumping duty, that is, 21st October, 2013 vide notification no. 24/2014-Cus (ADD), dt. 21-05-2014.

▪ Levy of provisional anti-dumping duty on imports of phenol, originating in or exported from Chinese Taipei and USA for a period of six months vide notification no. 23/2014-Cus (ADD), dt. 16-05-2014.

▪ As per notification no. 22/2014-Cus (ADD), dt. 16-05-2014, definitive anti-dumping duty is levied on imports of persulphates, originating in or exported from Taiwan, Turkey and USA for a period of five years.

## Central Excise

• **Classification of rice par-boiling**

**machinery** - The par-boiling machine and dryer are self-contained machines which are designed to be installed independently and which perform their respective functions independently. Therefore, though they may be installed in a rice mill to work in conjunction with the milling machinery, the par-boiling machine and dryer do not appear to satisfy the requirements of Section Note 3 to be called composite machines/multi-function machines meriting classification under CETH 8437. Further, par-boiling machinery does not constitute grain dampening machine as the end result of par-boiling of rice is reduction in the moisture of paddy. In view of the above, rice par-boiling machine and dryer would merit classification under CETH 8419 as per Note 2 to Chapter 84 vide Circular No. 982 / 06 / 2014 – CX, dated: 15.05.2014.

## SEBI

- Risk management framework for Foreign Portfolio Investors (FPI) under the SEBI (Foreign Portfolio Investors) Regulations, 2014 – *Circular No. CIR/MRD/DP/15/2014 dated: May 15, 2014.*
- Companies exclusively listed on Derecognized / Non-operational Stock Exchanges vide Circular No. *CIR/MRD/DSA/18/2014 dated: May 22, 2014.*
- Establishment of Connectivity with both depositories NSDL and CDSL – Companies eligible for shifting from Trade for Trade Settlement (TFTS) to Normal Rolling Settlement vide *Circular CIR/MRD/DP/ 16 /2014 dated: May 16, 2014.*

## BANKING

### • Interest Tax Act 1974 – Collection from borrowers

It is observed from the Supreme Court Order dated February 21, 2014 in Writ Petition (Civil) No.301 of 2005 that credit institutions which were in existence between October 1991 and March 1997 but were merged with another bank /financial institution prior to the date of the Supreme Court Order in April 2004 or merged subsequently, the transferee banks are liable to contribute to the extent of Rs.50 lakh each as also deposit the excess amount collected by way of rounding off the interest tax on the interest income on loans and advances by the transferor banks, to the Trust Fund.
*Source: RBI/2013-14/579, dated: May 5, 2014*

### • Levy of penal charges on non-maintenance of minimum balances in inoperative Accounts

In reference circular DBOD. Dir. BC. 53/ 13.10.00/ 2002-03 dated December 26, 2002 on 'Minimum Balance in Savings Bank Accounts' banks are advised to inform customers regarding the requirement of minimum balance in savings bank account and levy of penal charges for non-maintenance of the same at the time of opening the account in a transparent manner. Further, in terms of para 3 of our Circular DBOD. No. Leg. BC.35/09.07.005/2012-13 dated August 10, 2012 on 'Financial Inclusion- Access to Banking Services - Basic Savings Bank Deposit Accounts' it was advised to banks that no charge should be levied for non-operation/ activation of Basic Savings Bank Deposit Accounts (BSBDAs). It is advised that henceforth banks are not permitted to levy penal charges for non-maintenance of minimum balances in any inoperative account vide RBI/2013-14/580, dated: May 06, 2014.

### • Opening of Bank Accounts in the Names of Minors

A savings /fixed / recurring bank deposit account can be opened by a minor of any age through his/her natural or legally appointed guardian. Minors above the age of 10 years may be allowed to open and operate savings bank accounts independently, if they so desire. Banks may, however, keeping in

**Issuance and operation of prepaid payment instruments in India – consolidated revised policy guidelines**

| Existing provisions of Para 7.4 of Annex of Guidelines dated March 28, 2014 | Revised provisions of Para 7.4 of Annex of Guidelines dated March 28, 2014 |
|---|---|
| All persons authorized / approved to issue pre-paid payment instruments are permitted to cobrand such instruments with the name/logos of financial institution/Government Organization etc. for whose customers/beneficiaries such co-branded instruments are issued. The name of the issuer shall be visible prominently on the payment instrument. Banks/NBFCs/Other persons desirous of issuing such co-branded prepaid instruments may seek one time approval from Reserve Bank of India. | All persons authorized / approved to issue pre-paid payment instruments are permitted to cobrand such instruments with the name/logos of financial institution / Government Organization etc. for whose customers/beneficiaries such co-branded instruments are issued. The name of the issuer shall be visible prominently on the payment instrument. NBFCs/Other persons desirous of issuing such co-branded prepaid instruments may seek one time approval from Reserve Bank of India. However, banks have been granted general permission to issue rupee denominated co-branded prepaid instruments subject to the terms and conditions as mentioned in the circular RBI/2012-13/325 DBOD.No.FSD.BC. 67/24.01.019/ 2012-13 dated December 12, 2012. |

*Source: Circular No.RBI/2013-14/590, dated: May 13, 2014* view their risk management systems, fix limits in terms of age and amount up to which minors may be allowed to operate their deposit accounts independently. They can also decide, in their own discretion, as to what minimum documents are required for opening of accounts by minors. On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / legal guardian, fresh operating instructions and specimen signature of erstwhile minor should be obtained and kept on record for all operational purposes. UCBs are free to offer additional banking facilities like internet banking, ATM/ debit card, cheque book

*Source: RBI/2013-14/586, May 12, 2014*

**• Advance against Pledge of Gold/ Silver Ornaments**

As a prudential measure, it has now been decided to prescribe a Loan to Value (LTV) Ratio of not exceeding 75 per cent for UCBs' lending against gold jewellery (including bullet repayment loans against pledge of gold jewellery). Therefore, henceforth loans sanctioned by UCBs should not exceed 75 per cent of the value of gold ornaments and jewellery. In order to standardize the valuation and make it more transparent to the borrower, it has been decided that gold jewellery accepted as security/collateral will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by the India Bullion and Jewellers Association Ltd. [Formerly known as the Bombay Bullion Association Ltd. (BBA)]. If the gold is of purity less than 22 carats, the bank should translate the collateral into 22 carat and value the exact grams of the collateral. In other words, jewellery of lower purity of gold shall be valued proportionately.

*Source: RBI/2013-14/587, dated: May 12, 2014*

**• Customer Service in Regional Rural Banks**

Reserve Bank, as the regulator of Regional Rural Banks (RRBs), has been actively engaged from the very beginning in the review, examination and evaluation of customer service in RRBs by means of various guidelines issued from time to time to the RRBs. On review it is felt necessary to issue additional instructions to RRBs on other areas of customer service aligning with those issued to Scheduled Commercial Banks. These guidelines would be required to be complied by RRBs in addition to instructions already issued on Customer Service from time to time.

*Source: Circular No. RBI/2013-14/589, dated: May 12, 2014*

**• Need for Bank Branches / ATMs to be made accessible to persons with disabilities**

Banks are also to take appropriate steps, including providing of ramps at the entrance of the bank branches, wherever feasible, so that the persons with disabilities/wheel chair users can enter bank branches and conduct business without difficulty. Banks are advised to report the progress made in this regard periodically to their respective Customer Service Committee of the Board and ensure compliance. Further, it has come to our notice that some of the banks have not made at least one third of the new ATMs installed as talking ATMs with Braille keypads as advised vide circular referred to above. It is, therefore, reiterated that banks should make all new ATMs installed from July 1, 2014 as talking ATMs with Braille keypads. Banks should lay down a road map for converting all existing ATMs as talking ATMs with Braille keypads and the same may be reviewed from time to time by the Customer Service Committee of the Board.

*Source: Circular No. RBI/2013-14/598, May 21, 2014*

**• Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934 – Bharatiya Mahila Bank Limited**

It has been advice that the name of "Bharatiya Mahila Bank Limited" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DBOD.BP. No.15936/21.07.002/2013-14 dated March 25, 2014, published in the Gazette of India (Part III – Section 4) dated April 12, 2014.

*Source: Circular No. RBI/2013-14/599, May 21, 2014*

**• Import of Gold by Nominated Banks / Agencies / Entities**

The Government of India and Reserve Bank of India has been receiving representations from the jewelers, bullion dealers, AD banks, and trade bodies to rationalize the guidelines for import of gold. Taking into account such representations and in consultation with the Government of India, it has been decided to modify the guidelines for import of Gold by the nominated banks / agencies / entities vide

*Circular No. RBI/2013-14/600, May 21, 2014.*

**• CCTV Coverage of all cash handling operations in Currency Chests**

In order to ensure more safety, RBI vide Circular No. RBI/2013-14/602 dated: May 23, 2014 advised banks that coverage of CCTVs surveillance should also cover all cash operations in the vaults / strong rooms and other cash handling areas to identify any mischief / irregularity and also to the Memorandum on the procedure to be followed in connection with opening of the Currency Chests issued to the banks.

## INDIAN ECONOMY NEWS

**• April WPI inflation eases, but monsoon risk may spark higher prices**

Wholesale inflation eased in April helped by a moderation in food prices, but the threat of a below-average monsoon in coming months will fan price pressures that will compound challenges for an incoming government.

*Source: Reuters, 15 May 2014*

**• State banks to seek market funds on Modi growth hopes**

State banks plan to tap capital markets for billions of dollars after a new government takes office, executives and bankers say, betting on a revival in credit demand and giving them a chance to shore up battered balance sheets.

*Source: Reuters, 15 May 2014*

**• New government must wrestle with weak output, inflation**

India's ailing economy showed little sign of improvement on Monday, trapped in a spell of weak growth and high inflation when the country is on the cusp of political change that is widely expected to script an economic revival.

*Source: Reuters, 12 May 2014*

**• India needs to bring down inflation for sustainable growth: Rajan**

Reserve Bank of India Governor Raghuram Rajan said the country's inflation needs to come down in order to achieve sustainable growth, reiterating a stance he has held since he took charge at the bank.

*Source: Reuters, 09 May 2014*

**• RBI simplifies rules for rescheduling external commercial borrowings**

The Reserve Bank of India said it will allow banks to reschedule loans raised by companies through External Commercial Borrowings (ECBs) effective immediately.

*Source: Reuters, 09 May 2014*

**• RBI to issue guidelines for on-tap banking licences in FY15: deputy**

The Reserve Bank of India is likely to issue guidelines for issuance of "on-tap" bank licences in 2014/15, RBI Deputy R. Gandhi said on Thursday, a month after the central bank granted two preliminary licences to set up new banks.

*Source: Reuters, 08 May 2014*

***(For further details on these issues, please visit the Institute's website: www.icmai.in for the complete CMA E-Bulletin, June 2014, Vol 2, No. 6, in the 'Research and Publications' section.)***

**Directorate of Advanced Studies**
**Announcement of Diploma Programmes**

The Directorate of Advanced Studies takes pleasure in announcing advanced, state of the art specialized Diploma Programs.

The Companies Act 2013 has brought out newer challenges, hopes for all our Members, in the realms of Compliance, Internal audit and Valuation. To ensure the Capacity Building, the Directorate has announced the Diploma Programs for our members.

These Diploma Programs are conceived to suit the academic and professional interests of the members. These are being offered in a member friendly mode, are flexible, yet retaining the rigor of the Course. The following Diploma Programmes are being offered.

(i) Diploma in IS Audit and Control ( II Batch)

(ii) Diploma in Internal Audit

The key highlight of these courses is that they shall be delivered through web without any mandatory classroom teaching. Webinar classes for these courses shall be delivered by expert faculty available across the country.

The last date for applying for the above Diploma Courses has been extended till 15th June 2014 and the detailed brochure for the courses can be accessed at the web link: http://icmai.in/adv_studies.

The honorable members are requested to utilize this opportunity and to equip themselves with the latest developments in the fields of Audit and Valuation.

**CMA. Dr. P S S Murthy, Director** –Advanced Studies
E Mail: advstudies.murthy@icmai.in

## Attention, please!

We are in the process of updating certain details relating to your membership profile. Requesting you to kindly spare your precious time to fill in the details in the prescribed proforma which is uploaded under 'Members' section on the Institute website www.icmai.in The proforma, duly filled in, may be forwarded to membership.sanjoy@icmai.in

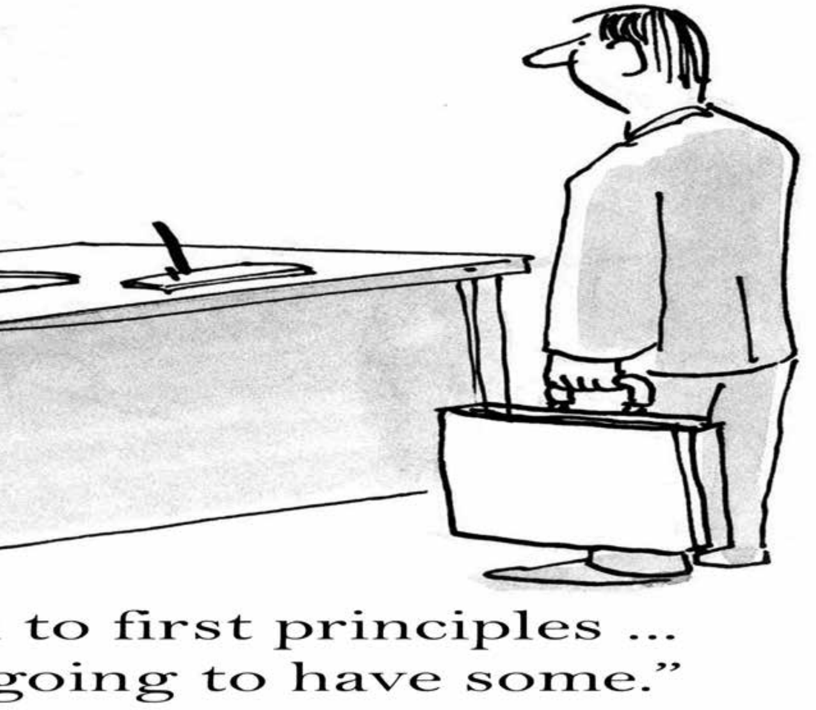
**Dr. Chaya R.**
Assistant Professor,
Karnataka State Open
University, Mysore

**Manjunatha J.K.**
Manager, State Bank
of Mysore, K.R. Pet,
Mysore


# PROFESSIONAL ETHICS APPROACH TO CORPORATE GOVERNANCE

The study found that the corporations that implement all the provisions of corporate governance have performed in terms of profits and employment generation

Corporate Governance refers to an economic, legal and institutional environment that allows companies to diversify, grow, restructure, exist and do everything necessary to maximize long-term shareholder value. Corporate Governance is the key to enhance the long-term value of the company for the benefits of shareholders and other stakeholders. The pillars on which the structure of corporate governance stands are Fairness and Accountability. Thus it becomes necessary for every organization to achieve high standards of corporate governance. When we talk of higher shareholder & stakeholder value, the concept of Corporate Governance hinges on total transparency, integrity and accountability of the management, which includes non-executive directors. It is a system of making manage-




ment accountable to shareholders for effective management in the interests of the company and also with adequate concern for ethics and values.

The corporate governance standards are generally established by the Board of Directors and it provides a structure within which directors and management can effectively pursue Company's objectives for the benefits of its shareholders. The big companies are the dominant in the wealth creation of society today, providing jobs and earning income, they are key influences on social cohesion through contributing the large portion towards GDP. Investors are increasingly concerned about the ethical behavior of those who run the companies. In the process of regular disclosures the directors and executives if behaved unethically reflects badly on the corporate sector. Today, the role of management is to create value and contribute to the betterment of society.The collective set of stakeholder interests entrusted to the governing board. A governance model that integrates the role of Board of directors and auditors in order to check the adherence of statements and actually activities carried out towards the betterment of the society.

## Management of professional ethics in corporate governance

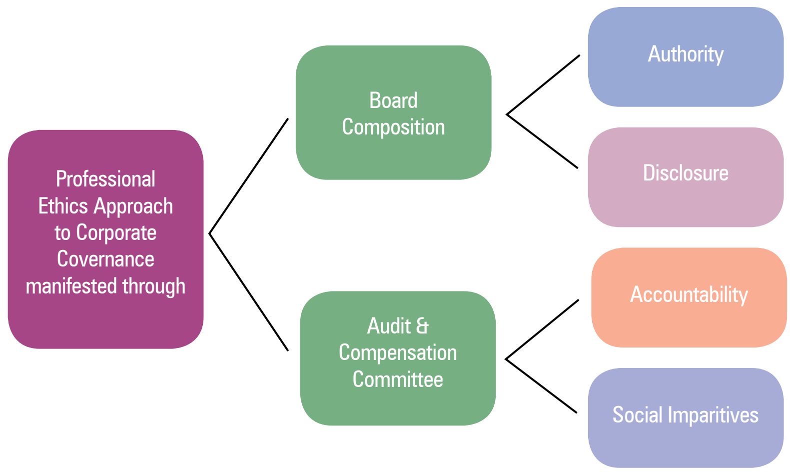
Managing professional ethics in Corporate Governance is a complicated task as all corporate may not be professionally managed. This position becomes further compounded when confronted with the manner of enforcement of code of good corporate practices. There is no scope for imposition of such code of the corporate from the above, but the need to evolve such a code by the corporate financial institutions themselves is nonetheless relevant and important for the future of corporate, major stock holders and lenders of finance, whose nominee directors are on the Boards of assisted concerns have a proactive role to play though Audit Committees in evolving a code for incorporate practices to suit needs and economic development. The difficult growth of modern business and emergence of corporate giants necessitate and require professionalized approach in governance and management of corporations. The changing global corporate scenario also highlights the good management owes are not effecting the organization culture but the mission, vision and creative approach of the top management are concerned for the greater extent.

Today, the success of an organization greatly depends on the management, intellectual assets, technology and information system, etc. Organizations have to be well structured and steered by professional managers. The structure of an organization must suit the mission and should aim at enhancing the commitment to optimize the resources. Thus, there is need for a value committed professional ethics in corporate governance for the organizations exemplify their potential for the common objectives of accomplishing the goal. In view of the global competition the organizations activities should be coupled with professional vision, commitment, objectivity, responsiveness and creative approach can add to the professionalization of Corporate Governance and Corporate Management.

Corporations are maintaining corporate account. The Auditors have been rotated frequently to ensure a fresh look by an audit firm. Corporations try to gets an expanded auditor statement in the Annual Report along with the ascertainment of financial statement to meet generally accepted accounting principles. Members should meet at least once in a quarter and each quarterly meeting generally include the discussion on business and finance updates. The Board reviews the Company's annual financial plan. On an ongoing basis during the year, the Board monitors the Company's performance against its annual financial plan. Stakeholders they are customers, employees, investors and regulators place a high premium on trust and that ethics and good governance are key in earning effort to provide a means to assess an organization's performance in an objective, consistent and standardized way.The information collected provides a comprehensive sampling of definitive criteria of core competencies, rather than all aspects of corporate governance, risk, sustainability, compliance and ethics.

The Code of Business Conduct and Ethics should describe the values and minimum standards for ethical business conduct. These values and standards govern employees interaction with clients, competitors, business partners, government, regulatory authorities, shareholders and as well as with other employees. The Code contains a voluntary commitment from the Management Board and the Group Executive Committee. It reflects core values and to keep up of promise to all stakeholders. In addition, it forms the keystone of policies which provide guidance on compliance with applicable laws and regulations.

**Figure 1**




*Source: Review of Literature*

| **Board Composition** | | |
|---|---|---|
| | **Authority** | **Disclosures** |
| Board Composition | Adequate number of Independent Directors at least one-third of Total,<br>1) Balancing the needs and requirements.<br>2) An overview of Directional and Operational Structure<br>3)Role, term and liability of directors,<br>4)Specifying the timeliness of risk mitigation,<br>5)Review compliance status for at least key compliances | 1)Higher degree of Transparency,<br>2)Policies and organization, management systems,<br>3) Financial Plan to monitor the company's performance<br>4) Management succession planning |
| Audit and Compensation | Accountability | Social Imperatives |
| | 1)Quality of Management<br>2)Monitor and guard against the risk of fraud<br>3)Review all cases of internal and external fraud related, Annual performance review,<br>4)Defines the clear Mission, Role and Scope of Internal Audit<br>5) No employee has been denied access to the Audit Committee in this regard. | 1) Technology would be accessible to the poorer and unprivileged,<br>2)Wealth created should be kept in Trust,<br>3) Concern for quality, complete satisfaction for all its stakeholders, |
| *Source: Review of Literature* | | |

## Need for corporate governance in organizations

Corporate Governance recognizes issues like maintaining continuity by succession planning, identifying opportunities available in the global market, facing global challenges and managing frequent changes within the business and allocation of resources towards the right priority. Maximizing shareholder wealth is the focal point of corporate governance. Corporate Governance should concentrate on the long term relationship with the managers and investors and it should ensure the effective transactional relationship by giving justification to authority and disclosure. The professional ethics approach in corporate governance is required to make corporate more effective in terms of value creation to organization and as well as to all its stakeholders. The corporations gets the many benefits by having the best practice of corporate governance and they are, profitability of the company can be increased year to year, customer loyalty can be maintained, it provide platform to have competitive advantage in the global market, the required capital can be raised quickly, easily and at the cheap rate, employee morale can be enhanced, company's sustainability will be possible and it can have the higher productivity.

Fredrich Neubauer and Ada Demb has identified the following are as a stakeholders in "The Legitimate Corporation", they are Shareholders who provides the funds, Employees, General public, Government, Customers and Suppliers. Hence, the reasonable measures has to be taken to protect the confidentiality of information about the company unless the disclosure of such information required by applicable law or regulation. As per the law company should maintain all records and reports, check the fairness, accuracy and also it should reflect reasonable the genuine of the source and application.

## Model recommended for the practice of governance

The model for Code of Corporate Governance has proposed to adopt in corporations. This will help companies to address the issues that are related to the composition and role of the board, the preferred level of authority required to disclose the activities carried out by the organization towards all stakeholders. The audit and compensation committee is also required to check the transparency in the prepared statement and provide accountability to shareholders and corporate ethics. This model is also includes the finer aspects of Corporate Governance like a societal imperatives. Corporations need to maintain good relationship with its investors and also concentrate on understanding the anticipations of diverse groups of investors and constantly communicate with them. Thus, the required broad framework to practice the corporate governance is shown in the **Figure 1.**

Figure 1 illustrates the means by which a business is governed ethically. The board composition is also most important to recognize and encourage positive behaviors and repeat business with the customers and need to undertake business in the right way. Companies are therefore need to draw few values, embed them with their employees and monitor that they do business according to guidelines, knowing they will be held responsible that if they do not. The values are espoused for integrity, honesty and openness. The Audit Committee of the Board provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements, assists the Board and also checking the company's accountability towards the corporate social responsibility through fulfilling the social imperatives.

Corporations are encouraged to spend their money to perform their time honored primary function of providing goods of consumption by manufacturing them and creating demand for the goods by paying wages, thus in effect creating a perpetually productive

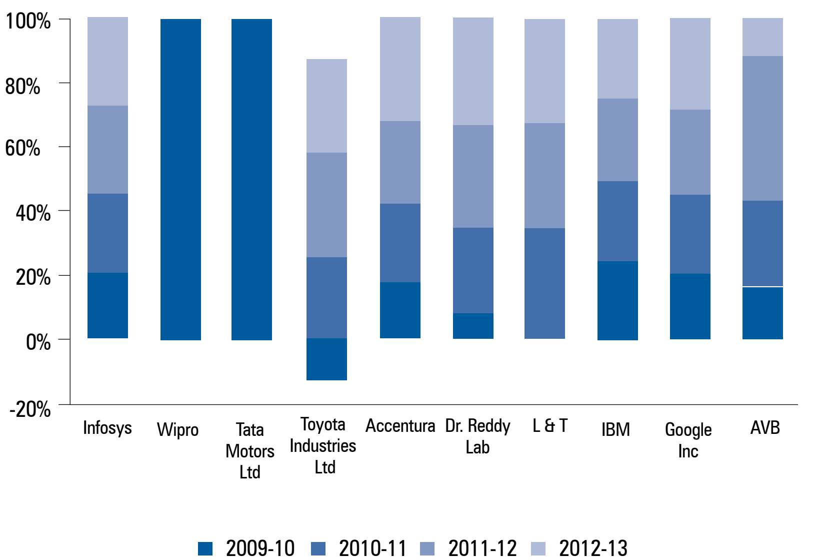
**1. Net Profit**

**Table 1: Net Profit of sample corporations for the four years**

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Infosys | 1.3B | 1.5B | 1.7B | 1.7B |
| Wipro | 980.8M | 1.2B | 1.2B | 1.2B |
| Tata Motors Ltd | 544.6M | 2.0B | 2.8B | 1.8B |
| Toyota Industries Ltd | -282.9M | 551.2M | 742.1M | 640.7M |
| Accentura | 1.8B | 2.3B | 2.6B | 3.3B |
| Dr.Reddy Lab | 74.4M | 242.5M | 297.9M | 308.2M |
| L & T | 1.1B | 963.5M | 980.5M | 956.3M |
| IBM | 14.8B | 15.9B | 16.6B | 16.5B |
| Google Inc | 8.5B | 9.7B | 10.7B | 12.2B |
| AVB | 100.8M | 158.9M | 276.3M | 74.3M |

*Source: moneycontrol.com & CNN money.com*

**Graph 1**



spiral that takes the economy upwards through Human development. Corporation can become 'Business Empire' with a spirit of entrepreneurship than any motive of accumulation of personal wealth. The corporations set their own standards of good Corporate Governance. There is no better standard of Corporate Governance than the philosophy that owners are 'trustees'.

Some of the sample organizations have been selected for the study are more commonly referred as giant in India, are prime "Economic backbone of India" and has a vote power to move the government. They are the major contributors to the GDP of the country and to the total tax kitty of the Indian government. These companies are along with their families and friends form a huge and intelligent voting block controlling majority of the country's votes.

They are emerged as the new age 'Influencers,' playing a dominant role in the social, economic, cultural and political life of the country through earning more revenue, having highest market capitalization and creating more employment opportunity to large population of India.

Hence, the profit making of the organizations is purely depending on the pillar that is trust. Jayaprakash Narayan wrote about the Tata Trusts as "The concept of trusteeship fostered by Mahatma Gandhi received a much-needed fillip in Tata enterprise. Under it, all wealth is a social trust and every individual the employer, the engineer – is a trustee entitled to its proper utilization for the common purpose. True to the ideals of its Founder, the House of Tata has always promoted this concept of trusteeship and today, more than 85% of its profits go to trusts."

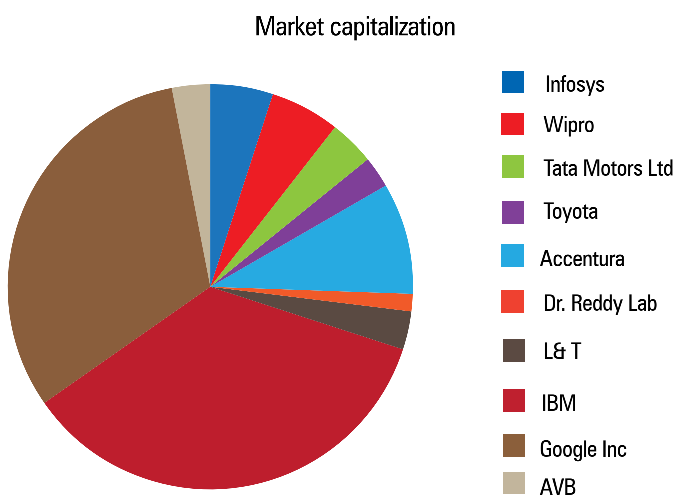
Hence the organizations can make more profit based on the customer loyalty, to build this they need to work hard towards the professional ethics approach to corporate governance to meet the high level expectations of

**Table 2: Market Capitalization and Shareholders Base**

| | Market Capitalization | Shareholders Base |
|---|---|---|
| Infosys | $30.1B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| Wipro | $32.1B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| Tata Motors Ltd | $20.7B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| Toyota | $14.5B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| Accentura | $51.7B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| Dr.Reddy Lab | $7.2B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| L & T | $18.6B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| IBM | $203.8B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| Google Inc | 184.0B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |
| AVB | $17.2B | Mutual Fund Holders<br>Other Institutional<br>Individual Stake Holders |

*Source: moneycontrol.com & CNN money.com and data as on the date of referred*

**Graph 2**



stakeholders. In this connection some of the sample organizations have been drawn and their net profits are increased year after year as shown in the **Table.1**.

The above details about profits of the various sample organizations have been shown in the Graph 1 from the 2010 to 2013 as how it has been significantly increased.

## 2. Market capitalization and Shareholders' base

The market capitalization and shareholders base of the sample organizations have been shown in the **Table.2**.

The market capitalization of the various sample organizations as shown in the above table is expressed in this pie chart.

## 3. Employment

Corporations are big enough to pull the rate of growth from its current low level. It is very difficult to spend heavily by the Government of India towards creating more number of jobs. Hence, Corporations are responsible for generating more and more number of employment opportunities to fulfill the social responsibility. Corporations are doing more good to India's poor and middle class people by investing money in some productive form and creating ample employment opportunities. The level of jobs generated by the sample organizations have been shown in the **Table 3.**

The employment generated by the sample organization have increased from year to year as shown in **Figure 3.**

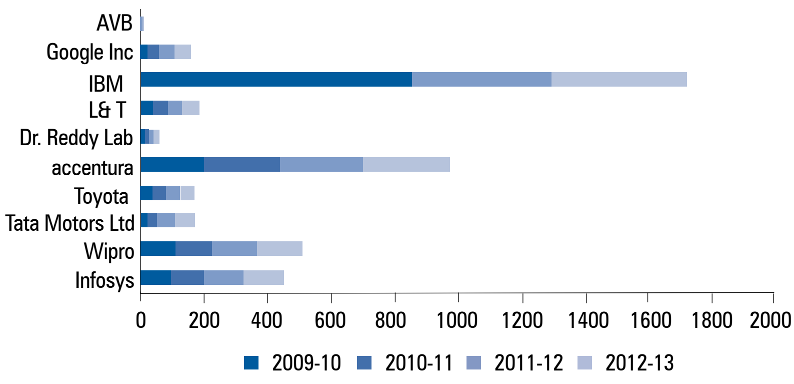
**Table 3: Employment generated by the Sample Organizations has increased year to year for the four years**

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|
| Infosys | 93K | 108K | 125K | 126K |
| Wipro | 108K | 122K | 136K | 146K |
| Tata Motors Ltd | 24K | 26K | 59K | 63K |
| Toyota | 39K | 41K | 44K | 47K |
| Accentura | 204K | 236K | 257K | 275K |
| Dr.Reddy Lab | 13K | 15K | 15K | 17K |
| L & T | 39K | 45K | 49K | 54K |
| IBM | 427K | 433K | 434K | 431K |
| Google Inc | 24K | 32K | 54K | 48K |
| AVB | 2K | 2K | 2K | 3K |

*Source: moneycontrol.com & CNN money.com and related companies websites*

**Graph 3**

Employment generated by Sample Organizations




## Methodology

The objective of this paper is to evaluate the professional ethics in corporate governance in corporations. For evaluation purpose, this paper is divided into three parts. With the help of secondary data, this work was analyzed and based on different elements of the practice of professional ethics in corporate governance have been evaluated. Some of the organizations are healthier performers in India in the open economic environment and integration of the country at present. The corporations in India cannot ignore the importance of maintaining ethics in corporate governance. The corporate governance philosophy is the pursuit of sound business ethics and strong professionalism that aligns the interests of all stakeholders and the society.

The some of the sample organizations selected for the study are largest amongst all public and private sector organizations in India. Corporations are needs to ensure the maintenance of professional ethics in corporate governance in order to achieve excellence, transparency, maximization of shareholders value and wealth. Corporate Governance recognizes issues like maintaining continuity by succession planning, identifying opportunities, facing challenges and managing changes within the business and allocation of resources towards the right priority.

## Findings and conclusions

The study found that the corporations are implementing all the provisions of corporate governance according to certain norms. It is found that all the sample organizations are performing well in every aspect in terms of profits, employment generation to fulfill the social obligation and services to customers. The study found that the sample organizations have conducted different board meetings regularly to provide effective leadership, functional matters and monitor performance. It is found that these organizations have established clear documentation and transparent management processes for policy development, implementation, decision making, monitoring, control, reporting and implementing provisions of corporate governance with professional ethics to increase the performance. It is suggested that customer loyalty must created through initiative steps to increase service to enhance business.

The attempt has been made to study the professional ethics approach to corporate governance with respect to the sample organizations. These organizations have legacy of decades and continues to be most revered brand even today. They strictly adhere to a high degree of corporate governance practices. The research focused on the various initiatives and business practices undertaken by them in relation to corporate governance. The secondary data has been gathered by the review of literature pertaining to 'Professional Ethics approach to Corporate Governance'. The research also involves a few unstructured interviews with some of the executives of the sample organizations to get the primary data. Annual Reports of the sample organizations also referred to get the information.

**It was found that those sample organizations that had established clear documentation and transparent management processes for policy development, implementation, decision making, monitoring and control, reporting and implementing provisions of corporate governance with professional ethics to reported better performance**

## References:

1. *Annual Reports 2005-06 of various Tata Companies.*
2. *Cadbury, Adrian, 'Corporate Governance And Chairmanship-A personal view', Oxford University Press, 2002.*
3. *'Corporate Governance', Special Feature, MBA Review, April 2004.*
4. *'Corporate Governance Handbook', Ernst & Young & CII.*
5. *Kumar, Poonam, 'Corporate Governance – Issues of Concern for Indian Companies', Arbiter, February 2003.*
6. *Newquist, Scott, & Russel, Max, 'Corporate Governance – Putting Investors First', Jaico Publishing House, Mumbai, 2004.*
7. *Mehta, K.L., 'Integrating Corporate Social Responsibility with Human Excellence Tata's Management Ethos', Welingkar Research Journal, Vol.II, Issue – 4, September 2004.*
8. *Mukerjea, D. N., 'Ratan Tata's Global Quest', Businessworld, 9th October 2006.*
9. *Shankar, Amita, 'Corporate Governance : Role of Corporate Boards Against The Backdrop of Listing Standards', Welingkar Research Journal, September 2006.*
10. *Seth, Suhel, 'Jamshedpur is Where India is Shinning', Service for Communicators, Vol.25, No.9, September 2006.*
11. *Trevino L., G. Weaver, D. Givson, B. Toffler (1999), "Managing Ethics and Legal Compliance: What Works and What Hurts", California Management Review, 41(2).*
12. *Metzger M., D. Dalton and J. Hill, "The Organization of Ethics and the Ethics of Organizations: The Case for Expanded Organizational Ethics Audit", Business Ethics Quarterly 3.*

MA

**chayajkmanjunath@gmail.com**

# A STUDY ON POST-REFORMS CORPORATE ETHICS AND ECONOMIC DEVELOPMENT IN INDIA – THEORY AND EVIDENCE

Transparency in government and public dealings is the need of the day because economic growth, economic stability and economic transparency are interlinked and intra-connected


**Modon Mohan Jana**
Assistant Professor,
Susil Kar College,
Champahati, West Bengal


IN the process of making good business decisions, the maintenance of highest legal and moral standards is an utmost concern in conducting business dealings with customers, governments, regulators, local authorities, suppliers and creditors, investors, workers, employees, researchers and local beneficiaries. Ethics can boosts business volume in pick position and highest rank and it can also make it fall on the ground. Business ethics acts as a catalyst of making and building holistic and renowned reputation. Ethical behaviour of decision maker will be the role model for employees and workers. Every business decision should have some moral basis and legal code for long-term sustainability. The unethical business decision of a firm not only detriments the image and reputation of the firm but also the industry concerned too. For example, the 10 least corrupt countries in the 2009 Transparency International Corruption Perceptions Index (CPI), such as New Zealand, the Netherlands, and Canada, had an average real GDP per capita of \$36,700; the 10 most corrupt countries, such as Haiti, Turkmenistan, and Afghanistan, had an average real GDP per capita of \$5,1001. Evidence conveys most of the cases during study period, first and second position transparency perception rank confined within economically solvent developed countries whose FDI scaled GDP is higher than other countries.

## Meaning and importance

**Meaning:** Development presupposes transparency. Transparency assumes in every sphere of economic and business activity. Transparency is precondition of accountability. Accountability prevails on sound functioning of responsibility. Responsibility delegates upon bureaucrats and government officials from constitutions. Strength of transparency largely depends upon government employees and local bureaucrats. Here is no denying fact that transparency fights against illegal economic action to create a corruption-free India, so that the poor do not lose their voice to corruption. Transparency strength expressed in Corruptions Perceptions Index (CPI) serves as a reminder to a country how state the abuse of power, secret dealings and bribery continue to ravage societies around the world. In 2013 the Index scores of 175 countries and territories on a scale from 0 (highly corrupt) to 10 (very clean). No country has a perfect score, and two-thirds of countries score below 5. This indicates a serious, worldwide corruption and ethical failure problem. However, a benchmark effort needs to be taken to eradicate illegal activities from the world. The world urgently needs a renewed effort to crack down on money laundering, clean up political finance, pursue the return of stolen assets and build more transparent public institutions. To benchmark, lead and support a wholehearted and committed effort to disclose clean image and to improve transparency, economic clearness and accountability by eradicating corruption through widening of knowledge and catalyzing action.

## Importance of ethical business decisions

1. **Customers Satisfaction:** Disclosure of transparent economic activity accelerates reporting objectives of an enterprise. Enhanced reporting image creates customers will about economic unit. The reputed and clean image induces ethical governance that hails product quality and hence customers satisfaction.

2. **Strong Customer Relationship:** Customers are the lifeblood of a business, so building a strong rapport with them is imperative to the success of almost all firms. Transparent governance will bring and provide information on products, events and deals via email, social media or websites will help keep customers connected to any business.

3. **Strong Supplier Relationship:** Despite impulsive image, every approach to suppliers needs to be part of business strategic plan since almost every company, whether product- or service-oriented, is dependent on suppliers. Hence transparent reporting of economic information becomes supplier's component can affect positively or negatively the quality of product which adds cash to bottom line.

4. **Trust among Business Associates:** Transparent reporting and business dealings not only impetus to business but also an indication of clean images to business association. Good governance brings professional values and ethics.

5. **Community Images:** Every business belongs to a community and does their activities for the society. Therefore, transparent reporting and business information not only represents her but also an expression of clean images to community too. Good governance brings community values and ethics.

6. **Reputation to Government:** Joint stock companies and corporations are working within a country. Every country is administered by a constitutional government. Hence, transparent reporting and business dealings not only significant to business but also an indication of clean images to federal government. Good governance hails professional values and ethics.

7. **Financial Trust:** Finance is backbone of any business. Every economic event depends on finance. Transparent reporting and business dealings acts as a liaison to trust on finance. Hence financial trust propagates percolation of economic transparency. Good governance accumulates professional values and ethics.

8. **Long-Term Sustainability:** Long-term sustainability is a business concept that has gained considerable attention following revelations about global warming and dwindling natural resources. Long-term sustainability suggests that a firm will improve its chances of survival in the future by ensuring that resources used by the business are responsibly managed and maintained symbolizing honest and transparent governance.

## Significance of the study

Need for the Current Study: This study was prompted by the Transparency International Report of 1995-2013 which suggests that most of the countries have transparency score of less fifty percent of standard score of ten that does not address any ethical values inspite of some country level scandals. The highly globalised commercial and economic environment today highlights the importance of a strong and technology based transparent economy. Most of the developed countries whose average real GDP per capita of $36,7001 around which evidenced that development and transparency are interlinked and intervened. The countries whose average real GDP per capita of around $5,1001 securing lower score as per transparency international.

Recent country level scandals involving corporate failure have negatively affecting business environment, growth and expansion and overall development. Development brings social well-being and peace. Hence maintenance of transparency, peace and economic stability is a precondition to economic development and economic growth. This requires benchmark efforts.

**Benchmark Efforts**: Ending with long standing legal shrinkage it is the high time to stop those who get away with acts of corruption. The legal loopholes and lack of political will in government facilitate both domestic and cross-border corruption, and call for our intensified efforts to combat the impunity of the corrupt and erroneous economic activities that hails commitment. Here lies the justification of present study.

## Review of research and literature

1. A survey of 3,600 firms in 69 countries carried out for the 1997 World Development Report provides further evidence of the widespread existence and negative effects of corruption. As noted in the report: The survey confirmed that corruption was an important and widespread problem for investors. Overall, more than 40 percent of entrepreneurs reported having to pay bribes to get things done as a matter of course. Further, more than half the respondents worldwide thought that paying a bribe was not a guarantee that the service would actually be delivered as agreed, and many lived in fear that they would simply be asked for more by another official. The consequences of corruption often do not end with paying off officials and getting on with business. Government arbitrariness entangles firms in a web of time-consuming and economically unproductive relations.

2. **Fiora (1998)** proposed that not only are ethical guidelines needed, but strong, successful implementation plans for those guidelines are even more es-

sential. Fiora stated that "legal and ethical guidelines are the ground-rules that all employees must follow in carrying out their business intelligence duties." It is critical that the guidelines mirror the ethical culture of the organization and that they conform to strict legal and ethical standards. By doing this companies alleviate employee concerns about the firm's activities and help protect management from negative repercussions when employees do not conform to the guidelines or are caught engaging in illegal activity.

3. **Trevino and Weaver, (1997)** study also stated that competitive Intelligence professionals should care about ethics. Because ethical failures can diminish a reputation, articulating ethical standards beforehand makes it easier to respond to future criticism. Additionally, a hallmark of a profession is the adoption of ethical standards. The study's future implications for the CI profession concluded that, "it will become more and more crucial that members can identify the issues of concern and reach consensus about what is and is not appropriate". Furthermore, one individual or organization's activities can bring negative publicity to an entire profession.

4. **Fleishe, (1998)** observed that one of the requirements of being designated a professional is to have an established community-wide agreed-upon set of standards or guidelines of 'professional' behavior. These standards or guidelines can contribute to the legitimacy of a discipline from the perspective of external stakeholders. Ethical guidelines also help to provide a level playing field for practitioners.

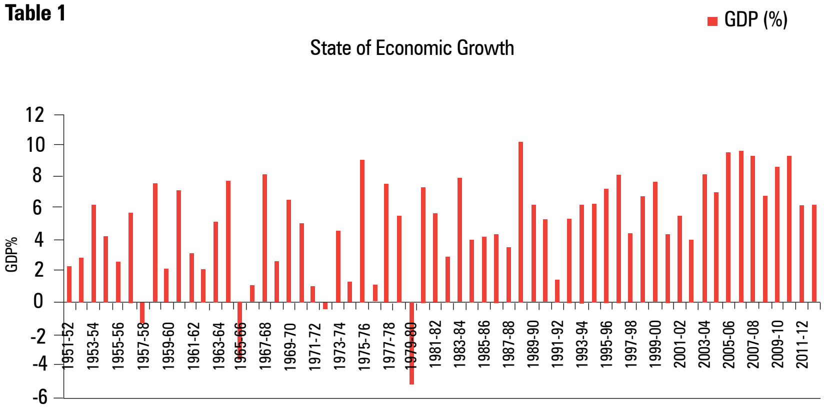
## Objective of the study

Ending with long held withstand closed economy with affordable middle class attracted increasing interest in borderless economy at the beginning of the 21st century, in both academia and practice ultimately opens up India for open competition on 24th July, 1991. Today, the scarce professional values, ethics and lack transparency in public and private corporate houses induce continuous dependency and increased interest on standard code of conducts and ethical business decisions. The main objective of the study is to examine influential strength of transparency of economic development. Keeping the primary objectives in view, the study specially aims at:

1. To study the state of CPI exposure and level of sensitivity of south Asian countries.
2. To observe the effect of effusion of CPI on economic growth
3. To investigate the agglomeration effect of CPI on growth process

## ANALYSIS AND DISCUSSION

**Table 1**

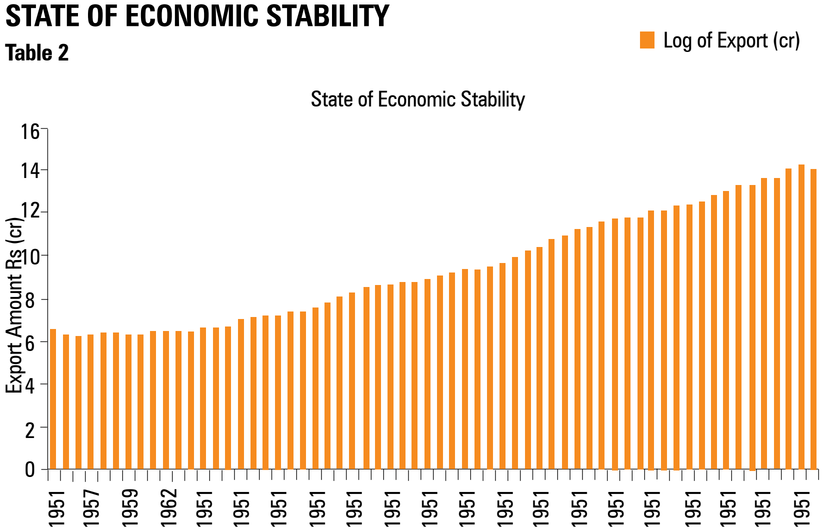



*Source: Complied and Computed from Economic Survey of India 2012-13*

Explanation and Interpretation: Table-1 discloses the fact that out of sixty two years three years 1957-58 have GDP of (-) 1.2%, 1965-66 (-) 3.7% and 1972-73 (-) 0.3% have negative growth and remaining 59 years have positive GDP growth.

## STATE OF ECONOMIC STABILITY

**Table 2**




*Source: Compiled and Computed from Annual Reports of RBI*

## Research methodolgy

1. **Universe of the study and sample selection:** The Transparency In-

ternational (TII) made a study on different companies scattered in different countries constitute universe of the study. Out of which only first and second rank holder countries are taken as sample for comparison and Asia Pacific forum comprising 20 nations that include China, Sri Lanka, Bangladesh, Pakistan, Maldives and others. TII is a non-government, non-party and not-for-profit organisation of Indian citizens with professional, social, industrial or academic experience seeking to promote transparent and ethical governance and to eradicate corruption. For the shortening our study only South Asian countries are taken into consideration for analysis of the study.

2. **Data Filtration:** The countries whose annual reports were not available for the study period of 1995-2013 were not considered.

3. **Time Frame:** Using the time period of 19 years, 1995—2013 for India, this study aims to examine the long-run responsibility of explanatory variables of GDP% and CPI. While assessing the relative role of CPI, total time period is divided in two groups; one is pre-crisis period 1995-2004 and other is post crisis period of 2005 to 2013 for inter-period comparison.

4. **Tools and Techniques:** The study is both exploratory and empirical in nature. Appropriate macro-economic variables and statistical tools have been used to analyze and interpret the collected and compiled data. The estimation methodology employed in this study is the descriptive statistics and regression technique.

5. **Materials & Methods:** To evaluate the agglomerative role of CPI and economic development over 19 years from 1995 to 2013 have been selected and relevant secondary data were collected from different sources like Handbook of statistics of Reserve bank of India and Reports from Transparency Internationals corruption perception Index (CPI).

6. **Methodology of Measuring Transparency Strength (Corruption):** The Corruption Perceptions Index ranks countries/territories based on how corrupt their public sector is perceived to be. A country/territory's score indicates the perceived level of public sector corruption on a scale of 0 — 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index. From the following tables-1, 2, 3, 4, 5 and 6 we explore an impulsive response and idea how our country possess transparency strength.

**Explanation and Interpretation:** Monetary and fiscal policies determine the parameters of economic stability. Stable economic condition accelerates foreign direct investment. Peaceful economic space influences export. Thus export amount express the economic stability and used as proxy of it. From table-2 it was observed that log of Indian export maintains a steady growth pattern over 63 years. Hence to investigate the impact of economic stability on economic growth and how affect economic growth humble attempts have taken to regress export on GDP.

| Statistics | Export (US$ mn) |
|---|---|
| Average (79-2013) | 66612.9412 |
| Standeviat (79-2013) | 77078.1283 |
| COV%(79-2013) | 115.710441 |
| CAGR (79-2013) | 1.10698798 |
| Average(79-90) | 10712.0909 |
| Std deviation(79-90) | 3550.42433 |
| COV (%) (79-90) | 33.1440832 |
| CAGR(79-90) | 1.06914172 |
| Average(91-2013) | 93348.1304 |
| Std deviation(91-2013) | 82862.306 |
| COV (%) (1991-2013) | 88.766969 |
| CAGR (1991-2013) | 1.12461532 |

*Source: Compiled and Computed from Economic Survey of India 2012-13*

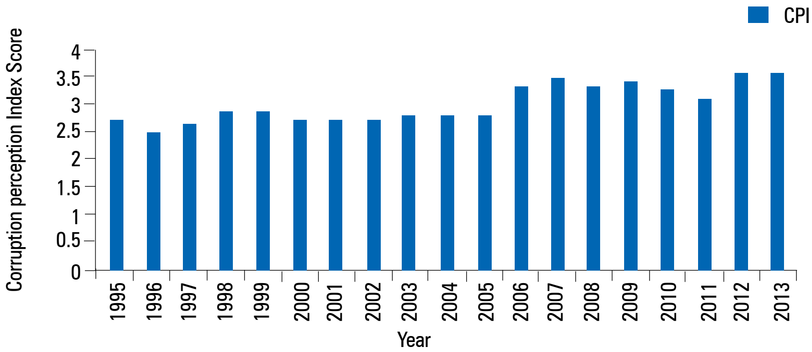
## Transparency strength

Development presupposes transparency. Transparency assumes in every sphere of economic and business activity. Transparency is precondition of accountability. Accountability prevails on sound functioning of responsibility. Responsibility delegates upon bureaucrats and government officials from constitutions. Strength of transparency largely depends upon government employees and local bureaucrats. Here is no denying fact that transparency fights against illegal economic action to create a corruption-free India, so that the poor do not lose their voice to corruption. Transparency strength expressed in Corruptions Perceptions Index (CPI) serves as a reminder to a country how state the abuse of power, secret dealings and bribery continue to ravage societies around the world. In 2013 the Index scores 175 countries and territories on a scale from 0 (highly corrupt) to 100 (very clean). No country has a perfect score, and two-thirds of countries score below 50. This indicates a serious, worldwide corruption and ethical failure problem. However, on the map below and above to see how your country fares. The world urgently needs a renewed effort to crack down on money laundering, clean up political finance, pursue the return of stolen assets and build more transparent public institutions. To benchmark, lead and support a wholehearted and committed effort to disclose clean image and to improve transparency, economic clearness and accountability by eradicating corruption through widening of knowledge and catalyzing action.

**Explanation and Interpretation:** It is noticed from table-3 that during the study period of nineteen years the transparency score of India ranges from 2.80 in 1995 to 3.60 in 2013. In 1996 it was 2.6, in 1997 it halts at 2.7, in 1998 it was 2.9, in 1999 it reach at 2.9 in 2000 it fall at 2.8 in 2001 it again fall at 2.7 in 2002 it halt at 2.7 in 2003 it was 2.8 in 2004 India maintains the same score of 2.8 in 2005 it up at 2.9 in 2006 it increases at 3.3 in 2007 it also increases up to 3.5 in 2008 it was 3.4 in 2009 it was 3.4 in 2010 it recorded a fall to 3.3 in 2011 it fall to 3.1 in 2012 it was increased to 3.6 and in 2013 CPI score maintain the same image of 3.6.

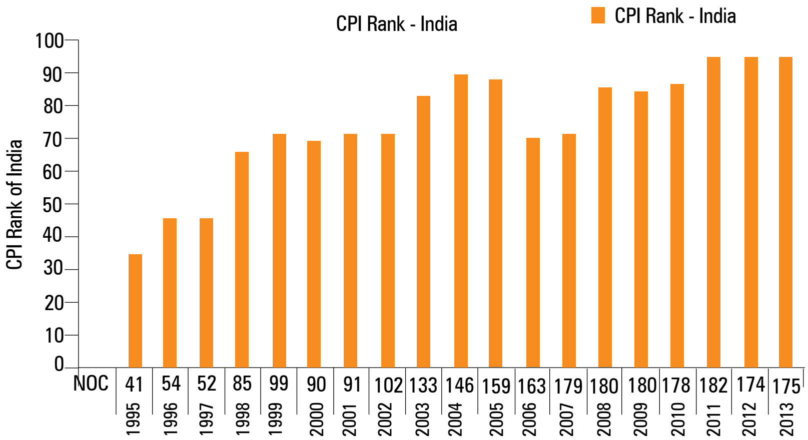
## STATE OF TRANSPARENCY SCORE IN INDIA

**Table 3**




*Source: Compiled and Computed from Annual Report of Transperaancy International of India -2013*

**Table 4**




*Source: Compiled and Computed from Annual Reports of Transparency International*

NOC=Number of Countries

Explanation and Interpretation: As per Transparency International Corruptions Perception score, it is noticed from above picture that India secure 35th position out of 41 countries. In 1996 holds 46th rank out 54 countries. In 2004 India holds 90th position out of 146 countries. Similarly India halts at 94th rank out of 174 countries and maintained same rank in 2013.

## Conclusion and suggestion

Ethical governance hails transparency. In an open regime, economic transparency of a nation veils culture, tradition and economic images that generally positively influences export oriented FDI, expansion of cross-border merger and acquisitions, employment, people's well-being and hence economic growth. The reforms undertaken since 24th July, 1991 in India have unleashed the potential growth of the economy and stimulated international trade with its inward and outward space.

| Statistic | CPI | GDP% |
|---|---|---|
| Average (1995-2013) | 3.042105 | 7.083684 |
| Standard Deviation | 0.329778 | 1.72204 |
| Coefficient of Variation | 0.108404 | 0.2431 |
| CAGR% | 0.013315 | (--) 0.001754 |
| *Source: Compiled and Computed from Annual Reports of Transparency International 1995-2013* | | |

In order to strengthen economic growth the internal economic condition and internal governance process have to be reoriented so as to eradicate illegal activities, bribes and unethical events. Hence transparency in government and public dealings is an utmost need of the day to open economy development. It is concluded that economic growth, economic stability and economic transparency are interlinked and intra connected. So optimum level of transparency is required to maintain smooth development process of a nation in general and third world country in particular. As shown in our results honest governance and business ethics in Indian economy has emerged as an important factor affecting economic growth. In concluding, the study is subject to the following caveats. First, our sample period and accordingly the sample size are somewhat limited due to data availability. Second, sample data is collected through annual reports which are grouped, compiled and computed for analysis and interpretation. Despite these potential limitations, the analysis and information enhances our understanding on the nature of movement of transparency level in India and it has a great economic impact on the growth process of a nation.

## References


*1. Jie Bai, Seema Jayachandran, Edmund J. Malesky, Benjamin A. Olken Working Paper 19483, http://www.nber.org/papers/w19483, National Bureau Of Economic Research, 1050 Massachusetts Avenue, Cambridge, MA 02138, September 2013*

*2. Fiora, Bill. (1998), "Ethical Business Intelligence is NOT Mission Impossible," Strategy and Leadership, 26 (1), 40-41.*

*3. Trevino, L.K. and G.R. Weaver (1997), "Ethical Issues in Competitive Intelligence Practice: Consensus, Conflicts, and Challenges," Competitive Intelligence Review, 8(1), 61-72.*

*4. Fleisher, C.S. (1998), "Do Public Affairs Practitioners Constitute a Profession?" Proceedings of the Fifth Annual International Public Relations Symposium, Bled, Slovenia.*

*5. Statistical Methods—S.P.gupta.*

*7. Jana, M.M (2014), EIRC News—2014, January, Compendium Of Economic Development, Corruption, And Macro-Economic Variables In India—An Empirical Analysis.*

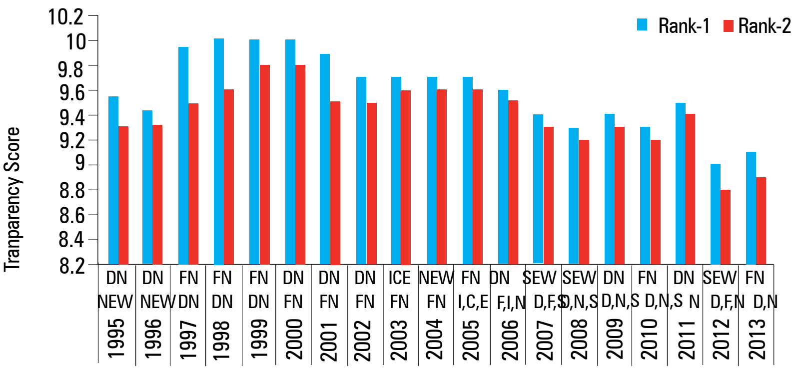
*8. Jana, M.M (2014), EIRC News—2014, April, An Economin Agglomeration Of Banking Sector, Stock Market And Economic Growth (Real Output) In India—An Empirical Analysis.*

*9. Jana, M.M (2013), EIRC News—2013, October, "Compendium of Post-Independence QLP Role of SMEs on Gross Domestic Product of India---A random Walk Analysis.*

*10. Jana, M.M (2013), EIRC News—2013, November, "Green Audit*


## COUNTRY HOLDS FIRST AND SECOND TRANSPARENCY POSITION

**Table 5**

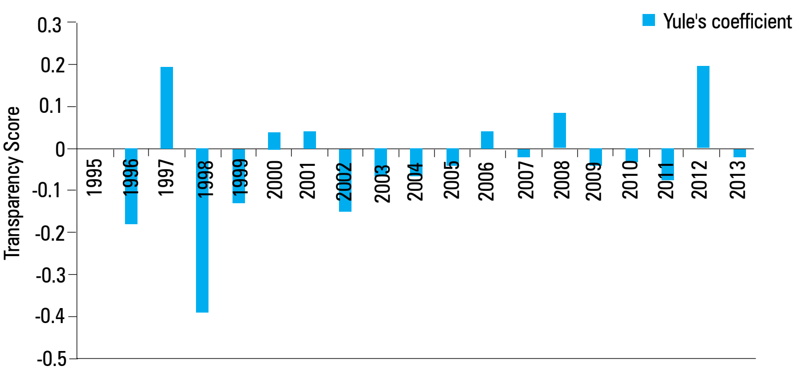



*Source: Annual Reports Transparency International Corruptions Preception index-1995-13*

Explanation and Interpretation: As per Transparency International Corruptions Perception score, it is noticed from above picture that Newzeland holds first rank and Denmark secures second position both in 1995 and 1996. In 2004 Finland holds first position and Newzeland maintained second position. Similarly Denmark, Finland and Newzeland produced first position and Sweden marked second position in 2012. In 2013 Denmark, and Newzeland produced first position and Finland marked second position.

## YULE'S ASSOCIATION STRENGTH BETWEEN TRANPARENCY AND DEVELOPMENT

**Table 6**




*Source: Computed from Annual reports of Transparency International 1995-2013*

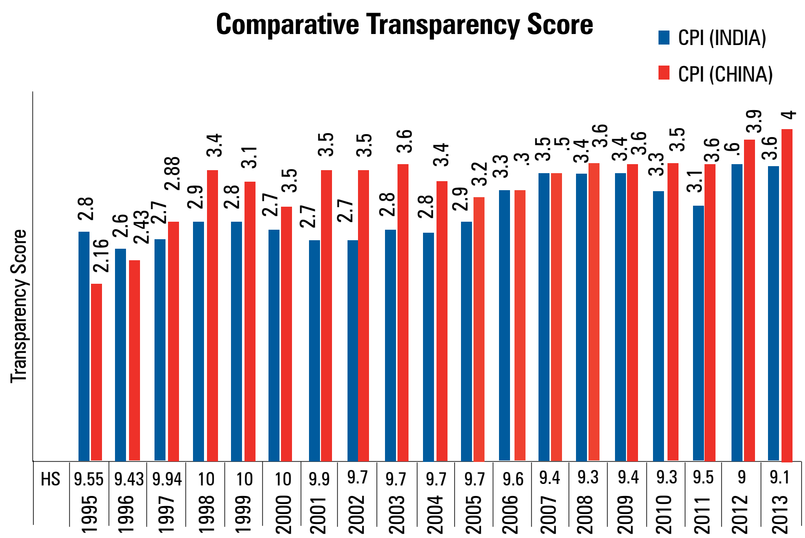
Explanation and Interpretation: Evidenced from theory and practice it was resolved that development and transparency holds a positive association but from above table-6 it is noticed that out of 18 years six years have positive association strength 12 years have negative strength. In concluding, despite some negative association between economic growth and transparency it observed from previous literature that development always presupposes and explores good governance and ethics and hence economic transparency.

*Initiatives—An Appraisal of Green Audit Disclosure Performance in India—An Empirical Analysis.*

*11. Jana, M.M (2013), EIRC News—2013, December, "An Invigorative Financial Performance of Global Multi-Brand Retail Trading –A QLP Role on Economic Agglomeration"---An Empirical Analysis.*

*12. Jana, M.M (2013), The Management Accountant—2013, November, "Compendium of Post Independence Quantum-Leap-Role of FDI on GDP"—A Co-integration Analysis.* MA

**madanmohan.jana3@gmail.com**




*Source: Compiled and computed from Annual reports of transparency International 1995-2013*

**Transparency Score of Top Rank Country and Second Rank Country**

| YEAR | TOP RANK COUNTRY | COUNTRY--2 | RANK-1 | RANK-2 | Yule's coefficient |
|---|---|---|---|---|---|
| 1995 | NEWZELAND | DENMARK | 9.55 | 9.32 | |
| 1996 | NEWZELAND | DENMARK | 9.43 | 9.33 | -0.183970856 |
| 1997 | DENMARK | FINLAND | 9.94 | 9.48 | 0.195402299 |
| 1998 | DENMARK | FINLAND | 10 | 9.6 | -0.391304348 |
| 1999 | DENMARK | FINLAND | 10 | 9.8 | -0.122807018 |
| 2000 | FINLAND | DENMARK | 10 | 9.8 | 0.028487947 |
| 2001 | FINLAND | DENMARK | 9.9 | 9.5 | 0.038251366 |
| 2002 | FINLAND | DENMARK | 9.7 | 9.5 | -0.155115512 |
| 2003 | FINLAND | ICELAND | 9.7 | 9.6 | -0.066666667 |
| 2004 | FINLAND | NEWZELAND | 9.7 | 9.6 | -0.059405941 |
| 2005 | ICELAND | FINLAND | 9.7 | 9.6 | -0.044314668 |
| 2006 | FINLAND,ICELAND,NZ | DENMARK | 9.6 | 9.5 | 0.032892714 |
| 2007 | DN,FIN,NEW | SINGAPORE | 9.4 | 9.3 | -0.020242915 |
| 2008 | DN,NZ,SWED | SINGAPORE | 9.3 | 9.2 | 0.085106383 |
| 2009 | NEWZELAND | DENMARK | 9.4 | 9.3 | -0.04178273 |
| 2010 | DN,NZ,SWED | FINLAND | 9.3 | 9.2 | -0.036027264 |
| 2011 | NEWZELAND | DENMARK | 9.5 | 9.4 | -0.075606035 |
| 2012 | DN,FIN,NEW | SWEDEN | 9 | 8.8 | 0.194151486 |
| 2013 | DENMARK,NEWZELAND | FINLAND | 9.1 | 8.9 | -0.017586975 |

*Source: Compiled and Computed from Transparency ICP Index*

**Dr. P. Chattopadhyay**
Former Director,
Research, ICAI-CMA
Kolkata

# FINANCIAL FRAUD PREVENTION TOOLS AND PROCEDURES

Many banks and financial institutions in the EU countries and the USA have forensic specialists in place. In this country the process has only recently started. Also, the Indian corporate justiciary system urgently calls for an overhaul

Fraudulent practices are endemic to the corporate sector, not only in India but also on a worldwide scale. Many different types of issues get entangled in corporate laws, court judgements, pushes and pulls exerted by the corporate honchos – for this advantage, facility or that – and day-to-day corporate practices. In a paper on Forensic Accounting, highlighting the two famous stock market scams, submitted to the Second International Conference on Criminal Investigation and Evidence at Amsterdam in December, 1999, the scribe had occasion to pinpoint certain pertinent issues on fraud detection and prevention. The proceedings of the International Conference were published by North Holland Publishing Company in 2002 that included the paper submitted by the scribe. While detailed discussion took place in this country with reference to the Joint Parliament Committee Reports on two Indian Stock Market Scams, there was also furore on a countrywide scale on this issue but the actions taken were not only delayed but also half-hearted, a virtual damp squib. Almost the same scanty corrective actions followed the repeated IPO scams, repetition of which only underplayed the seriousness of the crime, the best that could be done was to chase the culprits, being wiser after the horse bolted! The methods applied in the two scams were almost similar but the correctives applied were only at a snail's pace. Whereabouts of such crimes and criminals are suspected to be quite near at hand, but they have shown the knack of going unnoticed and uncared for most of the time till it is too late. Aberrations, delays and mishandling are common, that allow misdemeanants a handle; even when the culprits are caught and jailed for their misdeeds, on expiry of the rather lenient punishment, the culprits go away richer and more respectable than earlier, as actually happened with Nicholas Leeson of M/S Barings Plc., an established, reputable and flourishing British bank before the mishap occurred. Nick Leeson's playmates were all derivatives that initially gave the company some gains but ultimately drained all the company's resources. It may be stated here that in our kinds of democracy, miscreants are given more privileges that ordinary citizens as Leeson bought the company for pound one sterling and is a proud owner of an Irish football team. So much so on this issue, but not before a passing remark on the LTCM, sporting two Nobel Laureates but landing the Hedge Firm in a loss of more than two billion dollars. To call this a business risk, even when we know that hedging borders on gambling, is tantamount to looking the other way. This, however, is not a stray instance. Enronitis has infected many an organization, big and small, including the World Bank, in many more ways than one. Fraud detection and prevention have been more talked about than practised, while the wrong-doers have had a heyday amassing huge fortunes in money and kind. For instance one may cite the report of the Treadway Commission of 1987 on fraudulent reporting by corporations, cit-


> **Formulating and implementing adequate internal control systems are an essential adjunct of fraud deterrence systems and an internal auditor is central to this system**

ing examples of its nature and ways of dealing with such reports. Nine years earlier came the Cohen Commission which suggested the establishment of Audit Committees, an essential plank of the Corporate Governance framework of the Cadbury Commission Report on the subject, which incidentally has failed to deliver the good as both a proactive and a reactive measure, despite all the varieties of country versions and the continuous revisions and elaborations of different issues raised befitting country-typicality. One may be emphatic on this point because what happened in Barings in UK happened in exactly the same manner in the case of Societe Generale of France with financial derivatives as the centre-piece while some variations were noticeable in the of Parmalat of Italy.

### Fraud: The villain of the piece

A company's job is to stick to the conditions laid down in the Memorandum and the Articles of Association as a legal persona entrusted with a job to do. Deliberate deviations are considered fraudulent in very general terms. Individuals employed by the company including the functional directors of the board are employees of the company who are expected to work in the best interest of the company. Any willing deviations from the indicators in the MOA and the AOA are fraudulent in a broader sense. The propositions presented here are all based on the premise that a company is an undying legal entity, a common citizen having a discrete interest of its own. Since corporate property is owned by the company as long as it is a going concern – to remain perpetually, since it cannot die naturally – the profit as a residual of factor remuneration belongs to it. Usurpation of its resources under any garb other than what is permitted by law, is fraudulent because the profit earned by the company during a financial year is a residual as stated earlier. Thus, the distinction between conducting an audit and conducting a financial fraud inquiry would require discrete standpoints. Financial fraud detection may be ex post facto or otherwise, depending on the simultaneity of the exercises or seriatim. The primary function of audit is to ensure conformance to provisions of the law but the emphases in the other case are a lot more matter-of-fact, mundane and responsive to areas specified for going deeper into the nature and character of the vicinage of focus of the likely incidence of deviance, information on which may be obtainable more from third party analysts than insiders. What Adam Smith mentioned as 'other people's money' has had that subtlety one would experience when one's own money is the point of reference. The corporate funds are, however, not "other people's money", these belong to the company itself, the company being discrete from the entire body of shareholders, or anybody else, directly or indirectly connected with the company. Our standpoint thus vindicated, it is necessary to define fraud, lay down steps for deterrence, detect fraud committed and measures to mete out punishments for the wrongs committed by individuals and groups within and outside the corporate precincts. According to The Association of Certified Fraud Examiners of USA, in its 2004 Report on Occupational Fraud and Abuse, about $660 billion was lost by US companies in that year due to occupational fraud and abuse. The figure of loss emits a pungent smell though, because of its size, enough to trigger a whole series of steps to rein in the miscreants of many different hues. But alas! The dust of controversy settles so quickly as to make people forget the huge damage done to the companies in a single year. On a worldwide scale, the size of loss would be several times higher; if one were to take the number of years through which the fraud was perpetrated, the size of loss would be colossal. It is important to note in this context that the same types of fraud have been committed in other countries, and within each country, other companies. Prescriptions to eradicate the menace have been many while the vagary remains widespread; more significantly, both depth and spread have gained momentum.

### A cat and mouse game

The significance of detection of fraud thus suggests itself albeit being easier said than done. The aforesaid details underline several immediate steps waiting in the queue and are crying to be taken. The detractors have gone miles ahead of the officialdom or even investigators in perpetrating different forms of impropriety showing a level of intelligence unmatched by the spotters. The tricks of the trade are indeed numerous and keeping track of all of them calls for exploration of depths, possible only when this area of intellection develops as a specialism, a discrete intellectual discipline with specialization in the economic laws and the law of evidence. The latter law is in a dilapidated state and nothing much has been done in this respect since 1872! All this leads us to be a little more pointed about what the corporate governance codes sought to achieve basically as reactive measures in light of increased shareholder demands, heightened public scrutiny and new performance expectations, apart from the break-neck pressure of striking the numbers, that Bernard Ebbers of WorldCom used to stress, making him weep in the Court Room and ultimately landing him in jail for twenty years. How the prevalent, growing and intricate problems arising from break-neck competition, constantly changing perceptual issues and growing complexities converging on the market place were addressed

**OVER THE YEARS IT HAS BEEN CONCLUSIVELY SHOWN THAT DECOMPOSITION STARTS AT THE TOP AND THE TECHNOLOGY OF DECEIT BECOMES MORE AND MORE SOPHISTICATED AT THESE LEVELS**

for deterring corporate spying and fraud in companies, have escaped serious analytical notice. Shareholders have turned themselves into fugacious entities, surfacing only on the record date, so not much for dividend as such, but for the dividend-induced price hikes in the stock exchanges. The law and corporate practice have done nothing to stop this breeding ground of malpractices inducing management to manipulate stock prices. One easily forgets in this context that stock exchanges are but second-hand markets and the companies have almost nothing to do with the proceedings there. The primary, new issue, market relates to the IPOs that are administered separately and the new issues in a rising market may hand in premiums. The introduction of ESOP and other similar devices, as off-shoots of globalism have created a grossly unwanted interest among the corporate honchos in the daily proceedings of stock exchanges. The funny part in this is the self-certification required to the effect that the managers entitled to such shares have not indulged in any objectionable practices in this regard. This was unknown in India before globalization took over in the early nineties of the last century. Corporate accounts structure, however, remains unaffected by the goings on in the stock market, in a large measure, though the prevalent practices do encourage monitoring the movement of share prices so that the shares held under ESOP can be unloaded in a rising market. Kenneth Lay of Enron demonstrated the typicality of the urge to unload the ESOP shares and the manner in which the prices of the shares held by him could be artificially shot up despite the warnings of the internal auditor of Enron, Sherron Watkins, internal auditor, whose twelve-page note on the impending implosion of Enron was put on hibernation. Incidentally, all these issues figure as contextual to the soft grounds on which the managers and others are expected to tread, evidenced by a whole array of large, famous reputed companies succumbing to the fraudulent machinations everywhere. The next section seeks to underline the specific issues in corporate governance devised for gauging and guarding against the wayward practices to which the daily operations of a company are usually subject. This paper is strongly of the view that the trickery played by the miscreants is not sophisticated. The main issue is to act promptly not only to nip it in the bud, but also to foreclose gyp in the organization itself and outside. The problem is that steps taken to eradicate the problem are too little too late, often addressing the wrong issues as may be seen from what follows with a lot of sound but little substance creating the situation of 'catting the bell rather than belling the cat'.

## Corporate Governance to the Rescue

Corporate governance as an antidote to corporate fraud is believed to have the following key elements:

a) Independent board composed of a majority of directors who have no material relationship with the company found in practice to be difficult to attain; b) An independent chairperson of the board, in reality found to be very difficult to find in adequate numbers; c) An audit committee that actively maintains relationships with internal and external auditors; d) Audit committee that includes at least one member who has financial expertise, with all members being financially literate; e) An audit committee that has the authority to retain its own advisers and launch investigations as it deems necessary; f) Nominating and compensation committees composed of independent directors; g) A compensation committee that understands whether it provides particularly lucrative incentives that may encourage improper financial reporting practices or other behaviour that goes near or over the line; h)Board and committee meetings regularly held without management and CEO present; i) Explicit ethical commitment and reflection of integrity in all respects; j) Prompt and appropriate investigation of alleged improprieties; k) Internally publicized enforcement of policies without arenceny exception or approval or clearance by authorities; l) Stern disciplinary action against all those found guilty of deviance or fraud; m) Timely and balanced disclosure of material events concerning the company; n) Streamlined reporting , directly to the audit committee without fear of any alteration or undermining the observations; o) Budgeting and forecasting controls; p) clear and formal policies and procedures, updated in a timely manner whenever needed; q) Well-defined financial approval authorities and limits; and r) Timely and complete information flow to the board.

N.B. Several of these elements have in fact a dubious role in practice, providing a garb of good practice when they are not. Boards generally do perform the oversight function due mainly to family control, control by majority shareholders, absence of requisite knowledge and experience, especially with respect to technical, commercial, legal and managerial problems in a highly competitive environment. Lack of transparency, rather grossly inadequate disclosure and weak compliance systems and tight insider control come in the way of companies being allowed to run as companies.

## Fraud deterrence

Formulating and implementing adequate internal control systems are an essential adjunct of fraud deterrence systems. An internal auditor is expected to operate and oversee the internal control system in a large corporate organization. Creation of the cognate environment and overseeing the internal control system in operation can guarantee the throwing up of necessary pointers in this context particularly with reference to the soft spots that call for special care. The best that an internal auditor can do is to inform concerned management of the nature of developments and the action that should be taken depending on the urgency of the situation. Burning examples of what the internal auditors of large companies can, and should, do are Sherron Watkins of Enron and Cynthia Cooper of WorldCom, both of whom got into loggerheads with the top bosses of the respective companies on the issue of manipulating profit figures and other fraudulent practices in which the top bosses of these companies indulged. They suffered threats, ill-treatment, mental torture and agony of the extreme kind till their positions were vindicated in court. The control environment of a company thus depends a lot on the entire management corps, including the top bosses. The concerned activities permeate the entire organization for ensuring that the policies, procedures and periodical directives are implemented ensuring that the activities remain conducive and centripetal to the objectives of the organization. The internal communication system should be so designed and implemented as to make the organization, a virtual 'one body'. The control processes for foreclosing fraudulent designs and practices accommodate master data files of customers, vendors and employees embracing additions, deletions and changes. Approval processes for disbursement and write-off approvals must be clearly laid down so that no confusion arises. Revenue recognition procedures and inventory control processes as also those for signing contracts and other agreements, through the operation of the corporate seal, must be duly authenticated, conforming to the Articles of Association. Segregation of duties, information systems check, employment screening procedures with background checks, cash management checks and accounts reconciliation must be streamlined and sensitive along with a close, regular watch on different intellectual assets like formulae, product specifications, customer lists, pricing, etc. These are all highly sensitive issues and competitors are constantly on the prowl for pouncing on such information. The usual practice of putting premium of experience has in it the hidden desire to cash in on other company's experience, methods of doing things and factors contributing to its possible competitive edge. The problem here is that over-sensitive or even over laid-back approaches could affect propriety of action and teamwork.

### Flies in the ointment

The failure of the tenets of corporate governance in stalling fraud has been partly ingrained in the tenets themselves and partly in the absence of suitable individuals to give the tenets a practical shape which was tantamount to creating a parallel and supervening power, excessive costs vis-a-vis derivable, cognizable benefits from the implementation of the tenets themselves. In our findings, these codes came in direct contrast to the usual process of higher level management functions marked by many a typicality. For example, the job of seeking to foresee the future in the realm of the existing or new kind of business. The variance between estimate and reality may have been high; supervening impossibility may have marred all projections, new products and break- neck competition may have rendered all calculations unrealistic and costly. To smell rat in all these major strategic concerns of higher management would simply imply pegging the companies to a status of sleepers rather than thrusters. External vigilance of all the strategic management exercises would act as a damper and would raise the fear of subverting all the innovative exercises on which the front-running of the companies may be based, in the marketplace where competitors and substitutes vie for the coveted place at the top. This may also be a breeding ground of malpractice by way of selling layouts of processes or product designs to competitors causing immediate financial damage and affect prospects of the future. Corporate espionage by way of practically enticing experts from other organizations by way of offering very attractive compensation has been common in the corporate world, smelling fraud in this has not been common though in many a case the major driving force behind has been patently fraudulent. Patents and pursuing patent rights have had several parts in them that have been imitated from competitors, by way of destructive tests, with minor changes here and there, are unacceptable and invariably they act as stumbling blocks to innovation. Fraudulent practices have had many different shades of colour and content that are not visible immediately. Financial shenanigans are numerous and are not visible immediately in all cases. The job to spot them, to deal with the culprits and to eradicate the evils is not easy. This is where Enron scored high negative marks turning itself from America's most innovative company for six years running to a villain telling all kinds of lie, promoting derivatives as tradable financial instruments, falling profits drove the company to create new companies to get the losing subsidiaries off Enron's books. Worse, the scandal involved the complicity of one of the members of the big-league audit firms, Arthur Andersen & Co., seeking to cover up the irregularities. Our own Satyam was no different as regards the techniques of gypping, in collusion with one of India's most reputed Audit firms. Satyam, India's biggest corporate fraud broke out of a confession by Ramalinga Raju, its promoter, of a Rs7,000 crore account fabrication to the company's board of directors on 7th January, 2009, all in the country's financial circles were taken aback. It was unleashed by the indictment of Satyam by the World Bank, Raju had no option but to confess his guilt. The scam later attained the dimensions of fraudulent diversion of funds, money laundering, foreign exchange manipulation, insider trading, criminal breach of trust, income tax violation and round tripping of ill-gotten wealth. Much earlier than when the scam broke out, the land scam committed by Satyam was detected and reported against by Dr E A S Sarma, Secretary, Economic Affairs, Union Ministry of Finance, but instead of prompt, stern action against the company, Dr Sarma was eased out of his position. When the protectors of public interest turn themselves the wrong way, any wisely formulated, sensitive and comprehensive set of guidelines of action can do nothing. Sensitively and comprehensively designed guidelines can only increase paperwork, but cannot ensure prevention particularly when guardians of law and order are slow-moving and the justiciary system remains rule-bound, ill-equipped and under-nourished. The highly sophisticated technology of deception requires an equally developed, sensitive and pervasive countermeasure that could not only smell rat at the right place but would also have the corrective measures at arm's length. Incidentally, *The Management Accountant* published an article on Forensic Accounting in the mid-1990s that sought to delineate the faults in the financial system to which the post-liberalization era has been subject. One particular problem in this respect has been the large scale attempts at lime-washing, rather than white washing, the fault lines that globalism has created, sponsored and inculcated. As an after-thought, one could suggest a few steps for updating the system of crime detection, prevention and cure as an extension of the palliative measures taken by governments, companies and the watchdogs for dealing with wayward practices adopted by companies and individuals.

## Dealing with fraud

After detecting that a fraudulent transaction has reportedly taken place, the first duty of the investigator is to know for certain that it has in fact taken place, for false alarms could damage morale. The inquirer should note the amount involved, methods adopted for causing the mishap whether sophisticated, straightforward or intertwined with materials, finance, internet and different forms of cyber crimes, determination of the financial and material damage done, conspiratorial moves of individuals or groups – both internal and external – and the suspected officials or men in the organization or outside, with or without collusion of outsiders. After being sure about the incidence of fraud, the perpetrators involved, directly or indirectly, knowingly or unknowingly, preparation for indictment of the persons suspected to be involved in the unseemly act. Frauds may be simple or complex, once or continued over time, may have been muted by individuals, within or outside the organization. A hush-hush usually follows while the grapevine remains agog with all kinds of stories. At the stage of inquiry, the investigator makes sure that there is no 'Caesar's wife', for while the fraud surveys and reports published in the newspapers quite loudly assert the extent of fraudulent transactions at the rungs below the top or middle, over the years it has been conclusively shown that decomposition starts at the top and the technology of deceit becomes more and more sophisticated at these levels while the lower-rung executives and men often act only at the behest of superiors. Many of the acts of managerial deviance that surfaced in recent times had direct involvement of the top and middle management. The shenanigans become more and more complex as time passes and it becomes cumbersome to certain that fraudulent transactions have occurred in the first place and then to ascertain the nature of the fraud, the methods adopted, the extent of the loss, personnel involved and the share of the bounty received by each. Taking note of all these, a case is prepared for indictment of the culprit(s) for consideration of the top management/board of directors to take decision whether the matter should be decided by the board or referred to court for decision, on consideration of the amounts involved and impact on the company's future operations, more particularly on the customers. After a long time, SEBI has established a forensic accounting unit under its finance department for stepping up the rigour in inspection. While the step taken by SEBI is to be lauded, the buck does not stop here. A lot of efforts in this behalf are required to straighten a system that has in its belly a huge lot of public money. The efforts of the serious fraud investigation office under the Union Ministry of Company Affairs takes a lot of time to decide on issues dealt with, as is evidenced by the Ministry's latest annual report on companies at work in this country for 2011-12. But the SEBI or MCA-related matters are on a different plane, taking as they do a great deal of time to decide on matters brought before them. Inside the company, fraudulent transactions and defalcation of funds involving huge sums, have been growing at a high rate. 'Dormant companies' and 'vanishing companies' used by the annual report have been breeding grounds of corporate fraud that warrant a thorough shake up. Many a bank and financial institution in the EU countries as also in the USA, has forensic specialists in place. Forensic inquiry underlines application of scientific methods and techniques to the investigation of crime. In this country the process has only recently started. The Indian corporate justiciary system urgently calls for an overhaul.

### CMAs as advocates

A few Chartered Accountants in the country who also had law degrees were permitted to practise as Advocates in the High Courts and the Supreme Court of India. Late Professor Sukumar Bhattacharya was one such Chartered Accountant allowed to practise on both the professional platforms. It is suggested in that light that the CMAs should be given at least selective permission to prepare briefs on corporate misdemeanour on the basis of which effective and pointed arguments could be presented on corporate frauds, committed by either management or men, jointly or severally. However, for making this an acceptable proposition there are some urgent measures waiting to the initiated. One, updating the Evidence Act in light of the growing complexities in the world of business, especially in the domain of services, the cyber world, umpteen instruments coming into vogue for settlement of dues, tele-banking and so on. Most of the scams that surfaced during the last three decades were derivatives-related, meaning somebody's risks to be borne by somebody else, in the process getting into the rigmarole caused by deceitful writers. The measures to effectively regulate the unwanted momentum generated by the play of derivatives are not in place in this country, though about a decade and a half have already elapsed since their introduction in this country. Two, the specific requirements of ascertaining strands of evidence in mobile communications, emails and computer-generated instruments the veracity of which would call for evidential qualities with or without supporting documents. Growing cyber-crimes warrant organized and prompt steps both for creating a protective shield and for catching the culprits in no time. Three, weighing the evidence supporting, or otherwise, the contention and formulating the viewpoint to be adopted. Last, cogently recording the findings and clearly presenting the points of argument before the judge. All this may require a studied reorientation of the major standpoints of the management accounting profession in this country for recalibrating presentational contents of facts, issues and conclusions. Command over the language and knack for interpreting facts and issues with particular reference to the relevant provisions of the law are a must for dissecting and vivisecting issues for preparing the briefs towards making for acceptable, nay winning, arguments in court. The contrast between acting in good faith and mala fide action in a way seems to get reflected in both the inquiry initiated and the findings, so that over-suspicion is not allowed to disturb the organic linkages of the corporate system, its healthy perpetuity and its acting as a thruster rather than as a sleeper company, while contrarily, a lax attitude may have kept huge damage under the carpet, as the Satyam land scam has demonstrated, until it is too late. It needs stress that the board, top management, shareholders or any other persons are not the owners of corporate property as long as the company is a going concern. Corporate assets belong to the company itself and any act to debilitate its operational wealth and acumen must be treated with appropriate concern, without dillydallying. MA

**The failure of the tenets of corporate governance in stalling fraud has been partly ingrained in the tenets themselves and partly in the absence of suitable individuals to give the tenets practical shape which is tantamount to creating a parallel and supervening power, excessive costs vis-a-vis derivable, cognizable benefits from the implementation of the tenets themselves**

chattopadhyay.p@lycos.com

# RELEVANCE OF FINANCIAL LITERACY FOR THE GROWTH OF NATIONAL ECONOMY AND ELIMINATION OF FRAUDS

Financial literacy is all about the elementary knowledge and understanding of basic economic concepts and business terminologies to become well-equipped to take various financial decisions for achieving the objective of capital appreciation

**Dr. Parimal Kumar Sen**
Associate Professor (WBES)
Goenka College of Commerce & Business Administration, Kolkata

**Debojyoti Das**
FPM Scholar, IIM Raipur

**Priyanka Sharma**
Lecturer, Swami Vivekananda Institute of Management & Computer Sciences, Kolkata


A sound and stringent financial system is the *sine qua non* to speedier capital formation for overall growth of the national economy. With the emergence of financial market economies it has offered many opportunities to the stakeholders in every sphere of the economy. It has also led to widening of financial operations, amplification in the volume of trade and availability of innovative and diversified financial products for yielding higher returns on investment. However, it has been observed that investors are either unaware of the investment opportunities or not well-conversant to deal with. Thus, they forego the opportunity to earn by investing in financial products and consequently it leads to a sluggish rate of economic development. Thus it is inevitable to focus on the financial literacy of the investors to augment the growth momentum at the macroeconomic level.

Since the economic reforms the rate of saving propensity is one of the highest in the world. However, if we throw light on the allocation or channelization of such savings the picture is not that pleasant. In India, the trends has exhibited that the significant portion of one's savings are invested in the form of bank deposits. As per the report of RBI only 1.4% of the household savings are invested in equities and mutual funds in 2003-04. It reveals a picture that the savings are put to low-yield investment options leading to an inefficient financial planning for future. The global competition demands for a paradigm shift from a country of savers to a country of investors, it can be achieved only when investors at every tier of economy can be made aware of investment opportunities.

## Sustainable socio-economic benefits

With the advancements in the medical sciences the life expectancy rates has considerably increased. It means there is a possibility to live a longer retired life and hence there will be more requirements of funds. Thus, a greater need of financial planning such as pension scheme, health plan becomes indispensable. However, it has been found in most of the surveys that most of the individuals even though they are aware of this risk exposure are not smart enough to get a cover on it (OECD, 2008).

Nuclear family structure is a part of the modern lifestyle. But it has also called for many responsibilities to be shouldered by the head of the family regarding healthcare of spouse and children, education of the children etc. it requires an efficient and scientific management of funds. Thus the savings should be channelized in a way that it serves the needs. Moreover accidental insurance cover of the earner of the family is also very logical. To fulfill those entire requirements one must have the awareness as well as the financial literacy.

With the advent of deregulation and liberalization many innovative, tailored and easily accessible financial product are made available. Undoubtedly, this has offered variety to invest in but it has also come up with a challenge on the part of the investors to choose the right-fit option among the available alternatives. An aptitude to select the optimal alternative will help to achieve the desired goals.

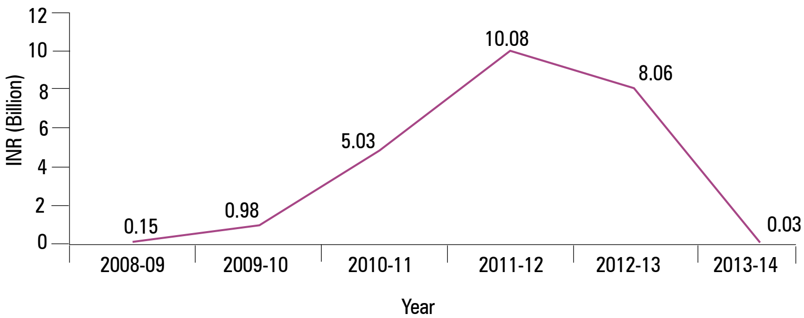
Further, the previous research studies has also established the fact that having financial literacy skill is essential for avoiding and solving financial problems, which in turn will lead to a prosperous life.

## Relevance in the present scenario

Financial literacy is all about the elementary knowledge and understanding of basic economic concepts and business terminologies to become well-equipped to take various financial decisions for achieving the objective of capital appreciation. A household sector which falls short on this front contributes voluntarily to financial exclusion. The out-

**THE SARADHA SCAM LED TO SOCIAL HAVOC, RUINING THE LIVES OF THE RURAL POOR. THE HARD-EARNED SAVINGS OF VICTIMS ERODED AWAY CAUSING SEVERE FINANCIAL CONSTRAINTS**

**Figure 1. Money Collected by Saradha Group**




*Source: Preliminary SIT Report as Published in ABP 29 April 2014*

come of which is misallocation of private wealth causing social declination and increase in public expenditure.

The same has been witnessed recently by the State of West Bengal when it was hit by Saradha scam. The financial scam was caused the collapse of a Ponzi scheme run by Saradha group. A "Ponzi scheme" in general is referred to a fraudulent investment operation where the operator or organization, pays back returns to its existing investors by raising capital from new investors rather than from profits earned by the organization. The Saradha Group collapsed in April 2013, causing an estimated loss of INR 300 billion to over 1.7 million depositors. The profile of the investors in majority belongs to the lower segment of the societal hierarchy who does not have access to the organized banking and financial services coupled up with a very low level of understanding regarding safe and rational investment opportunities.

**FINANCIAL LITERACY STRENGTHENS AND COMPLEMENTS A GREATER DEGREE OF TRANSPARENCY, CONSUMER PROTECTION LAWS AND FINANCIAL MARKET REGULATIONS BY THE GOVERNMENT'S AUTHORIZED AGENCIES**

It has led to a social havoc, ruining the lives of the rural poor. The hard-earned savings of victims eroded away causing tremendous and severe financial constraints. The Govt. of West Bengal, however, announced revival packages of INR 500 Cr. approximate by imposing excess of 10% tax on tobacco. But that will only cause to inflated figures of public expenditure. Further it is also questionable as it may disrupt the growth of the State as there are many other priority sectors of investment. Thus, there will be an economic imbalance which may have a long-term impact on the society.

A school of thought has commented that investments by the low-income groups were mainly guided by their greed and desire to earn higher returns in short span of time. But this view may not be pertinent, as a well-informed investor will always be aware of current rates of yield. Any organization which promises to pay higher rates will always smell fishy. Furthermore, the investors were not really conscious about the approval by the statutory authorities to raise the funds.

The investors being sentient, they relied more upon the organization's brand-building strategies. It invested heavily in high visibility sectors such as in Bengali film industry, television channels and local dailies. Further, the involvement of trusted personalities from the world of silver screen and politics injected confidence in the investors to invest more funds.

## The way forward

To conclude, financial literacy is the foundation of a successful economic cycle to a nation. It strengthens and complements greater degree of transparency, consumer protection laws and financial market regulations by the government authorized agencies. Once the damage is done no financial revival packages are the solutions. Any intention to deceive has to be tracked at an emerging stage. The reinforced government policies alone are not always adequate to cover such risks, the maxim of general law "Caveat Emptor" also applies. An investor should solely be responsible for his actions.

Initiatives to impart financial education may be undertaken by the Govt. agencies and various NGOs. However, in the rural India majority of the peoples are illiterates and for some, English language is still an alien language. In addition to that the complex formalities are also a constraint in most cases. In such a case, unless the basic literacy rate is uplifted all the efforts might go into vain.

Banking and insurance concerns has made tremendous efforts to reach the mobile and remote areas. Further, if they offer attractive schemes for the rural investors and ease the process to access the financial product, it may lead to a better result. Savings properly channelized to the safer investment opportunity will develop better economic results.

Finally, if the Govt. set up a system of rendering financial consultancy services at a nominal or free of cost it possibly will be a great aid to direct the investments properly and effectively.

Giant private sector banking and non-banking financial companies should also come in forefront to contribute to the noble cause of nation building through capital formation by guiding and educating the households at every level voluntarily or as a part of their corporate social responsibility.

The researchers have conducted diversified studies to gauge the level of financial literacy and its probable impacts on the society. But still there are many gaps that are required to be bridged. The roadmap to turn the investors well-informed is yet to be framed. Major research projects aided by government or private research institutions can be of great relevance.

Thus the issue has manifold impact on the society and also demands attention at every level. It cannot be solved single-handedly or in a brief time frame. But it can be expected that, given the level of progress over the passage of time the country as a whole will surely be able to overcome such shortcomings.

(*Disclaimer: The article is intended to create awareness regarding the need for Financial Literacy for a cause of national growth with pure academic pursuits. We have considered "Financial Literacy" as the focus of the study and the above case study along with data is cited from the published sources. The views expressed above are not intended to hurt any social, political and legal sentiments.)

**Giant private sector banking and non-banking financial companies should also come to the forefront to contribute to the cause of nation building through capital formation by guiding and educating households at every level voluntarily or as a part of their corporate social responsibility**

## References


1. *Anthes, W.L. (2004), Frozen in the headlights: The dynamics of women and money, Journal of Financial Planning, Vol.13, No. 9, pp. 130-142*
2. *Bagwell, D.C. (2000), Work and Personal Financial Outcomes of Credit Counseling Clients. PhD thesis. Virginia Polytechnic Institute and State University, Blacksburg.*
3. *Beal, D.J. & Delpachtra, S.B. (2003) „Financial literacy among Australian university students, Economic Papers, Vol.22, No. 1, pp. 65-78.*
4. *Cole, S., Thomas S., and Zia B. (2009) „Financial Literacy, Financial Decisions, and the Demand for Financial Services: Evidence from India and Indonesia." Harvard Business School Working Paper 09-117.*
5. *Jariwala H and Sharma M, Financial Literacy: A Call for Action, Conference on Inclusive and Sustainable growth, Conference Proceedings.*
6. *http://en.wikipedia.org/wiki/Saradha_Group_financial_scandal* MA


**parimalsen123@gmail.com**

# LIFE INSURANCE FRAUDS IN INDIA: REASONS, IMPACT AND PREVENTION MECHANISMS

Life Insurance fraud is a financial sin hurting individuals, insurance companies and government and results in losses of crores of rupees


**Pooja Choudhary**
Research Scholar, Banaras Hindu University, Varanasi


India's financial services sector has grown-up exponentially in the past decade. The occurrences of frauds have also been on the increase. Fraud impacts organisations in several areas including financial, marketing and operational. While the economic loss due to fraud is noteworthy, the full bang of frauds on an organisation can be astounding. The losses to status, goodwill, and client relations can be upsetting. As fraud can be committed by any employee within an organisation or from the outside, thus it is significant to have an effectual fraud management strategy in place to safeguard organisation's assets and reputation.

The Indian life insurance market has grown almost four times in the last ten years in terms of premium collected from Rs. 156075.84 crores to Rs. 291638.64 crores over 2007 to 2011. At the same time, the estimated losses amount Rs. 13148 crores to Rs. 26753 crores from 2007 to 2011 periods - a clear indication that the sector has its fair share of problems.[1]

Some of the key challenges faced by life insurance companies while trying to mitigate the risk of fraud are the increased dependence on the branch network for sales, presence of numerous third parties in carrying out an insurance transaction, finding the right balance between automation of systems and manual intervention etc.

According to the study of India forensic, over 85 percent of fraud incidences took place in the country's life insurance market in 2011, with the remaining 14 percent occurring in general insurance lines. Over the last five years from 2007 to 2011, the number of reported incidences of fraud in India's life insurance market has more than doubled (up by 103 percent approximately), while general insurance fraud losses (which include the country's auto, property and accidents risk lines etc) have risen by around 70 percent[2].

## Objectives

1. to analyse the level of frauds and losses due to frauds in life insurance industry in India; and
2. to find out the RIPs i.e. Reasons, Impacts and Prevention methods related with Frauds in Life Insurance Industry in India.

## Research methodology

The paper mostly uses descriptive research methodology based on secondary data collected from all various government journals, Annual Reports of IRDA and data of various life insurance companies have also been used. For analysing the level of frauds and losses due to frauds in life insurance industry in India data of 5 years i.e. from 2007 to 2011 have been taken from the research conducted by Forensic Accounting in India on Quantification of the fraud losses to Indian Insurance sector.

## Frauds in life insurance and general insurance industry in India

Life insurance fraud is extremely explicit. It refers to acts of purposeful cheating on the part of those applying for or those selling life insurance policies. There are lots of diverse ways to this type of fraud manifests. Life Insurance sector is comparatively a bigger sector and penetration of Life Insurance Corporation of India is still un-beatable.

In last five years from 2007-2011, the frauds in Life Insurance sector have grown by 103% whereas the frauds in the General Insurance sector have grown by only 70%. It can be find out from the following table and analysis that the fraud losses are more occurred in life insurance compared to general insurance business in India. For this purpose, Independent-Samples T Test used to compare the difference between group means when two groups (life insurance and general insurance) are unrelated to each other. It is assumed that:

**$H_0$:** There is no significant difference between the fraud losses of life insurance industry and general insurance industry in India.

**$H_a$:** There is significant difference between the fraud losses of life insurance industry and general insurance industry in India.

## Interpretation

It is observed that the t value (7.458) is quite high than the critical value of t (1.8595) at 18 degrees of freedom which gives the probability of 0.000 which is less than the significance level of 0.05, so it can be said that there is significant difference between the fraud losses occurred in life insurance industry compared to general insurance as the mean of fraud losses is quite high in life insurance (19749.8) in comparison to general insurance (2762.6). it can be simply understood with the help of graph on the right.

Life insurance frauds are on the rise and a number of life insurance companies are reporting a sharp increase in cases of fraud and misrepresentation of facts with respect to selling of the product. That's not all. The number of unauthorised agents purporting to represent companies has also risen exponentially.

## Frauds in life insurance industry in India and RIPs: Reasons, Impact and Prevention Mechanisms

Life insurance frauds are not just financial offence costing individuals, business and government crores of rupees

**Table 1: Fraud Losses in Life Insurance Industry Rs. in Crores**

| Year | Fraud Losses in Life Insurance Industry in India | Fraud Losses in General Insurance Industry in India | Total of Insurance Industry in India |
|---|---|---|---|
| 2007 | 13,148 | 2140 | 15288 |
| 2008 | 17,630 | 2404 | 20034 |
| 2009 | 19,232 | 2623 | 21854 |
| 2010 | 21,986 | 2998 | 24984 |
| 2011 | 26,753 | 3648 | 30401 |
| Grand Total | 98,749 | 13,813 | 112561 |

*Source: Forensic Accounting in India; India forensic study on Quantification of the fraud losses to Indian Insurance sector, www.indiaforensic.com*

**Analysis**

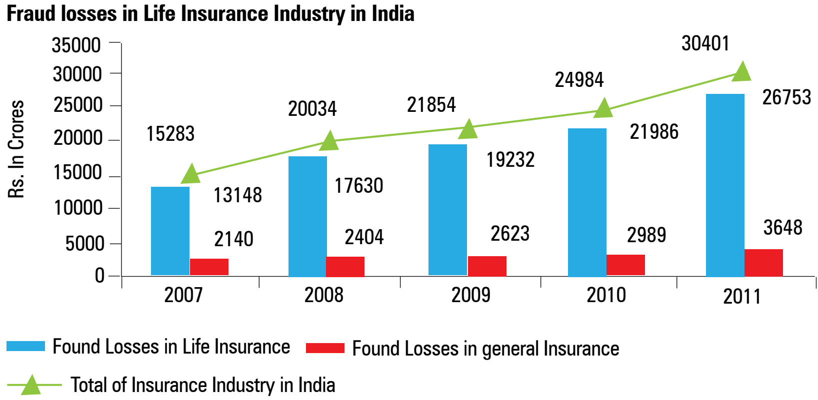
Group Statistics

| Fraud losses | Insurers | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| | Life Insurers | 5 | 19749.8000 | 5059.41777 | 2262.64041 |
| | General Insurers | 5 | 2762.6000 | 586.31459 | 262.20786 |

**Independent Samples Test**

| | Levene's Test for Equality of Variances | t-test for Equality of Means | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | | |
| | | | | | | | | | Lower | Upper |
| Fraud losses | Equal variances assumed | 6.119 | .038 | 7.458 | 8 | .000 | 16987.20000 | 2277.78283 | 11734.62339 | 22239.77661 |
| | Equal variances not assumed | | | 7.458 | 4.107 | .002 | 16987.20000 | 2277.78283 | 10727.75589 | 23246.64411 |

**Fraud losses in Life Insurance Industry in India**



in a year. But fraud also is an aggressive crime that can involve murder, personal damage and serious property harm. Life insurance fraud also forces other personal hazards such as disrupted lives and families, dishonour and sadness, lost jobs and financial failure. Frauds are increasingly becoming a threat and are hampering the growth and development of the life insurance business. A rise in frauds has a ruthless impact on the relationship of trust and agreement between the insured (customers) and insurers. Fraudsters set up narrative techniques either to cheat the insurance company or the insured persons.

In a number of cases, the customer trying to take unnecessary benefits from the company, while in other cases, the intermediaries violated the faith and belief of both the insured and the insurers. That is why it is imperative to recognise and consider the reasons or can say causes of frauds in life insurance followed by its impacts from different dimensions and to take different fraud prevention mechanisms to prevent frauds in life insurance industry in India.

## R – Reasons of frauds in life insurance business

Life insurance is a long-term contract between a policyholder and insurer, which assures the policyholder's dependants a definite sum of money in the case of death of the policyholder. Life Insurance sector is typically characterised by the miss- representation and miss-selling of policies. Life insurance policies are also vulnerable to the money laundering. Frauds in life insurance happen mostly due to: fabrication of documents; availing covers which are not certified for a particular age group; obtaining the death benefit through unfair ways; murder by kin for monetary benefit [3].

Where miss-selling of the policies means selling the policy of company A in place of ling the Term Plan instead of ULIP and vice versa. This is the most common fraud in the life insurance in India. Agreement between the employees and outsiders to defraud the life insurance company is also a form of fraud like, existing disease not disclosed to the company by agents by manipulating the empanelled doctor.

Document forgery or can say false documentations are the biggest challenge before the life insurers. Some of the common fraudulent activities are: falsification of age proofs; falsification of address proofs; falsification of medical tests; fabricating the date of death; forgery of death certificates and manipulating the reasons of death etc. Rebating of Commission is another common type of the fraud where the policyholder demands certain proportion of the commission received by the agents and other mediator. Life insurance sector is also plagued with bribery and the investment related frauds due to a very high volume of the premium collection. These frauds also contribute substantially to the total amount of the frauds in the life insurance sector. Though the frequencies of these types of frauds are not high but they contribute significantly to the

**Figure 1: Reasons of frauds in life insurance industry in India**

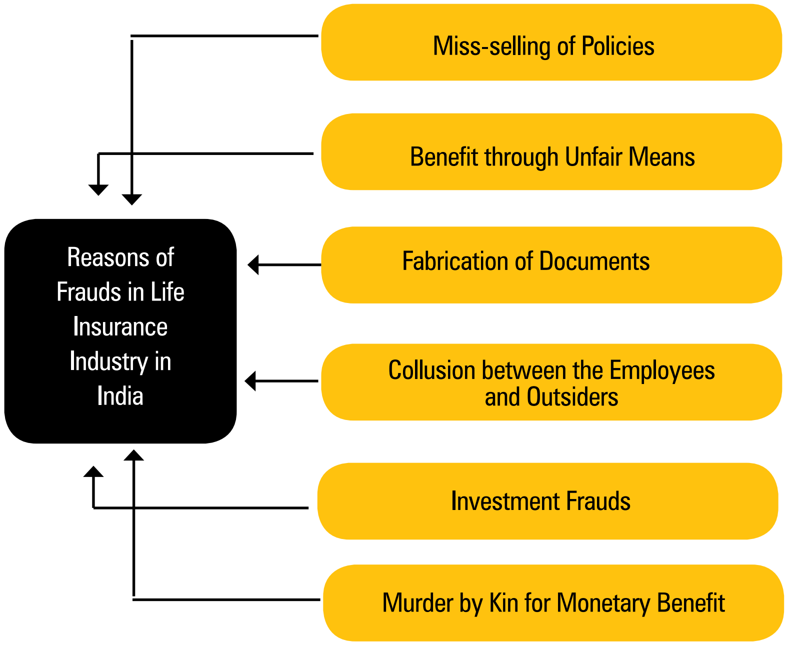
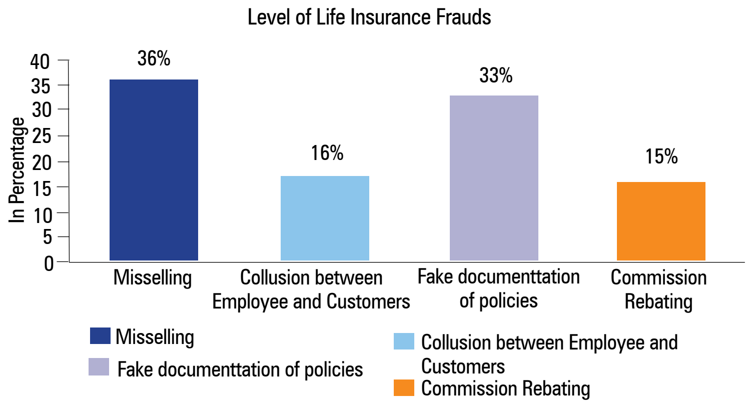



**Table 2: Types and causes of frauds in life insurance industry in India**

| Causes and types of Frauds | Percentage of Frauds in Life insurance Industry |
|---|---|
| Miss selling of Life Insurance Products | 36 percent |
| Collusion between Employee and Customers | 16 percent |
| Fake documentation of policies | 33 percent |
| Commission Rebating | 15 percent |

*Sources: Forensic Accounting in India; India forensic study on Quantification of the fraud losses to Indian Insurance sector, www.indiaforensic.com* total losses of the life Insurance sector.

The level of frauds in life insurance industry in India can be seen from the given table and chart as per the report of India forensic study on Quantification of the fraud losses to Indian Insurance sector.



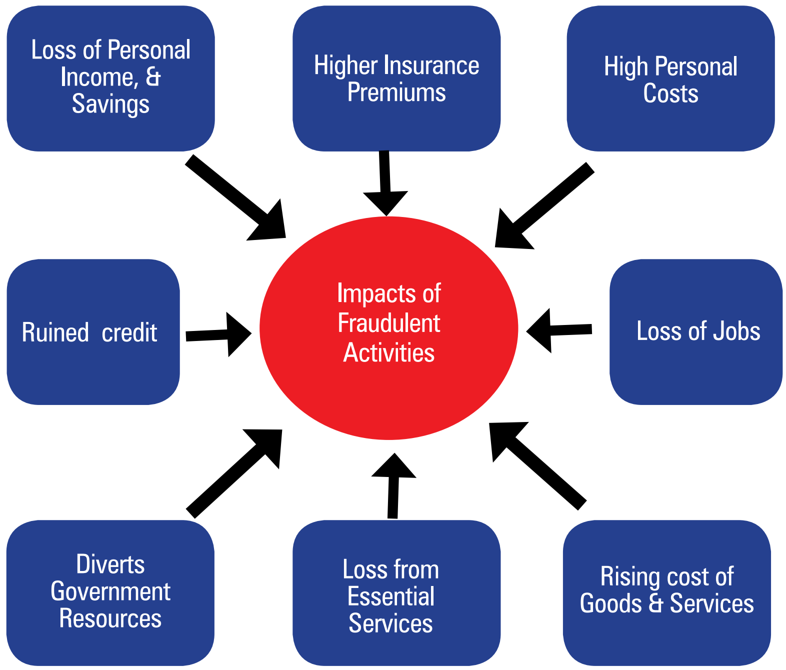

## I – Impact of life insurance frauds

At one side, life insurance fraud is a financial sin hurting individuals, business and government in form of losses of crores of rupees in a year. On the other side it is a vicious crime that can entail murder, personal injury and severe property damage. Fraud contributes to payment of high insurance premiums because insurance companies generally must pass the costs of false claims and of fighting fraud onto policyholders that are sometimes beyond the reach of many consumers and business houses. Businesses must pass the cost of growing insurance premiums on their customers by increasing the prices of goods and services. Many companies spend lakhs of rupees in a year for fraud-prevention programs. This cost also is mirrored in higher costs of products and services.

Many insurance fraud plans seize money from policyholders. These can harm people from a few amount of money to their entire life's savings. In this way people lost their own income and savings. A lot of sick people who purchased fake life insurance found their bank credit ruined when they could not able to pay huge medical bills after their policy refused to pay. Some fraud schemes can cost people to lose their jobs. Fighting with insurance fraud is a major expense for central, state and local governments and authorities. it tempers the country's anti-offense initiatives by deflecting often-limited resources needed to fight from other crimes and offences.

Insurance fraud also obliges large personal costs on its sufferers. Many sufferers feel uncomfortable, humiliated and even desecrated. Normally their families and dependents also become upsets for long periods of time [4].

**Figure 2 Impacts of Frauds in Life Insurance**




Life insurance frauds are on the rise and a number of life insurance companies are reporting a sharp increase in cases of fraud and misrepresentation of facts with respect to selling of the product. That's not all. The number of unauthorised agents purporting to represent companies has also risen exponentially. Few of the cases of frauds in life insurance are given below:

During the first half of 2013, approximately 50 percent of complaints were received by PNB MetLife India which was linked with fraudulent activities by unauthorised agents. According to industry data, complaints on unfair business practices in the life insurance space were hooked at 168482 during 2012-13. It was 10 percent increase compared to 2011-12" said by Rajesh Relan, MD and country manager, PNB MetLife India. He also said that "this is a big concern for whole life insurance industry and IRDA, and both are functioning to educate the clients and take action against people resorting to such malpractices'.

Similarly a case comes into existence, where "many of brokers outfits which indulged in unfair practices were traced to the Delhi NCR region" states by Metilda Stanley, senior vice-president (customer relations), HDFC Standard Life Insurance Company Limited. Some companies are taking prevention tools. HDFC Standard Life Insurance has initiated a rigorous pre-logging verification in which "executives of company call clients to give full details of the policy they have chosen and also verify information from clients. Only when the call is fruitfully ended then close the proposal and issue the policy. In some cases, physical verification that includes clicking of photos and scanning of documents also followed" Stanley said.

While ICICI Prudential Life Insurance has closed tele-calling that were found to be indulging in unfair exercises. Senior officials from the company said that the company adopts zero acceptance policy for anybody or any corporate entity indulging in any type of immoral activities. Through such risk management mechanism, company would be able to identify and track down the location of many such callers[5].

Taking an another example related with miss selling of life insurance policy, in which Reliance Life Insurance Company Limited has filed 172 FIRs at across the country subsequent to complaints against fake call centres offering customers a life policy which would enable the investor for a Rs. 10 lakhs loan. It was said by Anup Rau, MD & CEO, Reliance Life Insurance that company have received hundreds of queries from people who have received such calls. Then company have run campaigns to inform the general public that these are false calls and not to fall quarry to company's customers." According to Anup Rau, Reliance Life has taken measures to ensure that there is no miss-selling, even if the fake callers end up finding some naive investors. Company have a call-back system where company do not issue the policy until assured that the proposer has understood what he/she is buying[6].

Resembling to such cases and examples of frauds in life insurance industry in India, many other cases are also taken place. even these fraudulent activities are continue in present, harming the company's name and reputations, financial conditions and most important harming the customers' personal income and savings, jobs and even lives of own and family. That is why it is important to know how to prevent such types of fraudulent activities that are spreading in whole nation.

## P – Fraud prevention mechanisms in life insurance

Life Insurance fraud is the most severe dilemma facing insurers, consumers and regulators. It does not only raise the cost of insurance premiums, also menaces the financial soundness of insurers. Fraud includes a wide range of unlawful and prohibited actions relating to intended cheat or falsification. The industry has observed an increase in fraud cases in the last 5-7 years. Companies are realizing that frauds are pouring up the costs of insurers and premiums for policyholders, which may pressurise their feasibility and also have a bearing on their profitability[7].

It is well said that the most optimum way to deal with fraud is to prevent it. Fraud prevention and detection in an industry like insurance are not the liability of the risk management panel or internal audit team. But it is a part of corporate risk management strategy.

For such types of frauds can be minimise and prevented through blend of the right policies and procedures, appropriate preventive and monitoring risk management structures supported by a suitable communication strategy. At administrative level, under regulatory framework, Insurance Regulatory and Development Authority (IRDA) have taken the initiatives to prevent the frauds in insurance sector in India including life and general insurance in form of Anti Fraud Policy[8].

As per this policy, fraud can be committed through collusion involving more than one party, insurers should adopt holistic approaches to adequately identify, measure, control and monitor fraudulent risks and accordingly lay down appropriate risk management policies and procedures across the concerned organisation.

The Anti Fraud Policy broadly covers the fraud prevention aspects including: Fraud monitoring through well defined procedure to identify, detect, investigate and report insurance frauds; identifying the possible areas of frauds related with business and the exact departments of the organisation that are potentially flat to insurance frauds and lay down a detailed section wise anti fraud measures and processes; coordination with law enforcing groups for treating frauds on timely and expeditious basis and follow up processes there on; laying down the actions to carry out due carefulness on personnel before appointment or making agreement with them; generating fraud alleviation communication and contacts within the organisation at periodic interval or adhoc basis as may be required and laying down the suitable framework for a strong screech blower policy etc.

Additionally it also includes the implementation of fraud monitoring functions (FMF), which is responsible for laying down procedure for internal reporting and auditing, creating consciousness among different interested parties to oppose life insurance frauds, furnishing reports on fraud to Authority etc. The insurers shall inform both potential clients and existing clients about their anti fraud policy.[9] They shall include essential concern in contract or applicable documents, duly stressing the costs and effects of submitting fake statements for the advantages of the policyholders and the beneficiaries.

## Conclusion

As India's life insurance market continues to rise, the intrinsic nature of the industry, diminishing in the principled measures across the culture, the varying nature of clients, the lack of convenience of information etc. has uncovered the life insurance sector to frauds and various types of misconducts. Fraud is not anything but a criminal trick planned to result in economic, financial and personal gains. In five years from 2007-2011, the frauds in life insurance sector have grown by 103 percent while the frauds in the general insurance sector have increased by only 70 percent. Life Insurance fraud is a financial sin hurting individuals, insurance companies and government in form of losses of crores of rupees in a financial year. On the other hand, it is a nasty offense that can involve murder, personal damage and cruel property damage at personal level.

Life insurance industry's pledge to fraud minimization can be met by identifying the opportunity for frauds and implementing risk evasion, prevention and minimisation actions in day to day actions. In order to make possible regulatory administration and supervision on the process taken by life insurers to undertake and control the risks rising from frauds, the IRDA has put down the rules entailing insurance concerns to include in place of a Fraud Monitoring Framework.

**The Indian life insurance market has grown almost four times in the last ten years in terms of premium collected -- from Rs. 156075.84 crore to Rs. 291638.64 crore from 2007 to 2011. At the same time, the estimated losses from 2007 to 2011 has risen from Rs. 13148 crore to Rs. 26753 crore – a clear indication that the sector has its fair share of problems**

## References

1. *Monika Halan, Renuka Sane & Susan Thomas (2013): Estimating losses to customers on account of miss-selling life insurance policies in India; Indira Gandhi Institute of Development Research, Mumbai April 2013, retrieved from http://www.igidr.ac.in/pdf/publication/WP-2013-007.pdf on April 12, 2014.*
2. *Insurance Fraud in India a Concern (March 5, 2012); retrieved from http://www.aetins.com/insurance-fraud-in-india-a-concern on April 18, 2014.*
3. *Indiaforensic Study on Quantification of the fraud losses to Indian Insurance sector*
4. *The impact of insurance fraud; Coalition against Insurance Fraud; retrieved from http://www.insurancefraud.org/the-impact-of-insurance-fraud.htm# on April 17, 2014.*
5. *Life insurers grapple with rise in frauds By Aparna Ramalingam, TNN | 18 Jan, 2014, 11.37AM IST ; retrieved from http://economictimes.indiatimes.com on April 4, 2014.*
6. *Reliance Life Insurance files 172 FIRs on fraud calls; Mayur Shetty, TNN | May 23, 2013, 12.52 AM IST; retrieved from http://timesofindia.indiatimes.com on April 4, 2014.*
7. *Chudgar Dhara Jitendra and Asthana Anjani Kumar (May 2013): Life Insurance Fraud – Risk Management and Fraud Prevention; International Journal of Marketing, Financial Services & Management Research, Vol.2, No. 5, May (2013), ISSN 2277- 3622, retrieved from www.indianresearchjournals.com on April 14, 2014.*
8. *Mahajan Rohit and ParanjpeSamir (July 2013): Insurance fraud framework; retrieved from www.deloitte.com/in on april 20, 2014*
9. *Insurance Fraud Monitoring Framework (July 21, 2013); Insurance Regulatory and Development Authority, retrieved from www.policyholder.gov.in on April 3, 2014.*

MA

**pooja.bhu091@gmail.com**

# FINANCIAL REPORTING FRAUDS: CAUSES, CONSEQUENCES AND REMEDIES

The growing number of financial reporting fraud cases in the recent past have severely undermined the integrity of corporate financial reporting


**Ashim Paul**
Lecturer,
Shree Agrasain College, Howrah


**The twin Enron towers in Houston, Texas: The Enron scandal, revealed in October 2001, eventually led to the bankruptcy of the Enron Corporation and the de facto dissolution of Arthur Andersen, which was one of the five largest audit and accountancy partnerships in the world**

Corporate financial reporting is an evolving, continuous and dynamic process that always tends to grab innovative ideas and techniques to demonstrate different aspects of financial results of an enterprise. It aims at providing financial information about the reporting entity that is useful to the existing and potential investors, lenders, and other creditors in making decisions about providing resources to the entity and therefore, relentlessly tries to bring in more comparability, viability and rationality to the financial reporting procedure by employing newer value drivers, disclosures and statements etc. But most unfortunate is the fact that this true and fair spirit of corporate financial reporting often suffers from some corrupt practices like misrepresentation, misstatement or omission of financial data, facts, and figures which are collectively referred to as Financial Reporting Frauds (FRFs). The Center for Audit Quality (CAQ) defines FRF as a material misrepresentation resulting from an intentional failure to report financial information in accordance with Generally Accepted Accounting Principles (GAAP). Generally, misrepresentation of financial information starts small, intended as just a slight alteration to improve financial results. But as the situation progresses, one trick leads to another and ultimately results in major reporting frauds. It is learnt from experience that fraudulent financial reporting practices have always been there in the past. But what appears to be new is the rapid increase in the intensity and magnitude of such practices. These corrupt practices, which are motivated by different factors and forces, often appear to be difficult to detect. **Exhibit 1** identifies the different ways in which financial reporting frauds are perpetrated.

There are research experiences which tend to suggest that in most cases revenue is the main subject of manipulation. Revenue is manipulated using a variety of techniques like advancing the timing of revenue recognition and recording of false revenue. Other major subjects of manipulation include overstatement of assets and understatement of liabilities. In some cases manipulation is also done in the sphere of information disclosed on a supplementary basis outside the basic financial statements.

Against the backdrop of highly competitive business environments, many nationally and internationally acclaimed companies like Xerox, Enron, WorldCom, Parmalat, Lehman Brothers, and Satyam etc. have been found to be engaged in such fraudulent practices in the past few decades. Efforts are being made throughout the world to bring about improvements in the quality of corporate financial reporting to restrict FRFs by developing new measurement and disclosure requirements. Measures are also being adopted to improve the quality of corporate governance structure in an attempt to restrict fraudulent reporting practices. In the U.S. the Sarbanes Oxley Act (2002) has been promulgated, which aims at improving financial disclosures from corporations and preventing accounting fraud cases. Similar acts have also been passed in other countries in an attempt to bring about similar changes. But there are many problems that still persist and much still needs to be done to safeguard the integrity, relevance and utility of corporate financial reporting by restricting FRFs.

**Exhibit 1: Forms of Financial Reporting Frauds**

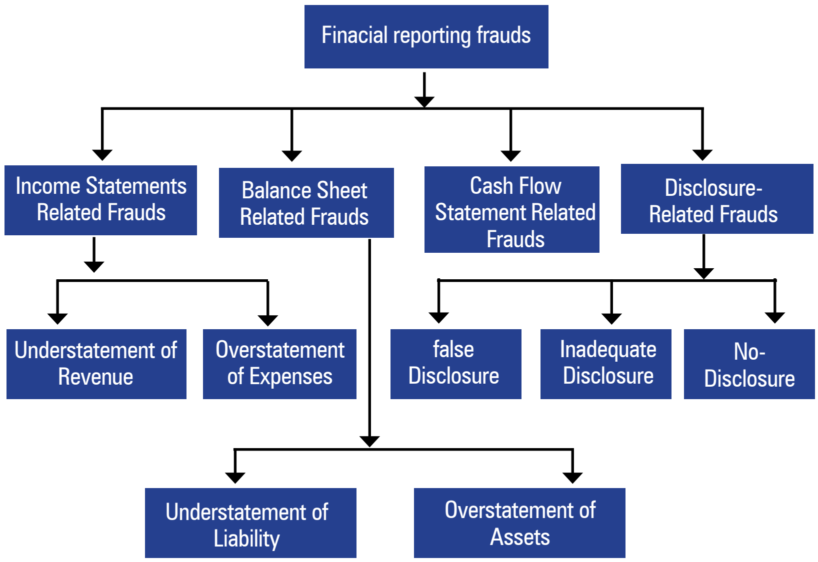
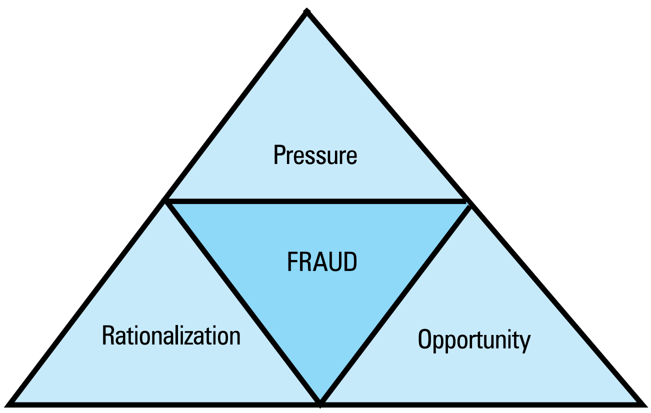



**Exhibit 2: The Fraud Triangle**




The remainder of the paper is organized as follows. Section 2 sketches the causes and consequences of FRFs. Section 3 highlights the most common fraud schemes in the context of some biggest corporate failures worldwide. Section 4 outlines the framework for prevention and detection of FRFs, while concluding remarks are made in Section 5.

## Causes and consequences of financial reporting frauds

In recent years FRFs have become a serious threat to the business community, accounting profession, academicians, and regulators. FRFs mainly occur when organizations engage in certain fraudulent practices planned to hide the actual financial status, performance and prospects to remain attractive to the investors. They are perpetrated for a number of reasons; e.g. to exceed the revenue growth expectations of stock market, to meet the terms with several business deals, to magnify the amount of financing available from lenders etc. According to the National Commission on Fraudulent Financial Reporting, U.S., fraudulent financial reporting generally occurs as a result of certain environmental and institutional forces and opportunities. These forces and opportunities create pressures and add incentives that encourage individuals and organizations to engage in such corrupt practices (National Commission on Fraudulent Financial Reporting, U.S. 1987). Such factors and their roles in perpetrating FRFs can be explained with the help of the 'Fraud Triangle' theory, developed by Donald Cressey. **Exhibit 2** shows the constituents of the 'Fraud Triangle' accordingly:

Pressure is the first factor that influences management to commit fraud. Excessive pressure to achieve financial targets sometimes induces unrealistic information in financial reports. The prevailing market competition, market saturation and financial needs etc. may create enormous pressure on the management to engage in fraudulent acts to create fake reputation and gain competitive advantages. Opportunity is the second factor and refers to those circumstances or situations that enable fraud to be more easily committed and detection less likely. It includes poor internal control, weak audit programme, and improper oversights etc. Rationalization is the third factor that indicates to the ability to act according to self-perceived moral and ethical values. Management often rationalizes its act just for being fit in competition or to meet the company goals. In this way the fraud triangle theory explains the factors that act as the main source of motivation behind fraudulent practices, but corporate financial reporting should be of high quality, if its wants to depict the underlying economic realities of the financial event and phenomena of the reporting entity in a reliable and transparent manner. The quality of information provided through corporate financial reporting affects the way in which the capital markets value companies. Underproduction of information or production of misleading information may lead to wrong pricing of corporate securities. If companies are under or overvalued in the capital markets, cost of capital varies accordingly. As a result, the efficiency of the capital allocation process is impaired. Besides that, investors, lenders and other stakeholders are misguided due to such FRFs while making investment decisions. Exhibit 3 clarifies the consequences of FRFs in a more realistic way with the help of flow chart.

Thus it is quite clear that FRFs undoubtedly cause harm to the company in which they are perpetrated and may lead to some other consequences which are summarized below:

- It weakens the quality and reliability of corporate financial reporting and puts the integrity and objectivity of the accounting profession at risk;
- It erodes investors' confidence in the capital market and makes capital market less efficient;
- It adversely affects a company's growth and prosperity and sometimes result in corporate bankruptcy;
- It may hamper the economic operations and performance of the country to which the defaulter company belongs and cause social unrest too.

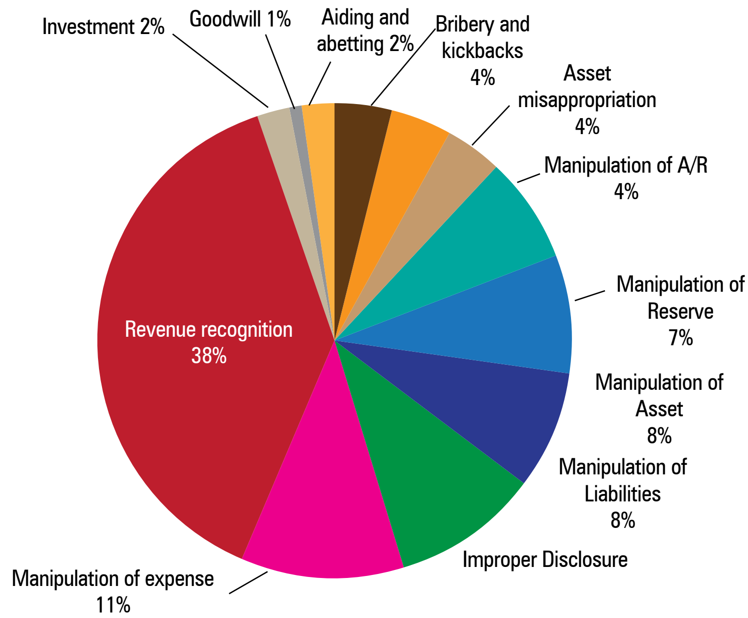
## Common schemes of financial reporting frauds

In the light of the above discussions, now it becomes imperative to identify the most common fraudulent schemes that invariably damaging the integrity of corporate financial reporting over the years. In this context the Deloitte Review Report (2008) on SEC's enforcement releases to the companies during the period from 2000 to 2007, in the U.S. is a great piece of literature. The review report reveals that a large number of companies, belonging to nine categories of industry (such as Aviation & transport, Manufacturing, Consumer business, Public sector, Energy resources, Real estate, Financial services, Telecommunication, and Healthcare) have been found to be engaged mainly in twelve categories of fraud schemes and out of which revenue recognition fraud schemes persist, at 38% of the total and five types of manipulation schemes such as Account Receivable (A/R), assets, expenses, liabilities and reserves coalesce to 38% of total FRF schemes. While bribery and kickbacks make up a small percentage of the total schemes. These are shown in **Exhibit 4**.

In this context it may be pertinent to explore how the above mentioned fraud schemes have been used by a number of internationally acclaimed business houses over the past few decades to achieve their ulterior objectives which ultimately resulted in huge economic losses and in some cases corporate bankruptcy, as well. **Exhibit 5** attempts to capture a snapshot of some of the biggest business disasters in various parts of the world which occurred due to adoption of different forms and schemes of FRFs:

This list is not an exhaustive one. It attempts to cover only some representative cases from both the developed and developing economies. In the above list FRF cases are taken from the U.S., U.K., Australia, Italy, India, and Japan. There are also instances of FRFs that have taken place in other parts of the globe (e.g. Canada, China, Germany, Sweden, Netherlands and Spain). This harsh reality certainly proves the worldwide reach and spread of FRFs over the years. So the need of the hour is to develop a worldwide consciousness and joint efforts to tear up this social malaise by its roots and the next part describes the framework to combat this problem consequently.

**Exhibit 4: Common Fraud Schemes**




*[Data Source: A review of SEC enforcement releases, Deloitte Forensic Center (2008)]*

## Framework for prevention and detection of financial reporting frauds

Almost all organizations experience fraud in different forms, ranging from minor cash embezzlement to high-profile reporting fraud. It's not always easy to detect fraud at an elementary level and therefore, some-

**EXHIBIT 5: SOME BIGGEST CORPORATE COLLAPSES**

| Company | Industry | Year | Fraud Schemes | Consequences |
|---|---|---|---|---|
| Polly Peck | Electronics | 1990 | False accounting and reporting practices | Bankruptcy |
| Phar-Mor | Retail | 1992 | Kept huge amount of Losses hidden, Improper valuation of Inventory and A/R, Understatement of liability | Bankruptcy |
| Waste Management, Inc | Waste Management | 1999 | Manipulation of expenses and liabilities | Major fall in Share price, Huge penalty to the company |
| Xerox Corporation | IT services | 2000 | Falsification of financial results | Huge penalty to the company |
| Enron | Energy and Service | 2001 | Manipulation of reserve, Improper segment reporting, Manipulation of A/R | Bankruptcy |
| WorldCom | Telecommunication | 2002 | Manipulation of expenses and liabilities | Job Loss, Loss of investor wealth, Bankruptcy filing |
| Parmalat | Food Processing | 2003 | Fictitious sales, Manipulation of liabilities, Overstatement of assets | Bankruptcy |
| AIG | Insurance | 2004 | Manipulation of expense, False and misleading financial information | Class action suits against the company |
| Lehman Brothers | Financial Service | 2008 | Misleading financial reporting | Bankruptcy filing |
| Saytam Computers | Information Technology | 2009 | Falsification in revenue, margins and cash balances, Overstatement of assets | Major fall in Share price, Turmoil in capital market |
| Olympus Corporation | Electronics | 2011 | Manipulation of expenses, Concealment of investment losses, False financial reports | Job Loss, Loss of Investor wealth |

**Exhibit 6: Internal Control Framework**

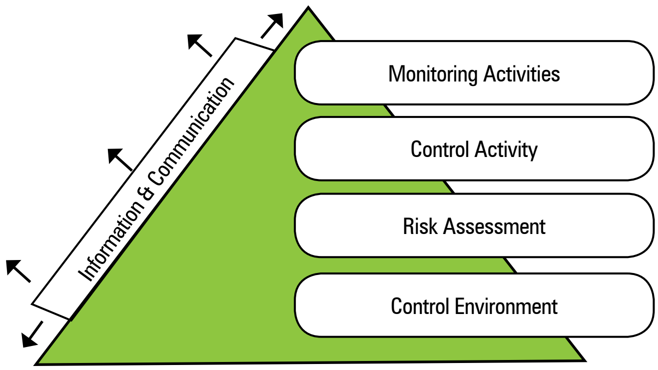
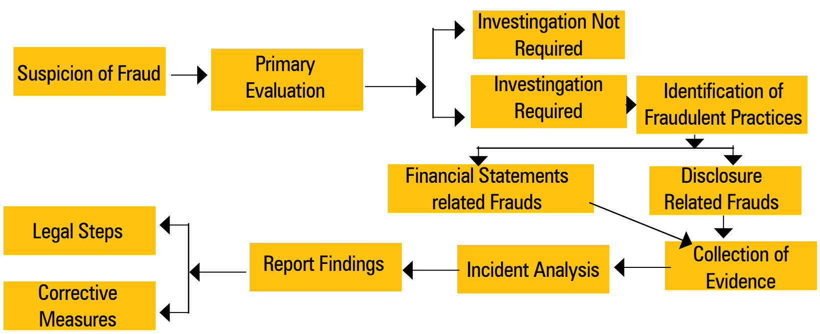



**Exhibit 7: Framework for Detection of Financial Reporting Frauds**




times it brings in significant adverse effect on an entity's market value, reputation and future sustainability and to avoid such adverse consequences and minimize the risk of FRFs, a preventive mechanism is required. An effective preventive mechanism to prevent, detect and deter FRFs requires a proper internal control system which can combine the fraud prevention, detection and deterrence measures together. These basic requirements are passably integrated in the internal control framework, developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for restricting fraudulent activities by imposing high morale and creating disciplined environment within an organization, which is portrayed in **Exhibit 6**.

The COSO framework of internal control integrates five crucial components for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. At first, Control Environment sets the tone for the organization and creates the foundation for all other components of the internal control system. Secondly, identification and analysis of different fraud risks to the achievement of organizational objectives is done through Risk-Assessment measures; thirdly, Information and Communication serves as a system that supports the identification and exchange of ideas to enable people to carry out their responsibilities; fourthly, Control Activities signify the policies and procedures that facilitate management directives to be carried out properly; and, lastly, the quality of internal control performance over time is evaluated through continuous Monitoring. Thus the above discussions show how the COSO internal control framework integrates the means by which an organization's resources can be directed, monitored, and measured to restrict different fraudulent acts. Still, like prevention, fraud detection mechanism is also equally important and hence considered to be an integral part of the internal control system. If, for any reason, the above mentioned internal control framework fails, detection mechanism must start functioning to identify the fraudulent acts responsible for such failure and implement necessary legal and corrective measures.

A sound fraud detection mechanism requires three main elements viz, a) expert personnel having sound knowledge and expertise in using modern tools and techniques for fraud detection; b) strict regulations for punishing the fraudsters; and c) proper supervision and corrective measures to restrict further occurrences of such corrupt practices. Furthermore, the mechanism needs to follow some basic steps in the detection of fraudulent activities. Such steps are explained with the help of a flow chart and shown in **Exhibit 7**.

Exhibit 7 shows that on suspicion of any fraudulent act, a primary evaluation should to be conducted to ensure further investigation to trace the actual fraud and identify its schemes. Thereafter the authority concerned should try to collect the evidences of such fraud and make a postmortem analysis with the help of some accounting and auditing tools like forensic accounting and auditing, trend analysis, data mining techniques to prepare a review report. On preparation of the review report, the necessary legal and correctives measures are to be ensured to hold such incidents in check.

## Conclusions

The growing number of financial reporting fraud cases and collapses of high profile companies in the recent past have severely undermined the integrity of corporate financial reporting and put question marks on the effectiveness of corporate governance and credibility of audit functions worldwide. These have given rise to three basic requirements viz, (1) the corporate governance structure needs to be strengthened; (2) specialist financial skills like forensic accounting are to be developed and practiced further; and (3) strong regulatory and anti-fraud collaborations are to be formed to mitigate the risk of financial FRFs by developing thought leadership, awareness programmes, educational opportunities and related resources. Hopefully, controlling measures to deter fraud, such as, whistle blower policy, strong ethical code of conduct and proactive fraud management program etc. have already been taken up by the world's largest companies. These are specially designed to ascertain and mitigate the forces that can enable such frauds. Rules and regulation have been formulated in various countries in an attempt to severely punish those who perpetrate FRFs. It may be mentioned in this context that in the U.S. accounting irregularities and allegations of frauds call for class-action suits and investigation by the SEC. In the U.K. financial statement frauds are now being subjected to criminal prosecutions. In India, certain legislative actions have been taken but, according to a recent KPMG survey, the enforcement actions are not swift and decisive enough (KPMG, India Fraud Survey, 2012). However, what appears to be praiseworthy is that a good number of Indian companies have already started following whistle blowers policy as a tool for preventing such fraudulent activities. Some supporting legislations including the Whistleblower Protection Bill (2010), the Prevention of Bribery of Foreign Public Officials Bill (2011), and the Prevention of Corruption Act (amendment) Bill (2013) are expected to be implemented very soon. If this happens then it will bring significant improvements in India in the sphere of prevention and detection of financial reporting frauds.

**IN THE U.S. ACCOUNTING IRREGULARITIES AND ALLEGATIONS OF FRAUDS CALL FOR CLASS-ACTION SUITS AND INVESTIGATION BY THE SEC**

## References

1. *Badawi, I.M. (2008). "Motives and Consequences of Fraudulent Financial Reporting", Presented at the 17th Annual Convention of the Global Awareness Society International, San Francisco.*
2. *Beasley, M.S., Caecello, V.J., Hermanson, D.R. and Neal, L.T. (2010). "Fraudulent Financial Reporting: 1998-2007, an Analysis of U.S. Public Companies", Committee of Sponsoring Organizations of the Treadway Commission (COSO), May.*
3. *Brennan, N.M. and McGrath, M. (2007). "Financial statement fraud: some lessons from US and European case studies", Australian Accounting Review, July.*
4. *Concepts Statement No.8 - FASB, available at http://www.fasb.org*
5. *Daniel, T. H., Manurung and Hadian, N. (2013). "Detection Fraud of Financial Statement with Fraud Triangle", Proceedings of 23rd International Business Research Conference, Melbourne, Australia.*
6. *Deloitte Forensic Center (2008), "Ten things about financial statement fraud-A review of SEC enforcement releases" December.*
7. *Jones, M.J. (2011). Creative Accounting, Fraud and International Accounting Scandals. Wiley & Sons.*
8. *KPMG. (2013). "Financial reporting fraud: The SEC's renewed focus and what companies need to do now", available at http://www.kpmginstitutes.com.*
9. *Mehta, G.S and Mathur, T. (2007). "Preventing Financial Fraud through 'Forensic Accounting", the Chartered Accountant, April.*
10. *Report of the National Commission on Fraudulent Financial Reporting (1987) available at http://www.coso.org.*
11. *The Center for Audit Quality (CAQ). (2010). "Deterring and Detecting Financial Reporting Fraud: A Platform for Action" available at http://www.thecaq.org.*

MA

ashim.paul06@gmail.com

**Congratulations**

Congratulations to CMA Dr. Suresh Chandra Mohanty, President of the Institute for being awarded the degree of Doctor of Philosophy (PhD) in Commerce by Utkal University, Bhubaneswar

# Advisory for Renewal of Certificate of Practice 2014 –15

The members of the Institute holding Certificate of Practice having validity up to 31st March, 2014 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:

- 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.
- 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.
- From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued.

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, 2014, his/her status of COP from 1st April 2014 till the date of renewal would be "Not Active" and he will neither be able to affix his digital signature on any cost audit report or compliance report nor will he be able to get approval of Form 23C or Form 23D and the forms will get rejected on the MCA Website.

5. Subject to what has been mentioned in Sl. No. 4 above, a member can get his/her Certificate of Practice for 2014-15 renewed within 30th June, 2014. If application for renewal of Certificate of Practice is made after 30th June 2014, the member's Certificate of Practice for 2014-15 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*.

The requirement specified above does not apply to a member in practice who has attained the age of 65 years as on 1st April 2014.

Other relevant issues for Renewal of Certificate of Practice are as follows:

- Application for renewal of Certificate of Practice upto 31st March 2014 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.
- 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.
- 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. The fees may also be paid directly by cash at the Headquarters, Kolkata or by Cash/Demand Draft/pay Order/Cheque at the Regional Councils or Chapters of the Institute.
- 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 2014-15 along with other requirements as indicated above immediately.

Renewal of Part-time Certificate of Practice

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.

# WORLD'S MOST ETHICAL COMPANIES OF 2014

The World's Most Ethical Companies are those that outperform their peers when it comes to creating strong and consistent ethical culture and behavior. The following pages list the 2014 World's Most Ethical Companies recipients, and highlight stories from some of this year's winners.

This year, 144 companies were recognized as World's Most Ethical Companies, representing five continents. These companies earned the recognition after a substantial application process, which resulted in an Ethics Quotient ("EQ") score. The companies with the highest EQ scores within their respective industries were recognized as the World's Most Ethical Companies.

The following is a breakdown of the methodology used to determine the World's Most Ethical Companies.

- **Ethics and Compliance Program (25%)**

The criteria used for this category are fully aligned to corporate best practices, relevant case law and the "hallmarks" of an effective compliance and ethics program as outlined by the Federal Sentencing Guidelines, including:

1. Program structure, responsibility and resources
2. Program oversight and the tone at the top
3. Written standards
4. Training and communication
5. Due care
6. Detection, monitoring and auditing
7. Enforcement and discipline

- **Reputation, Leadership and Innovation (20%)**

- **Governance (10%)**

- **Corporate Citizenship and Responsibility (25%)**

- **Culture of Ethics (20%)**

| Company | Country |
|---|---|
| **AEROSPACE & DEFENCE** | |
| Elibit Systems of America | USA |
| Rockwell Collins | USA |
| The Aerospace Corporation | USA |
| **AGRICULTURE** | |
| Ethical Fruit Company Ltd | UK |
| **APPAREL** | |
| Gap Inc | USA |
| Hennes & Mauritz AB | Sweden |
| Levi Strauss & Co | USA |
| **AUTOMOTIVE** | |
| Cummins Inc | USA |
| Delphi Automotive | USA |
| Ford Motor Company | USA |
| **BANKING** | |
| Banco do Brasil S.A | Brazil |
| National Australia Bank | Australia |
| Old National Bankcorp | USA |
| Teachers Mutual Bank | Australia |
| Westpac Banking Corporation | Australia |
| **CHEMICALS** | |
| Eastern Chemical Company | USA |
| Ecolab | USA |
| H. B. Fuller | USA |
| **COMPUTER HARDWARE** | |
| Dell Inc | USA |
| Hitachi Data Systems | USA |
| Intel Corporation | USA |
| **COMPUTER SERVICES** | |
| Google, Inc | USA |

| Company | Country |
|---|---|
| **CONSTRUCTION** | |
| CRH plc | Ireland |
| Granite Construction Inc | USA |
| IHCC (International Hospitals Construction Company) | Saudi Arabia |
| **CONSUMER PRODUCTS** | |
| Colgate-Palmolive | USA |
| Hasbro, Inc | USA |
| Henkel AG & Co. KGa A | Germany |
| Kao Corporation | Japan |
| Kimberley-Clark Corporation | USA |
| Mattel, Inc | USA |
| Natura Cosméticos | Brazil |
| SCA, Svenska Cellulosa AB | Sweden |
| **ELECTRONICS** | |
| Applied Materials, Inc | USA |
| Avnet. Inc | USA |
| Premier Farnell pic | UK |
| Rockwell Automation, Inc | USA |
| Texas Instruments, Inc. | USA |
| **ENERGY & UTILITIES: NATURAL GAS** | |
| NiSource, Inc. | USA |
| Sempra Energy | USA |
| **ENERGY & UTILITIES: ELECTRIC** | |
| AES Corporation | USA |
| Energias de Portugal, S. A. | Portugal |
| ENMAX Corporation | Canada |
| Iberdrola, S.A | Spain |
| National Grid | USA |
| Next Era Energy, Inc | USA |

| Company | Country |
|---|---|
| **ENERGY, OIL AND GAS** | |
| ABB Asea Brown Boveri Ltd | Switzerland |
| Alyeska Pipeline Service Company | USA |
| Encana Corporation | Canada |
| PKN ORLEN S.A | Poland |
| Spectra Energy Corp | USA |
| TATA Power Company | India |
| **ENVIRONMENTAL SERVICES** | |
| The Nature Conservancy | USA |
| Waste Management | USA |
| **FINANCIAL SERVICES** | |
| CUNA Mutual Group | USA |
| ING U.S | USA |
| Northern Trust Corporation | USA |
| Thrivent Financial Lutherans | USA |
| Visa Inc. | USA |
| **FOOD & BEVERAGE PRODUCTS MANUFACTURING** | |
| All Good Organics | New Zealand |
| Illycaffè spa | Italy |
| Ingredion, Inc. | USA |
| Kellogg Company | USA |
| Pepsi Co, Inc | USA |
| **FOOD SERVICE** | |
| Aramark | USA |
| **FORESTRY, PAPER & PACKAGING** | |
| International Paper | USA |
| Weyerhaeuser Company | USA |
| **HEALTH AND BEAUTY** | |
| L'OREAL | France |
| Shiseido Company, Ltd | Japan |

| Company | Country |
|---|---|
| **HEALTHCARE PRODUCTS** | |
| Henry Schein, Inc | USA |
| **INSURANCE : BROKERAGE** | |
| Arthur J. Gallagher & Co | USA |
| **INSURANCE: GENERAL** | |
| The Hartford Financial Services Group | USA |
| **INSURANCE: LIFE** | |
| Knights of Columbus | USA |
| Massachusetts Mutual Life Insurance Company | USA |
| **INSURANCE: PROPERTY & CASUALTY** | |
| Sompo Japan Insurance Inc. | Japan |
| **INSURANCE: REINSURANCE** | |
| Swiss Re | Switzerland |
| **LEISURE & HOSPITALITY** | |
| Holland America Line | USA |
| Holland America Line-Seabourn | USA |
| Marriott International, Inc | USA |
| The Rezidor Hotel Group | Belgium |
| **MEDIA** | |
| Time Warner Inc | USA |
| **PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES** | |
| Gemological Institute of America | USA |
| Nobills, Inc. | USA |
| Thomson Reuters | USA |
| **REAL ESTATE** | |
| CBRE | USA |
| Jones Lang LaSalle, Inc | USA |
| Realogy Holdings Corp. | USA |
| Unibail-Rodamco SE | France |

*Source: www.ethisphere.com*

## NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 287th Meeting held on 21st May, 2014 by virtue of power conferred therein has constituted the following Chapter of Cost Accountants covering the areas of Agra, Mathura, Firozabad, Eatha, and Hatrash:

The Institute of Cost Accountants of India — Agra-Mathura Chapter E-75, Kamla Nagar,
Agra — 282 004.

Kaushik Banerjee
Secretary (Acting)

# 'GROWTH OF INSURANCE IS AN OPPORTUNITY FOR CMAs'

**A. V. GIRIJA KUMAR**
CMD, National Insurance Company Limited

**MA What are the three primary challenges presently prevailing in the general insurance business in India?**

The biggest challenge for general insurance in our country today is low Penetration despite the high potential. In 2012-13, penetration level stood at 0.78% - compared to 4.52% in USA, 4.33 of Switzerland. Nearer home, South Korea leads with 5.25% followed by Taiwan at 3.16% (source: IRDA). Ironically it is because of this vast untapped market of the uninsured, that India's Non-Life Insurance Sector has been described as a Goldmine of Growth Potential by leading financial market intelligence leader, Standard & Poor (S & P)

From that perspective therefore, the three primary challenges we face are-

- Identifying innovative distribution channels to facilitate Reach
- Innovating processes for making Products as well as services Customer service friendly and Efficient
- Balancing between top line Growth and bottom line Profit, in other words, how best we can make the business operations viable or profitable.

**MA How have the private participation in the insurance sector in India been facilitating penetration and growth of the business?**

Of the 28 players in the non life market, 21 are private players including Stand alone Health insurers. In the past fiscal, private players contributed approx 31,000 crs to total GDPI of 77,000 crs thereby occupying 42% Market share. Hence their contribution and active participation in the Indian diaspora is welcome. The market is huge and the potential enormous. Today's Rs.77, 000+crs of business can well translate into Rs.2,00,000crs by 2020.

Of course, private players having opened shop only in the metropolitan cities and urban areas, they would need to further augment their efforts for penetration in the under-served markets of rural India to the desired level. This would definitely improve the scenario.

**MA Customers still feel that there is complexity in claim settlement; do you feel that client servicing and processing needs to be addressed foremost, even more than the need for expansion and distribution of the business?**

Undoubtedly. Client servicing and Claims processing have to be addressed before further Expansion and Distribution of the business. And Yes, many significant steps have been taken in the past 6-7 years for improving systems and processes for both Claims Servicing and Claims Management. The result is encouraging: reduction in minimum turnaround time; quick response time; have helped expeditious claim settlements. Today in the public sector non life insurance today, the rejection rate ratio is minimal.

Here I must mention that the general insurance business die to its wide coverage, is one of fine print, meaning that every policy comes with conditions and terms which warrant greater insurance knowledge on the part of the customer. Insurance agents who are the faces of the insurers therefore play a crucial role in educating the Customer and ensuring smooth transitions both while taking the policy and more importantly while making a Claim. Thus regular Training, up skilling the Marketing force is vital for enabling smoother and faster improvement of the business and also reducing communication gaps. In addition, customer awareness programes should be conducted regularly. We must also Leverage Technology for better Claims Management. And the efforts though at a nascent stage, much is being done to harness the digital media.

**MA Are the health insurance schemes catering enough to the needs of the under privileged and the helpless people; how much is the reach of health insurance at this level?**

Health insurance is the 2nd Largest portfolio after Motor insurance-it is a sunrise portfolio. The Demand for Health coverage is growing steadily as new products are being customized to suit Customer requirement. But apart from retail health products; Govt of India has been taking milestone initiatives in making health insurance not only affordable but also accessible to the economically and financially vulnerable sections of society. The IT-intensive Rashtriya Swasthya Bima Yojana is one such policy. Rolled out in the year 2008, the scheme covers BPL families of the country it is a cashless facility where through a Smart Card issued to each insured person, in patient medical care up to a sum up to Rs.30,000 in identified hospitals can be received by the insured. Till April 2014, more than 3.71 cr Smart Cards had been issued.

Similarly State Govts have also issued Health Policies such as the BPSSBY in Punjab and BKKY in Odisha, the RGJAY in Maharashtra, for extending Health insurance to the poor and marginalized.

Much more remains to be done, schemes need to be incentivized; awareness must be spread to the BPL category by the Government and the Local Bodies so that all can be protected under the umbrella of Health Insurance.

Today Health Insurance business totals approx 18,000 crs GDPI ie 22.48% of the General insurance portfolio.

**MA How effective has bancasurance arrangements been in spreading awareness and garnering general insurance business in the insurance sector?**

Higher market penetration through the existing customer base of the Bank has definitely resulted in higher Turnover for the insurance partner. This has also led to increased Customer awareness, Banks, have proved to be effective distribution channels garnering premium from account holders for general insurance products especially in cases of mortgages and loans. Besides they offer their insurance partners scope of cross selling and up selling various products to account holders. This not only affords easy Access and Delivery for the Customer but also increases the Brand Awareness of the Insurer.

In the future Banks would be seen working with more than one insurance company. As of now Banks act in the capacity of Corporate Agents but there are new Government directions though not yet implemented which could permit Banks a bigger role as brokers thereby allowing them to partner more than one non life insurance Company. This would help them act as one-stop shops, or single window channels, for offering the Customer both banking as well as insurance services.

**MA Do you see the extended role of banks in the field of insurance will be a threat or opportunity for general insurance?**

Globally as well as in India, Banks contribution to general insurance business has been comparatively lower than their share in life insurance vis - a - vis new premium collected by the industry. So truly speaking there is no threat. But I must admit that utilizing the vast network of Bank branches would go a long way in increasing overall non life insurance penetration particularly in rural and semi urban area. And insurance companies would benefit by that. Besides higher accountability of banks to policy holders via the broker channel is a step in the right direction.

But as I said earlier the regulations have not yet been implemented and some areas have been indentified for further study. Banking and insurance business are technically different in various aspects. Besides, as a Broker the Bank will have greater liabilities, Capital investment too will be higher. Banks would also have to take a call as to the model they would prefer. They would also need to internally put in place Safeguards and Standards wherever required given the likely mis selling issues raised by stakeholders in a Broker model.

Needless to mention the authorities will be implementing proper guidelines for smooth functioning and expansion of the General Insurance Business.

**MA Given the expansion and importance of the general insurance business in India, how important do you feel is the role of surveyors and loss assessors; do you feel CMA professionals could help GI companies to in their various processes?**

The proof of the pudding is in the eating – so also in non-life insurance it is essentially when a Claim arises that the insured can guage the quality of the Insurers Customer service. By assessing, advising and expediting the Claims payment process, surveyors and loss assessors contribute significantly to the Customer experience. Training and experience are important for efficient service rendition. One has to be in the field for a long time to be able to be a good Surveyor.

With the insurance industry surging ahead and Claim prone portfolio such as Motor, Health and Property fuelling the expansion; there is urgent need for well Trained, competent, licensed, experienced Surveyors and Loss Assessors equipped with high knowledge quotient.

Due to the large variety of Policies the Insurance industry also provides ample employment opportunities for other professionals which includes CAs and CMAs and legal personnel who we engage in large numbers.

I would even suggest that educational institutions add insurance business and its operations as a part of their course curriculum. In fact Institutions should collaborate with us in joint Research studies and Advanced Study programmes so that the economy at large may be benefitted from the learnings.

**MA In terms of business, general insurance has not been able to penetrate much in the semi-urban and rural parts of India, whereas in the advanced countries, almost everything is insured; how do you suggest we may improve awareness and growth of this business in India?**

For sustainable growth of the business in the long run, initiatives have to be taken by the Regulatory Authority, Local Bodies, General Insurance Councils as well as the Insurers themselves. Customized products at affordable costs must be made accessible to all. New products should also be launched to suit different needs of the people.

Traditional Media such as Electronic, Print and Outdoor in combination with Social Media and other Below the Line promotional activities must be harnessed to spread insurance awareness.

There is acute need for Training of the intermediaries and the Marketing force for bridging any communication gap that may arise between the insurer and the insured.

Products of General Insurance are hard to sell because of their peculiar nature as compared to those of Life Insurance. General Insurance policies are annual policies and payment is made only on the occurrence of an admissible Claim. Nonetheless general insurance is extremely vital for the financial protection of an individual's assets/health from unforeseeable accidents/events. And the premium cost is minimal. High Coverage at Low Cost: This knowledge must be disseminated to the customer. The Customer must be made aware of the advantages of a non life insurance policy-this will help him/her take an informed decision on the matter and view a general insurance product as a cover of protection.

**MA Ten years down the line, what growth do you see in this sector and where do you see yourself as far as general insurance business is concerned?**

Non life insurance sector, as I said in the beginning of this interview, has a booming future. The industry has crossed GDP of 77000 crs in 2013-14. With a favourable economic and infrastructure Growth the industry looks forward to turnover of Rs.2 lakh crore in 2020. At my Company National Insurance, the 2nd largest non life insurer of the country, we are targeting Rs.25,000-Rs.28,000 crore by the year 2020 and Rs.30,000 crore by 2025. Side by side, due to its great potential I expect new Companies to open up and the existing ones to expand further which will therefore provide ample career opportunities. Insurance after all is a peoples' business and there will always be room for more support. Hence Professionals and youngsters should keenly watch this sector as there will be a wide requirement for Actuaries, Agent/Advisor, Corporate Agent, Brokers, Surveyors, CAs, Doctors, Engineers, Legal Experts etc. All are welcome to participate and contribute to the growth story of this sector.

# OF ELEVATORS, RESTAURANT DINING, FISCAL INCENTIVES AND CLUBS: MANY FATS IN THE LITIGATION FIRE

The appellate forums and the Courts are practically reeling under the burden of the relentless pile-up of ever-increasing litigation

**Dr. Ravindran Pranatharthy**
Advocate
Indirect taxes & IPRs

The dust of general election has settled over the Indian sub-continent and the new government is in place. The first item on the economic agenda is to get the Budget for the next three quarters of the current fiscal passed. The time is short though ideas are aplenty. Tax reforms are in a state of limbo. The wish-list of tax changes is as long as it is time-worn. But one hardy perennial on any shopping-list of tax reforms cannot be kept away even by default. It is the mounting tide of fruitless tax litigation. The appellate forums and the Courts are practically reeling under the

**AMONG THE CAUSES... IS THE ONE RELATING TO THE DRAFTING OF THE LAWS AND... WHETHER WE NEED SO MANY OF OUR PRESENT LAWS OR PERTINENTLY, WHAT KIND OF LAWS DO WE REALLY NEED**

burden of the relentless pile-up of ever-increasing litigation. The new litigation policy announced a couple of years ago in the union revenue department has failed to make any noticeable impact. The recent Service tax amnesty scheme has also not stemmed the tide of litigation. The silent crisis has stupefied policy-makers into an inertia of the status-quo. The solution has no single magic cure. It is a national illness that pervades the legal landscape. The epidemic has become endemic in the system. Like a therapy, therefore, it calls for a direct and multi-task approach to frontally engage with the crisis. The starting point is, of course, to recognise the crisis as a crisis. Among the causes waiting to catch due attention is the one relating to the drafting of the laws and the unattempted question of whether we need so many of our present laws or pertinently, what kind of laws do we really need. The next big issue is the administration of the tax laws. It is a matter of hope that, sooner rather than latter, solutions will be found to many of the ills of our tax system, for failure to act within time may be too costly in the long run.

In the meanwhile, the show does go on and we have to take what we see and get. On the positive side, we can also see that there has been a good deal of churning in indirect tax litigation with several important issues getting decided one way or the other, bringing clarity into the often opaque and unyielding provisions of the law. In this article, we look at several interesting episodes in indirect tax litigation.

### Supply of elevators and lifts is not a sale but a works contract

In State of Andhra Pradesh Vs Kone Elevators (India) Ltd - (2005) 3 SCC 389, the Supreme Court advocated a predominant intention test or overwhelming component test for determining whether a contract was a sale or one for work. If the delivery of the material was the principal purpose of the contract and skill and labour was only incidental to the supply of the material, the contract was to be construed as a sale and if the work and labour was the major component of the contract, the contract was to be a works contract. In this case, the Supreme Court held that the manufacture, supply, erection, commissioning and installation of the lifts was a contract of sale and not a works contract. In the words of the Court:

"12. On a careful study of the aforestated clause in the Delivery Schedule, it is clear that the customer was required to do the actual work at site for installation of lift. On reading the above clause, it may be observed that the entire onus of preparation and making ready of the site for installation of lift was on the customer. It was agreed that under no circumstances, the assessee shall undertake installation of lift if the site is not kept ready by the customer. Under Clause 4(g) of the 'Customers' Contractual Obligations", the assessee reserved the right to charge the customer for delays in providing the required facilities. These facts clearly indicate that the assessee divided the execution of the contract into two parts, namely, 'the work' to be initially done in accordance with the specifications laid down by the assessee and 'the supply' of lift by the assessee. 'The work' part in the contract was assigned to the customer and 'the supply' part was assigned to the assessee. This 'supply' part included installation of lift. Therefore, contractual obligation of the assessee was only to supply and install the lift, while the customer's obligation was to undertake the word connected in keeping the site ready for installation as per the drawings. In view of the contractual obligations of the customer and the fact that the assessee undertook exclusive installation of the lifts manufactured and brought to the site in knocked-down state to be assembled by the assessee, it is clear that the transaction in question was a contract of 'sale' and not a 'works-contract'. Moreover, on perusal of the brochure of the assessee Company, one finds that the assessee is in the business of manufacturing of various types of lifts, namely, Passenger lifts, Freight elevators, Transport elevators and Scenic lifts. A combined study of the above models, mentioned in the brochure, indicate that the assessee has been exhibiting various models of lifts for sale. These lifts are sold in various colours with various capacities and variable voltage. According to the brochure, it is open for a prospective buyer to place purchase order for supply for lifts as per his convenience and choice. Therefore, the assessee satisfies, on facts, the twin requirements to attract the charge of tax under the 1957 Act, namely, that it carries on business of selling the lifts and elevators and it has sold the lifts and elevators during the relevant period in the course of its business. In the present case, on facts, we find that the major component of the end-product is the material consumed in producing the lift to be delivered and the skill and labour employed for converting the main components into the end-product was only incidentally used and, therefore, the delivery of the end-product by the assessee to the customer constituted a 'sale' and not a 'works-contract'. Hence, transactions in question constitute 'sale' in terms of entry 82 of the first schedule to the said Act and, therefore, section 5G of the said Act was not applicable".

Whether a contract is a sale or one for work is important from the tax point of view. If the contract was a sale, the entire value including the labour portion would be liable to VAT. Therefore, the above Caselaw caused a lot of misgivings in the industry. Various State Vat departments sought to take advantage of the case and impose vat on the entire value of the contract without deducting the service & labour portion. The matters came to a head in the case of **Kone Elevators India Ltd Vs State of Tamil Nadu -2014-TIOL-57-SC-CT-CB.**

In a complete reversal from the above Caselaw, the Supreme Court has overruled the previous Kone case cited above and held that the manufacture, supply, erection and installation of the lift is not a sale but a works contract. The Court has also rejected the predominant intention test or the overwhelming component test for interpreting a contract to find out if it is a sale or contract for work. The Court seems to favour the idea that any composite contract for supply of goods and labour would be a works contract.

## The works contract net gets wider

Recently, the Supreme Court has clarified in the landmark case of M/S LARSEN & TOUBRO LTD VS STATE OF KARNATAKA – 2013-TIOL-46-SC-CT-LB that a building contract is a works contract and approved the ratio in the Raheja Developers- 2005-TIOL-77-SC-CT. The following principles from the L&T judgment are noteworthy:

a. (i) For sustaining the levy of tax on the goods deemed to have been sold in execution of a works contract, three conditions must be fulfilled: (one) there must be a works contract, (two) the goods should have been involved in the execution of a works contract and (three) the property in those goods must be transferred to a third party either as goods or in some other form.

b. (ii) For the purposes of Article 366(29-A)(b), in a building contract or any contract to do construction, if the developer has received or is entitled to receive valuable consideration, the above three things are fully met. It is so because in the performance of a contract for construction of building, the goods (chattels) like cement, concrete, steel, bricks etc. are intended to be incorporated in the structure and even though they lost their identity as goods but this factor does not prevent them from being goods.

c. (iii) Where a contract comprises of both a works contract and a transfer of immovable property, such contract does not denude it of its character as works contract. The term "works contract" in Article 366 (29- A)(b) takes within its fold all genre of works contract and is not restricted to one specie of contract to provide for labour and services alone. Nothing in Article 366(29-A)(b) limits the term "works contract".

d. (iv) Building contracts are species of the works contract.

e. (v) A contract may involve both a contract of work and labour and a contract for sale. In such composite contract, the distinction between contract for sale of goods and contract for work (or service) is virtually diminished.

f. (vi) The dominant nature test has no application and the traditional decisions which have held that the substance of the contract must be seen have lost their significance where transactions are of the nature contemplated in Article 366(29-A). Even if the dominant intention of the contract is not to transfer the property in goods and rather it is rendering of service or the ultimate transaction is transfer of immovable property, then also it is open to the States to levy sales tax on the materials used in such contract if such contract otherwise has elements of works contract. The enforceability test is also not determinative.

g. (vii) A transfer of property in goods under clause 29-A(b) of Article 366 is deemed to be a sale of the goods involved in the execution of a works contract by the person making the transfer and the purchase of those goods by the person to whom such transfer is made.

h. (viii) Even in a single and indivisible works contract, by virtue of the legal fiction introduced by Article 366(29-A)(b), there is a deemed sale of goods which are involved in the execution of the works contract. Such a deemed sale has all the incidents of the sale of goods involved in the execution of a works contract where the contract is divisible into one for the sale of goods and the other for supply of labour and services. In other words, the single and indivisible contract, now by Forty-sixth Amendment has been brought on par with a contract containing two separate agreements and States have now power to levy sales tax on the value of the material in the execution of works contract.

i. (ix) The expression "tax on the sale or purchase of goods" in Entry 54 in List II of Seventh Schedule when read with the definition clause 29-A of Article 366 includes a tax on the transfer of property in goods whether as goods or in the form other than goods involved in the execution of works contract.

j. (x) Article 366(29-A)(b) serves to bring transactions where essential ingredients of 'sale' defined in the Sale of Goods Act, 1930 are absent within the ambit of sale or purchase for the purposes of levy of sales tax. In other words, transfer of movable property in a works contract is deemed to be sale even though it may not be sale within the meaning of the Sale of Goods Act.

k. (xi) Taxing the sale of goods element in a works contract under Article 366(29-A)(b) read with Entry 54 List II is permissible even after incorporation of goods provided tax is directed to the value of goods and does not purport to tax the transfer of immovable property. The value of the goods which can constitute the measure for the levy of the tax has to be the value of the goods at the time of incorporation of the goods in works even though property passes as between the developer and the flat purchaser after incorporation of goods.

## Dining at restaurant – VAT vs. Service tax

The tax departments have followed diners even into the restaurants. Indirect taxes- Vat and the Service tax- are a brooding presence at the dining table. There is confusion on what value vat and service tax should be calculated. Restaurants are known to add both the taxes on the same value base. It is here that the Uttarakhand High judgment in the case of VALLY HOTEL & RESORTs vs. COMMISSIONER OF COMMERCIAL TAXES, DEHRADUN – 2014-TIOL-600- HC-UKHAND-VAT has come as an appetizer for the tax-sapped diners. In a remarkable decision, the Court has outlawed double taxation of the common tax base and held that where element of service has been so declared and brought under Service Tax, no Value Added Tax can be imposed thereon. Thus Vat cannot be imposed on the part of the consideration that has suffered Service tax. The implications of the judgment in other scenarios such as software cannot be missed.

## Legality of fiscal incentives to industries

In our country, it is well-known that many state governments have provided significant fiscal incentives to industries to attract investment to their respective states. There has been a steady debate on the long-term cost of such incentive programs. In the case of HIMANSHU PATEL vs STATE OF GUJARAT -2014-TIOL-675-HC-AHM-VAT, a public interest litigation was filed in the Gujarat High Court challenging the loan@0.1%, given to the Tata Motors Ltd (Nano Project) equal to the state sales tax paid by the company, as illegal tax refund and against public interest. The Hon'ble Court held that linking the quantum of the loan to tax amount paid did not make it a tax refund and that the loan was a policy decision to encourage the industrial investment in the state.

## Happy at the enchanting club? Service tax cometh

The Vat and Service tax departments have consistently tried to tax the Clubs from their respective tax perches. In the case of service tax, the Judicial forums have held that Clubs are a mutuality of their members lacking a service provider-Service recipient relationship. The latest case is M/s ENCHANTED WOODS CLUB LTD vs. CCE, LUDHIYANA – 2014 -TIOL- 849-CESTAT-DEL in which the Hon'ble Tribunal held that the services provided by a club to its members is covered by the principle of mutuality and would not amount to rendition of service by one person to another and therefore would not amount to a taxable service. The period of this case is prior to the negative list introduced with effect from 1st July, 2012. Explanation no 3 to Clause 44 of Section 65B of Finance Act, 1994 states that ***"an unincorporated association or a body of persons, as the case may be, and a member thereof shall be treated as distinct persons"***. This statutory provision is directly aimed at the settled judicial position. Before 1-7-2012, the law contained a similar provision that said the services provided by such association or body of persons to its members for a consideration was a taxable service but the law did not specify that the associations and its members were distinct. The present provision inserted from 1-7-2012 is an attempt to tighten the law in favour of Revenue.

## Extra-warranty repair & replacement? Vatman sniffs a sale

In the case of ADDITIONAL COMMISSIONER OF SALES TAX, VAT-III, MUMBAI vs. M/s KIRLOSKAR COPELAND LTD – 2014 –TIOL-801-HC-MUM-VAT, the company undertook the repair of defective compressors of its customers, outside the warranty period. It collected repair charges for the compressors. The customers were also given the option to take from the shelf similar rectified compressors in case they did not wish to wait for the repair of their compressors. The payment by the customers would always be the repair charges. The Vat department treated the repair charges as consideration for the 'sale' of the rectified compressors. The Hon'ble Court put paid to the ambitious demand of the vat department and held that the repair charge for the compressor did not constitute 'sale price' for the compressor. In the words of the Court:

"10. In order to constitute a sale, it is necessary that; (i) there has to be a transfer of title to the goods which is supported by monetary consideration; and (ii) the words 'valuable consideration' take colour from the preceding expression 'cash or deferred payment' which would mean some other monetary payment in the nature of cash or deferred payment."

"11. In the present case, we find that there is no sale at all. As stated earlier, a defective compressor is brought by the customer of the Respondent to its Sales and Service Office. Thereafter, the customer is informed about the normal time of repairs which is approximately 60 days. At that time, on payment of the repair charges, the customer is given an option either to wait for 60 days or to take another repaired compressor off the shelf of the Respondent. If the customer opts for the latter, then a delivery note cum debit advice as well as a repaired compressor is handed over to the customer. It is therefore evident that there is no sale of the repaired compressor. All that is done is that on payment of repair charges, the customer is given an option not to wait for 60 days and instead take another second hand repaired compressor immediately in lieu of the defective compressor."

### No "Sale of Goods" in surgery at the hospital

The taxmen have been known to be diligent in laying their hands on tax opportunities. They detected one such in surgeries involving insertion or replacement of stents/valves and charged Vat @12.5% on the cost of the medical items inserted during the surgeries performed on the in-patients by the hospital. However, in the case of M/s INTERNATIONAL HOSPITAL PVT LTD vs STATE OF U.P – 2014-TIOL-551-HC-ALL-CT, the Allahabad High Court came to the relief of the sick people of India who might be on the operating table by holding:

*"there can be no doubt about the position that in the case of a patient who enters the hospital for the purpose of a surgical procedure like an angioplasty, there is no intent between the parties to the agreement namely, the hospital and the individual that there would be a sale of a stent or valve by the hospital to the patient. The substance of the contract is not a contract for sale of the stent or valve that is used in the course of the surgical procedure. The contract, in substance, is an agreement in which the patient enters the hospital and is administered treatment in the form of a medical procedure, like an angioplasty. An intrinsic and integral element of that procedure, is the implantation of a stent or valve in the heart of the patient. True, the patient may have a choice of the nature of the stent or valve to be implanted, or in the nature of medicated stent or valve or otherwise, or in regard to the quality of the stent or valve which is implanted but even if that is so, that would not dilute the essential nature of the transaction, which is the performance of a medical procedure. Plainly, in our opinion, there is no element of sale;*

*"there can be no doubt about the position that in the case of a patient who enters the hospital for the purpose of a surgical procedure like an angioplasty, there is no intent between the parties to the agreement namely, the hospital and the individual that there would be a sale of a stent or valve by the hospital to the patient. The substance of the contract is not a contract for sale of the stent or valve that is used in the course of the surgical procedure. The contract, in substance, is an agreement in which the patient enters the hospital and is administered treatment in the form of a medical procedure, like an angioplasty. An intrinsic and integral element of that procedure is the implantation of a stent or valve in the heart of the patient. True, the patient may have a choice of the nature of the stent or valve to be implanted, or in the nature of medicated stent or valve or otherwise, or in regard to the quality of the stent or valve which is implanted but even if that is so, that would not dilute the essential nature of the transaction, which is the performance of a medical procedure. Plainly, in our opinion, there is no element of sale".*

**Indirect taxation in India awaits substantial reform in improving the tax laws and devising real strategies to bring down the feverish pace of unrewarding litigation. The self-assessments in the tax systems have not diminished the penchant of assessing officials to have a go at the tax payers**

### Conclusion

The above analysis shows that Indirect taxation in India awaits substantial reform in improving the tax laws and devising real strategies to bring down the feverish pace of unrewarding litigation. The self-assessments in the tax systems have not diminished the penchant of assessing officials to have a go at the tax payers by raising numerous objections most of which can be finally settled at Tribunal/ Court levels with much cost to the tax payers. It appears that there could be no effective reform before the arrival of long-awaited Goods & Services Tax (GST) in the country. The GST may be a terminal opportunity to put the Indirect Tax house in order for any semblance of economic recovery to be durable. What type of GST we will finally get is a matter over which we have to keep our fingers crossed. MA

**ravinpranaa@gmail.com**

# BUDGET EXPECTATIONS

Much is expected from the budget to be presented in July 2014. The common man, investors – Indian and foreign and the salaried class will be eagerly looking forward to the presentation of the budget from the new FM

**TCA Ramanujam**
Chief Commissioner of Income Tax (retd.), Advocate High Court, Madras

**TCA Sangeetha**
Masters in Law

What is the first act by the new Government headed by PM Narendra Modi ? At its very first meeting, the Government decided to set up a high level Special Investigation Team( SIT) to help unearth Black money stashed away abroad. The SIT would be headed by former Supreme Court Judge Justice M.B.Shah and another retired Supreme Court Judge Arijit Pasayat. It will have high ranking Government Officials from the Revenue Department, RBI, Intelligence Bureau, Enforcement Directorate, CBI, Chairman CBDT and Director of Financial Intelligence. The Supreme Court has been after the Government in this matter. Much is expected from the SIT which will prepare a comprehensive action plan to strengthen our battle against generation of unaccounted monies and their stashing away in foreign bank. The Government has proved its commitment to pursue the issue of black money in right earnest. The estimate of monies kept abroad could be as much as Rs. 80 lakh crore. It is amazing that our efforts in this direction to secure the names of the account holders have not been frutiful. Our tax systems are modelled on the American IRS and the British system. Those countries have been successful in finding a solution to the problem of black money abroad. The next one year will show that we can also succeed.

## Fiscal consolidation

The new Finance Minister emphasized that we have to restore back the pace of growth, contain inflation and concentrate on fiscal consolidation. Inflation is of utmost concern. In fact, it has long been known that inflation acts as a disguised tax. Without the tax rates being altered, we find ourselves in higher tax brackets because of the spiralling inflation . Inflation affects the middle class and the lower middle class. Government is acutely aware of this phenomenon.known as Bracket Creep. Recognizing the evil effects of inflation, twenty years back, income tax law was revamped to provide for cost inflation index . This was only in respect of computation of capital gains when immovable property is transferred. This has been of great help. But a similar indexing of income for inflation has not been attempted at all. Such indexation of income will rpovide automatic hedge and avoid the need for revising the slab and rates. All these years, our tax slabs and rates are being modified to take inot account the evil effct of inflation. Probably the itme has come for us to introduce the conept inflation indexing of incomes in our fiscal policy. Raising the slabs periodically only adds to confusion and does not provide for stability. This is one area that the new Finance Minister should addresswhicle framing the budget.

## Direct tax laws

Our Direct Tax laws are in need of radical transformation. Piecemeal changes from year to year worked havoc, General Anti Avoidance Rules (GAAR) were bodily lifted from the draft DTC and put in place in the Income Tax Act, 1961. Alas, implementation was put off to 2016. It is a good idea to put tax payers, whether indian or foreign on notice about what they can look forward to while dealing with tax administration. In this context, retrospective legislation remains one area of major concern. When Vodafone won its legal battle in the Supreme Court, Government came with retrospective amendment to get over the SC judgement. The British mobile giant is fighting the battle against such retrospective legislation. There is no easy way out. Even international arbitration is thought of. Retrospective legislation is the dream of the bureaucrat but the nightmare of the tax payer, That is what Palkhivala said. Even the Shome Committee suggested that retrospective legislation should be rather the exception than the rule. Every time there is a judicial ruling against the Revenue, the temptation to go for retrospective legislation should be avoided.

## DTAA

A source of major concern in the past ten years has been the abuse of our Double Tax Avoidance Agreement (DTAA) treaty with Mauritius. It has led to the phenomenon of treaty shopping and recycling of funds. It has become a huge source for legitimising unaccounted income and wealth in India through what is known as the Mauritian route of investment. Mauritius is the biggest source of foreign direct investment in India. Issues relating to our agreement with Mauritius have to be sorted out quickly. Luckily, the Prime Minister of Mauritius has agreed that there must be quick resolution for certainty, clarity and creditability in respect of issues concerning Direct Tax Avoidance agreement between the two countries. Mauritius accounts for 36% of foreign direct investment in India, the figure being, 78.5 billion dollars between April 2000 and January 2014. A simple device can be incorporation of the Limitation of Benefits Rule. This will ensure benefits will be available to investors with strong economic presence in Mauritius. This requires urgent attention.

## GST

For several years now, we have been talking about bringing in an all India Goods and Services Tax Act. It is ridiculous that when countries in Europe can have a common market, states in India are vying for different rates for movement of commodities from one state to another. It is trade war within the country. The implementation of the GST will bring in a unified market for India. Revenue loss for the states may be compensated by the Centre. This is a reform crying for immediate implementation.

## Service Tax

We have separate Acts for Central Excise and Customs but we dont have a separate Act for Service Tax. We have to go into the section in the Finance Act which authorises the levy of Service Tax. We have to scan through the negative list. Confusion can be avoided by bringing in a separate Service Tax Act independent of the Central Excise Act. Services account for more than 50 % of our GDP. A close look at the implementation of service tax is vital for our budget.

## Conclusion

Much is expected from the budget to be presented in July 2014. The common man, investors – Indian and foreign and the salaried class will be eagerly looking forward to the presentation of the budget from the new FM. We will hope for the best. MA

ramanuja@vsnl.com

## Obituary

Former President of our Institute CMA Shyamal Banerjee left for heavenly abode on Thursday, May 22, 2014 at Kolkata. CMA Shyamal Banerjee was the President of the Institute of Cost Accountants of India during the period 1972-73. The CMA fraternity across the country deeply mourned and showed condolence to his bereaved family.

CMA Shyamal Banerjee entered the Indian Defence Accounts Service through the combined IAS Examination in 1949 and served the Government in various capacities, such as Deputy Controller, Joint Controller and Deputy Controller General in Defence Accounts. In the year 1967, he joined the Fertilizer Corporation of India as Finance Manager of the Sindri Unit. He was also attached with the governing body of the Calcutta Productivity Council. In the later decades he had been Senior Professor at IIM Calcutta, Chief Executive Officer at Peerless. He also held senior positions as Advisors, Board of Directors etc in various reputed organizations.

CMA Shyamal Banerjee was a student of English literature and being the author of many books and poems in English (and Bengali), he took the initiative of translation spurred by a challenge to bring rare and unique Sanskrit and Bengali classics to the European reader without spoiling the savour and muse of the original. The result was his rendering into English of Michael Madhusudan Dutt's Meghnad Badh Kavya (original in Bengali); Vidyasagar – The Ocean Man of Compassion (Karunasagar Vidyasagar in Bengali); Kalidasa's Meghadootam; Srimadbhagabad Geeta (original in Sanskrit); and the Divine Songs of Sage Poet Ramprasad (original in Bengali).

He made significant contribution in both academic and professional fields. His learned papers had been published in various professional and academic journals. He was a prolific author on varied subjects and wrote several Management books. He also had keen interest on WTO and wrote books on it. He had directed several executive development programmes on subjects like Marketing, Export Finance, Small Scale Entrepreneurship, Export Management, Management Accounting etc. He was one of the rare combinations of thorough grounding in the concepts and of practices of management in Indian industries.

CMA Shyamal Banerjee was one of the pillars of our Institute and his dynamic outlook and excellent organizing ability particularly his qualities of leadership were commendable. The sudden demise of Shri Banerjee was shocking and the loss is irreparable. May his soul rest in peace.

# TAX TITBITS

**S. Rajaratnam**
Advocate and
Tax Consultant,
Chennai

## Advance Ruling – A welcome clarification

Jurisdiction for the Authority for Advance Ruling (AAR) is available only for matters, which are not already pending. That is why, it is called, Advance Ruling. A matter was treated as pending merely because a return relating to it had been filed as was decided in SEPCOIII Electric Power Construction Corporation, In re [2012] 340 ITR 225 (AAR). The AAR has now decided that it is only, when the case is taken up for scrutiny, by issue of notice under section 143(2) of the Act, it need be taken as pending, so as to shut out application for Advance Ruling. This is the law now reiterated by the AAR in LS Cable and System Ltd., In re [2014] 362 ITR 18 (AAR) following the decision in Mitsubishi Corporation, In re [2014] 360 ITR 704 (AAR). Revenue's objection based upon the earlier rulings was not accepted. The enlarged jurisdiction now recognised is welcome.

## Liability of directors for tax arrears of the company – When?

Assessee, a private company, had arrears of income-tax besides substantial liability to the bank in consequence of which jurisdiction for recovery of bank dues was assumed by the Debt Recovery Tribunal, which directed sale of properties to meet bank dues. The deficit amount after sale was met by the directors from their personal resources agreeing to forego their loans to the companies. Assessing Officer sought to enforce tax dues also by taking action against the directors purportedly under section 179 of the Act. Writ petitions challenging the demand were filed. The High Court allowed the same as it was inferred by the High Court from the explanations offered, that the arrears of tax was not attributable to the conduct of directors constituting gross neglect, misfeasance or breach of duty, so as to make them personally responsible for the tax arrears of the company. The orders of the Assessing Officer in this regard were, therefore, quashed in Jashvantlal Natverlal Kansara v. ITO [2014] 362 ITR 115 (Guj).

## Short deduction of tax at source - Consequences

Tax from payments made to sub-contractors in the nature of machinery hire charges was deducted at 1% under section 194-C, while the Assessing Officer was of the view, that it should have been at 10% under section 194-I. The issue was, whether there could be disallowance of payments under section 40(a)(ia), because of the short deduction. In such cases, there are three different views, the one being that the deduction not being in accordance with law, the entire payment could be disallowed; the second view is that disallowance should be proportionate to short deduction; while the third view is that, the provision under section 40(a)(i) or (ia) is applicable only for non-deduction, so that there need be no disallowance when there is some deduction. It was this third view, which appealed to the High Court in CIT v. S.K. Tekriwal [2014] 361 ITR 432 (Cal). The High Court had not given its reason, but it reproduced the orders of the Tribunal, which took the view that though the short deduction may attract proceedings under section 201, disallowance under section 40(a)(ia) is not possible, when there is a bona fide short deduction. The matter is not free from doubt, as bona fides are relevant only for penalty matters and not for tax computation. If the application under section 194C and 194-I are overlapping, the disallowance may have no application. If section 194C, which applies for works contract could have no application, disallowance cannot be avoided. The matter, therefore, would appear to need greater clarification.

## Rental income from sub-lease – How computed?

Rental income from a property is assessable under the head "income from property" in the case of the owner of the property. Where the assessee is only a lessee of the property, but lets it out by way of sub-lease or on rental basis, should such income be assessed as "Income from Property" or "Other Sources"? This was the issue posed in Rayala Corporation P. l.td. v. Asst. CIT [2014] 363 ITR 630 (Mad). In this case, the assessee had taken an office space on lease for thirty three years with five consecutive renewals during this period and let out the same offering the rental income as from business. It was held by the Assessing Officer, that section 27(iii)(b) read with section 269UA(f) would deem a lessee as deemed owner of the property, so as to require the income to be assessed under the head "Income from Property". It was this conclusion, which was applied by the High Court. Assessment as property income resulted in disallowance of lease rent, because the provision for deduction of ground rent in section 24 has since been removed in the substituted section 24 with effect from A.Y.2002-2003. It was probably felt that the increase in ad hoc deduction from 25% to 30% would cover the deduction for ground rent. The omission in section 24 cannot possibly mean the entire rent could be treated as income, while not allowing lease rent payable by the assessee. But it was the result of the decision of the High Court.

In the above decision, what was overlooked was the right of the assessee to deduction of lease rent. Section 23 defines annual value of the property as the sum, which the property may reasonably be expected to be let from year to year. It stands to reason, that it can only be the rent which reaches the deemed owner, could be annual value for him, though the definition specifically allows municipal tax, but not lease rent. The principle of diversion by overriding title is a fundamental concept, which would tax only the person entitled to the income and not mere recipient, through whom it is routed. If it were not so, every bank cashier would be a multi-millionaire. If such lease rent is not allowed in the hands of the lessee, but necessarily taxing it in the hands of the lessor, there is double taxation. The lease rent is deductible from annual value of the property, since the net value alone is rent receivable by the lessee. In this view, it is not necessary that the assessment of such income should be brought to tax as business income or income from Other Sources to qualify for such deduction. The decision in this case to have the income assessed under the head "Income from Property" is prima facie justified on principle. But the question of deduction of lease rent did not arise in this case, because the issue was not specifically raised on behalf of the assessee before the High Court. Probably the matter could still be raised before the Assessing Officer at the time of giving effect to the judgement. The law in this regard requires clarification to ensure that liability for tax in such case falls on the person entitled to income. MA

**s.rajaratnam@vsnl.com**

### Attention please – Members in Practice

Members in practice can now view their validity of Certificate of Practice by following the procedure as laid down below:

1. go to the home page of the Institute website, ie www.icmai.in
2. go to the members' log in on the top of the Home page by using your membership number as 'User ID' and a combination of your DoB (in dd-mm-year format) and Membership number as your 'Password'
3. immediately you will be led to the 'Membership Management System' page
4. go to the 'Certificate of Practice' menu on that page
5. view the validity of 'Certificate of Practice' which is the last item on that menu

# Top Stories from www.taxmann.com

## DIRECT TAXES

### Case Laws

- **Ready to use' rig isn't an Installation PE as per India-USA DTAA; HC denies interpreting term 'used' as per IT Act -** The term 'used' as specified in Article 5 of India-USA DTAA does not include 'ready to use' as specified by the Income-tax Act. When 'rig' was lying 'ready for use', it could not be considered as 'used' for purpose of said Article 5. The Tribunal had rightly concluded that the word 'used' as specified in said DTAA clarified usage of an installation or structure for exploration of natural resources. If it was so used for a period of 120 days in 12 months, only then it could be considered as PE in India – *DIT (International taxation)* v. *R & B Falcon Offshore Ltd.* [2014] 44 taxmann.com 400 (Uttarakhand)

- **Contribution to approved superannuation fund isn't a taxable perquisite until employee is entitled to receive it: AAR -** Employer's contribution to the superannuation fund assures only future benefit to employees and they do not get any vested right at the time of making contribution to the fund. Therefore, such contributions could not be treated as taxable perquisites in the hands of employee until they were entitled to receive it - *Royal Bank of Scotland, In re* [2014] 45 taxmann.com 283 (AAR - New Delhi)

- **No denial of section 54 relief if property was eventually converted into commercial property -** It is intention of parties when development agreement is entered into and Municipal permissions are obtained, which determines nature of property sought to be acquired. Subsequent change, in user of property does not disentitle assessee to relief under section 54 - *Smt. K. Pratibha* v. *ITO* [2014] 44 taxmann.com 282 (Hyderabad - Trib.)

- **Scope of term 'Total Income' under section 5 can't be used for determining additional tax for settlement applications -** For computing additional tax for settlement application, definition of 'total income' under section 5 is not applicable in view of the deeming fiction contained in clause (*ii*) of sub-section (1B) of section 245C whereby total income has to be considered as if the aggregate of the total income returned and the income disclosed would be the total income. Such deeming fiction must be allowed its full effect - *Unipon (India) Ltd.* v. *Income Tax Settlement Commission* [2014] 44 taxmann.com 250 (Gujarat)

### Statutes

- **No depreciation on development of roads/highways on BOT basis; development exp. to be amortized - CBDT clarifies -** In BOT arrangements for development of roads or highways, the Government hands over the possession of land to the assessee for the purposes of construction of the project without any actual transfer of ownership. Such assessee has only a right to develop and maintain such an asset. Therefore, rights in the land remain vested in the Government or its agencies.

  As assessee does not hold any rights in the project except recovery of toll fee to recoup the expenditure incurred, it cannot be treated as an owner of the property for purposes of allowability of depreciation under section 32(1)(*ii*). Thus, the present provisions of the Act do not allow depreciation on Toll ways due to non-fulfilment of ownership criteria in such cases.

  The expenditure incurred by an assessee on such BOT projects brings to it an enduring benefit in the form of right to collect the toll during the period of the agreement. Therefore, the cost of construction on development of BOT projects may be amortized and be claimed as allowable business expenditure. The amortization is to be computed at the rate, which ensures that the whole of the cost incurred in creation of infrastructural facility of road/highway is amortized evenly over the period of concessionaire agreement after excluding the time taken for creation of such facility - CIRCULAR NO. 9/2014 [F.NO.225/182/2013/ITA.II], DATED 23-4-2014

## INDIRECT TAXES

### Case Laws

- **Composite contract of manufacture, supply and installation of lifts in building amounts to 'works contract'** - Composite contract of manufacture, supply and installation of lifts in building (involving civil construction) amounts to works contract; however, if there are two contracts of purchase of components of lift from a dealer and separate contract for installation, same would be 'sale' and 'labour and service' respectively - *Kone Elevator India (P.) Ltd.* v. *State of Tamil Nadu* [2014] 45 taxmann.com 150 (SC)

- **Reimbursement liable to service tax if claimed after adding mark-up -** If assessee has added mark-up over actual charges of reimbursement, said reimbursement is includible in value of taxable services – *Paul Benning* v. *Commissioners* [2014] 44 taxmann.com 221 (London Tribunal Centre)

- **Even long-term lease of 99 years by State Authorities liable to service tax -** Even long-term leases of 99 years by state industrial development authorities amount to 'lease' and are liable to service tax under Renting of Immovable Property Services - *New Okhla Industrial Development Authority* v. *CCE* [2014] 44 taxmann.com 287 (New Delhi - CESTAT)

- **Installation and testing charges are includible in excisable value of Diesel Generator sets -** When tender prices submitted by assessee are inclusive of installation, commissioning and testing charges on Diesel Generating Sets manufactured by them and no bifurcation is shown in tender, said charges are related to manufacture and not allowable as deduction in computing assessable value - *Sukalp Agencies Chinahat* v. *CCE* [2014] 44 taxmann.com 72 (Allahabad)

- **Underground telephone cables used for communication within factory are eligible for credit as 'capital goods' -** Underground Telephone Cables falling under Heading 8544.90 and used for communication purposes in various places inside factory are eligible for credit as 'capital goods' – *CCE* v. *India Cements Ltd.* [2014] 44 taxmann.com 196 (Madras)

- **Customs dept. can't order custodian to waive off demurrage charges for period of seizure -** Customs Authorities cannot order custodian to waive demurrage for period of seizure/detention, etc.; waiver is grantable only if on conclusion of adjudication, there is no imposition of any fine, penalty, personal penalty and/or warning by customs authorities - *Trip Communication (P.) Ltd.* v. *UOI* [2014] 44 taxmann.com 286 (Delhi)

### Statutes

- **Uttarakhand Govt. extends due date for filing VAT returns for dealers with turnover above ₹ 50 lakhs in preceding year** – Uttarakhand Value Added Tax (Amendment) Rules, 2014 – Amendment in Rule 11 – NOTIFICATION NO. 327/2014/181 (120)/XXVII(8)/08

# TARGET COSTING AND COMPETITIVE ADVANTAGE – AN INDIAN PERSPECTIVE

The objective of target costing is to assure that a firm achieves its product-specific and firm-wide profit objectives in a very competitive market environment. It is becoming increasingly essential as more firms are realizing that they cannot increase prices to solve cost and profit squeeze problems

**Gholam Syedain Khan**
Lecturer, AJC Bose College, Kolkata

The Indian economy constantly witnessed uncertainties with the continuous change in economy policy. However, the growth trajectory of the Indian economy was erratic and not so encouraging during the pre liberalisation period when economy was primarily depend on agriculture and related segments which was subjected to vagaries of monsoon and other related uncertainties. The drastic transformation happened in the 1990's with the opening up of the economy through liberalization and thereby India was converted into a lesser regulated country. Macroeconomic variables like Inflation, balance of payments, foreign exchange and private savings took a flip with a major policy change announcements. Liberalization results in reduced tariffs, rationalized excise rates, encouraged foreign direct investment, government investment in infrastructure through public private partnership and economic factors like interest rates and money supply were eased. Liberalized and opened up economy leads to surplus of goods due to competition, cost optimization, better technology give way to better products/ service and ultimately taking the customer to the helm. The above scenario and outcome of liberalization forced the corporates to strive for competitive advantage. A competitive advantage can only be gained by offering a consumer a greater value than their competitors. The strongest competitive advantage is that unique strategy that cannot be emulated by other enterprises. There are generally two ways to achieve competitive advantage, one is through efficient resource utilization and the other is product differentiation with the help of cost effectiveness. Companies are striving for these two competitive advantages, where one is operational and the other is strategical advantage. This paper focused on the second one i.e. strategical competitive advantage through Target Costing. It is not just a cost reduction technique or control framework, but part of a comprehensive strategic profit management system including value analysis and value engineering. Implementing target costing required significantly more effort and discipline than using standard costing. All supply chain partners must find ways to reduce costs as they design, manufacture, and distribute components. Different authors gave different definitions about target costing. Even the implementation of target costing requires some specialised technicalities which refrain the manufacturer to use this method of costing. Target costing is primarily a technique for profit management with an objective to ensure that future products generate sufficient profits to enable the firm to achieve its long-term profit plans. This objective can only be achieved if products are designed to satisfy the demands of the firm's customers and to be

> DIFFERENT AUTHORS GAVE DIFFERENT DEFINITIONS ABOUT TARGET COSTING. EVEN ITS IMPLEMENTATION REQUIRES SOME SPECIALISED TECHNICALITIES WHICH DISCOURAGE MANUFACTURERS

manufactured at a sufficiently low cost. Target costing technique first identify the cost at which the product must be manufactured if it is to achieve its profit objective and then create a disciplined environment to help ensure that the product is design accordingly to achieve that target cost.

Specialists give expertise scientific knowledge and contribute in the resolution of managerial decision. Even the accounting procedure is also invaded by experts from other areas like computer analysts, programmer and production operation specialists which bring to accounting different knowledge and expertise. Similarly, the target costing methodology was developed to assist the decision making process involved in making a new product. It evaluates the decision of producing a certain product from its sale price which is established by the market. However, the target costing process involves a complex procedure to fix a target cost and produce the product with the constraint of that cost as many times the information regarding the manufacturing cost is imprecise and ambiguous.

### Evolution of target costing

Target costing is not a new idea; during 1900s a small number of North American companies used this technique but not in its formal methodology. The target costing concept grew out of a need for manufacturers to improve product cost management and product development. The traditional cost management, cost accumulation and allocation methods used for decades and still predominant in the manufacturing and services sectors have failed as tools for product development, planning, and cost management. Howell (1994) noted in his manuscript to Institute of Management Accountants that Henry Ford developed the first mass-produced automobile, the model T, in 1908 with the objective of increasing volume by continually lowering its price, and by 1913 was able to sell it for under $500. Costs have been managed very tightly in order to produce within the same price range. They managed material costs via backward integration, labour costs by the use of the assembly line and efficiency improvements, and other costs by frugal behaviour. He further gave information that during the late 1950s and early 1960s American motors conceived, developed, and introduced the Nash Rambler as a small, inexpensive alternative to the gas-guzzling monsters then on the market. The car was successful, and American Motors was very profitable. Although some North American companies such as Boeing, Caterpillar, John Deere, and Northern Telecom which have used the general ideas of target costing over the years, or applied it to a specific product like Ford's Taurus or Motorola's pocket pager. However, few apply it as comprehensively and intensely with a specific methodology like leading Japanese companies such as Toyota, Nissan, Nippondenso, and NEC start using it formally. It has only been recently that Japanese authors such as Monden, Sakurai, and Tanaka have begun to describe how Japanese companies are applying target costing, as these companies strive to be successful in their domestic market, and subsequently in the world markets. Because the idea of target costing has resulted from the highly competitive environment to which most Japanese companies have been subjected for a number of years, each company has its own unique approach. As a result, there is no single, simple definition of target costing. Definitions range from relatively narrow to broad.

### Intellectual foundation of target costing

According to Ansari et al (1997) a traditional cost plus approach is depicted as a "closed systems" approach, while target costing represents an "open systems" approach. The differences between these two approaches are summarized in **Table 1**.

### Principles of target costing

Swenson, Ansari, Bell and Kim (2003) noted in their study that the best practice companies were relatively consistent in the manner in which target costing was applied. In this respect, the best practice companies employed a cross-functional organisational structure, listened to the "voice of the customer," focussed on cost reduction during the new product development stage, and were effective at removing costs throughout the supply chain. They concluded that target costing has been extremely effective in controlling costs and enhancing profit. Ansari et al (1997) describe target costing as a systematic process of cost management and profit planning. The six key principles of target costing are:

- Price led costing
- Focus on customers
- Focus on design
- Cross-functional involvement
- Value-chain involvement
- Life-cycle orientation

## Competitive market environment

In markets where there are a limited number of sellers, and demand exceeds supply, sellers can mark up their costs to achieve prices that result in profits. That is, they may use a "cost plus" approach to pricing. As many companies faced the global markets and increased competitions, thus, they preclude such historical cost-based pricing practices. When supply exceeds demand in competitive markets, prices are driven by market forces. Sellers must take greater account of the presence of strong competitors, alternative products and services, and their prices. If a company wants to achieve higher market penetration, it may choose to decrease the prices of their products while not compromising with the quality, apart from offering additional services. One of the benefits of target costing is that it forces an increased understanding of markets, competition, and customer needs in terms of products, quality, timeliness, and price.

**Table – 1: Traditional Costing and Target Costing**

| Systems Theory Concept | Traditional Cost Management (Closed Systems) | Target Costing ( Open Systems) |
|---|---|---|
| Relations with external environment | Ignores external environment; cost system focuses on internal measures of efficiency. | Interacts with external environment to respond to customer needs and competitive threats. |
| Number of variables considered | No consideration of cross-functional or extra-organisational impact of cost system. | Considers many complex relationships among functions and across the value chain. |
| Form of regulation | After the fact, based on cost incurred and correction of error using variance information. | Before the fact, by anticipating and designing costs out of a product before production. |
| Purpose of regulation or control | Keep costs to a pre-specified limit set by standards or budgets. | Continuous improvement of cost for both customers and producers over a product's life. |

*(Source: Ansari et al 1997)*

## US and Japan's competitive thinking

Target costing is a strategic weapon that is being increasingly adopted by a number of leading firms across the world. What first attract the attention of managers is the competitive advantage that target costing has given to the Japanese auto companies—the longest and most consistent users of target costing. Paradoxically, as Japan exported the technique to South Korea, a number of leading Korean firms such as Samsung and Hyundai have been gaining competitive advantage over their Japanese counterparts. Even in the US, it is said that their financial turnarounds in mid-1990s are mostly attributed to the adoption of target costing. Despite a proven record of success, many managers often underestimate the power of target costing as a strong competitive tool. They undermine the fact that target costing is really a systematic profit planning process. Rather than the inward orientation of traditional cost methods, target costing is externally focused on the customer satisfaction which results in competitive advantage in the markets. It is market-driven costing that develops new products that meet customer price and quality requirements as opposed to cost-driven development of products that are forced on to customers to buy the products. Japanese started this concept of management technique to reduce cost and efficiency as 'Kaizen Costing' which means continuous improvement and was one of the most influential changes in the practice of management to emerge. A variation of this concept of 'kaizen costing', in which the emphasis change from continuously improving costing to gradual cost reduction concept is target costing. Deriving from the thought of continuously improving costing, Japanese organisations are moving to a more radical approach referred to as target costing in a move to gain the competitive advantage. The Japanese believe in simplicity to achieve competitive edge. They are beginning to realise that the ultimate way to succeed in competitive market is to remain attached with producing good things with enormous varieties and flexibility and finally customer satisfaction. Figure 1 shows the difference between a more traditional approach followed by the Western management and a Target Costing approach preferred by Japanese Management. The Japanese approach is highly beneficial because it works to control costs actively before or during product development. Under the traditional approach a company waited until much later in a product's life cycle, by which time a significant part of the costs had become fixed. Consequently, the company had little ability to change or control costs (Tajmahal et al. 20011). Japanese companies like Toyota Motor Corporation, Sony, Sharp, Nissan used target costing with complete methodology. Though, both the countries w ere using target costing but Japanese were using it with more formal way and completely adhered to the methodology of target costing, thus, this approach of costing is much attributed to Japanese.

## Process of target costing

Target costing is the process of translating a customer's view of a product into an engineer's view of a product. To a customer a product such as a mobile phone is a set of features like clarity of camera, sound quality of speakers, size, portability, video recording facility, FM reception and other features. To an engineer, the mobile is an asset of function such as circuit board, resistors, screen, keypad, microphone, antennae, clock timer, a display panel, a frequency analyser and so on. For a product to be meet customer expectations, one must map how each function to a feature and set a target for that function that an engineer can design to with a given set of production cost. The overall cost of the products are mainly attributed at the design stage. Therefore, the best opportunity to reduce costs is during design and not after a product is being manufactured. Target costing occurs within the product development cycle. It starts when a product in its concept stages and ends when a product has been released for manufacturing.

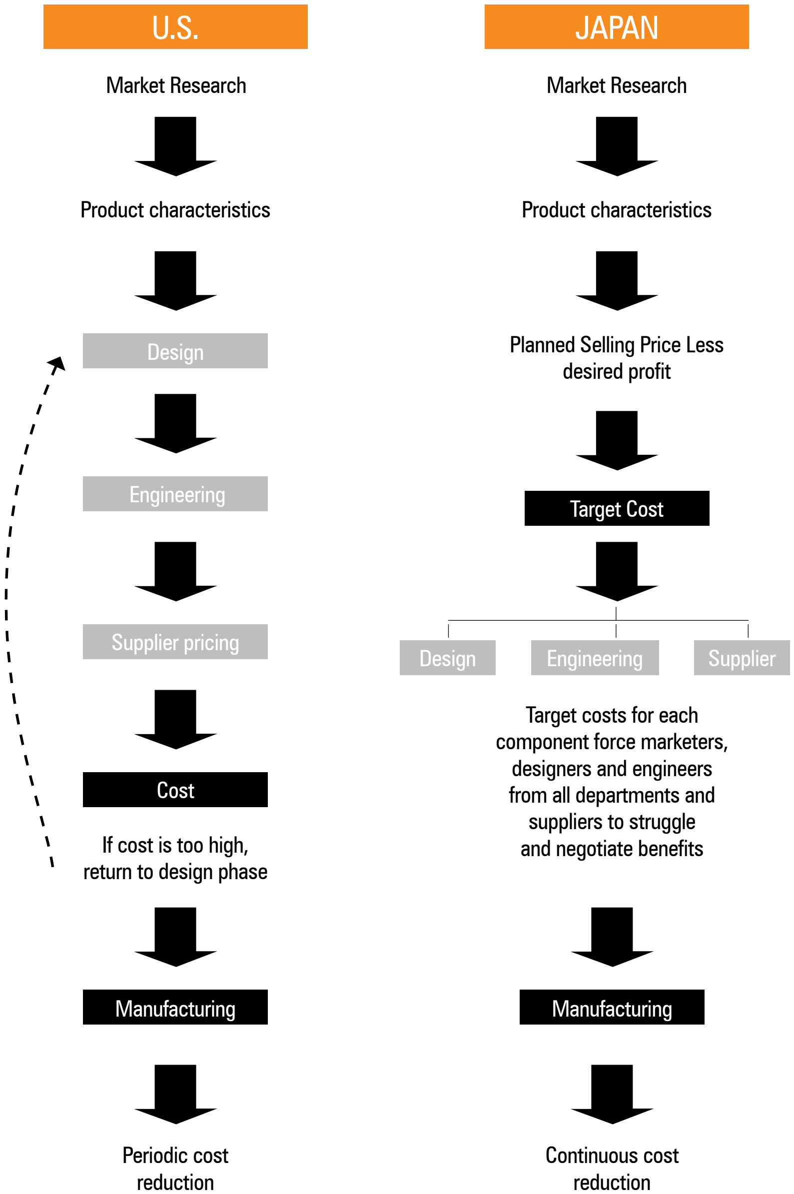


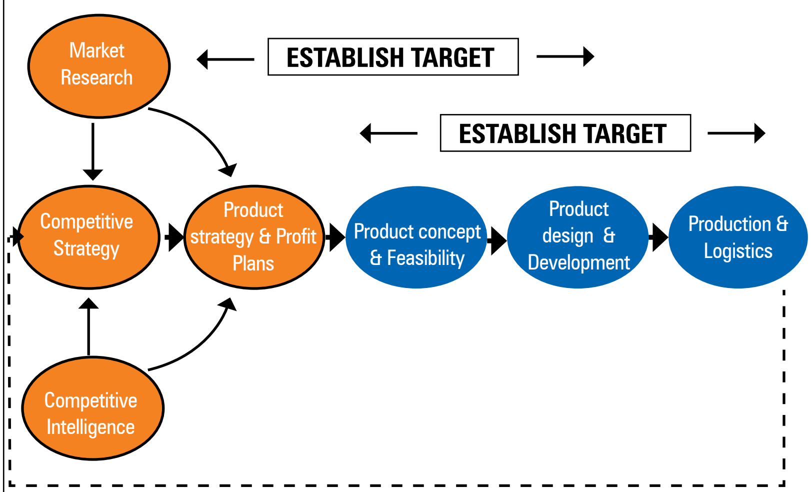

**Figure 1**, *Source: University of Michigan-Dearbon (2011)*

The process of target costing is given in figure -2 and figure -3 by different authors, which can give a brief idea of the implementation of target costing.

## First Phase: Establish target

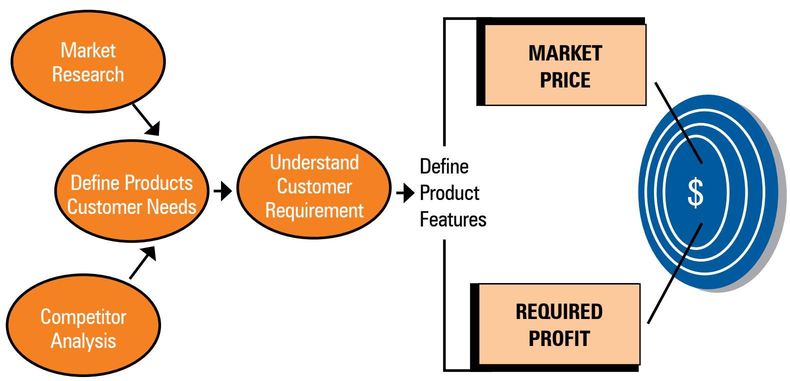
The first step in the target costing process is to establish the proposed new product's target price. This involves a number of considerations: what the market wants and needs now and in the future; what the customers want and how much they really are willing to pay for alternative features; and what the competitive offerings are and may be in the future. Obviously, the best way to determine current and future wants and needs is to ask current, or prospective, customers. Companies such as Toyota, Sony, Ford spend a great deal of time employing sophisticated market research techniques, including surveys and focus groups, to ascertain what functions and features customers want and how much they might be willing to pay for them. A major aspect of establishing the target price is assessing the substitutes which are available from competitors. How do competitive products compare in terms of quality, responsiveness, and service levels? Even to the functions and features of the competitors' products and the offer they give to their customers. Some companies have developed their understanding of their competitors so much that they understand their cost structure. They do this by estimating the cost of the competitors' materials, simulating their conversion costs based on the teardown analysis or reverse engineering process, and also studying such elements as local labor rates, employment levels, and the age and sophistication of manufacturing facilities. The target price is based on the market research and need assessment and the company's preliminary plans to deliver a new or modified product with certain functions, features and other characteristics to gain competitive edge in the markets. The principal point is that companies employing target costing base their target price on market and competitive conditions and on their long-term pricing and market penetration objectives.

Figure-2




*Source: Ansari et al. (1999)*

Figure-3




*Source: Ansari et al. (1999)*

## 2nd Phase: Establishing the target profit

Once the target price has been established, a target profit margin should be calculated. Japanese companies treat this as return on sales (ROS). Management theory says that that product must be profitable enough to give a satisfactory return along with satisfying customer needs. This target margin originates from the company's overall long-term strategic and financial objectives resulting from the company's profit planning efforts. That is, return on sales objectives, earnings, return on invested capital and equity, and cash flows all may enter into the calculation of an appropriate target margin. In the long run companies have to earn excess of the firm's cost of capital in order to sustain in the business and to be successful.

The difference between the target price and the target profit margin is the allowable cost that the company can commit to the product. Different companies define the costs to be included within the definition of the allowable costs and target profit margin differently. Practically all companies include materials and purchased parts as production cost, however, many also include variable production conversion costs, including labour and associated costs and directly identifiable and variable manufacturing overhead in the production cost. Thus, in each and every stage of production there are costs involved and the company can have their target cost only when they can manage all these costs according to the need. Then only they can have the desired target profit

### Stages of target costing

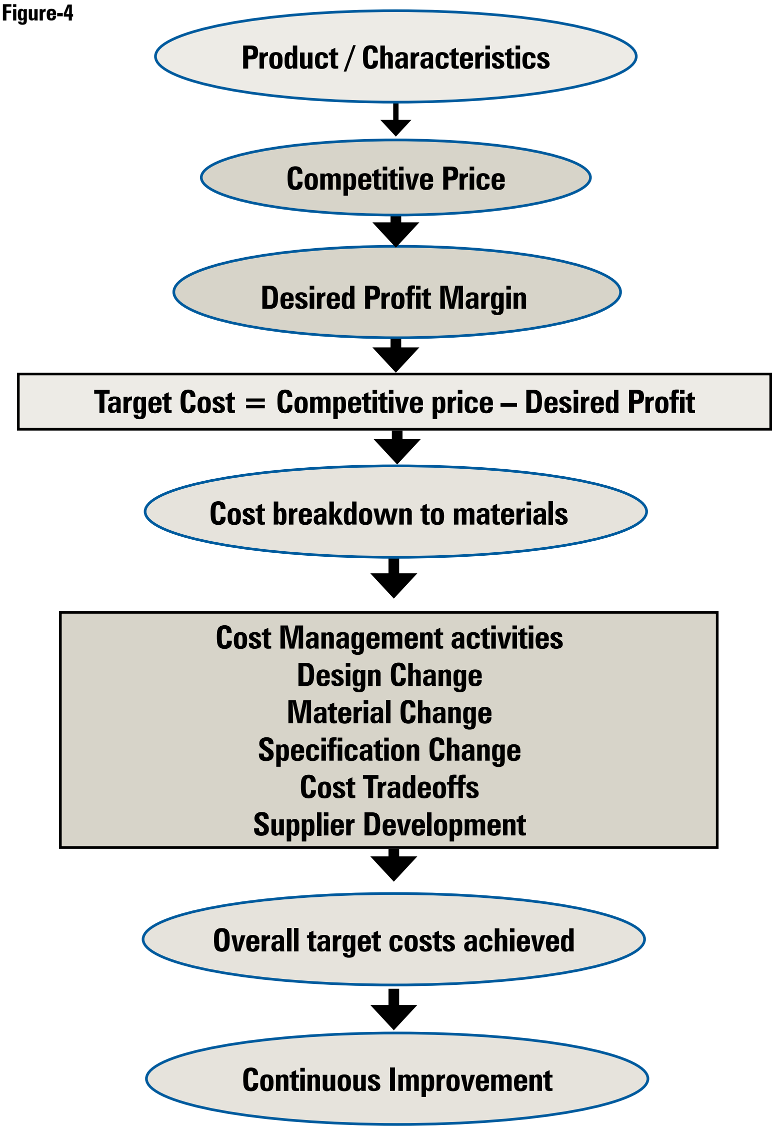
The process of Target costing involved extensive market research along with the competitor analysis. It starts with what customers actually want and what is there requirements and need. Accordingly the product features and other specifications are designed. After a comprehensive market research, the price of the product is fixed and the required profit also. By deducting the profit from the price of the product the proposed target cost of the product is obtained. The whole procedure is given in the figure 5. The whole process of Target costing is divided into three stages.

I. **Design the service:** As it is mentioned earlier, designing the target costing model in any firm requires a lot of market research and extensive survey of clients to fix the price of the product accordingly.

II. **Division of the Target Costs:** The next step is to segregate the Target cost as per the components of the products in order to reduce the product price more efficiently.

III. **Attainment of goals:** after finalising the Target cost, the last step is the most complicated one where production intricacies are involved as one has to design the product as per the pre decide fixed cost.

Figure-4




Process of Target Costing

*Source: Sabir et al (2011)*

### Winning edge to gain competitive advantage

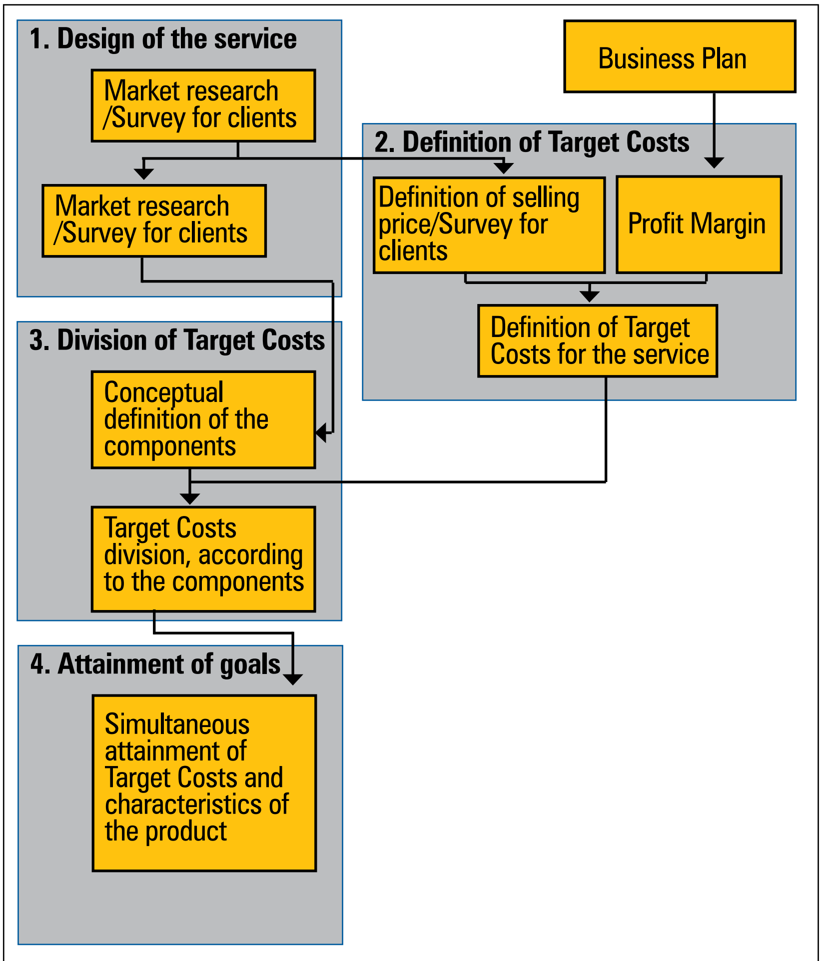
Target costing focuses on the customer satisfaction and attaining competitive edge. Customer need quality in the product for what they are paying for. Indeed target costing forces companies to be specific about what customers want and the prices they are prepared to pay. Swenson et al (2003) identify as a feature of best practice in target costing that companies actively solicit input from their customers on design issues to examine whether or not customers are willing to pay for the design innovation and to ascertain whether the cost exceeds the value to the customer, in which case the innovation is abandoned. The process may also involve discussions with customers of different design options, making trade-offs between cost and value. This is a key difference from other cost management processes which tend to be disconnected from the value perceptions and requirements. Monopolist or oligopolist are least interested in understanding the customer's need and requirements. However, as the number and strength of competitors increase, understanding those competitors in great depth provides the opportunity to their products to gain competitive advantage. A number of leading companies have markedly increased the resources applied toward understanding the industry in which they operate and the competitors with whom they compete.

### Reverse engineering

It is another way to understand competitors' technique of manufacturing and their specific strategy, which most of the companies are doing extensively in this highly competitive market. It is called reverse engineering or teardown analysis. Usually companies acquire competitors' products and disassemble them to investigate their design, material, likely manufacturing processes, product quality and attributes, and product costs. In this way, these companies really understand their competitors' products, how they differ from their own, and what they cost to produce. Some might argue that a number of companies have been doing reverse engineering for some time. The difference is the organization and degree to which it is being done by some companies, the resources that are committed to the process, and the pervasive use to which the analysis is put. Many companies are using their specific Research and Development to have research on competitor's product and to know the process engineering, manufacturing and post sales strategy of their competitors

### Indian market and target costing

In India target costing is still a new word where most of the manufacturer not even aware of this word. Although, some companies in India have already used this concept but the methodology adopted by them is not apparently declared as Target Costing. TATA Motors has given the way for Target Costing in India by developing the low-cost vehicle in India.




Source: Universitat Leipzig (2009)

**Figure - 5**

### Product development – NANO

Tata Nano was visualised by Chairman of Tata Motors, Mr. Ratan Tata when he decided to move an average middle class Indian family from a 100cc, relatively unsafe motorcycle into a complete car. Tata Nano has introduced a new chapter in automotive industry and gave a new dimension to the intense competitive market when it was launched in summer 2008. The Tata Nano has put the basic automotive and systems engineering applications to test and has proved successful. The motive behind the Nano was to provide a more affordable and safer means of transport to a typical middle class Indian family as opposed to a two-wheeler motorcycle along with producing the world's least expensive production car which change the principle of automotive engineering. They fixed the price of the car within a range of Rs. 1 lakh, before materialising their actual plan. They initiated that car to be

Figure - 6


developed with low cost along with safety, low on emissions and fuel efficient and named it as people's car. The three main factors on which the car to be developed were: affordable cost, Safety and regulatory compliance. The Low Cost Vehicle development attempts to reach a compromising and a possibly optimum approach to reach the set target cost by combining the benefits of target costing and a traditional costing approach. However, implementing target costing brings significant non-recurring costs at the beginning of the development process because the product has to be conceptualized, designed and manufactured from scratch. The traditional approach of optimizing existing product/process saves time and non-recurring costs but the additional improvements leads to significant additional costs of the final product. The Low Cost Vehicle has a set target cost and is utilizes features and designs from the least expensive car in the world – Tata Nano to develop a Low Cost Vehicle for the Indian market. Therefore, the approach of developing the Low cost vehicle would comprise developments and improvements to the Tata Nano while keeping the target cost for each system and the total vehicle in mind.

### Product specification

To make the car within the range of Rs. 1 lakh, they have manufactured this car with specific requirement to make the car less expensive. The initial model of Nano does not have radio, air conditioned even side mirrors also. To reduce the cost they have used engineering plastics instead of high cost metal. Even they have used plastics and adhesive rather than welding and metallic body. In order to reduce weight and cost they used aluminium engines. The overall model of this car was developed keeping in view of the low budget consumer.

### Manufacturing strategy and target costing

To achieve its ambitious cost reductions, Tata Motors had to get vendors to pare margins and persuade them to produce components at lower costs. The vendors had to invest in new processes and methods to reengineer their products to specifications that were rigidly guided by cost, performance and regulatory compliance. Even they have no proper benchmark of any car which could be as cheap Nano. It was a challenge to manufacture any car within that price range. However, finally they made it and the car was successfully launched in India It is understood that the cost is always the major factor for any product development process. But, it is important to consider the role of cost while implementing different strategies for product development. Thus, Tata Nano becomes an eye-opener for the Indian markets to establish target costing as a strong competitive advantage.

### Conclusion

The objective of target costing is to assure that a firm achieves its product-specific and firm-wide profit objectives in a very competitive market environment. It is becoming increasingly essential as more firms are realizing that they cannot increase prices to solve cost and profit squeeze problems.

This approach is considered as one of the modern methods to reduce strategic costing that enables the company to obtain competitive advantage and to overcome its competitors in the market with its unparallel target costing technique. The concept of target costing can be implement in India if the competition within the industry is intense and concept like Nano discovered in all sectors of the corporate, in order to set standard for the competitive market players. However, strategist must give more importance to determine the customer expectations and product requirement before the product design, so that they can expect full benefit from target costing in India. The firm implementing target costing or having a similar process have extensive market analyses and complete market information, which is quite difficult in Indian market where unorganised sector are still ruling the market. However, using Target costing approach as cost management tool requires inclusiveness, confidence and technical efficiency. All the factors have to be considered so that Target costing makes achieving its purpose efficiently. Through achieving and improving one of the competitive strategies for their products within their sectors, the firm could satisfy customers and remain competitive.

**The firm implementing target costing or a similar process must do extensive market analyses and have complete market information, which is quite difficult in Indian markets where the unorganised sector still rule the market. The use of the target costing approach as a cost management tool requires inclusiveness, confidence and technical efficiency**

### References

1. *Ansari Shahid, Jan Bell and and the CAM-I Target Cost Core Group (1999). Target Costing: The Next Frontier in Strategic Cost Management. Management Accounting: A Strategic Focus, Irwin-McGraw-Hill, 1999.*
2. *Ansari Shahid, Jan Bell and Hiroshi Okano (2007). Target Costing: Uncharted Research Territory. Handbook of Management Accounting Research 2007 Elsevier Ltd.*
3. *Ansari, S.L.., Bell, J.E. & the CAM-I Target Cost Core Group. 1997. Target Costing. The Next Frontier in Strategic Cost Management. USA: Irwin Professional Publishing.*
4. *Bernal Luis, Utz Dornberger, Alfredo Suvelza, Omar Torres, Trevor Byrnes (2009). Target Costing for services, Universitat Leipzig, August 2009.*
5. *Dal-Ri Fernando, Alonso José, Duarte Cesar (2005). Modeling the Subjectivity in the Target Costing Process: An Experimental Approach Based on the Fuzzy Logic Concepts, The International Journal of Digital Accounting Research Vol. 5, N. 10, 2005, pp. 203-222.*
6. *Dekker, Henri, Peter Smidt, (2003). A survey of the adoption and use of target costing in Dutch firms. Int. J. Production Economics 84 (2003) 293–305.*
7. *Howell, Robert A. (1994) Implementing target Costing. Statement on Management Accounting, Institute of Management Accountants, 1994.*
8. *Sabir R. A., X. Xinping, S. A. Sabr (2011). Using Target Costing to Investigates Competitive Price, World Academy of Science, Engineering and Technology 59 2011.*
9. *Swenson Dan, Shahid Ansari, Jan Bell, Il– Woonkim, (2003). Best Practice in Target Costing, The Management Accouting, Vol. 3 No. 4. 2003.*
10. *Tajmahal Hussain, Shantanu Ranadive, (2011). A Low Cost Vehicle Concept for the US Market. University of Michigan-Dearbon, 2011.* MA

syedain11@gmail.com

Enhancing Value for Enterprise

CEP Credit 10 Hrs. for CMA's

ICWAI MARF

# ICWAI Management Accounting Research Foundation

*Promoted by*

**The Institute of Cost Accountants of India**

Residential Management Development Programme on

# Advance Tax, TDS and Tax Planning


## 05-08 August, 2014

# Indore

# Advance Tax, TDS and Tax Planning

## Course Coverage

- Corporate Tax Planning-An Overview.
- Accounting Laws vs. Taxation Laws (More Emphasis on Book Profit Computation, AMT and Scope for Planning).
- Direct Tax Implications-CAPEX and OPEX Transactions.
- Incentive linked deductions/profit linked deductions-Analysis and Discussions.
- Issues in TDS and Advance Tax-Consequences of non compliance thereof.
- Key Issues-Direct Tax Code, 2013.
- Domestic Transfer Pricing.
- International Tax Planning including Foreign Collaboration, DTAA and International Transfer Pricing.

## For Whom

Senior and Middle Level Executives of Public and Private Sector, Government Departments, Autonomous Bodies, Banks, Financial Institutions, Insurance Companies and Multinationals, Cost Accountants, Chartered Accountants and Company Secretaries will find the programme rewarding.

## Methodology

The programme will be developed through lectures, discussions and case studies using audio-visual equipments.

## Faculty

Eminent experts and professionals will be dealing with the subjects.

## Venue

**Fortune Landmark**
Adjoining Meghdoot Gardens, Vijay Nagar
Indore-452010, Madhya Pradesh
Phone: +91-731-3988444

## Dates

05-08 August, 2014

Check-In Time - 12:00 Noon
Check-Out Time - 12:00 Noon

## Participation Fee

The programme is Residential. Fee is ₹ 45,000/- plus 12.36% service tax per participant. The Fee includes course fee, course material, accommodation on Single Room Basis, all meals and visits.

The charges for accompanying Spouse would be ₹ 1,500/- (Rupees One Thousand Five Hundred only) for all the days towards accommodation, meals and visits. However children will be charged on actual basis.

The Cheque/DD to be sent along with nominations in favour of **'ICWAI Management Accounting Research Foundation'** payable at New Delhi.

## Details For Ecs Payment:

| | |
|---|---|
| Account Name | ICWAI Management Accounting Research Foundation |
| Bank Name and Branch | Punjab National Bank, Lodhi Road, New Delhi - 110003 |
| Current A/C No. | 0128002100301640 |
| IFS Code | PUNB0012800 |
| PAN | AACCI1864P |
| Service Tax No. | AACCI1864PSD002 |

## For Kind Information

For outstation programmes the participants are requested to get the confirmation from the ICWAI MARF before proceeding to the venue. The ICWAI MARF will not be held responsible if any participant reaches the venue for postponed/cancelled programme without getting the confirmation from the ICWAI MARF. The cancellation/postponement of the programme, if any, be intimated to only those organizations whose nominations have been received by the ICWAI MARF on time.

## Registration

For Further Details and Registration Please Contact:

**CMA Sanjeev Goel**

Joint Director

(M) 9810965145

cep.sanjeev@icmai.in

**ICWAI Management Accounting Research Foundation**

CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110 003.

Phone: (D) 011-24666131, 24666130, 24666142; Tele-fax: 011-24666131

E-mail: mdp@icmai.in; Website: www.icwaimarf.org

## FORTH COMING PROGRAMMES

| Dates | Topic | Venue |
|---|---|---|
| 16-19 September, 2014 | Contracts and their Management | Alleppey |
| 14-17 October, 2014 | Service Tax-Issues and Problems | Goa |
| | Finance for Non-Finance Executives (F&A) | |
| 12-14 November, 2014 | Recent Trends in Financial Management including Companies Act, 2013 | New Delhi |
| 16-19 December, 2014 | Service Tax-Issues and Problems | Jaipur |
| | Contracts and their Management | |
| 20-23 January, 2015 | Advance Tax, TDS & Tax Planning | Shirdi |
| | Risk Based Internal Audit for Effective Management Control | |
| 24-27 February, 2015 | Service Tax-Issues and Problems | Port Blair |
| 23-26 March, 2015 | Recent Trends in Financial Management including Companies Act, 2013 | Srinagar |

### THE TRAINING PROGRAMMES

The ICWAI MARF efforts are directed towards quality training and introducing new programmes to meet emerging challenges of the corporate world.

Broadly the programmes are classified as:

- Training programmes for practicing managers of both public and private sectors, Banks, Financial Instructions, Multinationals Insurance Companies and Government Departments.
- Tailor-made in-house training programmes for the Industry, Government Departments and Public Services. It also offers specific programmes for Defence, Railways, Telecom and Public Utility Services.

Design & Printed by : First Impression : 9811224048

**Chairman**

**CMA Dr. Suresh Chandra Mohanty**

Enhancing Value for Enterprise

CEP CREDIT 10 HRS.
for CMA's

ICWAI MARF

# ICWAI Management Accounting Research Foundation

*Promoted by*
**The Institute of Cost Accountants of India**

**Non-Residential Management Development Programme on**

# MANAGEMENT OF TAXATION

## 16-18 July, 2014, New Delhi

# MANAGEMENT OF TAXATION

## COURSE COVERAGE

### INCOME TAX

- Scope of Total Income.
- Tax Structure
- Transfer Pricing in respect of Domestic Transaction.
- Taxation Laws Vs Accounts Laws
- Treatment of book profit for tax purposes
- Recent landmark decisions
- Case Studies

### SERVICE TAX

- An overview of basics and important procedures
- What is Point of Taxation and what do the Rules prescribe & their significance to tax payers
- Negative List
- The Place of Provision of Service Rules - How it will impact business process and outsourcing patterns
- Cenvat Credit - How it has changed and Where it is headed
  Budget Developments in Indirect Taxation - On the Road to GST

## FOR WHOM

Senior and Middle Level Executives of Public and Private Sector, Government Departments, Autonomous Bodies, Banks, Financial Institutions, Insurance Companies and Multinationals, Cost Accountants, Chartered Accountants and Company Secretaries will find the programme rewarding.

## METHODOLOGY

The programme will be developed through lectures, discussions and case studies using audio-visual equipments.

## FACULTY

Eminent experts and professionals will be dealing with the subjects.

**VENUE**
Hotel Park Plaza,
Plot Number 32, Central Business District,
Shahdara, Near Karkardooma Court,
New Delhi-110095
Tel: +9111-45630000

**DATE & TIMINGS**
16-18 July, 2014
10:00 to 17:00 hrs.

## PARTICIPATION FEE

The programme is Non-Residential. Fee is ₹ 25,000/- plus 12.36% service tax per participant. The Fee includes course fee, course material, course kit, lunch and tea/coffee during the programme.

The Cheque/DD to be sent along with nominations in favour of **'ICWAI Management Accounting Research Foundation'** payable at New Delhi.

## DETAILS FOR ECS PAYMENT:

| | |
|---|---|
| Account Name | ICWAI Management Accounting Research Foundation |
| Bank Name and Branch | Punjab National Bank, Lodhi Road, New Delhi-110003 |
| Current A/C No. | 0128002100301640 |
| IFS Code | PUNB0012800 |
| PAN No. | AACCI1864P |
| Service Tax No. | AACCI1864PSD002 |

## FOR KIND INFORMATION:

For outstation programmes the participants are requested to get the confirmation from the ICWAI MARF before proceeding to the venue. The ICWAI MARF will not be held responsible if any participant reaches the venue for the postponed/cancelled programme without getting the confirmation from the ICWAI MARF. The cancellation/ postponement of the programme, if any, will be intimated to only those organizations whose nominations have been received by the ICWAI MARF on time.

## REGISTRATION

For Further Details and Registration Please Contact:


**CMA Sanjeev Goel**
Joint Director
(M) 9810965145
cep.sanjeev@icmai.in

**ICWAI Management Accounting Research Foundation**
CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110 003
Phones: (D) 011-24666131, 24666130, 24618645;
Tele-fax: 011-24666131
E-mail : mdp@icmai.in; Website : www.icwaimarf.org

# FORTH COMING PROGRAMMES

| Dates | Topic | Venue |
|---|---|---|
| 5-8 Aug, 2014 | Advance Tax, TDS & Tax Planning | Indore |
| | Risk Based Internal Audit for Effective Management Control | |
| 16-19 Sep, 2014 | Contracts and Their Management | Alleppey |
| 14-17 Oct, 2014 | Service Tax- Issues and Problems | Goa |
| | Finance for Non-Finance Executives (F&A) | |
| 12-14 Nov, 2014 | Recent Trends in Financial Management including Companies Act, 2013 | New Delhi |
| 16-19 Dec, 2014 | Service Tax-Issues and Problems | Shirdi |
| | Contracts and Their Management | |
| 20-23 Jan, 2015 | Advance Tax, TDS & Tax Planning | Jaipur |
| | Risk Based Internal Audit for Effective Management Control | |
| 24-27 Feb, 2015 | Service Tax-Issues and Problems | Port Blair |
| 23-26 Mar, 2015 | Recent Trends in Financial Management including Companies Act, 2013 | Srinagar |

## THE TRAINING PROGRAMMES

The ICWAI MARF efforts are directed towards quality training and introducing new programmes to meet emerging challenges of the corporate world.

Broadly the programmes are classified as :

- Training programmes for practicing managers of both public and private sectors, Banks, Financial Institutions, Multinationals Insurance Companies and Government Departments.
- Tailor-made in-house training programmes for the Industry, Government Departments and Public Services. It also offers specific programmes for Defence, Railways, Telecom and Public Utility Services.

**Chairman**
**CMA Dr. Suresh Chandra Mohanty**

Designed & Printed by Perfect Impression Pvt. Ltd. # 011-2460 2233/77

ENHANCING VALUE FOR ENTERPRISE

CEP Credit 10 Hrs.
for CMA's

**ICWAI MARF**

# ICWAI Management Accounting Research Foundation

*Promoted by*

**The Institute of Cost Accountants of India**

## Residential Management Development Programme on

# Risk Based Internal Audit for Effective Management Control

**05-08 August, 2014**

# Indore

# RISK BASED INTERNAL AUDIT FOR EFFECTIVE MANAGEMENT CONTROL

## COURSE COVERAGE

- Introduction to Risk Based Internal Audit
- Risk Based Internal Audit in an Emerging Scenario of Globalization
- Developing a programme for Risk Based Internal Audit
- Corporate Governance
- Reporting System, Model of reporting and communication skills of Internal Auditor
- Best Practices in Internal Audit
- Creation of Risk Policy in Organization
- Importance of Risk Management - Requirement of Companies Act, 2013

## FOR WHOM

Senior and Middle Level Executives of Public and Private Sector, Government Departments, Autonomous Bodies, Banks, Financial Institutions, Insurance Companies and Multinationals, Cost Accountants, Chartered Accountants and Company Secretaries will find the programme rewarding.

## METHODOLOGY

The programme will be developed through lectures, discussions and case studies using audio-visual equipments.

## FACULTY

Eminent experts and professionals will be dealing with the subjects.

## VENUE

Fortune Landmark,
Adjoining Meghdoot Gardens, Vijay Nagar,
Indore-452010, Madhya Pradesh
Phone: +91-731-3988444

## DATES

05-08 August, 2014
Check-in Time – 12.00 Noon
Check-out Time – 12.00 Noon

## Participation Fee

The programme is Residential. Fee is ₹ 45,000/- plus 12.36% service tax per participant. The Fee includes course fee, course material, accommodation on Single Room Basis, all meals and visits.

The charges for accompanying Spouse would be ₹ 1,500/- (Rupees One Thousand Five Hundred only) for all the days towards accommodation, meals and visits. However children will be charged on actual basis.

The Cheque/DD to be sent along with nominations in favour of **'ICWAI Management Accounting Research Foundation'** payable at New Delhi.

## Details For Ecs Payment:

| | |
|---|---|
| Account Name | ICWAI Management Accounting Research Foundation |
| Bank Name and Branch | Punjab National Bank, Lodhi Road, New Delhi - 110003 |
| Current A/C No. | 0128002100301640 |
| IFS Code | PUNB0012800 |
| PAN | AACCI1864P |
| Service Tax No. | AACCI1864PSD002 |

## For Kind Information

For outstation programmes the participants are requested to get the confirmation from the ICWAI MARF before proceeding to the venue. The ICWAI MARF will not be held responsible if any participant reaches the venue for postponed/cancelled programme without getting the confirmation from the ICWAI MARF. The cancellation/postponement of the programme, if any, be intimated to only those organizations whose nominations have been received by the ICWAI MARF on time.

## Registration

For Further Details and Registration Please Contact:


**CMA Sanjeev Goel**

Joint Director

(M) 9810965145

cep.sanjeev@icmai.in

**ICWAI Management Accounting Research Foundation**

CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110 003.

Phone: (D) 011-24666131, 24666130, 24666142; Tele-fax: 011-24666131

E-mail: mdp@icmai.in; Website: www.icwaimarf.org

## FORTH COMING PROGRAMMES

| Dates | Topic | Venue |
|---|---|---|
| 16-19 September, 2014 | Contracts and their Management | Alleppey |
| 14-17 October, 2014 | Service Tax-Issues and Problems<br>Finance for Non-Finance Executives (F&A) | Goa |
| 12-14 November, 2014 | Recent Trends in Financial Management including Companies Act, 2013 | New Delhi |
| 16-19 December, 2014 | Service Tax-Issues and Problems<br>Contracts and their Management | Jaipur |
| 20-23 January, 2015 | Advance Tax, TDS & Tax Planning<br>Risk Based Internal Audit for Effective Management Control | Shirdi |
| 24-27 February, 2015 | Service Tax-Issues and Problems | Port Blair |
| 23-26 March, 2015 | Recent Trends in Financial Management including Companies Act, 2013 | Srinagar |

### THE TRAINING PROGRAMMES

The ICWAI MARF efforts are directed towards quality training and introducing new programmes to meet emerging challenges of the corporate world.

Broadly the programmes are classified as:

- Training programmes for practicing managers of both public and private sectors, Banks, Financial Instructions, Multinationals Insurance Companies and Government Departments.
- Tailor-made in-house training programmes for the Industry, Government Departments and Public Services. It also offers specific programmes for Defence, Railways, Telecom and Public Utility Services.

Chairman

**CMA Dr. Suresh Chandra Mohanty**

Design & Printed by : First Impression : 9811224048

the MANAGEMENT
ACCOUNTANT
THE JOURNAL FOR CMAs
ISSN 0972-3528

# Guidelines for submitting articles to 'The Management Accountant'

1. Contributors are requested to send soft copies (in MS Word format) through emails to The Editor, The Management Accountant, Institute of Cost Accountants of India, CMA Bhawan, 4th Floor, 84 Harish Mukherjee road, Kolkata 700 025. The soft copy of the article should be mailed to **editor@icmai.in.**

2. In case of theme article, the soft copy to be mailed to the above stated mail ID latest by 1st of the preceding month in which the article is sought to be published. That is, for an article to be published in February, the same may be forwarded by 1st of January, at least.

3. The articles must be relevant to the economy, society and the nation.

4. The articles should be around **2500 to 3500 words** and must be an exclusive contribution for the Journal.

5. The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address and an abstract of not more than 150 words.

6. References should be given at the end of the manuscript and should contain only those cited in the text of the manuscript.

7. The contribution must be original in nature and is neither published nor under consideration for publication anywhere else. A scanned copy of signed Declaration by the author is to be attached with the article. The format of the declaration is given below.

8. A scanned passport size photograph (at least, 300 dpi) of the author and in case of joint authorship of all the authors should also be mailed along with the soft copy of the article.

9. Figures and tables should be numbered consecutively and should appear near the text where they are first cited. The figures should be accommodated within two-thirds of A4 size paper. Captions of the figures of the bottom and tables at the top are to be given. Section and sub-section headlines should start from the left-hand margin.

10. The final decision on the acceptances or otherwise of the paper rests with the competent authority and it depends entirely on its standard and relevance. The final draft may be subjected to editorial amendment to suit the Journal's requirements.

11. The copyright of the contributions published in the Journal lie with the publishers of the Journal.

**Declaration**

I/We affirm that the article titled ' ____________ ' is my/our original contribution and no portion of it has been copied from any other source, and it would not be sent elsewhere for publication. The views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.

Date:
Place:

(Signature)
Designation
Organization

# EXPLORING THE POSSIBILITY OF FINANCIAL INCLUSION THROUGH THE POST OFFICE: PART 2

After a comparison of various options available today, the best possible solution for achieving financial inclusion in India is through the Indian post office because they can be a highly important platform for driving financial inclusion in India and branchless banking

**Akhil Damodaran,**
Student
Department of Management Studies, IIT Delhi

**Dr Mahim Sagar**
Faculty, Department of Management Studies, IIT Delhi

**(CONTINUED FROM LAST MONTH)**

***Case study-2: Capitec South Africa***

In South Africa, Capitec has combined convenient branches along transportation routes (for example, train and bus stations, taxi stops) and the rapid rollout of debit cards and automatic-teller machines among 200 of these branches to stimulate savings among low-income earners in addition to short-term loans. This campaign paid off: between February and August 2004, the number of savers jumped from around 18,000 to more than 60,000. (Littlefield and Rosenberg, "Microfinance and the Poor: Breaking Down the Walls between Microfinance andFormal Finance"; Reille and Ivatury, IT Innovations for Microfinance; Cellular Online (www.cellular.co.za); and DFID Financial Sector Team, Banking the Underserved: New Opportunities for Commercial Banks.)

**Branchless Banking:** Branchless banking is the delivery of financial services outside conventional bank branches through the use of retail agents and information and communications technologies to transmit transaction details. By relying on already existing retail infrastructure and widespread technologies, such as mobile phones, branchless banking dramatically reduces the cost of delivery and increase convenience for customers.

**Table 1** data was collected by CGAP on 16,708 customers and showed the reach of 8 prominent branchless banking institutions. They compared their reach to the unbanked mass market to that of microfinance institutions which also provide financial services to the base of the pyramid.

***Case study-3 MPESA – Kenya***

Technology plays an important part in improving the financial inclusion efforts. Mobile technology and its large scale penetration is a fine example. The first product which is popular worldwide is M-Pesa. M-Pesa of Kenya has spread so quickly and has become one of the most successful mobile based financial services. In 2007 on an average number of registration to M-Pesa in Kenya exceeded 5000 per day, by2009 around 7.9 million M-Pesa accounts are registered.

Customers in Kenya started using M-Pesa for their day to day activities, as there was no hard currency involved there was less risk of theft. Due to increase in M-Pesa outlets demand for banking agents increased, which ultimately increased job opportunity in the country. M-pesa is a simple mobile banking application in which customer can send money to any individual or can purchase items by doing transaction with M-Pesa application.

One of the main reasons for M-Pesa growth in Kenya is due to increase in growth of mobile communication in late 2000's. Secondly, the product was simple to use and affordable for the

| Country | Branchless Banking | BBI: active, previously | Largest microfinance | MFI: active microloan clients |
|---|---|---|---|---|
| Brazil | Banco Postal | 14,61,850 | Banco do Nordeste | 5, 28,792 |
| Cambodia | WING | 56,000 | Amret Microfinance | 2,26,262 |
| India | FINO | 60,50.667 | SKS | 53,00,000 |
| kenya | Safaricom | 18,66,896 | Equity Bank | 7,00,000 |
| Philippines | Globe | 2,47,500 | CARD | 9,87,435 |
| Philippines | Smart | 13,20,000 | CARD | 9,87,435 |
| South Africa | WIZZIT | 27,375 | Capitec Bank | 6,38.616 |
| Tanzania | Vodacom | 1,08,820 | PRIDE Tanzania | 1,06,082 |

*Source: Bosch and Anson (2008) Bowen and Goldstein (2010) Consulta (2010), FSD Tanzania (2009) Jack and Suri (2009) Leishman (2009), Morawczynski et al.(2010) Morawczynski and Pickens (2009) Pickens (2009) Mix for active microcredit borrowers, and CGAP interviews with senior Managers of Banco Postal, FINO, and WING*

locals. It provided choices of product which customer can choose. It facilitated easy cash convertibility due to availability large number of M-Pesa outlets. Regulators encouraged mobile financial services across the world. After success of M-PESA many countries adapted the idea of branchless banking. As per current trend the future of branchless banking looks bright. A lot of technological innovation will be coming in future to boost financial inclusion. To support these initiatives, apart from government, there are some international agencies which also work for financial inclusion, namely World Bank, CGAP, Bill and Malinda Gates Foundation.

After the M-PESA, many companies in Kenya are investing in branchless banking, recently there are new products have been launched which are similar to M-pesa like IKO–Pesa also known as orange money.Other countries have also developed mobile banking solutions with the help of service providers and banks.Below is the list to name a few

- Easy Paisa-Pakistan
- EKO in India
- G-Cash in Philippines.
- FINO India

A strong technological innovation in financial services needs to be supported by strong business model. In case of M-pesa it was backed by strong agent network which gave customer easy availability to customer support, cash conversion, and better quality of service. Also the support of safaricom the largest telecom operator in Kenya provided them better edge due to large customer base and highly reliable brand name.

***FINO***

FINO PayTech Limited is an Indian financial inclusion solutions and services company, formed in 2006. It is promoted by 24 Public and Private sector banks including the ICICI Bank, and insurance companies like the Life Insurance Corporation of India, ICICI Lombard and ICICI Prudential. It is also promoted by the International Finance Corporation in India (FINO Paytech Ltd.) builds and implements technologies that enable financial institutions to serve under-banked populations. FINO Paytech Ltd. offers a suite of products to banking, microfinance, insurance and government clients serving primarily rural and semi-urban regions of India. As of April 20, 2012, the company's client base included 27 banks, 15 government entities, and 4 insurance agencies with over 47 million individual customers combined. FINO Paytech Ltd. reaches clients in 399 districts across 25 states in India.(ref:ifc.org)

FINO Paytech Ltd. offers a banking and payments system that uses smart cards and agent-operated mobile point-of-transaction terminals to facilitate reliable, low-cost financial transactions between institutions and customers.It addresses number of challenges which formal financial financial institution faces while serving customer in remote areas.

## The product portfolio of FINO

1) Accounting and MIS systems: back end processing system to maintain and track transactions in financial institution

2) Point of transaction terminal: mobile service for deposit, loans, and payments.

3) Biometric smart cards : Authentication devices carried by customers and agents alike to ensure transactions are secure on both ends; each card carries fingerprints, demographic and finan-

cial relationship information on a chip and a photograph with cardholder details on the face of the card

Today FINO services are used by government under national rural employment guarantee act to administer health insurance under health insurance program of government for people below poverty line.

***Achievements of FINO:***

- Operating revenue growth of 1324% since 2006 (56% CAGR from 2006–2012)
- Client base of 27 banks, 15 government entities, and 4 insurance agencies.
- Financial institutions can reduce costs, increase efficiency and productivity, improve transparency, and reach a larger population including those in more remote settings.
- As of early 2012, over 47 million individuals in 25 states had access to credit and non-credit related services including loans, payments, remittances, savings, insurance and government subsidies.

***EKO India***

Eko-SBI offers the no-frills SBI Mini Savings Bank Account, which has no account opening fee or minimum balance, though agents encourage customers to open accounts with 100 rupees (less than $2). Once the account is set up, customers can perform all conventional financial transactions, including deposits and withdrawals, remittances, bill payment, and insurance payments.( Ref : egateg.usaid.gov)

Users can come to Eko's agents to make a deposit into any bank account held by the State Bank of India (SBI). By presenting the mobile number of the sender and receiver to the Eko agent, plus the account number of the receiver, the agent can make a payment into the account securely simply by dialing a short sequence of numbers. Each transaction is then verified by an SMS to both sender and receiver with a time and date stamp, the fees levied and a transaction ID. (CGAP).

The main features of EKO india is that its product are simple, affordable, ad easy to use.

***Impact of EKO india***

In the paper Effects of Mobile Banking on the Savings Practices of Low Income Users - The Indian Experience , Mani A. Nandhi had observed the following findings:

First, the ability to save has improved for a majority of users through EKO mobile banking by comparison to earlier practices such as keeping cash on hand. These informal forms of savings often are susceptible to unnecessary and trivial expenditures or claimable by friends/relatives.

Second, EKO mobile banking has become a very effective, safe, and trustworthy savings instrument for its users; importantly, dependence on risky informal methods has decreased for a large percentage of customers who were previously dependent on these practices for lack of affordable and safe savings options.

Third, EKO mobile banking is perceived as a good substitute to both traditional banking and informal forms of savings; however, it has not dispelled the need for these existing savings mechanisms. EKO is used as one among many other savings mechanisms—including informal methods—by a sizeable percentage of customers.

The success of EKO India is far from reaching the target of financial inclusion For that to happen it has to reach the masses that may need good marketing of product, better agent network to sell the products to the customers door step As awareness of mobile banking and its usefulness is not much ,it may also require partnership with other microfinance institutions and private players to enhance it reachability and also to diversify its product portfolio.

The overall branchless banking will also depend on strong agent network which will enhance only when both customer and agents are equally taken care (wage of agents are low).

***Case study-4 G-Cash in Phillipines***

Philippines is known to be one of the texting capital of the world, Filipinos are highly SMS literates. BangkoSentralngPilipinas (BSP) has done a progressive regulation by enabling mobile operators to offer e-money , helping non banking players to perform cash in/out. In 2004 Globe Telecom launchedGCASH, an SMS-based offering, which offers SIM Tool-Kit, enables customers to buy airtime, send and receive money domestically and internationally via mobile, and pay for goods using a card.

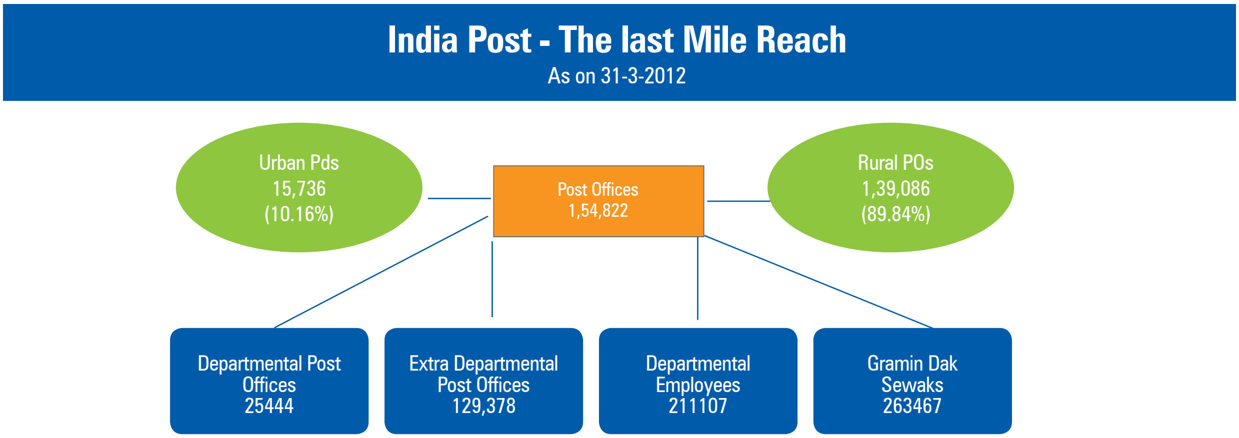
Customers also have access to its 3,000 cash-in and cash-out locations nationwide. GCASH subscribers could simply go to any of these GCASH outlets and get assisted service for crediting another person's GCASH Wallet over the counter. GCASH also has a dedicated 24x7 hotline for assistance anytime and anywhere.

This is not totally true that mobile payment is a success in all other countries , there are products which are still trying to make a mark in the market .

***Case study -5 Ezcash –Srilanka***

Customer can transfer money , pay utility bills and make other types of payment to other institutionseach transaction is protected by a subscriber-defined PIN and 3DES authentication and transaction security protocols. Dialog is the first Licensed Electronic Payments provider in Sri Lanka to receive PCI-DSS certification. As per regulatory principle customer needs to have a saving bank account to sign up for the service.

The major challenge which Dialog is facing is the lack of awareness among consumers, much needed push in promotion is required. The other major challenge is to build a system to chan-




On an average 7817 people are served by a post office; 5990 in Rural and 23964 in Urban areas

Average area served by one Post office is 21.23 sq. km.

(Ref: Annual Report 2012-2013 India Post)

nel international remittances inwards through the mobile money wallet in a cost-effective way. The Sri Lankan diaspora sends home every year US$ 6.3 billion (equivalent to 9.7% of the country GDP) and Dialog believe is their responsibility to provide them with a convenient and safe service to contribute to the economic growth of the country. (source GSMA report ‚Enabling Mobile Money Policies in Sri Lanka 2013)

***Case study 6: IDEO.org- Ghana***

Mobile banking solution of low income consumer in Ghana IDEO.org partnered with CGAP and a telecommunications company to discover insights about low-income Ghanaian mobile money users to create a new mobile banking solution for low income community in Ghana.

The overall analysis of customer issues is done by two field visits first, to better understand the design and dive into the needs of the community and second, to explore our design opportunities through a series of prototypes.

After understanding customer issues in first visit IDEO has prioritized three areas:: providing continuous support to customers, expanding the potential of the product and demonstrating its value, and building a visible community.

During Second visit IDEO went with client partner to test the prototypes , Each concept aimed to better address the needs of customers along the entire experience spectrum, creating a new customer way of customer experience. Furthermore, we took a different approach in providing support and demonstrating the benefits of mobile money usage.

***Case study -7 Innovative Savings Solutions to Uganda***

Ugafode and Mennonite Economic Development Associates (MEDA), IDEO.org set out to design formal savings tools that are better-suited to the needs of low-income Ugandans, especially women and rural populations.

Ugafode, recently certified as a deposit-taking institution, brought in MEDA and the IDEO.org team on a 6-week project to design savings products to meet the needs of their customers. How might we develop formal savings products that enable rural customers to save in a more secure, accessible way.2 weeks of fieldwork, including numerous interviews in 3 regions of Uganda, our team came to some key insights.

It was identified through our human-centered design process that Ugandans are already very familiar with a multitude of informal savings tools and frequently exhibit a variety of financially-minded behaviours. So whatever be the new product it should complement the formal.

***Chapter: 3: Financial inclusion through Post office***

There are many countries around the world who are working on financial inclusion through Post offices

According to the latest Findex (World Bank) research on postal networks, clients of the post are more likely to be significantly poorer, older, less educated, and less likely to be employed than those who have an account at a financial institution.

Postal network has much to offer for financial inclusion it's an opportunity for any country due to its large network and deep reach to the remote areas. Around the world post offices generally provide services like bill payment, remittance , money transfer etc. In some areas full banking services are provided.

There are lot of things which still needs to be done , like converting the services of Post through electronic payment to enhance efficiency and decrease cost.

Even today post office plays a very important role in providing financial services to poor people in terms of money orders etc.. This is where post office has a edge over other competitors .Post office has reach to the farthest areas of the country.

If we analyse the practice across the world, the Japanese post bank remains the largest financial institution in the world in terms of deposits (more than euro 2700 billion).

***India Post – Analysis***

India Post has a network of 1,54866 post offices (March 31, 2011) whose branches are situated around the country. If one compares India Post with commercial banks, it will be larger than all commercial and rural banks taken together (March 31st 2012).

The facts in **Figure 1** clearly shows the strength of India Post and this also reveals that if India needs to enhance financial inclusion they need to capitalize on the strength of India post.

Major services offered by India Post are as follows:

**1) Banking services:** started as 1882 Post office savings bank is the largest bank in the country by number of customers and number of branches .The plans provided by Indian Post is very popular with common people ,especially in rural areas and those people who are retired.

Other Banking services : Post office saving account , Recurring Deposit accounts , post office time deposit accounts, public provident fund account , national saving certificate , senior citizen saving scheme.

**2) Insurance Services:** Postal life insurance , rural Postal life insurance

**3) Remittance Services:** Money order , International Money transfer Services , E-money Order , MO videsh , iMO(Instant money order)

The advantage of India post is its large network ,India post has 670000 contact points as of 2011.India has the largest postal network in the world . The other factor is trust and confidence of public (especially in remote areas) .

This can be equated with a bank having 6,70,000 branches across the country and is able to take up financial inclusion in the country.

**Major Challenges for achieving Financial Inclusion through India Post**

**Quality of Staff:** Insufficient training, low computer literacy level , and lack of quality Customer Service is one of the challenges which India Post is facing today.

**Financial Capacity:** IndiaPost is under loss due to declining core business (mail activity ) this can be attributed to stiff competition from private players, Lack of Efficient infrastructure , lack of market orientation , advent of internet evolution , while India Post is still a main player in remote villages and rural areas but that is insufficient for India Post to gain revenue .

**Business Model:** India Post does not have a business model like a private operator therefore the idea of promoting Services , adapting the model and product as per need of customer is a tough task. Model needs improvement.

**Lack of fully automated system:** The lack of large IT infrastructure is still lacking which can help to create a fast and automated Service Portfolio and will significantly Reduce Cost.

India post 2012 IT project which was aimed at making India Post technology enabled self-reliant market leader is under progress but it is slowly progressing.

The main challenge lies in connecting far reaching remote offices with IT infrastructure . Ones that is achieved the efficiency of post office will increase and it will enhance the progress of achieving financial inclusion for India.

*Reference: financial inclusion through India Post by mitalichinara and Santosh kumarkamila)*

**Case study: Cash merchant model of Postal Corporation of Kenya**

Postal Corporation of Kenya has opted for a hyper cash merchant model (post office acting as cash merchant) which is done with partnership of private players

One of the interesting facts is that Kenya is one of the leading countries in terms of mobile payment platform; this coupled with postal network is a huge opportunity for the country like Kenya to enhance financial inclusion

The key idea behind this initiative is to provide access to formal financial products of PCK to under banked or under privileged people near to their home by utilizing vast network of PCK.

One of the initiative was collaboration with faulu Kenya for Cash merchant model in which PCK connects to the Faulu Kenya platform using terminals installed in the postal outlets. The terminals are not interoperable and can only be used to operate Faulu's transactions (secure).The staff at PCK are trained to facilitate deposit-taking and withdrawals from accounts, and in the disbursement and repayment of loans.The whole model helps faulu to reach remotest locations where no bank can go , and secondly it helps consumer in remote region to accept faulu's financial service product at affordable price.

The success of PCK's cash merchant model is attributed to the below

• A vast network connected to the Internet;

• A cash management system (manual but operational);

• Sufficient liquidity in the system (1,000 USD in small rural post offices);

• Availability of cash-in-transit services to swiftly transport cash where needed (maximum24 hours to deliver cash to rural post offices);

• In-house development of software to manage all bill collections on a single platform;

• Enabling regulatory framework that allows the Post to offer payment services on behalf of other providers including banks, MFIs and insurance companies;

• Existence of a business development unit responsible for developing new partnerships;

• Existence of a well-established process to sign new partnership agreements and contracts, with the involvement of several internal stakeholders: business, marketing, financial services, legal, IT;

• Existence of a strong legal department capable of drafting and reviewing contracts and
protecting the interests of the Post through legal advice;

• Existence of a network of postal agents who can become sub-agents for the financial service partners of the Post;

• Hiring staff locally, as the unbanked and rural populations prefer to deal with people they know when it comes to money.

(Ref: The Post and the cash merchant model in an advanced mobile money environment-Alexandre Berthaud)

**La Poste Tunisienne**

Tunisia has 6 million postal accounts on a total population of 11 million.LA poste is one of the best known financial institution of the world , even their own banks like BanqueTunisienne de Solidarité (BTS) comes later As per world bank findex 90% of Tunisians who have formal accounts are actually banked by La Poste.

La Poste is highly successful in financial inclusion because it sells simple and affordable products to a public. La Poste has intensively made use of information and communication technology (ICT) to be ubiquitous and accessible. E-Dinar (smartcard), Fatoura Net (electronic bill payment) and Mobi-Flouss (electronic money transfers) are all postal financial services that have been developed and commercialized by La Poste. La Poste is managing about 700,000 cards, which is nearly one-third of the total cards issued in Tunisia. With its high volume of electronic transactions – 1.8 million per month. Some of the products of La poste are Minha, a long-term savings plan for university education for children, and Motmen, a retirement savings plan that extends for at least 10 years both are in collaboration with insurance company La Carte.

There are challenges which La poste are still facing in terms of customer service, wide variety of product portfolio but still they are able to progress in financial inclusion efforts.

**Importance of Financial Capability for consumer**

Financial capability is the internal capacity to act in one's best financial interest, given socioeconomic environmental conditions. It therefore encompasses the knowledge, attitudes, skills, and behaviours of consumers with regard to managing their resources and understanding, selecting, and making use of financial services that fit their needs.(World bank report).It is highly important to have an assessment of financial capability of consumer (in this case poor people) on periodic basis.

Normally assessment are done as survey , which helps to understand the problems of the consumer , their weakness which may need intervention , and also it helps to understand the effectiveness of policy initiatives on the lives of poor and also it helps in understanding the degree of consumer protection is existing in the ground level..

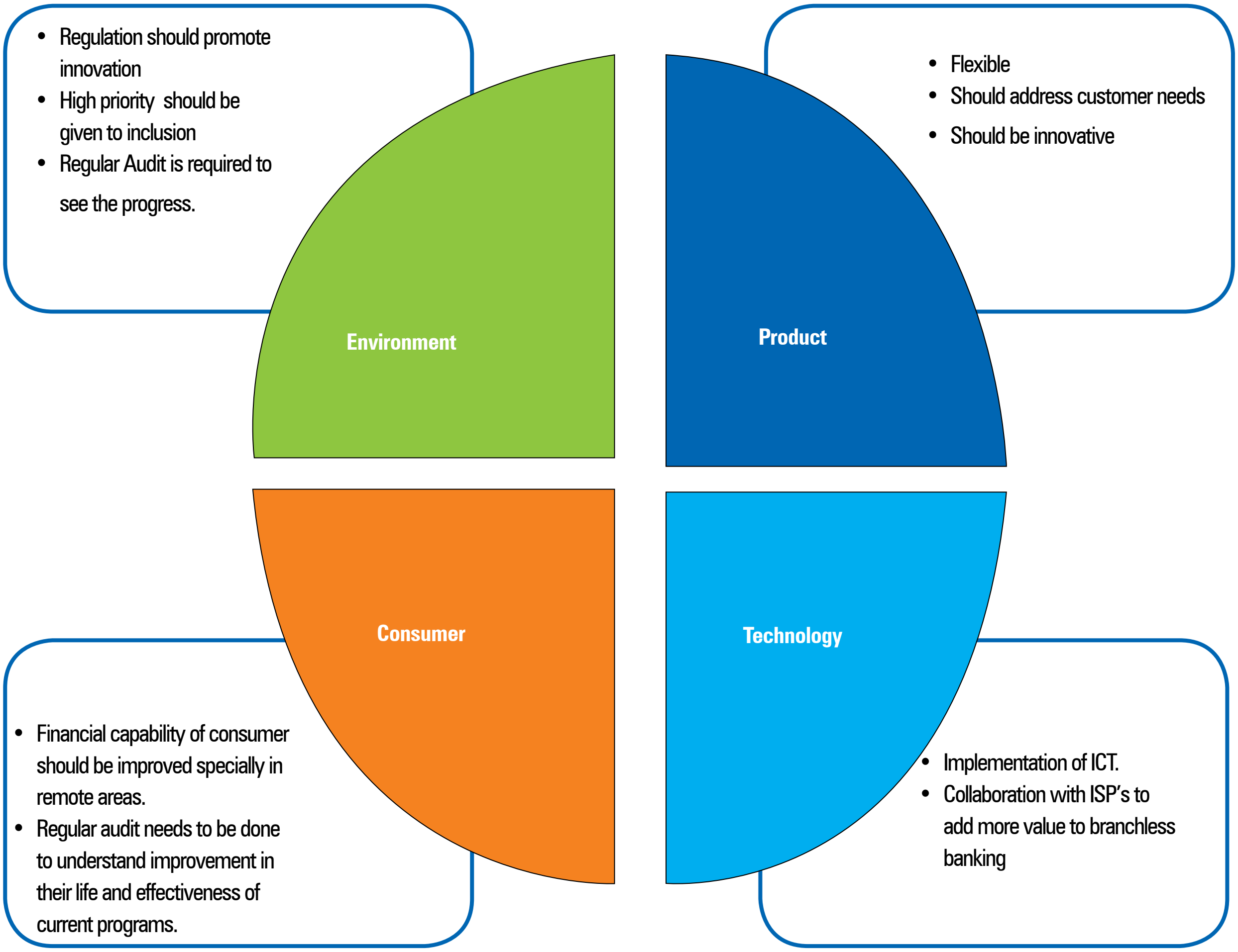
A more specific objective that surveys can help achieve is the impact evaluation of a particular intervention. This type of assessment typically requires a survey to be conducted at least twice (before and after the intervention), and questions are specifically designed to measure outcomes that were targeted through the intervention

**Case study: The National Strategy for Financial Education (ENEF), Brazil**

In 2010, Brazil formally established a National Strategy for Financial Education (ENEF),which was developed by a working group comprised of four financial regulators- the Financial System Supervision and Regulation Committee (COREMEC). In developing the new strategy, COREMEC conducted a survey in 2008, the National Measurement of Financial Literacy, to assess existing levels of financial capability and financial inclusion in Brazil. The results of the study revealed significantly low levels of financial knowledge and awareness, and inadequate levels of household savings. Based on the results of the survey, and following., Consultations with public and private sector stakeholders, ENEF was developed to accomplish the following goals: (1) promote financial education for consumers at all income levels; (2) develop financial infrastructure to expand financial inclusion and; (3) improve the efficiency of financial markets. A school-based financial education pilot project was introduced in 2010 to empower students and their parents to make sound financial decisions.

To assess the effectiveness of this

**Figure - 1**




*Source: Annual Report 2012-13 India Post*

financial education program, and before scaling-up throughout Brazil, the government engaged with the World Bank and the RTF to evaluate and fund the initiative. The rigorous evaluation of the intervention identified positive impacts on students and their parent's financial knowledge, attitudes, and behaviour. (Source: Review of Existing Financial Capability and Literacy Measurement Instruments)

**Findings:** The case study of branchless banking like M-pesa , G-cash , FINO India , we can analyse the following

-Branchless banking is an important tool for financial inclusion

-It will help to reduce cost of delivery

-It has better chance of fast implementation.

-Can be extended to remote areas without much Cost involved , as opposed to opening a bank branch in remote area

-The success of branchless banking also depends on number of agent outlets , quality of customer service , and simplicity of the product , M-PESA and G-cash has proved it.

-IDEO case: Government should encourage innovation and allow multiple stakeholders to participate in this process

-Ezcash Srilanka : Branchless banking enhance inclusion but it needs good marketing as well as consumer awareness is the key.

-From the case of Capitec South Africa we can understand that retail outlet or agent banking can be very good tool to reach the poor. It helps to enhance inclusion as well as it creates job opportunities and potential for business for small retailers and agents.

**Lesson from post office:** From Experience around the world it is proved that Post office is one of the key drivers of financial inclusion. The reach which post offices have specially in some of the countries like India , Kenya , no other banks have , the number of accounts which post offices have of people in remote area is larger than numbers of accounts in many banking institution. Capitalizing on post office is highly recommended.

From the case of Kenya and Tunisia, we can learn that having a highly robust technologically enabled network is one of the key factors for financial inclusion through Post Office

-High quality of customer service, 24*7 cash transfer service

-partnership with multiple stakeholders to enhance product innovation and reduce burden of cost.

-Enabling regulatory framework that allows the Post to offer payment services on behalf of other providers including banks, MFIs and insurance companies.

-Postal agents can act as sub agents for financial services , poor or people in remote areas are more familiar with postal agents due to long standing relationship.

-Post office needs staff which needs proper training in customer service and basic IT administration.

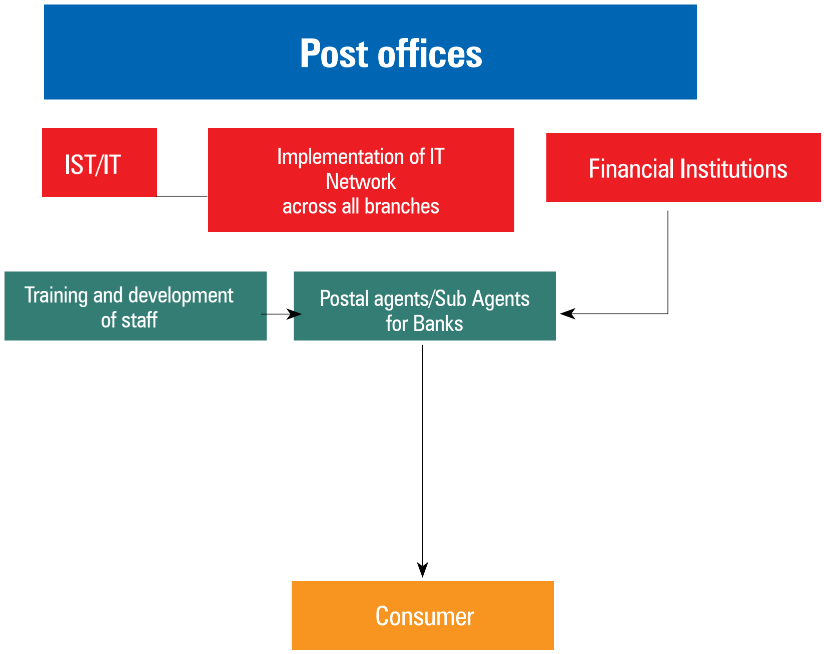
-If Indian Post offices capitalize on ICT they can enhance their product portfolio and can provide more innovative products to consumers.

-To enhance Post offices to drive inclusion needs effort from multiple stakeholders from government to private institutions.

-Importance of financial capability: The bottom line is even if we provide any product or services, it finally boils down to consumer to decide what is right for them , in financial service point of you , a consumer should have basic financial capabilities which should give him confidence to choose the right service , product , to decide best suited financial approach for well-being of his/her family and also to prevent him from getting cheated.

From the case of (ENEF), Brazil we can learn that normal survey may not be sufficient to understand the financial capability of the user .They need to design specifically the questions which should address their needs , their environment , the product they use, their understanding of financial needs etc.

**Figure - 2**




The survey needs to be done on periodic basis , to understand the growth rate of consumer awareness as well as effectiveness of policy initiative at the ground level.

## Conclusion and recommendation

After detailed analysis of the various research studies conducted around the world relating to Financial Inclusion it is revealed that the financial inclusion has not achieved in most of the parts of the globe particularly in India at the desired level.

On comparison of various options available today, the best possible solution for achieving financial inclusion in India is through the Indian post offices. The post offices can be highly important platform for driving financial inclusion in India, branchless banking, and financial inclusion product if connected with vast coverage of post offices. This can only enhance financial inclusion with fast growth, less infrastructure cost. Below are the justifications/recommendations as per our study.

1) Large network of post offices are the greatest strength for this program/project.
2) Infrastructure cost will be negligible
3) Postal service will leverage it as additional revenue source
4) Given a choice people will have first choice in postal banking
5) Army of post man in the country will be a good link with village population and the postal banking
6) It will greatly encourage small saving in greater way
7) No other bank can move to rural areas as postal department
8) Existing employees of post offices are sufficient to manage the new work
9) Post office should create more affordable, low cost saving products specific to customer needs; this can be enhanced by partnership with banks.
10) Proper training of Post office staff is required to meet current demand of customer in terms of quality of service.
11) Post offices can provide microloans to poor in remote areas with collaboration with private players through

PPP model.

12) It is important for policy makers to give focus to both ignorant and excluded groups as both are vulnerable.

13) The financial innovative products should be innovative and should adapt as per changes in need of consumer. This can be effectively implemented by use of Technology.

14) Post offices should focus more on rural banking as new service model which can be done through partnership with private players.

15) Conversion of Postal agents into financial sub-agent to deliver financial services to people.

16)At the bottom of the model is the customer , it is highly important that consumer should have adequate knowledge of financial products and should be aware of his financial priorities which will help him to take better decision for financial products which meet his needs.

17) SHG (or other NGOs) can drive financial capability training camp with help of government and private players to bring awareness to consumer about the financial literacy, to enhance their financial decision skills.

18) Government should be more pro-active in monitoring the progress of inclusion at the ground level in terms of quality of products in the market , progress in quality of life of consumer after they are enrolled in Postal banks ,and also the effectiveness of policy initiative at the ground level.

19) Government should promote entrepreneurship in the field of financial inclusion to enhance more better and affordable products specific to customer needs. If more entrepreneurs take up the project of inclusion it can help address customer needs to a deeper level. This can be better achieved through Post Offices.

20) It will be a low cost model to reach all areas including unviable for other institutions and Banks.

21) It can have complete coverage of the geography as well as population of India

22) Each post office can develop a "All in one " Centre offering micro-credit ,savings, insurance, pension, Remittances from cities and towns and including stations abroad , and small savings and investments etc. All available in one place at our door step

This is perhaps one of the best option for India to achieve financial inclusion with minimum Cost and efforts.

## Reference:


*1. V. Leeladhar,"Taking Banking Services to the Common Man -Financial Inclusion", (RBI Bulletin, Jan 2006).*

*2. Paul A. Jones, 'Giving Credit where it's Due: Promoting Financial Inclusion through Quality Credit Unions", (Local Economy Policy Unit, Feb 2006)*

*3. Duncan Fuller, Mary Mellor, Lynn Dodds and Arthur Affleck, "Consulting the community", (Emerald Vol. 26 No. 5/6, 2006)*

*4. J Midgley, "Financial Inclusion, Universal Banking and Post Offices in Britain", (The Royal Geographical Society, Sep 2005)*

*5. Rakesh Mohan, Economic Growth, "Financial Deepening and Financial Inclusion"(RBI Bulletin, Nov 2006).*

*6. Claire Alexandre, Ignacio Mas and Dan Radcliffe, Regulating New Banking Models that can Bring Financial Services to All, (August 2010)*

*7. Duncan Fuller, Credit Union Development: Financial Inclusion and Exclusion, (Elsevier Science, 1998)*

*8. Randall D. Germain, "Global Financial Governance and the Problem of Inclusion", ( Global Governance, Dec 2001)*

*9. J Neill Marshall, "Financial institutions in disadvantaged areas: a comparative analysis of policies encouraging financial inclusion in Britain and the United States", (2004)*

*10. http://www.easypaisa.com.pk/index.php/en/mobile-account*

*11. http://www.cgap.org/publications*

*12. Robert E. Litan, In defence of much , but not all financial innovation , (wharton.upenn.edu #10/06)*

*13. Tonny Omwansa, "M-PESA :progress and prospects" , (mobile world congress 2009)*

*14. Rethinking financial innovation: reducing the negative outcomes while retaining the benefit (world economic forum ,2012)*

*15. Peter tufano, Financial innovation , (2002)*

*16. Roberto Piazza, Financial innovation and risk: the role of information, (November 2009)*

*17. Financial Innovation and the Global Crisis, Manuel Sánchez (International Journal of Business and Management , Vol. 5, No. 11; November 2010)*

*18. Designing and Implementing Financially Inclusive Payment Arrangements for Social Transfer Programmes :Department of international development (UK aid) 2009*

*19. Alliance of financial inclusion discussion paper (2012) (http://www.afi-global.org/sites/default/files/discussion_paper_-_agent_banking_latin_america.pdf) (2012)*

*20. Kempson and Whyley, 1999 ,Kept out and Opted out*

*21. Robert litan , 2010 , In Defense of Much, But Not All, Financial Innovation*

*22. Rethinking Financial Innovation Reducing Negative Outcomes While Retaining ,The Benefits World Economic Forum*

*23. An Alternative to M-PESA? Orange and Equity Bank Launch Iko Pesa , CGAP report 2010*

*24. Overview of the G2P Payments Sector in India CGAP report 2011.*

*25. NABARD report of the committee of financial inclusion*

*26. Financial inclusion in India an inter-state analysis by Mr shibalal meher.*

*27. financial inclusion , inclusive growth , and poverty(reference book) by padmaja rajan ,alok ranjan behera , and himanshu sekhar rout.*

*28. Seizing the moment :on the road to financial inclusion ,financial inclusion 2020 a global forum ,centre of financial inclusion.*

*29. World bank publications : Financial Inclusion and Infrastructure :http://go.worldbank.org/2TVALMYW80*

*30. http://www.indiapost.gov.in/- - India post website* MA


**mahim@dms.iitd.ac.in**

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

*(Statutory Body under an Act of Parliament)*

**IMPORTANT ANNOUNCEMENT**

**Ref. No: BOS/01-05/14-15**

**Dated: Kolkata, 27th May, 2014**

## Applicability of The Companies Act, 2013 for December 2014 CMA Examinations (Intermediate Course and Final Course)

It is hereby notified for general information that the **Sections** of ***The Companies Act,2013 as specified in Annexure I for Intermediate Course and Annexure II for Final Course***, ***along with its Rules framed thereunder shall be applicable for the CMA Intermediate Course and CMA Final Course Examinations respectively for December,2014 Examination. Supplementary Study Material containing detailed on relevant sections would also be hosted in the website by 10th June,2014.***

***Accordingly, there will arise corresponding change in the following papers in the Chapter/s specified hereunder :***

| Syllabus 2012 | | |
|---|---|---|
| Course | Paper/Subject | Chapter/s |
| Intermediate | Paper 5 – Financial Accounting (FAC) | 5,8 |
| | Paper 6 - Laws, Ethics & Governance (LEG) | 5, 7 |
| | Paper 12- Company Accounts & Audit (CAA) | 3, 4, 7, 8,10, 15,16,17,18 |
| Final | Paper 13 - Corporate Laws & Compliance (CLC) | 1, 2,9 |
| | Paper 18 - Corporate Financial Reporting (CFR) | 1, 2, 3 |
| | Paper 19 - Cost Audit & Management Audit (CMAD) | 6,10 |
| **Syllabus 2008** | | |
| Course | Paper/Subject | Chapter/s |
| Intermediate | Paper 5 - Financial Accounting (FAC) | 7, 8, 10 |
| | Paper 6 – Commercial & Industrial Law & Auditing (CIA) | 6, 7 |
| Final | Paper 16 - Advanced Financial Accounting & Reporting (AFAR) | 1, 2, 3 |
| | Paper 17 - Cost Audit & Operational Audit (COA) | 5 |

***Note:***

***(i) The provisions of the Companies Act, 1956 which are still in force would form part of the syllabus till the time their corresponding or new provisions of the Companies Act,2013 are enforced.***

***(ii) If new legislations are enacted in place of the existing legislations, the syllabus would include the corresponding provisions of such new legislations with effect from a date notified by the Institute.***

***(iii) For reference and benefit of CMA students, the Department would release relevant material.***

***(iv) For applicability of Companies Act,2013 for June 2015 examinations would also be notified in due course and appropriate reading material would also be made available to students well in advance before examinations.***

***(v) The sections notified for December 2014 Examination were notified by MCA,GOI w.e.f.12.9.2013.***

Institute reserves the right to modify applicability of sections of the Companies Act,2013. All concerned are hereby requested to note this announcement/clarification and facilitate to make a proper and wide publicity to meet the concern of stakeholders on the stated subjects.

This issues with an approval of the competent authority.

**CMA Chiranjib Das**
**Joint Director, Head - Academics Department ( Board of Studies)**
**Secretary to the Board of Studies Committee**

# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

## EXAMINATION TIME TABLE & PROGRAMME – JUNE 2014

| | PROGRAMME FOR SYLLABUS 2008 | | PROGRAMME FOR SYLLABUS 2012 | |
|---|---|---|---|---|
| **Day, Date & Time** | **Intermediate – 2008** 9.30 A.M. to 12.30 P.M. | **Final – 2008** 2.00 P.M. to 5.00 P.M. | **Intermediate – 2012** 9.30 A.M. to 12.30 P.M. | **Final – 2012** 2.00 P.M. to 5.00 P.M. |
| **Wednesday, 11 th June, 2014** | ----- | Capital Market Analysis & Corporate Laws | Financial Accounting | Corporate Laws and Compliance |
| **Thursday, 12 th June, 2014** | Financial Accounting | Financial Management & International Finance | Laws, Ethics and Governance | Advanced Financial Management |
| **Friday, 13 th June, 2014** | Commercial and Industrial Law & Auditing | Management Accounting – Strategic Management | Direct Taxation | Business Strategy & Strategic Cost Management |
| **Saturday, 14 th June, 2014** | Applied Direct Taxation | Indirect & Direct – Tax Management | Cost Accounting & Financial Management | Tax Management & Practice |
| **Sunday, 15 th June, 2014** | Cost & Management Accounting | Management Accounting – Enterprise Performance Management | Operation Management and Information Systems | Strategic Performance Management |
| **Monday, 16 th June, 2014** | — | Advanced Financial Accounting & Reporting | Cost & Management Accountancy | Corporate Financial Reporting |
| **Tuesday, 17 th June, 2014** | Operation Management and Information Systems | Cost Audit & Operational Audit | Indirect Taxation | Cost & Management Audit |
| **Wednesday, 18 th June, 2014** | Applied Indirect Taxation | Business Valuation Management | Company Accounts and Audit | Financial Analysis & Business Valuation |

### EXAMINATION FEES

| Group (s) | | Final Examination | Intermediate Examination |
|---|---|---|---|
| One Group | (Inland Centres) | ₹1250/- | ₹1000/- |
| | (Overseas Centres) | US $ 100 | US $ 90 |
| Two Groups | (Inland Centres) | ₹2250/- | ₹1600/- |
| | (Overseas Centres) | US $ 100 | US $ 90 |

1. (a) **Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card.**
   (b) Application Forms for Intermediate and Final Examinations are available from Institute's Headquarters at 12, Sudder Street, Kolkata, Regional Councils and Chapters of the Institute on payment of ₹50/- per form. In case of overseas candidates, forms are available at Institute's Headquarters only on payment of US **$** 10 per form.
   (c) Students can also download the Examination Form free of cost from ICAI Website at www.icmai.in.
   (d) **Students can also pay their requisite fee through payfee module of IDBI.**
   (e) Examination fees can also be paid through **Bank Demand Draft** drawn in favour of **"The Institute of Cost Accountants of India"** and payable at Kolkata.
2. **Last date for receipt of Examination Application Forms without late fees is 31st March, 2014 and with late fees of ₹300/- is 10th April,2014. In case of online Examination Application with payment gateway by using Credit/Debit Card, the late fees of ₹300/- will be waived if applied within 10th April, 2014.**
3. Students may submit their Examination Application Forms(Hard copy) along with the fees at ICAI, CMA Bhawan, 12 Sudder Street, Kolkata – 700016 or Regional Offices or Chapter Offices. Any query in this regard may be addressed to Examination Directorate at 12, Sudder Street, Kolkata – 700016.
4. **Finance Act 2013, involving Assessment Year 2014-2015 will be applicable for the Subjects Applied Direct Taxation, Applied Indirect Taxation and Indirect & Direct Tax Management for Syllabus 2008 and Direct Taxation, Indirect Taxation and Tax Management & Practice for Syllabus 2012 for the purpose of June 2014 term of Examination.**
5. **Examination Centres**: Adipur-Kachchh(Gujarat), Agartala, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam, Faridabad, Ghaziabad, Guwahati, Hardwar, Howrah, Hyderabad, Indore, Jaipur, Jabbalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Port Blair, Panaji (Goa), Patiala, Patna, Pondicherry, Pune, 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.
6. **A candidate who is fulfilling all conditions will only be allowed to appear for examination.**
7. **Probable date of publication of result : Inter & Final – 23rd August 2014.**

**A. Das**
**Director (Examination)**

# The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

**EXAMINATION TIME TABLE & PROGRAMME – JUNE 2014**

**FOUNDATION COURSE EXAMINATION**
**(Multiple Choice Questions – Online Mode)**

<table>
<tr><th>Day & Date</th><th colspan="2">Foundation Course Examination</th></tr>
<tr><td rowspan="2">Saturday,<br>28 th June, 2014.</td><td colspan="2">Syllabus-2008</td></tr>
<tr><td>Paper – 1 & 2 (100 Marks)<br>Time : 10 A.M. to 12.00 Noon<br><br>Paper 1 : Organisation and Management Fundamentals ( 50 Marks )<br><br>Paper 2 : Accounting ( 50 Marks)</td><td>Paper – 3 & 4 (100 Marks)<br>Time : 2 P.M. to 4.00 P.M.<br><br>Paper 3 : Economics and Business Fundamentals ( 50 Marks)<br><br>Paper 4 : Business Mathematics and Statistics Fundamentals ( 50 Marks)</td></tr>
<tr><td rowspan="2">Saturday,<br>28 th June, 2014.</td><td colspan="2">Syllabus-2012</td></tr>
<tr><td>Paper – 1 & 2 (100 Marks)<br>Time : 10 A.M. to 12.00 Noon<br><br>Paper 1 : Fundamentals of Economics and Management ( 50 Marks )<br><br>Paper 2 : Fundamentals of Accounting ( 50 Marks)</td><td>Paper – 3 & 4 (100 Marks)<br>Time : 2 P.M. to 4.00 P.M.<br><br>Paper 3 : Fundamentals of Laws & Ethics ( 50 Marks)<br><br>Paper 4 : Fundamentals of Business Mathematics and Statistics ( 50 Marks)</td></tr>
</table>

**Examination Fees**

<table>
<tr><td rowspan="2">Foundation Course Examination</td><td>Inland Centres</td><td>₹ 1000/-</td></tr>
<tr><td>Overseas Centres</td><td>US $ 60</td></tr>
</table>

1. **The Foundation Examination in both syllabus (2008 & 2012) will be conducted in M. C. Q. Mode through Online only**.
2. Total Questions : 100 (Multiple Choice Questions), Maximum Marks : 100 (Each Question will carry 1 Mark). There will be no negative marking for wrong answers.
3. **(a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card.**
   (b) Application Forms for Foundation Examination is available from Institute's Headquarters at 12, Sudder Street, Kolkata, Regional Councils and Chapters of the Institute on payment of ₹50/- per form. In case of overseas candidates, forms are available at Institute's Headquarters only on payment of US **$** 10 per form.
   (c) Students can also download the Examination Form free of cost from ICAI Website at www.icmai.in.
   **(d) Students can also pay their requisite fee through payfee module of IDBI.**
4. **Last date for receipt of Examination Application Forms without late fees is 5th May, 2014 and with late fees of ₹300/- is 15th May, 2014. In case of online Examination Application with payment gateway by using Credit/Debit Card, the late fees of ₹300/- will be waived if applied within 15th May, 2014.**
5. Examination fees to be paid through **Bank Demand Draft** of requisite fees drawn in favour of "**The Institute of Cost Accountants of India**" and payable at Kolkata.
6. Students may submit their Examination Application Forms along with the fees at ICAI, CMA Bhawan, 12 Sudder Street, Kolkata – 700016 or Regional Offices or Chapter Offices. Any query in this regard may be addressed to Examination Directorate at 12, Sudder Street, Kolkata – 700016.
7. **Examination Centres**: Agartala, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam, Faridabad, Gandhidham, Ghaziabad, Guwahati, Hardwar, Howrah, Hyderabad, Indore, Jaipur, Jabbalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nasik, Nellore, Noida, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Valsad, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat. **(If no examination centre is available at a particular location, examinees will be accommodated at the nearest Centre available)**
8. **A candidate who is completing all conditions will only be allowed to appear for examination.**
9. **Probable date of publication of result : Foundation – 11th July, 2014.**

**A. Das**
**Director (Examination)**

# Eastern India Regional Council

## Rajpur Chapter of Cost Accountants

THE Chapter organized a continuing education programme on Internal Audit on May 4, 2014. CMA Mrityunjay Acharjee, being the key speaker concentrated on risk based Internal Auditing and highlighted the changing scenario of Internal Audit in this present context. He also opined that the modern management tools like SAP, ERP etc should be well perceived by internal auditors to make the audit report strategically important. CMA Dr. Sanjiban Bandyopadhyay, Council Member, inaugurated the programme and mentioned about the action of the Institute regarding Company's Act 2013 and also induction of Cost and Management Accountants as Internal Auditors. CMA N. Sinha Choudhury, ex-chairman EIRC, insisted on the requirement for good reporting standard by auditors. This report will not mislead the client and the profession could maintain its reputation. CMA


P. Bhattacharya and CMA V. Mukhopadhyay, EIRC members were present in the seminar and chairman of the Chapter, CMA P. Mandal ended the programme with a proposed vote of thanks.

## Hazaribagh Chapter of Cost Accountants

THE Chapter conducted two career counseling programmes on April 4, 2014 and May 2, 2014 respectively where chairman of the chapter, CMA Raj Kamal Prasad Singh, secretary of the chapter CMA Radhey Shyam Sinha, and Treasurer of the chapter CMA Arun Kumar Prasad took the initiatives and made the students aware of the CMA course and its opportunities.


# Northern India Regional Council

## Lucknow Chapter of Cost Accountants

ON April 13 and 19, 2014 the Chapter organized a seminar on 'Internal Audit & Recent Development in Our Profession'. Dignitaries present were CMA Sudhanshu Dwivedi, Director Finance of VVNVL, CMA Rakesh Bhalla, Chairman of NIRC, CMA N K Mourya, Zonal Manager of RECI, CMA Saurabh Srivastava, Vice Chairman of NIRC, CMA S K Bhatt, RCM & Treasurer of NIRC, CMA Debajyoti Majumdar, Manager Finance & Taxation, Sahara India Pariwar & Management Committee of Lucknow Chapter of NIRC. CMA S K Bhatt briefly stated the role of internal audit in the corporate sector. CMA Debajyoti Majumdar focused on internal audit and said that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's opera-

tions. Special Chief Guest Ms Anamika Singh, Daughter of Hon'ble Rajnath Singh, President of BJP, praised the CMA profession and she said the profession provides a quality of work which helps to develop nation in the field of finance and economy. CMA Rakesh Singh, Immediate Past President of the Institute gave the assurance to the students and the members to build up CIRC at Lucknow and CMA Sunil Kumar Singh explained the route for establishment of CIRC by presenting Power Point Presentation in front of members, students & other eminent dignitaries. At the end of seminar, there was 'Open House Discussion on Recent Development of our Profession'. The queries raised by the members and students had been beautifully resolved by the eminent dignitaries present there. On April 26 and 27, 2014, the Chapter organized a camp for 'Enrolment of Aadhar Card' for members and students. The effort was highly appreciated and the period of the enrolment of Aadhar Card extended since May 2, 2014 to May 5, 2014.

# Southern India Regional Council

## Kottayam Chapter of Cost Accountants

ON April 28, 2014 a one day seminar on 'Service Tax & Reverse Charge Mechanism' had been organized by the Chapter. CMA H Padmanabhan, Vice Chairman, SIRC inaugurated the occasion. CMA S Ramachandran, Treasurer, SIRC, CMA Benoy Varghese and CMA P T Raju Chairman & Secretary of the Chapter respectively were among the dignitaries present in the seminar.

## Madurai Chapter of Cost Accountants


ON May 3, 2014 the Chapter conducted a professional development programme on the theme 'Show Cause Notice under Service Tax Provisions-Practical Aspects'. There was elaborate discussion on the provisions relating to the issue of show cause notice under service tax provisions, adjudication of penalty procedures, also pointed out wide exposure of the Cost Accountants in indirect tax matters especially in service tax matters etc. CMA S. Kumararajan, chairman, PD Committee introduced the Chief Guest and CMA Dr. I. Ashok, chairman of the Chapter, welcomed the members and students.

## Trivandrum Chapter of Cost Accountants

ON March 17, 2014 a joint professional development programme had been organized by the Chapter in association with ICSI Trivandrum Chapter on the theme 'Directors and Auditors-Role and Challenges under Companies Act, 2013'. The seminar had been led by Council Members CMA (Dr) P.V.S Jagan Mohan Rao, CMA D.L.S Sreshti, CMA P. Raju Iyer, Chairman, SIRC, CMA H Padmanabhan, Vice Chairman, SIRC, Dr. Biju Ramachandran, Chairman, SIRC of ICSI, CS Harikrishnan, Chairman, Trivandrum chapter of ICSI and many other members. Dr. Biju Ramachandran discussed the provisions relating to Company Secretaries under the new Act.

The Chapter conducted a professional development programme on March 23, 2014 on the topic 'Basel III Reforms' led by CMA (Dr) Devakumar P.S., Associate Professor of Govt. Women's College Thiruvananthapuram. He discussed the need for Basel III reforms, recommendations, and the stages by which the reforms are going to be introduced in India under the guidance of Reserve Bank of India. CMA Joseph Louis, chairman of the chapter gave a brief of Basel III functioning of banks all over the world. CMA S.Veerapudran, secretary of the chapter proposed the vote of thanks.

### Cochin Chapter of Cost Accountants

THE Chapter organized a Campus Placement programme on April 27, 2014. CMA H Padmanabhan, Vice Chairman, SIRC lighted the lamp and inaugurated the programme. CMA Santhosh Kumar, chairman of the chapter, CMA Selvam A, secretary of the chapter, and other representatives from the companies were among the dignitaries present in the occasion.

### Coimbatore Chapter of Cost Accountants

FROM April 3, 2014 till April 8, 2014 the Chapter arranged participation of intermediate students in stock verification work at a local company for the first time. This was arranged to impart practical training in manufacturing companies which would be of great help for the students in near future. A MOU for Satellite Centre had been signed on April 12, 2014 with Dr. G.R. Damodaran College, Coimbatore for conducting the Foundation Course at the college. On April 17, 2014, an interactive session on the theme 'Companies Act, 2013 – Scope for CMAs' had been conducted by Council Member CMA Dr.P.V.S. Jagan Mohan Rao. The PDP in-charge introduced the speaker and he gave a detailed analysis on the scope for CMAs in the Companies Act, 2013. On April 26, 2014, CMA R. Maheswaran, Vice President Finance & Infrastructure, KGiSL Technologies & Infrastructures Pvt. Ltd., Coimbatore delivered a speech on the theme 'An Insight into the Special Economic Zones'.


# Western India Regional Council

### Ahmedabad Chapter of Accountants

BETWEEN March 30, 2014 to April 13, 2014, the Chapter organized an Advance Excel Training Program of 16 Hours for Final qualified students. CMA Pradip Desai, Chairman of Training & Placement committee and CMA P D Modh, Chairman of Oral Coaching Committee briefly discussed about the usefulness of Advanced Excel program in accounting system. The Chapter conducted a seminar on Service Tax organized by Central Excise where CMA Dr. S.C Mohanty, President of the Institute shared his speech. CMA V H Savaliya, CMA Ashish Bhavsar and CMA J B Mistri were among the faculty members who gave a brief presentation in this event. On April 24, 2014 the Chapter organized an interaction of the final qualified students and the members with CMA Dr. S.C Mohanty, President of the Institute.


### Indore Chapter of Cost Accountants

THE Chapter organized a CEP Programme on 'Advance Computing Technique through VBA' on April 19, 2014. Shri Parmeshwar Patidar was the resource person for the seminar and CMA Dr. Niranjan Shastri, Treasurer & Ex Chairman of the Chapter highlighted the theme of the seminar. CMA Vijay P. Joshi, Secretary of WIRC was present and CMA Shailendra Jain delivered vote of thanks.

## Pimpri-Chinchwad-Akurdi Chapter of Cost Accountants

The Chapter organized a seminar on 'Internal Audit with difference in the Era of Indirect Tax and Companies Act 2013' on April 26, 2014. CMA Ashok Nawal, Treasurer of WIRC & MD of Bizsol India Services Pvt. Ltd being the keynote speaker in the technical session deliberated in brief on the updates regarding current events in Internal auditing, current and best practices in audit, risk assessment and report writing skills etc. CMA Pradeep Deshpande, secretary of the Chapter proposed the vote of thanks.

## Pune Chapter of Cost Accountants

The Chapter organised a CEP dated April 5, 2014 on the theme 'Discussion ED on Cost Accounting Standard on Manufacturing Cost- CAS 22'. Council Members, CMA Sanjay Bhargave, CMA Amit Apte and CMA Neeraj Joshi, Vice Chairman of WIRC made a detailed discussion on the said theme which proved to be very thoughtful. Members in large numbers participated in the discussion and made the seminar an eventful one.

The Chapter organized a CEP on 'Energy Audit' on April 26, 2014. CMA Chaitanya Mohrir chairman PD Committee introduced and felicitated the speaker CMA Deepak Gokhale who explained the need of Energy Audit and explained the mechanism of the same.


## SURVEY ON INTERNAL AUDITING PRACTICES IN INDIA

The Institute has taken a professional initiative to study and understand the **Internal Auditing profession in India** by conducting a survey of the Indian organizations. All professionals who are engaged in Internal Auditing assignments are encouraged to participate in this survey.

We shall be highly grateful if you could kindly spare your valuable time to fill in the Questionnaire (link given below) on internal auditing practices in your organization to participate in this survey.

The survey results will help the Internal Auditors to benchmark their internal audit functions with peers in the same or other industries.

The findings of the survey will also be shared with the participants.

It is committed that the identity of the participating organizations will be kept strictly confidential unless otherwise permitted by the organization/participant itself/himself.

Your kind support in this initiative of the Institute will help in improving the internal auditing practices in India and will be highly appreciated.

The last date for submitting the filled in questionnaire is 25th June 2014.

Link for Survey on Internal Auditing Practices in India: http://www.icmai.in/detail/updates/720

# CFO Summit 2014

## Inaugural Session

The CFO Summit was initiated by lighting the lamp of knowledge by the dignitaries on the dais. While delivering the welcome address at the CFO Summit organized by the Institute on 19th May , 2014 at New Delhi ,CMA Dr. S C Mohanty said that the role of chief financial officer has changed dramatically over the past decade. Besides managing accounting, working capital, inventory, capital expenditure and cost control, they are now being called upon to act as strategic resource and work towards sustainable growth. He further said that corporate restructuring has become common to the corporate sector in order to grow and survive in the present ongoing corporate environment for increased efficiency and profitable growth. He added that The Cost and Management Accountants possess expertise in Cost Management which can drive value creation and help develop sustainable businesses for inclusive growth by enabling industry to offer quality goods and services at affordable prices. CMA- CFOs can lead the much needed business transformation through strategic use and application of their expertise to implement an effective Cost Management information system which will facilitate strategic decision making.

Mr. Rajiv Takru, IAS Revenue Secretary Ministry of Finance, Government of India was The Chief guest of the CFO summit Shri. Rajiv Takru, IAS stressed that the responsibility of the professionals is towards society and not for improving the bottom line of the company. He further added that all their functions should be in furtherance of the benefits to the society.He said that proper cost estimate of the projects will help avoid NPAs. He said that professionals should exercise self control , act professionally and always ensure correct reporting of information. A strong emphasis should be given to ethics which in India is unfortunately taken as akin to religion. The profession has to rise and start pointing out what is right and what is wrong. It is important for you to do your job professionally. there may be consequences. If you certify something which is wrong it is not breach of professional etiquette but a criminal offence.

On this occasion the following publications of the Institute were also released by the Chief Guest Sh. Rajiv Takru, IAS Revenue Secretary :

1. Compendium of Cost Competitive Practices in India
2. Research Study on Shareholding Pattern of Corporate Sector in India
3. Cost Audit – Key to Sustainable Growth

While concluding the inaugural session ,Vice President of the Institute CMA Dr. A S Durgaprasad said that today;s CFOS face challenges not only in the finance domain,but also externally due to market forces, political situation, and competition. In view of the same it is essential that the CFOs should expand their horizon beyond the financial statements and focus on Sustainability and Integrated Reporting

## Technical Session 1 - Role and Expectations of CFOs – Preparing CFOs for Finance Leadership

CMA Rakesh Singh Central Council Member and Immediate Past President of the Institute while welcoming the Chairman and panelists of the First Technical Session said that the Macro agenda of the country is based on growth and development, therefore the role of CFO has to be looked in the context of national agenda. CFOs are the trustees of financial resources. Development with sustainability has to be the central point of a CFOs responsibility towards society. Transparency and accountability are key agenda for the CFOs. He Congratulate the President and the Institute for organizing the CFO summit.

Shri Asim Kumar Mukhopadhyay Vice President Business Planning in Corporate Finance, Tata Motors, he said that in view of the changing business environment,Business model needs to be redefined. CFO has responsibility not only towards bottomline,but also towards CSR and sustainability. CFO must migrate to being the Chief Value Officer,value integrator and business partner for sustainable growth of the organization. CFO should be a facilitator, collaborator rather than a controller. The CFO Must unfold a vision, be a change driver, speak the language of CEO, be the growth champion and Performance Leader.

Shri Kulamani Biswal Director – Finance NTPC, congratulated the Institute on 56th foundation day and CMA Dr. S C Mohanty on acquiring Doctrate degree. He referred to a research study which reflects that only 27% of the Professional Accountants are CFOs in Europe. Thus there is a need for Professional Accountants to inculcate integrity, objectivity in their functions for creating , enabling, preserving, and reporting value. CFO has a central place in the organization along with the CEO. In the Companies Act 2013 , CFO has been identified as a Key Managerial Personnel who has to be appointed by a Board Resolution. The responsibilities of CFOs have been widened under the listing agreement. CFO must focus on Triple P viz People, profits and Planet as the primary drivers of Corporate strategy. CFO should work as a strategist rather than as a tactician to ensure sustainability of the organization

Shri V R Gupta Director(Finance) Central warehousing Corporation, he said that all organizations must have at least 30% professionals in the Finance department. This will not increase the cost, but will help in effective decision making. CFO should work towards creating a positive view about the finance department in the organization. Public Relations skills are very essential for CFOs. They should spend adequate time in maintaining relations with external stakeholders. He further stated that CFOs should develop good communication skills .

Prof. (Dr.) Asish Bhattacharya Chairman of the session that ethics is the key aspect of a CFOs job. He is the custodian of the financial resources of the organization. He must act in such a way that organizational value is enhanced in an ethical and transparent manner. He must acquire skills necessary to cope up with the changing business environment.

CMA Sanjay Gupta Central Council Member in his concluding remarks said that past few decades have witnessed significant growth in the demand and expectations of Finance leaders as they have become central to helping their organization's navigate an increasingly complex business world. They must focus on driving their businesses on the planks on ethics, sustainability and growth.

## Technical Session 2 – Management Accounting - Redefined

CMA M Gopalakrishnan while welcoming the Chairman and panelists of the Second Technical Session on Management Accounting – Redefined , said that CFO has to become a Chief Value Officer and assume responsibility for the sustainable development of the organization.

Shri A N Raman Management Consultant chairman of the session Congratulated the organizers for having chosen this topic for the CFO summit. He said that Competency of Management Accounting knowledge would be the key differentiator for the CFOs. He dwelt on the emerging new definition of Management Accounting which inter-alia focuses on creating value for sustainable growth, Connect Management Accounting with Business strategy. He also expounded the changing dimensions of Management Accounting.

Shri Rakesh Dhamani Vice President (Finance) Times Group explained the cardinal principles of management accounting as practiced in Times Group. He gave a very vivid presentation on the structure and flow of financial information ably supported by Information technology which helps evaluate the efficiency of operations of the different business segments and also the profitability of various products and lines of businesses. He highlighted the use of Flotilla, Waterfall, Dolphin Charts and decision support system in monitoring of business operations. He summed up by saying that management accounting becomes an art when you put science into it.

Shri Pankaj Wadhwa Vice President (Finance) Petronet LNG said that management accounting provides useful information for all the stakeholders. He said that Petronet LNG Uses the latest version of the ERP tool to monitor the risks that the organization faces and to facilitate information flow and control on enabling real time basis. He said the company has effective internal audit and cost audit practices.

Shri. D L S Shresti Central Council Member summarized the deliberations of the session and said that Management Accounting helps the company to grow sustainably. He also proposed a hearty vote of thanks.

## Technical Session 3 – Corporate Restructuring for Sustainability and Growth

CMA (Dr.) P.V.S. Jagan Mohan Rao Central Council Member while welcoming the Chairman and the panelists of the Third Technical Session on Corporate Restructuring for Sustainable Growth said that Sustainability and growth can not be achieved unless we are ethical. He expounded the concept of ethics through rendering of various shlokas from the holy books. He further said that corporate restructuring is essential for sustainability of the organization as the business situation is changing.

Shri NK Gupta Director(Finance ) Railtel Corporation India Limited Chairman of the session said that restructuring helps an organization to steer through the path of progress and growth. However the restructuring decision should be taken after due consideration by the top management as part of the overall growth strategy. and not only for mere tax advantages or other general factors. He said that Tech Mahindra a good case of Corporate restructuring as it helped the company to weather the storm caused by Satyam scam. He also shared his experience of restructuring of Railways over the years.

Dr. Sanjeev Gupta Managing Director Nexgen Financial Services Private Limited explained the elements of financial restructuring – definition of non - standard account, restructuring of loans, specially in the infrastructure sector, and Public Private Partnership projects

Dr. Sanjeev Singhal Vice President (Finance) Jubilant Life

Sciences Limited said that the need for Corporate restructuring arises due to the need for bringing in economy in operations, tax benefits, to focus on core strengths of the company and to improve competitive position. He explained different forms of Corporate restructuting. He shared select case studies of various companies and explained the process and implications of Corporate restructuring.

CMA PV Bhattad Central Council Member while summing up the deliberations of the session said that Corporate restructuring helps an organization to achieve sustainable growth

# CMA-CFO award and Foundation Day function 2014

The CMA – CFO Award and Foundation day function of the Institute of Cost Accountants of India was held on 19th May, 2014 at Hotel Ashok, Chanakyapuri, New Delhi.

The event was presided by the Chief Guest Hon'ble Mr. Justice Deepak Misra , Judge Supreme Court of India. Ms. J. M . Shanti Sundharam, IRS Chairperson CBEC was the special guest.

The CMA-CFO award and Foundation Day function was initiated by lighting the lamp of knowledge by the dignitaries on the dais. CMA Dr. S C Mohanty President of the Institute welcomed the dignitaries on and off the dais. He said that for the Institute it has been a great journey for 70 years as a guarantee company and 56 years with statutory recognition starting with a humble beginning of 73 members and now reached to the strength of 64564 cost leaders, 4,48000 students and working through 4 RCs, 96 chapters and 9 overseas centers. The mandate for the Institute is to ensure optimum utilization of scarce resources to ensure quality product and services at affordable prices to the society. Development, Sustainability, and Inclusive growth greatly depends on cost competitiveness. Cost, Quality and Productivity optimization is the need of the hour to counter global challenges faced by business. Cost management is a tool to push business development and overall growth creating value through effective use of scarce resources to ensure growth with equity and social-justice.

Ms. J.M.Shanti Sundharam, IRS Chairperson, CBEC said that the ICAI is playing a very important role in cost management and the Department relies on the Cost Accounting Standards released by the Institute in dealing with various cases. The CMAs should strive to advise companies on becoming cost competitive for sustainable growth of economy. She acknowledged and appreciated the support of the Institute in competency building of the CBEC officers through two training programs conducted at Ahmedabad and Chennai and few more to be organized at various locations. She also advised the CMAs to follow ethical practices in their interactions with the industry.

Dr. S K Gupta Director (Technical) of the Institute made a presentation on the objectives and evaluation methodology followed for the CMA-CFO award. The CMA-CFO awards for 2014 were presented to the following:

1. Public Sector Manufacturing: Mr. Kulmani Biswal Director – Finance NTPC

2.Private Sector Manaufacturing: Mr. Hemendrakumar C. Shah Chief Financial Officer Elcon Engineering Company Limited

3. Services Sector: Mr. Hariharan Iyer Chief Financial Officer Gujarat Pipavav Port Limited

Hon'ble Mr. Justice Dipak Misra , Judge Supreme Court of India Congratulated the award winners and emphasized on Professional ethics and morality and said that a professional must practice Fiscal Morality, Morality of Language and, Physical morality. CMAs must offer cost effective advice since growth is possible only through cost effective production of goods and services. CMAs are Constitutionally responsible for achieving excellence. CMAs have a key and significant role to play in today's highly competitive business world. They should develop competencies to provide value addition through their professional services.

In his concluding remarks CMA Dr. A S Durgaprasad thanked all the dignitaries and guests for their presence and said that CMAs should develop morality and imbibe ethical practices in their interactions with the industry.

The event concluded with the national anthem.

## NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 286th Meeting held on 30th March, 2014 by virtue of power conferred therein has constituted the following Chapter of Cost Accountants covering the areas of Erode, Kangeyam, Bhavani, Perundurai, Gobichettipalayam, Anthiyur, Komarapalayam, Sankagiri and Tiruchengode of the Erode District of Tamil Nadu :

**The Institute of Cost Accountants of India - Erode Chapter**
"Dharnnasivam Building"
32, Prakasam Street
Erode — 638 001.

**Kaushik Banerfee**
Secretary (Acting)

# MEMBERS ADMISSION

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA ADVANCEMENT TO FELLOWSHIP DATE OF ADVANCEMENT 20th May 2014**

M/2032
Mr Mool Raj Vyas, MCOM,FCMA
Proprietor - Practising Cost Accountants M R Vyas & Associates Prem Ganga Apartments, 117/ M/167, Kakadeo,
KANPUR 208019

M/2690
Mr Debanuj Sengupta, BCOM,FCMA
Partner Bandyopadhyaya Bhaumik & Co. C-9 / 9076, Sector C Vasant Kunj, Pocket 9,
NEW DELHI 110070

M/5458
Mr Rash Bihari Roy, BSC,FCMA
Proprietor - Practicing Cost Accountants R B R & Associates Opp. Co-operative Bank Colony Middle School Road Bartand, Pandit Clinic More
DHANBAD 826001

M/6018
Mr Subhasis Brahma, BSC HONS,LLB,FCMA
Chief (F & A) TRF Ltd 11, Station Road Burmamines
JAMSHEDPUR 831007

M/6474
Mr Dilip Kisanlal Lunawat, BCOM,LLB,FCMA
Proprietor - Practicing Cost Accountants Dilip Kisanlal Lunawat D-3, Tirupati Garden Darga Road Tapadiya Nagar Behind Varad Hospital
AURANGABAD 431001

M/6788
Mr Dhulipala Sreerama Sastry, BSC,ACA,FCMA
General Manager - Finance N M D C Limited Khanij Bhavan 10-3-311/ A, Castle Hills Masab Tank
HYDERABAD 500028

M/6905
Mr Shyamal Kumar Biswas, BSC,FCMA
Dakshinayan Apartment, Flat No. 7, 61, K G Bose Sarani,
KOLKATA 700085

M/7862
Mr Sunder Hariharan, MCOM,FCMA
CHIEF AUDIT OFFICER, State Express Transport Corporation Tamilnadu Limited 2, Thiruvalluvar House Pallavan Salai,
CHENNAI 600002

M/8625
Mr Pradip Mohanlal Damania, BCOM,LLB,FCMA
Proprietor - Practicing Cost Accountants B-42, Pranik Garden Mahavir Nagar, Dahanukar Wadi Kandivali -West
MUMBAI 400067

M/9185
Mr Mahendra Singh Mehta, MCOM,FCMA
Proprietor ¿ Practising Cost Accountants M S Mehta & Associate 106, Mehta Chambers, Near L I C Building Delhi Gate,
UDAIPUR 313001

M/9868
Mr Sudhir Babu Chalasani, BCOM,LLB,FCS,FCMA
Proprietor C S B Associate 3-6-481 Street No. 6 Himayathnagar
HYDERABAD 500029

M/10032
Mr Sudhir Kumar, MCOM,MBA,FCMA
Dy. General Manager Indo Rama Synthetics (India) Ltd 20th Floor, D L F Square, D L F Pahse-2, N H -8
GURGAON 122002

M/10166
Mr Marakatham Kuppuswamy Vijaya Kumar, MA,FCMA
57- C, Sai Swaroop Apartments 3rd Main Road, Alwarthiru Nagar Annexe,
CHENNAI 600087

M/10435
Mr Kasukhela Tirumala Rao, MCOM,FCMA
Adviser (Finance) Indian Rare Earths Ltd. Plot No. 1207 V. S. Marg Prabhadevi
MUMBAI 400028

M/10917
Mr Surendra Kumar Jain, BCOM HONS,ACA,ACS,FCMA
Advisor S R Corporate Consultant (P) Ltd 193, Jabbal Building Nr. Jabbal Fabricator Civil Lines, G.E. Road,
RAIPUR 492001

M/11185
Mr Kabi Mazumder, BSC,FCMA
Senior General Manager (Cost Control) C E C International Corporation India Pvt. Ltd. Tower - B, 7th Floor Signature Tower Sector - 29
GURGAON 122001

M/13025
Mr Subhashish Datta, BCOM HONS,ACS,CFA,FCMA
C F O & Company Secretary Thiess Minecs India Pvt. Ltd., 5 B, R D B Boulevard Block - E P & G P, Sector - V
KOLKATA 700091

M/13120
Mr Anuj Sarker, BCOM,FCMA
Asst. Manager (F & A) Greater Calcutta Gas Supply Corpn. Ltd., Corpn. Ltd., 12A, Park Street,
KOLKATA 700071

M/13877
Mr Malay Das, MCOM,FCMA
Finance Officer New Town Kolkata Development Authority 03 Major Arterial Road New Town
KOLKATA 700156

M/14809
Mr Buddhavarapu Mahadeva Vijaya Kumar, BSC,ACS,FCMA
Chief Financial Officer M/s. Vijayanagar Sugar Pvt. Ltd. Plot No. 90, Street No. 7, Sugar Co-op. Society, Road No. 2, Banjara Hill,
HYDERABAD 500034

M/15070
Mr Umesh Arora, BCOM HONS,FCMA
G-1230, Ground Floor, Arora & Co. Arora & Co., G-1230, Ground Floor, Chittaranjan Park,
NEW DELHI 110019

M/15183
Mr Murali Ranganathan, BSC HONS,FCMA
DGM Internal Audit Indus Towers Ltd Tower D Subramanya Arcade Baneerghatta Road
BANGALORE 560029

M/16989
Mr Ashok Rajagopalan, BCOM HONS,ACA,ACS,FCMA
56/12, First Main Road Raja Annamalai Puram
CHENNAI 600028

M/17004
Ms Manjula Seetharam Rao Baichapur, BCOM,FCMA
Proprietor - Practicing Cost Accountants B S Manjula No.732, I Main, I A Cross, Banashankari I I I Stage I I Phase, Vii Block,
BANGALORE 560085

M/17544
Mr Arghya Banerjee, MCOM,MBA,FCMA
Chief Manager Reliance Industries Ltd 103/106, Naroda Industrial Estate, GIDC, Naroda
AHMEDABAD 382330

M/18165
Mr Prakash Chandra Maitra, MCOM,FCMA
Senior Manager (F & A) Steel Authority Of India Ltd. Central Marketing Organisation Transport & Shipping Organisation 21, N. S. Road Balmer Lawrie Building
KOLKATA 700001

M/19162
Mr Anirban Banerjee, BSC,LLB,MBA(FIN.),FCMA
Manager Accounts Maweni Limestone Ltd A Subsidiary Of A R M Cements Ltd Mkuranga Cement Grinding Plant D A R E
DAR ES SALAAM 045554

M/20586
Mr Vipin Dua, MCOM,FCMA
D G M Finance Reliance Jio Infocomm Ltd 1st Floor, Wing A & B Fortune Towers, Chandrasekharpur,
BHUBANESWAR 751023

M/20690
Mr Binod Kumar Verma, BCOM HONS,FCMA
Proprietor - Practicing Cost Accountants B K Verma & Co. 39, 2nd Floor, Mohammadpur,
NEW DELHI 110066

M/21092
Mr Subir Kumar Mondal, BSC,FCMA
Proprietor - Practicing Cost Accountants S K Mondal & Co. Fancy Market 3rd Floor, G. T. Road
BURDWAN 713101

M/22563
Ms Shukla Bansal, MCOM,ACS,FCMA
A-1702 Mahindra Splendour Bhandup(w)
MUMBAI 400078

M/22823
Mr Vipparla Venkata Ravi Sankar, BSC,MBA,FCMA
Manager Specialized Services Hitachi Consulting Plot No: 2 A, L I C Colony Srinagar Colony
HYDERABAD 500073

M/22989
Mr Praneet Kumar, BSC HONS,LLB,FCMA
Sr Manager Finance Avantor Performance Materials India Limited 12 Floor , Pinnacle Business Tower Shooting Range Road Surajkund
FARIDABAD 121009

M/23348
Mr N S Subrahmanyam, BCOM,FCMA
Proprietor - Practicing Cost Accountants Nukala & Associates F. No. 204, Lakshmi Sudha Apartments, Kothapet, Dist: Guntur
TENALI 522201

M/23758
Mr Dharmendra Jain, MCOM,FCMA
Dy Manager Finance Indraprastha Power Genration Compnay Limited 137 A Vidyut Vihar Sarai Kale Khan Ring Road Near Bala Sahib Gurudrawa
NEW DELHI 110014

M/25270
Mr Santhosh V, BCOM,FCMA
Manager - Finance HLL Lifecare Ltd. HLL Bhavan, Porjappura,
THIRUVANANTHAPURAM 695012

M/25635
Mr Giriraj Gupta, BCOM,MS ACCOUNTING (A - F,FCMA
Manager (F & A) Gujarat State Petroleum Corporation Ltd., STC Warehouse, Near MMTC Warehouse Complex New Port Godowans,
KAKINADA 533007

M/26426
Ms B Kasthuri Bai, BCOM,FCMA
Proprietor - Practicing Cost Accountants B Kasthuri Bai No. 246 (New No. 92) 3rd Street, Gandhipuram
COIMBATORE 641012

M/26724
Mr Srawan Singh, MCOM,FCMA
Asstt.Manager NHPC Ltd. S-2, II Floor, Bharat Apptt., Gandhi Path, Vaishali Nagar,
JAIPUR 302021

M/26833
Mr Girish Kumar Magoo, MCOM,B. ED,FCMA
Assistant Professor Jagannath Institute of Management Sciences 34 Ring Road, Lajpat Nagar
NEW DELHI 110024

M/26925
Mr Muralidharan Bhoovaraghavan, BCOM,FCA,FCMA
Manager Cognizant Technology Solution India Pvt Ltd 165, St Mary's Road 6th Floor, Menon Eternity Building Alwarpet
CHENNAI 600018

M/26963
Mr Ritesh Naimesh Talati, MCOM,FCMA
Proprietor - Practicing Cost Accountants N Ritesh & Associates 602, Matru Prabha Cama Lane Kirol Road, Ghatkopar (West),
MUMBAI 400086

M/27430
Mr Nrusingha Charan Mishra, MCOM,MBA,FCMA
Sr. Manager-Accounts & Administration DISCOVERTURE SOLUTIONS (INDIA) PVT. LTD E 48, Infocity, Patia Chandrasekharpur
BHUBANESWAR 751024

M/27543
Mr Ashish Prakash Thatte, MCOM,FCMA
Proprietor - Practicing Cost Accountants Ashish Prakash Thatte 3, A/5, Anand Deep, Pendse Nagar,
DOMBIVLI (EAST) 421201

M/27549
Ms Sayantani De, MCOM,FCA,ACS,FCMA
Flat No. 5, P-241, Lake Town, Block-B,
KOLKATA 700089

M/27566
Mr Sibsankar Ghosh, BCOM,FCMA
Proprietor - Practicing Cost Accountants Sibsankar Ghosh & Co. C/o. Shri Prabhat Chandra Das, 21 A, School Row, Bhowanipore,
KOLKATA 700025

M/27595
Mr Sushanta Kumar Behura, BSC HONS,MBA,LLB,FCMA
Dy. Manager (Accounts) JK Paper Ltd. Qrt. No. C 1/1 Jk Paper Ltd. Jaykaypur
RAYAGADA 765001

M/27720
Mr Shiba Brota Halder, BCOM HONS,FCMA
Asstt. Manager ( F & A) Eastern Coalfields Ltd E C I. Hq. Finance Section (Estb.) Po - Dishergarh, Dist- Burdwan,
DISHERGARH 713333

**ADMISSION TO ASSOCIATESHIP ON THE BASIS OF MOU WITH IPA, AUSTRALIA**
**DATE OF ADMISSION : 10h April 2014**

I/36371
Mr Asad Haroon, MIPA,ACMA
Chief Accountant Takween Advanced Industries P. O. Box 66466
AL AHSA 31982,

I/36372
Mrs Mamatha Suresh Rao, BBA,MIPA,ACMA
B-7, Amar Jyoti Apts; Gulmohar Road, Sion Chunbhatti
MUMBAI 400022

I/36373
Mr Thomas Antoney, MCOM,MIPA,ACMA
Finance Controller & E R P Project Manager Steel Trading Co. L L C P. O. Box 5606,
DUBAI 005606

**ADMISSION TO ASSOCIATESHIP ON THE BASIS OF MOU WITH IMA, USA**
**DATE OF ADMISSION : 23rd April 2014**

C/36374
Mr Iftikhar Ahmed, BCOM,CMA(USA),ACMA
Chief Accountant Mataya Alkhair Trading Est Al Izdihar
RIYADH 11623,

C/36375
Mr Ejaz Ahmed Sheikh, BCOM,CMA(USA),ACMA
72 - Q, Block 6, Pechs,
KARACHI 75400

**ADMISSION TO ASSOCIATESHIP**
**DATE OF ADMISSION 20th May 2014**

M/36376
Mr Srikanth Ananta, BCOM,ACA,ACMA
Partner D V Ramana Rao & Co 1-1-773/ A Gandhi Nagar Opp Park I I
HYDERABAD 500080

M/36377
Mr Shankar Yashpal Khosla, BCOM,ACMA
Executive-Finance Saint-Gobain 5th Floor, Leela Business Park, Andheri-Kurla Road, Andheri(East)
MUMBAI 400059

M/36378
Mr Mahesh Vangala, BCOM,ACMA
Sr. Officer - Finance Isuzu Motors India Pvt. Ltd Padma Complex, 3rd Floor 467, Anna Salai Nandanam
CHENNAI 600035

M/36379
Mr Abhijit Bhimsingh Rajput, MCOM,ACMA
Accounts Officer Powergrid Corporation Of India Ltd Sampriti Nagar Nari Ring Road P O - Uppalwadi
NAGPUR 440026

M/36380
Mrs Patel Bhavikaben Jigneshkumar, MCOM,ACMA
E-44, Sundaram Society, Behind Vrajdham Mandir, Manjalpur,
VADODARA 390011

M/36381
Ms Sanghamitra Swain, MCOM,ACMA
Manager (Accounts) Food Corporation Of India Satsang Vihar District Office
BHUBANESWAR 751007

M/36382
Mr Pravin Bhutra, MCOM, ACMA
Gayatri Nagar 2nd, Jodhpur Link Road, Behind S.D. Govt. College,
BEAWAR 305901

M/36383
Mr Shiv Kumar Panda, BCOM HONS,MBA,ACMA
Dy Manager Mmtc Limited Mmtc Limited , Lodhi Road Scope Complex
NEW DELHI 110003

M/36384
Mrs Cheshta Trehan, BCOM,ACMA
11-6-626/4, Neha Store Nampally
HYDERABAD 500001

M/36385
Ms Preeti Jangira, BCOM,M.LIB,ACMA
House No 1455, Sector -4
REWARI 123401

M/36386
Mrs Ankita Choudhary, BCOM HONS,ACMA
Jr. Manager Jindal Steel & Power Ltd. Room No 14, Jindal Residency Patratu
RAMGARH 829143

M/36387
Mr Mohammed Shadhik, BCOM,ACMA
Cost Accountant Al Kuhaimi Metal Industries Ltd 11th Street , Ibn Baitar 1st Industrial Area P O Box 545
DAMMAM 31421

M/36388
Mrs Savitha Ummathumvalath Sathianathan, BCOM,ACMA
2/495- A , Savanna P. O. - Karaparamba
KOZHIKODE 673010

M/36389
Mr Sivaperumal Ramasamy, BCOM,LLB,ACMA
2 / 11, Gopalappatty Vettanviduthi ( P. O. ) Alangudi TK
PUDUKKOTTAI 622301

M/36390
Mr R Akshay Kumar, BCOM HONS,ACMA
Manager H D F C Bank Ltd 4th Floor, Indian Express Building Bahadur Shah Zafar Marg
NEW DELHI 110002

M/36391
Mr Nitin Pratap Singh, BCOM,ACMA
Finance Executive Hindustan Unilever Lmited Tower - A, The Business Precinct Prestige Shantiniketan Whitefield Main Road
BANGALORE 560048

M/36392
Mr Afzal Mohammad, ACMA
Deputy Manager Navayuga Engineering Company Limited Plot No.379, Road No.10 Jubilee Hills
HYDERABAD 500033

M/36393
Mr Deepak Chopra, BCOM,ACA,ACMA
17/616 Chopasni Housing Board
JODHPUR 342001

M/36394
Mr Arko Paul, BCOM HONS,ACMA
14, National Place Baksara
HOWRAH 711110

M/36395
Mr Balasubramanian Viswanathan, BCOM,MBA,ACMA
F4, G Floor Parsan Nagar 36, V G P Salai Saidapet
CHENNAI 600015

M/36396
Ms Niyati Kedia, BCOM,ACS,ACMA
Company Secretary Pan Parag India Ltd. Pan Parag House 24/19, The Mall
KANPUR 208001

M/36397
Mr Praveen Kumar Patwa, BCOM,ACMA
18/12, Chopasni Housing Board
JODHPUR 342008

M/36398
Mr Jikesh Kumar Malla, BCOM HONS,ACMA
At /Po- Katarkela Via - Jamankira Dist- Sambalpur
SAMBALPUR 768107

M/36399
Mrs Punita Vinit Mundra, MCOM,ACMA
Accountant T G B A-3, Maruti Apptt. Opp. Laxmi School Navawadaj
AHMEDABAD 380013

M/36400
Mr Saurabh Shivnarayan Kalantri, BCOM,ACA,ACMA
Assistant Manager John Deere India Pvt. Ltd Tower - X I V, Cyber City Magarpatta Hadapsar
PUNE 411028

M/36401
Ms Seema Tyagi, BCOM,ACMA
Associate Manager- Finance & Accounts Predominant Engineers & Contractors Pvt. Ltd 501-501A , Global Foyer Sector -43, Golf -Course Road
GURGAON 122002

M/36402
Mr Biswajit Saha, BCOM HONS,ACMA
Manager (I R M) Allahabad Bank Head Office 2, N. S. Road
KOLKATA 700001

M/36403
Mr Mukesh Maguluri, MCOM,ACA,ACMA
D. No. 17/95-1 Mandapadu
GUDIVADA 521301

M/36404
Mrs Amrita Kar, BCOM,ACMA
A G - iii (Accounts) Food Corporation Of India Satsang Vihar
BHUBANESWAR 751007

M/36405
Mr Maneesh Jain, BCOM,ACA,ACMA
Senior Manager - Accounts Shree Cement Limited Bangur Nagar, P. B. No. 33 Andheri Deori, Masuda Road Dist. Ajmer
BEAWAR 305901

M/36406
Ms Thotakura Tejaswani, BCOM,ACMA
Plot No 5 A, G1 Block Srila Park Pride, Opp. Calvary Temple Hydernagar (Vasanth Nagar)
HYDERABAD 500085

M/36407
Mr Yudhisthir Sahoo, BCOM HONS,ACMA
Executive Cost Accountant Furnace Fabrica India Ltd. Corporate Office, C/16-3, Ttc Midc Area Pawana Village, Thane Belapur Road.
NAVI MUMBAI 400705

M/36408
Mr Jain Abraham, BCOM,ACMA
Ambalathuruthel Chettiamparamba (Po) Poyyamala
KANNUR 670674

M/36409
Mrs Sujatha R, BCOM,ACA,ACMA
Vice Prseident - Back Office Accounting & Finance N P S Technology And Engineering Services Pvt Ltd Office B And E, Shakthi Towers, Tower 3 766 Anna Salal
CHENNAI 600002

M/36410
Mr Pankaj Lunker, BCOM,ACMA
Principal Consultant Computer Technology Resources 16 Technology Dr Suite 202
IRVINE 92618

M/36411
Ms Kajal Malde, BCOM,ACMA
72, Jaora Compound
INDORE 452001

M/36412
Mr Rajendra Prasad Nayak, MCOM,ACMA
At / Po: Natiapal Via: Basudevpur Dist: Bhadrak
BASUDEBPUR 756125

M/36413
Mr Vinay Kumar, BCOM,ACMA
Assistant Manager BSES Yamuna Power Limited Shakti Kiran Building Kakardooma
DELHI 110032

M/36414
Mrs Malavika P, BCOM,ACMA
Finance Executive Manali Petro Chemicals Ltd Ponneri High Road
CHENNAI 600068

M/36415
Mr Vigneshwaran T, BCOM,MBA,ACMA
3, Madha Koil Street Rainbow Nagar
PONDICHERRY 605011

M/36416
Ms Srikripa Srinivasan, BA HONS,ACA,ACMA
C F O E M C India C O E Bagmane World Technology Centre - S E Z Mahadevapura Outer Ring Road
BANGALORE 560048

M/36417
Mr Hiteshkumar Laxmanbhai Vaghela, BCOM,ACMA
42 Mahatma Gandhikunj Society Bhudarpura Road Ambawadi
AHMEDABAD 380015

M/36418
Mr Satya Pal, BCOM HONS,ACMA
Moh- Alamganj, (Manju Nivash) P.o- Bihar Sharif, P. S- Laheri Dist.- Nalanda
BIHARSHARIF 803101

M/36419
Mr Arvind Bapusaheb Kale, BCOM,ACA,ACMA
Plot No.168, Flat No.202 Gulmohar Residency Near Beverly Hill Hotel Lullanagar
PUNE 411040

M/36420
Mr Mihir Jamnadas Thacker, BCOM,ACMA
Flat No. 314, Plot No. 103 Tulsivilla, M C C H Society
PANVEL 410206

M/36421
Mr Hemant Kumar, MCOM,ACMA
B G -3/55 -D Paschim Vihar
NEW DELHI 110063

M/36422
Mr Mayank G Agrawal, BCOM,FCA,ACMA
46, Shanti Nand Niwas Ramchandra Nagar Aerodrome Road
INDORE 452005

M/36423
Mr Sidhaardha Mannava, BCOM,ACMA
Officer(finance& Accounts) Security Printing And Minting Corporation Of India Limited C-16 S P M Coloney Near S S Club
HOSHANGABAD 461005

M/36424
Mr Feroz Ali, MCOM,ACMA
Accountant Sanhita Barter Private Ltd 37 A & B, 2nd Floor Stephen House 56 E, Hemant Basu Sarani
KOLKATA 700001

M/36425
Mrs Kanthi Srilaxmi Mothukuri, MCOM,MBA,ACMA
Faculty Vidya Bharati V B Towers, Cochin University Road S Kalamassery
COCHIN 682022

M/36426
Mrs Lalitha T, MCOM,ACMA
Assistant Manager Bosch Ltd Hosur Road Adugodi
BANGALORE 560030

M/36427
Mr Mohammed Azharuddin, MCOM,ACMA
C/o. Ahmed Hussain 11, Shambhu Chatterjee Street Nirman Tower, 5th Floor College Street (Bata)
KOLKATA 700007

M/36428
Mr Sonu Shaw, MCOM,ACS,ACMA
Accountant Alpine Vinimay Pvt. Ltd Room No. 37 A & B, 2nd Floor 4, B B D Bag East Stephen House
KOLKATA 700001

M/36429
Mr Subhasis Mukherjee, BCOM HONS,ACMA
15 Ghoshes Lane Po - Belurmath Dist - Howrah
HOWRAH 711202

M/36430
Mr Umesh Singh Rathore, BCOM,ACMA
S/o N. S. Rathore Kushalpuri Khargapur Gomti Nagar
LUCKNOW 226010

M/36431
Mr Abhaya Kumar Baral, BCOM HONS,ACMA
Deputy Manager The Shipping Corporation Of India Shipping House 245, Madame Cama Road Nariman Point
MUMBAI 400021

M/36432
Mr Aniket Modi, ACMA
203, Madhuban Complex Plot No. 128 Sector - 8
GANDHIDHAM-KUTCH 370201

M/36433
Mr Charanjeet Singh Dhillon, BCOM HONS,ACMA
Senior Accounts Officer Powergrid Corporation Of India Ltd Plot No. 2, Saudamini Sector - 29
GURGAON 122001

M/36434
Mr Rajan Rangarh, BCOM,ACMA
Assistant Manager Larsen & Toubro A-26/3, O N G C Colony Kaulagarh Road Near K. V. O N G C School
DEHRA DUN 248001

M/36435
Mr Sumit Devralia, BCOM HONS,ACMA
Indraprastha Complex Block C -3, 3rd Floor, Flat No.301 V I P Road, Kaikhali
KOLKATA 700052

M/36436
Mr Sachin Kumar Singhal, BCOM,ACMA
House No.11 Govind Vihar Colony Jwalapur
HARDWAR 249407

M/36437
Mr Hemendra Gupta, BSC,MBA,ACMA
Circle Manager ICICI Prudential Life Insurance Co Ltd First Floor, Metro Tower Shahjanaf Road, Hazratganj
LUCKNOW 226001

M/36438
Mr Sanjai Kumar Jaiswal, MCOM,MBA,ACMA
5/ A/3, Bagkhal Rishra, Dist. Hooghly
KOLKATA 712248

M/36439
Mr Sajeesh M K, BCOM,ACMA
Mulakkal House P O Kuttanellur Kavitha Road
TRICHUR 680014

M/36440
Mr Joby John, BCOM HONS,ACMA
Powergrid Corporation Of India Ltd 26km Kanakapura Road Somanahalli
BANGALORE 560082

M/36441
Mr Harmeet Singh Bawa, MCOM,ACMA
H J - 81 Housing Board Colony B R S Nagar Ferozpur Road
LUDHIANA 141012

M/36442
Ms Lalitha J B, BCOM,ACMA
Analyst Accenture Business Services Pvt Ltd 4/1, I B C Knowledge Park Banergatta Road Dairy Circle
BANGALORE 560029

M/36443
Ms Khyati Mukesh Ved, BCOM,ACMA
Cost & Management Trainee P M Nanabhoy & CO B-2/6, Vrindavandham Chsl, Gavanpada Road Mulund (E)
MUMBAI 400081

M/36444
Mr Sashi Singhania, BCOM HONS,ACMA
C/o Jairam Singh Near Kathgola Gali Rambagan
RANIGANJ 713358

M/36445
Mr Roshan Vilas Gandhi, MCOM,ACMA
5/90, Madhuban Co-operative Housing Society Datar Colony Bhandup (East)
MUMBAI 400042

M/36446
Mr Parveen Kumar Chauhan, BCOM,MBA,ACMA
H. No. 1577 Pushpac Complex Sector 49-B
CHANDIGARH 160047

M/36447
Mr Kamlesh Dattatray Kale, MCOM,ACMA
Baramati Agro Ltd. H. No 721, S. No.19- B Gulab Path, Gondhale-nagar Hadapsar, Near Satyapuram Bus Stop
PUNE 411028

M/36448
Mr Chandra Shekhar Kashyap, MCOM,ACMA
Cost Assistant Swapan Kumar Ray & Association Shoping Complex Addarsh Nagar Kusmunda
KORBA 495454

M/36449
Mr Sai Akhilesh Gurram, BCOM,ACA,ACMA
Partner D V Ramana Rao & CO 1-7-773/A Opp Park 2 Gandhi Nagar
HYDERABAD 500080

M/36450
Mr Biswajit Karmakar, BCOM HONS,ACA,ACMA
Assistant Accounts Manager West Bengal State Rural Development Agency I S G P Project Millennium City I T Park Tower - 2, 3rd Floor, Unit - D, Block - D N Sector - V, Salt Lake
KOLKATA 700091

M/36451
Mr Rajeev Mundra, MCOM,ACMA
Manager - C S & Legal Neesa Financial Services Ltd F P - 8, Cambay Plaza C/o., Cambay Grand B / H. Perd Centre, Nr. Sola Bridge, Thaltej
AHMEDABAD 380054

M/36452
Mr Sumit Kumar Shaw, BCOM HONS,ACMA
Accounts Manager Metsil Exports Pvt. Ltd. 59 C, Chowringhee Road 4th Floor, Barlow House
KOLKATA 700020

M/36453
Mr Akhil Mittal, BCOM HONS,MBA,ACMA
House No. 161 / 4 Khatri Wara, Main Market Old Faridabad
FARIDABAD 121002

M/36454
Mrs Sangeeta Aswin, BCOM,ACMA
Sr. Manager Grant Thornton Plot 50370, Fairgrounds Park Gaborone, Botswana P. O. Box No. 1157
GABARONE 000000

M/36455
Mr Pankaj Kumar Singh, BCOM,ACMA
C/o Shiv Prasad Singh Harmu Anand Puri Near Govind Palace
RANCHI 834002

M/36456
Mr Tarun Vohra, MCOM,ACMA
567/96 Anand Nagar Barha Road
LUCKNOW 226005

M/36457
Ms Deepika Satija, BCOM HONS,ACA,ACMA
E-49, Ferozshah Kotla Near Indian Express Building Vikram Nagar
NEW DELHI 110002

M/36458
Mr Siddharth Ankarath, BCOM,ACMA
302 B, Ankarath Ashtapadi Apartments Pottayil Lane, Poothole
THRISSUR 680004

M/36459
Mr Rahul Ganesh Dugal, BCOM,ACMA
8th, Mangal Murti Soct. Opp. Namskar Mandal, Agra Road, Lal Chowky
KALYAN 421301

M/36460
Mr Sandip Vishnu Veer, MCOM,ACMA
Cost Accountant D K Vatsyayan & Associates (Cost Accountants) P-227, 2nd Floor Mayur Trade Center Mumbai-pune Highway Chinchwad Station Pune
PUNE 411019

# MEMBERS ADMISSION

M/36461
Ms Neelambari Parshuram Patil, BCOM,ACMA
404. Shree Hari Co-op. Housing Society Vitthal Mandir Lane, Balkum No. 1, Thane (West)
THANE (WEST) 400608

M/36462
Mr Omkar Milind Chitnis, BCOM,ACMA
A-9/5-4 Millennium Towers Sector - 9 Sanpada
NAVI MUMBAI 400705

M/36463
Mr Vempati Nagendra Rao, BCOM,MBA,ACA,ACMA
Plot No.65 Samatha Nagar Opp. J N T U , K P H B Near Rishi Womens College
HYDERABAD 500085

M/36464
Mr Ayodhyanath Mekap, BSC,ACMA
Chief Manager Operations Indusind Bank Old No. 115, 116, New No.34 G N Chetty Road T Nagar
CHENNAI 600017

M/36465
Mr Anand Krishnan C, BCOM,ACMA
Accounts Officer B H E L - E D N N E B 3rd Floor Finance Department B H E L - E D N Mysore Road
BANGALORE 560026

M/36466
Mrs Alamelu Subramaniam, MCOM,MBA,ACMA
Chief Financial Officer Kerakoll India Pvt Ltd A - 202, Business Square Opp. Apple Heritage Andheri Kurla Road Andheri (East)
MUMBAI 400093

M/36467
Mr Dil Raj Simon, BTECH,ACMA
Audit Officer Simon & Co Dilvana Kokkenpara Road Post - Pallikkunnu
KANNUR 670004

M/36468
Mr Debasish Bhowmik, MSC,ACMA
2nd Floor, 339 (Old - 244) Seth Bagan Road
KOLKATA 700030

M/36469
Mr Navin Purshottam Vohra, BCOM HONS,ACMA
Parter And Head, Valuations & Business Modelling Ernst And Young L L P 16th Floor, The Ruby Senapati Bapat Marg (Tulsi Pipe Road Dadar West
MUMBAI 400028

M/36470
Mrs Richa Sinha, BCOM,ACMA
Shahid Bhagat Singh Path No. 2 Bajrangpuri Colony Ghaighat
PATNA 800007

M/36471
Mr Tailor Jayeshkumar Maheshbhai, BCOM,ACMA
5, Krishna Complex Near Khadi Bhandar Main Road, Olpad
SURAT 394540

M/36472
Mr Vadivel Manivel, MCOM,ACMA
Deputy Manager Dymos Lear Automotive India Pvt Ltd A 6 & A 7, Sipcot Industrial Park Sriperumpudur
CHENNAI 602117

M/36473
Ms Vishakha Anil Dhasal, MCOM,ACMA
Plot. No.13 Flat No.4 Rosewood Apartment, Sahyog Nagar Garkheda Parisar
AURANGABAD 431005

M/36474
Mr Amit Kumar Panda, BCOM HONS,ACMA
C/o. Chitta Ranjan Panda At. Nuapada, Infront Of Saraswati Tent House Stadium Road Dist - Kalahandi
BHAWANIPATNA 766001

M/36475
Mr Yesu Babu Adapa, BCOM,ACMA
Assistant Manager The Catholic Syrian Bank Ltd Head Office, C S B Bhavan St. Mary's College Road
THRISSUR 680020

M/36476
Mr Mrutyunjaya Sarangi, MCOM,ACMA
Accounts Officer Bharat Heavy Electricals Ltd Finance Department, N E B 3rd Floor Electronics Division Mysore Road
BANGALORE 560026

M/36477
Mr Rajesh Kumar, BCOM,ACMA
2/31, S S T Mill Road Chinniam Palayam Post
COIMBATORE 641062

M/36478
Mrs Renuka Kuppusamy, BCOM,ACMA
Junior Accounts Officer Bharat Sanchar Nigam Limited O/o. The General Manager Telecom District Opp. Leela Mahal Theatre C T O Compound
NELLORE 524501

M/36479
Ms Apoorva Jha, BCOM,ACMA
Assistant State Bank Of India Sarai Meera
KANNAUJ 209727

M/36480
Mr Vishnu Prasad Reddy, BCOM,MFM,ACMA
Assistant Manager Mahanagar Telephone Nigam Limited O/o D G M (C S M S) 2nd Floor ,City Telephone ExchangE H S Somani Marg
MUMBAI 400001

M/36481
Mr Darshan Sunil Vora, BCOM,ACMA
189/5264, Sanmati Society Pant Nagar, Ghatkopar (E)
MUMBAI 400075

M/36482
Mrs Jayanthy R, BCOM,ACMA
Senior Executive Associate Business Services (India) Pvt Ltd Flat A -1, 3rd Floor, 'Parsn Paradise' No. 46, G. N. Chetty Road T. Nagar
CHENNAI 600017

M/36483
Ms Romali Girish Gala, BCOM,ACMA
09, 3rd Floor Patel Apartment Gokhale Road, Opp : Mc Donald`s Nuapada
THANE 400602

M/36484
Ms Manisha Kishangopal Tantia, BCOM,ACMA
1001, 10th Floor, Daffodil Building Satguru Garden Chendani Koliwada
THANE 400603

M/36485
Mr Suresh Kumar Velladurai, BCOM,ACA,ACMA
Sr. Manager -Acts Rajshree Sugars & Chem. Ltd The Uffizi Building 338, Avinashi Road Peelamedu
COIMBATORE 641004

M/36486
Mr Mukesh Atulkumar Chauhan, BCOM,ACMA
Commercial Executive Power Build Limited Anand - Sojitra Road
VALLABH VIDYANAGAR 388120

M/36487
Mr Sreepada Heggodu Ramachandra, MCOM,ACMA
No. 39, Padmashree 2nd Cross, 5th Stage, 1st Phase B E M L Layout Rajarajeshwari Nagar
BANGALORE 560098

M/36488
Ms N Prasanthi Vidhya, BCOM,ACMA
Pon Thiruvengadam 2 - A, West Cross Lane Vaduga Kaval, Kooda Street
MADURAI 625001

M/36489
Mr Vijaya Kumar B J, BCOM,ACMA
Higher Grade Assistant Life Insurance Corpn. Of India 1 - 1 A, Perumal Koil Street Tallakulam Branch Tallakulam
MADURAI 625002

M/36490
Mr Pallab Bag, BCOM HONS,MBA,ACMA
Cost & Management Trainee Food Corporation Of India 69, Ganesh Chandra Avenue
KOLKATA 700013

M/36491
Ms Krishna Kumari Mulaparti, MCOM,ACMA
Junior Accounts Officer Bharat Sanchar Nigam Limited B S N L Bhavan Dabagardens
VISAKHAPATNAM 530020

M/36492
Mr N Naveen Kumar, BCOM,MBA,ACMA
No 3/1 Subramaniya Apartments 3rd Floor, A - Block, Flat No I 4th Lane Bazaar Road Mylapore
CHENNAI 600004

M/36493
Mr Venkatesan Alwar, BCOM,ACMA
Assistant Manager Sundaram Finance Ltd 21, Patulas Road
CHENNAI 600002

M/36494
Mr Jitendra Kumar, BCOM,ACMA
Plot No. B/10 Centre Market Sector 9 Near Bank Of India
BOKARO STEEL CITY 827009

M/36495
Mr Gaurav Mehta, MCOM,ACMA
Audit Manager Rajendra Singh Bhati & Co 1st Floor, Plot No 42, Hari Om Tower Manji Ka Hatta Paota
JODHPUR 342001

M/36496
Mr Kunal Dhingra, BCOM,ACMA
F-46 B, Moti Nagar
NEW DELHI 110015

M/36497
Mr Bhaumik Ashokbhai Gajjar, MCOM,ACMA
3, Indrapuri Society Near Best High School Bhairavnath Road
AHMEDABAD 380028

M/36498
Mr Kanduri Sai Krishna, BCOM,MBA,ACMA
# 1 - 55/a , Main Road Somalapuram
RAYADURG 515865

M/36499
Mr Ramachandran Venkatramani, BCOM,ACMA
No1, 77th Street, 16th Avenue Ashok Nagar
CHENNAI 600083

M/36500
Mr Gaurav Kumar Gupta, BCOM,ACMA
Asst. Manager- Finance & Accounts Shilpi Cable Technologies Limited A-19 / B-1 Extn., Mohan Co-operative Industrial Estate Mathura Road, P. O. Badarpur
NEW DELHI 110044

M/36501
Mr Sandeep Goyal, BCOM,ACMA
3/64, 2nd Floor, Front Side Old Double Storey Lajpat Nagar 4
DELHI 110024

M/36502
Mr Tarun Kumar Maurya, BCOM,ACMA
Cost Accounts Officer Suruchi Foods Private Limited N U-58 A, Vishakha Enclave, Pitampura
NEW DELHI 110034

M/36503
Mr Kushal Miglani, BCOM,ACA,ACMA
3/365 Vishwas Khand Gomti Nagar
LUCKNOW 226010

M/36504
Mr Ranjan Kumar Das, BCOM,ACMA
Financial Consultant I C Z M P - West Bengal I E S W M, D D-24 Sector-1, Salt Lake
KOLKATA 700064

M/36505
Mr Manish Choudhary, MCOM,ACMA
F-132 /A, Sector - 22
NOIDA 201301

M/36506
Mr Anil G, BCOM,ACMA
1705, 2nd Floor East End 'A' Main Road Jayanagar 9th Block
BANGALORE 560069

M/36507
Mr Alwar S, MCOM,ACMA
Accounts Manager R M K V Fabrics Private Limited 176 F, Trivandrum Road Vannarpet
TIRUNELVELI 627003

M/36508
Mr Pratik Shah, BCOM HONS,ACMA
Junior Executive (Finance) W B S E D C L O/o. The Divisional Manager Mogra (D) Division, Kanta Pukur More Dist. Hooghly
MOGRA 712148

M/36509
Ms Rukumani Devi V, MCOM,MBA,ACA,ACMA
Senior Executive Vasan Health Care Private Ltd No. 70, Westminster Road R. K Salai, Mylapore
CHENNAI 600004

M/36510
Mr Arunesh Kumar Shaw, BCOM,ACMA
Officer (Commercial) Birla Corporation Ltd Birla Building 9 / 1, R N Mukherjee Road
KOLKATA 700001

M/36511
Mrs Madhavi Bankim Patra, BCOM,ACMA
Sr. Manager (Finance) Indian Oil Corporation Ltd A / 2, Chandrasekarpur Indian Oil Bhavan
BHUBANESWAR 751024

M/36512
Ms Shilpi Chakravorty, MCOM,ACMA
C/o Sushant Mukherjee 28, Hindustan Colony, Amravati Road
NAGPUR 440033

M/36513
Mr Abhay Subhashbhai Valodkar, MCOM,ACMA
Accounts Officer G S E C L 1st Floor, Old Administrative Building Kevadia Colony
NARMADA NAGAR 393151

M/36514
Mr Gaurav Sharma, MCOM,ACMA
306, Masjid Moth South Extension Part - 2
NEW DELHI 110049

M/36515
Mr Harsh Chauhan, BCOM,ACS,ACMA
54 - A, Vikas Nagar
KANPUR 208024

M/36516
Ms Lavanya A C, BSC,ACMA
Sapthagiri, Near Govt. Law College Ayyanthole
THRISSUR 680003

M/36517
Mr Maheshkumar Radheshyam Chetwani, BCOM,ACMA
Consultant Capgimini India Limited 6th Floor, M - 6 Building Godrej Compound, L B S Road Vikhroli - West
MUMBAI 400085

M/36518
Mrs Nirali Dilip Vaid, MCOM,ACMA
A/401-402, Rokadia Apartment Rokadia Lane, S. V. P. Road Borivali (West)
MUMBAI 400092

M/36519
Mr Srinivasa Rao Manigandla, ACMA
Manager (F. & A) G. V. R. Infra Projects Limited No.47 & 49, 9th & 10th Floor, V B C Solitaire Bazullah Road, T. Nagar
CHENNAI 600017

M/36520
Mrs Sandhya Jayaraman, BCOM,ACMA
A3-15, Tristar Residency 6th Main Road Mogapair E R I Scheme Mogapair West
CHENNAI 600037

M/36521
Mr V A Muthuraman, BSC,FCA,ACMA
Proprietor Muthuram Associates Blocik - L, No. 37, Ground Floor First Avenue Road Anna Nagar East
CHENNAI 600102

M/36522
Mr Paren Kumar Gautambhai Patel, BBA,MBA,ACMA
C-19, Jivraj Park Society, In Narayan Nagar, Near Khodiyar Nagar National Highway No. 8
AHMEDABAD 382350

M/36523
Mr Prashant Kumar Mishra, BE,MBA,ACMA
Near Khandelwal Colony H. No. 289, Suryodaya Nagar
DURG 491001

M/36524
Mr Prabhanjan Rao Naganathanahalli, BCOM,ACA,ACMA
Flat No A-0 , Rank Residency , Balaji Layout, Kaggadaspura, C V Raman Nagar
BANGALORE 560093

M/36525
Mr Kashinath Das, BCOM,ACMA
Plot No-317 Co-operative Colony
BOKARO STEEL CITY 827001

M/36526
Mr Arun Kumar Sethi, MCOM,M PHIL,B.ED,ACMA
20/122, D D A Flats Dakshinpuri
NEW DELHI 110062

M/36527
Ms Ranjeeta Narayan Chiplunkar, BCOM,ACMA
A/301, Satyamev Building Plot No. 08, Sector No. 04 Kalamboli
NAVI MUMBAI 410218

M/36528
Mr Harit Kumar Verma, MCOM,ACA,ACMA
Partner Un Associates Chartered Accountants 15 B. P. House Near Patel Chowk Metro Station
NEW DELHI 110001

M/36529
Ms Reemaben Narendrakumar Shah, BCOM,ACMA
Assistant Finance & Costing Sanghvi Forging & Engineering Ltd. 244/6, G. I. D. C. Ind. Estate, Waghodiya
VADODARA 391760

M/36530
Mr Vinayak Vaman Pai, BCOM,FCA,ACMA
Consultant Individual 306, Sobha Opal 39th Cross, 4th 'T' Block Jayanagar
BANGALORE 560041

M/36531
Mr Mahaveer Singhvi, MSC,ACMA
Asstt. Grade III (Accounts) Food Corporation Of India Bays No. 34-38 Sector - 31A
CHANDIGAR 160047

M/36532
Mr Arvind Kumar Kaushal, BCOM,ACMA
House No. 2140 Luniyapura
MHOW 453441

M/36533
Mr Sandeep Kumar, BCOM,MBA,ACMA
Accountant M/s. Telecommunications Consultants India Ltd. T C I L Bhawan Greater Kailash Part - 1
DELHI 110048

M/36534
Mr Daya Sagar Verma, BCOM,ACMA
B S 75 D Shalimar Bagh
NEW DELHI 110088

M/36535
Mr Pawan Kumar, BCOM HONS,ACMA
S/o. Sri Rajendra Prasad Singh Vill + Post - Saidpur Dumra Via - Patepur Dist - Vaishali
HAJIPUR 843114

M/36536
Mr Mahalingam Rajsundar, AMIE -Mechanical Eng,ACMA
Senior Manager Wheels India Ltd M T H Road Padi
CHENNAI 600050

M/36537
Mr Arpit Bharatkumar Mehta, BBA,MBA,ACMA
Executive (Fin. / Accts.) Torrent Power Ltd. Naranpura Zonal Office Sola Road
AHMEDABAD 380013

M/36538
Mr Raveendrababu Turlapati, ACMA
Assistant Manager Genpact India 14 - 45, I D A Uppal Opp : N G R I Habsiguda
HYDERABAD 500039

M/36539
Mr Ashis Kumar Rout, MCOM,ACMA
Asstt. Manager (F) C E S U Of Orissa 2nd Floor, I D C O Tower Janapath
BHUBANESWAR 751022

M/36540
Mr Dheer Singh, MCOM,ACMA
H. No. 126 Vill - Ullahwas P. O. Kadarpur
GURGAON 122101

M/36541
Mr Mohmad Soheb Gafar Giniyani, BCOM,ACA,ACMA
Manager - Band - 2 I C I C I Bank Ltd 10th Floor, J M C House Opp : Parimal Garden Off C G Road, Ambawadi
AHMEDABAD 380006

M/36542
Mr Hemanta Kumar Sahoo, BCOM HONS,ACMA
Asst.manager-finance Santosh Overseas Ltd G-321 Chirag Dehi
NEW DELHI 110017

M/36543
Mrs Shubha Prasad, BCOM,MBA,ACMA
Financial Analysis Manager 2/ Sr. F A Unisys Global Services India 135/1 Purva Premier Residency Road
BANGALORE 560025

M/36544
Mr Sharat Chandra Patra, BCOM,ACMA
P W D - 60 Reserve Police Line Panposh
RAURKELA 769004

M/36545
Mr Soumitra Ranjan Sahoo, BCOM HONS,ACMA
Asst Manager (Finance) M/s Southco Vill- Godipatana Post- Sankhachila Dist- Jajpur
JAJPUR ROAD 755015

M/36546
Ms S Subha, BCOM HONS,ACA,ACMA
C 4 E/8/116 Janakpuri
NEW DELHI 110058

M/36547
Mr Chandra Shekhar, BCOM HONS,ACMA
Circle Finance Head Bharti Infratel Limited 2nd Floor, Alankar Business Center East Boring Canal Road Budha Colony
PATNA 800001

M/36548
Mr Santosh Shukla, MCOM,ACA,ACMA
Vinoba Bhave Nagar C - Block, 7/4 Pipe Road Kurla Kurla West
MUMBAI 400070

M/36549
Mr Deepak , ACMA
H. No. 533 A, Gali No.17 Near Ambedkar Murti Zero Pusta, Sonia Vihar
DELHI 110094

M/36550
Mr Rohit Bajaj, BCOM HONS,ACMA
Assistant Manager (F) Central Coal Fields Ltd Giridih Project B & K Area, Beniadih
GIRIDIH 815301

M/36551
Mr Subramanian Ranganathan, BCOM HONS,ACMA
H G A L I C Of India Direct Agents Branch 12, Russell Street
KOLKATA 700071

M/36552
Mr Santosh Kumar Gupta, BCOM,ACMA
Accountant Agni Power And Electronics Pvt. Ltd. 10 / 72, Bijoygarh
KOLKATA 700092

M/36553
Mr Vivekanand Ramachandran, BCOM,ACMA
D G M - Finance Grasim Industries Ltd Century Bhavan, 1st Floor Dr. A B Road Worli
MUMBAI 400081

M/36554
Mrs Sonal Parmar Sisodiya, MCOM,ACMA
Lily 55 Indus Estates Karariya Farms Nishatpura Near Coach Factory Colony
BHOPAL 462010

M/36555
Mr Sukumar Chandrasekhar, BCOM,ACA,ACMA
Financial Controller Transcore 407 Spectrum Old Metha Road P. O. Box - 113693
DUBAI 113693

M/36556
Mr Gautam Guha, BSC,LLB,ACMA
51 / 4, Bose Para Road Mohit Colony Post - Barisha
KOLKATA 700008

M/36557
Mr Rohit Satija, BCOM,MBA,ACMA
Assistant Manager Cargill India Pvt Ltd 11th Floor, Tower 9A Dlf Cyber City Phase 3
GURGAON 122002

M/36558
Mr Anindo Mukherjee, BCOM HONS,ACA,ACMA
E V P - Head Risk Management Fullerton Financial Holdings P T E Ltd 60 B, Orchard Road, 06 - 18 Tower - 2 The Atrium@ orchard
SINGAPORE 238891

M/36559
Mr Ananda Behera, ACMA
Account Assistant Central Electricity Supply Utility O/o. The Executive Engineer (Electrical) Bhubaneswar Electrical Division 33/11, K V A Sub-station Rasulgarh
BHUBANESWAR 751010

M/36560
Mr Madhu Sharma, BCOM HONS,MBA,ACMA
Deputy Manager Cargill India Pvt. Ltd. Building 9a, 14th Floor D L F Cyber City, Phase 3
GURGAON 122002

M/36561
Mr Pramod Kumar Sabot, MA,LLB,ACS,ACMA
Company Secretary Office Of Official Liquidator High Court Of Gujarat, Jivabhai Chambers Ashram Road Navarangpura
AHMEDABAD 380009

M/36562
Mr Praveen Kumar Goel, BCOM,ACMA
Sr. Finance Executive I T C Ltd Persons Nutritionals (P) Ltd Plot No. 5, Site - 4 Sahibabad Indl. Area Sahibabad
GHAZIABAD 245304

M/36563
Mr Ranjay Kumar Singh, MCOM,ACMA
C/o. Ranjit Roy 55 / 27 / 26, Fakir Ghosh Para Purba Sinthi Road Dum Dum
KOLKATA 700030

M/36564
Mr Palanisamy , MCOM,ACMA
4/9, Venkatakrishna Nagar 4th Street Arumbakkam
CHENNAI 600106

M/36566
Mr Ashish Kumar Srivastava, BCOM,ACMA
S-54, Above Corporation Bank A T M School Block Shakarpur East Delhi
DELHI 110092

M/36567
Ms Sanika Badame, BCOM,ACMA
Flat No.3, Kalapushpa Appt. Kulkarni Baug Lane No. 2 College Road
NASIK 422005

M/36568
Mr Kamal Mehta, BCOM,ACMA
232, Panchratna Complex Bedla Road
UDAIPUR 313001

M/36569
Mr Azhar Ebrahim, BCOM,ACMA
Umaimas Post - Ezhilode Via - Kunhimangalam
KANNUR 670309

M/36570
Ms Gurmeet Kaur, MCOM,ACMA
Store Assistant ( Finance) B- 26 - C Old Slum Paschim Puri
NEW DELHI 110063

M/36571
Mr Pankaj Agarwal, BCOM HONS,ACMA
Executive In Accounts & Taxation Dalmia Laminators Limited 392, Block - G Dalmia House New Alipore
KOLKATA 700053

M/36572
Mr Wasim Raja, BCOM,ACMA
Senior Auditor Axis Auditing And Accounting Office No. 301, Hilal Bin Tarraf Building Near- Business Bay Metro Station Above H S B C Bank, Sheikh Zayed Road
DUBAI 214583

M/36573
Mr Srikanth Manne, MCOM,ACMA
Accounts Trainee Pragati Metal Art Khuddus Building Opp. Y P R Railway Station Tumkur Road
BANGALORE 560022

M/36574
Mr Gaurav Samadder, BCOM HONS,ACMA
12, Dr. Biresh Guha Street Park Circus
KOLKATA 700017

M/36575
Mr Vivek Kumar, BCOM HONS,ACA,ACMA
Manager Finance Timsales Limited Enterprise Road, Industrial Area Post Box. 18080-00500
NAIROBI 18080-00500

M/36576
Mr Biplab Ghosh, BCOM HONS,ACMA
Vill - Bhirsin P.o - Bud Bud Dist - Burdwan
DURGAPUR 713403

M/36577
Mr Raja Prasad, BCOM HONS,ACA,ACMA
Senior Manager (Accounts) Tata Steel Limited Commercial Centre, 2nd Floor Sales & Epa Accounts Box - G 28
JAMSHEDPUR 831001

M/36578
Mr Satyajit Adhya, BCOM HONS,ACMA
Dy Manager Finance Passive Infra Projects Pvt. Ltd. At - Damodarpur P O - Motiganj Via - Sadashiva Dash Lane
BALASORE 756003

M/36579
Mr Vaibhav Kumar, BE,MBA,ACMA
Ram Kumar Krishna Kumar Kadamtar
MIRZAPUR 231001

M/36580
Mr Amit Sharma, ACS,ACMA
General Manager (Fin) Cum Company Secretary Arcotech Limited F - 701 A, Lado Sari
DELHI 110030

M/36581
Mr Chandan Kumar Bottu, MCOM,ACMA
Assistant Manager - Fin. Operations H S B C Electronic Data Processing India Pvt Ltd H S B C House, Plot No.8 Survey No.64 (Part), Hitech City Layout Madhapur
HYDERABAD 500081

M/36582
Mr Shanker Parepalli, BCOM,MBA,ACMA
Business Development Manager Excel Distributors No. 3-6-290/ A Shop No.6
HYDERABAD 500029

M/36583
Mr Netash Das, BCOM HONS,ACMA
Vill & P. O. Gopinathpur Sagarbhanga, Charaktala Dist. Burdwan
DURGAPUR 713211

M/36584
Mrs Vidisha Mandar Deshpande, BCOM,ACMA
C-2/003, Swastik Park Co-op Housing Society Off G. B. Road, Near Brahmand Azad Nagar
THANE (WEST) 400607

M/36585
Mr Srinivasarao Nakkella, MCOM,ACMA
Dy.manager Bharat Electronics Limited L - 1, M I D C Taloja
NAVI MUMBAI 410208

M/36586
Mr Ajeet Singh Shekhawat, BCOM,MBA,ACMA
36 - C, New Colony Satya Nagar, Jhotwara
JAIPUR 302012

M/36587
Mrs Anitha B A, MCOM,ACMA
Finance Manager Dr. Vidyanand's Surgery Hospital Pvt Ltd # 2269, 22nd Cross, 1st Floor K R Road, B S K 2nd Stage
BANGALORE 560070

M/36588
Mr Ashok M R, BCOM,ACMA
No.1498, I V Cross, I I I Main Road Corporation Colony Govindrajnagar
BANGALORE 560079

M/36589
Mr Dipak Kumar Kunar, BCOM,ACMA
336, M. G . Road, Sabujyan Abasan Kabar Danga More, Ramchandra Pur P. O. R. C. Thakurani Dist. South 24 Parganas
KOLKATA 700104

M/36590
Mr Gautam Senapati, BCOM HONS,ACMA
Sr. Manager - Finance Western Coalfields Limited O/o. The Area General Manager Ballarpur Area Post - Sasti, Dist - Chandrapur
RAJURA 442706

M/36591
Mr Gopal Kanji Bhadra, BCOM,ACMA
1308, 'B' Wing, Dosti Aster Dosti Acres Complex Wadala - East
MUMBAI 400037

M/36592
Mr Kartik Kirti Kotak, BCOM,ACMA
373, Sailor Building, 1st Floor Dr. D. N. Road, Fort
MUMBAI 400001

M/36593
Mr Rahul Bharat Kotak, BCOM,ACMA
Manager Kotak Life Insurance Building No.21, Infinity I. T. Park A. K. Vaidya Marg, Malad East
MUMBAI 400097

M/36594
Mr Sravan Kumar, BCOM HONS,ACMA
S/o. Sri Raju Mehta Bahari Begumpur Baskarya Tola
PATNA 800009

M/36595
Mr Sudip Dattatrey Jadhav, MCOM,ACMA
3, Someshwar C H S, Plot No.11 Behind Aadarsh Vidyalaya Ashok Nagar Road Datar Colony, Bhandup
MUMBAI 400042

M/36596
Mr Bharathiraja Sivasamy, BCOM, ACMA
No 55, Narashimmapuram North Room No 22 D S M Complex
KARUR 639001

M/36597
Mr Gelli Veera Reddy, BCOM,MBA,ACMA
Accounts Officer Bharat Heavy Electrical Limited Ramachandra Puram
HYDERABAD 502032

M/36598
Ms Snehalata Panigrahi, BCOM,MBA,ACMA
Team Lead / Asst. Manager I B M India Pvt Ltd 4th Floor, I T P L Express Building White Field
BANGALORE 560066

M/36599
Ms Suvarna Shamrao Sawant, ACMA
Dy. Manager Mahindra Logistics Ltd 271, Business Park, 2nd Floor Vishveshwar Nagar Road Goregaon (E)
MUMBAI 400063

M/36600
Ms Pooja Tejwani, BCOM,MBA,ACMA
Indian Farmer Fertilizer Cooperative Ltd Iffco I F F Co, 3rd Floor, 2nd Block Paryawas Bhawan Arera Hills
BHOPAL 462011

M/36601
Ms Meena P L, MCOM,ACMA
Officer - Accounts Hi Tech Arai Pvt Ltd No.33, Sarjojini Road Chinna Chokkikulam
MADURAI 625002

M/36602
Mr Krishna Kanhaiya, BCOM HONS,ACA,ACMA
Head - Accounts, Finance, I T & Admin Mirae Asset Global Investments (India) Pvt. Ltd. 606, Windsor Building Off C S T Road, Kalina Santacruz (E)
MUMBAI 400098

M/36603
Mr Vinod Kumar Singh, BSC HONS,ACMA
Dy. Manager - Fin. & Accounts I J M (India) Infrastructure Limited D-114, Himalaya House, 11th Floor 23, K. G. Marg
NEW DELHI 110001

M/36604
Ms Abirami , BCOM,MBA,ACMA
Process Expert - P C C Maersk Global Services Centre Prince Infocity, 2nd Floor 286/1, Old Mahabalipuram Road Kottivakkam, Kandanchavadi
CHENNAI 600096

M/36605
Mrs Padmashree Shagrithaya, BCOM,ACS,ACMA
CVP, Business Performance Management And Analytics Max Life Insurance Co. Ltd 3rd Floot, D L F Square, Jacaranda Marg
GURGAON 122002

M/36606
Mr Sailesh Kumar Sahu, BCOM HONS,ACMA
S/o Subash Chandra Sahu Stree- Khambeswari Patna Post-Aska Dist- Ganjam
ASKA 761110

M/36607
Mr Hiren Vrujlal Topiya, MCOM,ACMA
Assistant Manager Costing Emcure Pharmaceuticals Limited T -184 Bhosari M I D C
PUNE 411026

M/36608
Mr Rakesh Kumar, MCOM,ACMA
Jr. Officer (F & A) S J V N Ltd Finance & Accounts Department N J H P S., S J V N Ltd., Jhakri Teh : Rampur Bushahr Dist - Shimla
RAMPUR 172201

M/36609
Mr Nagaraja Hegde, MBA,BBM,ACMA
Senior Accounts Executive TESCO Hindustan Service Centre Pvt Limited 311, 1st Floor 7th Cross, Avalahalli B D A Park B S K 3rd Stage
BANGALORE 560085

M/36610
Ms Khushbu Rajesh Shah, MCOM,ACMA
Assistant Manager Emcure Pharmaceuticals Limited Emcure House T-184, M. I. D. C, Bhosari
PUNE 411026

M/36611
Mr Kumara Swamy Savaram, BCOM,ACMA
H. No: 7-1-307/44/1/12 B K Guda, S R Nagar
HYDERABAD 500038

M/36612
Mr Abhishek Gupta, BCOM,ACA,ACMA
Manager Tata Steel Processing And Distribution Ltd. Business Guild, 122/2 Plot No. 87/2 Erandwane, Law College Road
PUNE 411004

M/36613
Ms Ashwini Uttamrao Jadhav, BCOM,ACMA
Costing Officer Forbes Marshall Pvt. Ltd. A - 34 / 35, M I D C H - Block, Pimpri
PUNE 411018

M/36614
Ms L R Radhicka, BCOM,ACMA
No. 13 A, Ambika Nagar Madambakkam Selaiyur Post
CHENNAI 600126

M/36615
Mr Shailendra Kumar Sahu, MCOM,ACMA
Accounts Officer M. P. Power Generating Co Ltd O/o. The Additional Director (F. & A.) Block No.09, Shakti Bhawan
JABALPUR 482002
M/36616
Mr Subhashis Bhadra, BCOM HONS,ACMA
Managing Consultant Pricewaterhouse Coopers Pvt Ltd Plot No. 56 & 57, Block 'D N' Sector - V, Salt Lake
KOLKATA 700091

M/36617
Mr Dinesh Diwakarrao Kurdukar, BCOM,ACMA
D M2 157 Thakre Nagar, N2 C I D C O, Near Soham Motors Behind H P Quarters
AURANGABAD 431003

M/36618
Mrs Jyotsna Lele, BCOM,ACMA
202, Shantam Residency, 3 - Harinagar, Near Upkar Society, Gotri
VADODARA 390007

M/36619
Mr Goli Suresh Babu, BCOM,MBA,ACMA
S/o G V Raghava Rao D. No: 8 - 556 Ravulapalem
EAST GODAVARI 533238

M/36620
Mr Sachin Chatrabhuj Warvate, BCOM,ACMA
N B / - C6, C/o Sulochana Patil's House Near Chintamani Provision, New Balaji Nagar Mondha Naka,
AURANGABAD 431005

M/36621
Mr S N Narasimha Chari, BCOM,FCA,ACMA
4/36, Dr.alagappa Street Venkateswara Nagar Ambattur
CHENNAI 600053
M/36622
Mr Ramaraj Ramasamy, BSC,MCA,MBA,ACMA
Sr. Manager ( Costing & Budgeting) A68, Sipcot Housing Colony Dargha, Hosur
KRISHNAGIRI 635126

M/36623
Mr Mukesh Kumar Tharasanth, BCOM,ACMA
29, Palayakoil Street Eda Street, Palakkarai
TIRUCHIRAPPALLI 620001

M/36624
Mr Md Naushad, MCOM,PHD,MBA,ACMA
District Accounts Manager District Health Society Vaishali Sadar Hospital Campus
HAJIPUR 844101

M/36625
Mr Uday Sharad Odak, BCOM,ACMA
E - 903, Kapil Abhijat Co-op. Hsg. Society E - Wing, S. No. 31/2/1, 30 A/11/ A Dahanukar Colony, Kothrud
PUNE 411038

M/36626
Ms Sanchaita Saha, MCOM,ACS,ACMA
12 A, Lake Place (J. C. Guha Sarani)
KOLKATA 700029

M/36627
Mr Ranjit Purshotamdas Isher, BCOM,ACA,ACMA
Director GRSC Infotech Private Limited 301-302, Kaatyayni Business Centre Marol Bus Depot Road, M I D C Andheri East
MUMBAI 400093

M/36628
Mr Tara Shanker Devashish, BCOM,ACMA
31, Ratu Sarkar Lane 2nd Floor, Room No. 4
KOLKATA 700073

M/36629
Mr Nagendra Yadav, BCOM HONS,ACMA
Cost Trainee Food Corporation Of India 27, Hide Road Extension
KOLKATA 700088

M/36630
Mr Bharat Murlidhar Nuti, MCOM,ACMA
44, Adarsha Nagar Behind Laxminarayan Talkies
SHOLAPUR 413006

M/36631
Ms Rakhi Gupta, BCOM HONS,ACMA
Ram Janaki Niwas 1289, Tagore Park Block - J
KOLKATA 700039

M/36632
Mr Vikas Sharma, BCOM,ACMA
Finance Executive Nestle India Ltd V P O - Nangal Kalan Indl Area Tahliwal Tehsil Haroli
UNA 174301

M/36633
Mr Ravi Sharma, BCOM,MBA,ACMA
Associate Accounts Officer Technip Kt India Ltd. H. No. 109 V P O - Maidan Garhi
DELHI 110068

M/36634
Mr Somnath Vasant Gaje, BCOM,MBA,ACMA
Trainee (Artical) Amit A Apte (P C A) 11/7, Laxminarayan Nagar S. No. 11412 Erandawane
PUNE 411004

M/36635
Mr Navanath Shivaji Nalawade, BCOM,ACMA
Executive A S & Associates Plot No. 425/61, Raghuram Apartment Tilak Maharashtra Vidyapith Colony (T M V) Mukundnagar
PUNE 411037

M/36636
Mr Jaiveer Singh Tewatia, BCOM,ACMA
Sr. Executive Accounts M/s. S P M Auto Pvt Ltd Plot No.135, Sector - 59 Hudda Part - 2, Ballabhgarh
FARIDABAD 121004

M/36637
Mr Manoj Kumar Singh, BCOM,ACA,ACMA
Manager - Accounts Amazing Prints Media Pvt Ltd C - 61, Bawana Industrial Area
NEW DELHI 110039M/36638

M/36638
Mr Ritesh, BCOM,ACMA
Section Executive Somic Z F Components Ltd Vill - Begampur Khatola
GURGAON 122005

M/36639
Ms Neha Pravinkumar Shah, BCOM,LLB,ACA,ACMA
3, Jay Somnath Society Near Nehru Nagar Society Parle Point, Umra
SURAT 395007

M/36640
Ms Harjinder Kour, MCOM,ACMA
Sr. Accounts Officer Oswal Projects Ltd D - 16, Top Floor Jungpura Extension
NEW DELHI 110014

M/36641
Mr Md Sherjahan Khan, MCOM,ACMA
Cost Trainee I. C. A. I. 12, Sudder Street
KOLKATA 700016

M/36642
Mr Ashim Pal, BCOM HONS,ACMA
Vill - Mamakuthy Colliery P. O. Nutandanga P. S. Loudoha
BURDWAN 713381

M/36643
Ms Sunandita Sarkar, BCOM HONS,ACMA
C/o. Sudhansu Sarkar Roybagan P. O. Talpukur, Barrackpore
KOLKATA 700123

M/36644
Mr Sandip Bhattacharjee, BCOM HONS,ACMA
Laxminath Nagar, Nawabganj Road (Opp. Kabarkhana Road) P. O. Nawabganj, P. S. Noapara Dist. North 24 Parganas
ICHAPUR 743144

M/36645
Mr Swapan Sau, BCOM,ACMA
Vill & Post - Nischintapur P. S. Daspur
PASCHIM MIDNAPORE 721148

M/36646
Mr Prahlad Kumar, BCOM HONS,ACMA
S/o. Sudama Saw E / F - 104 At & P. O. Sru Bhandaridah
BOKARO 829132

M/36647
Mr Soumya Narayan Biswas, BCOM HONS,ACMA
108, Pirtala Road Dist. 24 Pgs North
SHYAMNAGAR 743127

M/36648
Mr Varun Kumar Singh, BCOM HONS,ACMA
19/2, Maharani Indira Devi Road Pallysreepally Behela
KOLKATA 700060

M/36649
Ms Anne Khetan, BCOM HONS,ACMA
493 / C / A, G T Road Vivek Vihar Block - G, Phase - II Flat - 302
HOWRAH 711102

M/36650
Mr Abhishek Sinha, BCOM HONS,ACMA
111, Southern Avenue
KOLKATA 700029

M/36651
Mr Shreyansh Dugar, BCOM HONS,ACMA
Tower-1, Flat No.-4 H, Diamond City West Behala Bakultala Near Behala Chowrasta
KOLKATA 700061

M/36652
Mr Sachin Kumar Kathuria, BBA,ACMA
3H-115 N.I.T.
FARIDABAD 121001

M/36653
Mr Debabrata Das, BCOM HONS,ACMA
A-13/9 Arrah, Kalinagar P. S. Kanska, Dist. Burdwan
DURGAPUR 713212

# The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

## CLARIFICATION

**Ref. No: BOS/01-04/14-15**

**Dated: Kolkata, 1st April,2014**

**Clarification on applicability of Finance Act, 2013 and CAR 2011, CARR 2011 and CASs for CMA Examinations**

It is clarified for general information of all concerned that:

**(A) Finance Act, 2013 shall be made applicable involving Assessment Year 2014-15 for the following papers in June 2014 and December 2014 terms of Examinations of the Institute:**

| Syllabus 2008 | Syllabus 2012 |
|---|---|
| Paper 7 - Applied Direct Taxation | Paper 7 - Direct Taxation |
| Paper 10 - Applied Indirect Taxation | Paper 11 - Indirect Taxation |
| Paper 14 - Indirect and Direct Tax Management | Paper 16 - Tax Management & Practice |

This is also clarified in the Examination Notification issued by the Directorate of Examination of the Institute (http://icmai.in/examination/notification)

**(B) Cost Accounting Record Rules 2011, Cost Audit Report Rules 2011 and Cost Accounting Standards - 1-17 will also be applicable for the following papers for June 2014 term of Examination:**

| Syllabus 2008 | Syllabus 2012 |
|---|---|
| Paper 17 - Cost Audit and Operational Audit | Paper 19 - Cost and Management Audit |

**(C)** It is further clarified for general information that the provisions of "***The Companies Act,2013***" ***shall not be applicable*** ***for the CMA Intermediate and Final Course Examinations for June,2014 term of Examination. ( Clarified vide*** BOS/01-08/13-14, on 26th August,2013 and reiterated vide **BOS/01-12/13-14 on 18th December, 2013). Applicability of provisions of The Companies Act,2013 for Examinations of the Institute would be notified in due course.**

All concerned are hereby requested to note this clarification and facilitate to make a proper and wide publicity to meet the concern of stakeholders on the stated subjects.

**CMA Chiranjib Das**
**Joint Director, Head - Academics Department ( Board of Studies)**
**Secretary to the Board of Studies Committee**

ISSN 0972-3528
Registered KOL RMS/139/2013-2015
Publication date: 10 June 2014 RNI 12032/66