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the MANAGEMENT ACCOUNTANT
THE JOURNAL FOR CMAs
JUNE 2015 VOL 50 NO. 6 ₹100

50 YEARS 1966 ~ 2015 the MANAGEMENT ACCOUNTANT

SKILL DEVELOPMENT & PRODUCTIVITY

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

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

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

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

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

MISSION STATEMENT

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

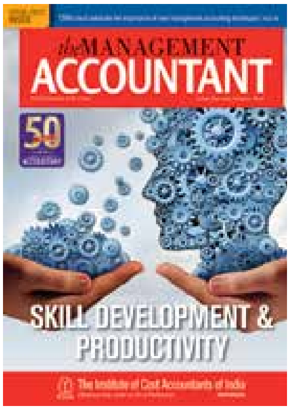
VISION STATEMENT

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

IDEALS THE INSTITUTE STANDS FOR

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

Behind every successful business decision, there is always a CMA



JUNE 2015 VOL 50 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)

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PRINTER & PUBLISHER
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President, The Institute of Cost Accountants of India
12 Sudder Street
Kolkata 700 016
and printed at
Swapna Printing Works Private Ltd.

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June 2015

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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 by airmail

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

FROM THE EDITOR'S DESK

Greetings!

Skill development is one of the central pillars of employability, improving productivity and sustainable enterprise development. Skill development is as an important ingredient to push the production possibility frontier outward and to take growth rate of the economy to a higher route. Skill building could also be seen as an instrument to empower the individual and improve his/her social acceptance or value.

Skill development plays a key role to India's global competitiveness as well as improving an individual's access to decent employment. For enterprises to compete in the global economy, the quality of training must reach world standards and be relevant to the needs of national and international markets.

To increase the relevance with future employment market including promotion of self employment, soft skills and entrepreneurship skills should be made an integral part of skill development.

As India moves progressively towards becoming a 'knowledge economy' it becomes increasingly important to focus on advancement of skills and these skills have to be relevant to the emerging economic environment. As compared to western economies India has a unique 20–25 years window of opportunity called the "demographic dividend." It means India has a higher proportion of working age population vis-à-vis its entire population." According to a research by Boston Consulting Group, estimate is that by 2020 India will have a surplus of active population - about 47 million people.

But the current education system does not focus on training young people in employable skills that can provide them with employment opportunities. Today, a large section of India's labour force has outdated skills. As per "The India Skills Report 2014" 60% of total population available for working and contributing towards GDP, but out of the total pool only 25 % is capable of being used by the market which means there would be a demand-supply gap of 82-86% in the core professions.

The Government is therefore strongly emphasizing on upgrading people's skills by providing vocational education and training to them. It has formulated the National Policy on Skill Development and set a target for providing skills to 500 million people by 2022. Various stakeholders are involved in this process.

In the current framework, the Ministry of Labour & Employment runs various schemes and has set up industrial training institutions across the country. Other ministries such as the Ministry of Human Resource Development, the Ministry of Rural Development and the Ministry of Urban Development & Poverty Alleviation have also launched their skill upgrading programs and self-employment schemes.

In addition, as part of its National Skill Development Mission, the Government has established the National Skill Development Corporation in the Public Private Partnership mode to facilitate setting up of large, high quality, for-profit vocational institutions. It also aims to set up 1,500 new ITIs and 5,000 skill development centres across the country as well a National Vocational Qualification Framework (NVQF) for affiliations and accreditation in vocational, educational and training systems.

This issue presents a good number of articles on the cover story theme 'Skill Development & Productivity' by distinguished experts and authors and an interview from industry stalwart. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.

SUSTAINABAILITY PROVIDES HUGE OPPORTUNITIES TO CMAs

CMA Dr A S Durga Prasad
President, The Institute of Cost Accountants of India

Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma - which is living with the results of other people's thinking. Don't let the noise of other's opinions drown out your own inner voice; and most important, have the courage to follow your heart and intuition. – ***Steve Jobs***

My Dear Professional Colleagues,

Sustainability and CMAs

The focus on sustainability has emerged as a result of significant concerns about the unintended social, environmental, and economic consequences of rapid population growth, economic growth and consumption of our natural resources. Sustainable business is a non-traditional business strategy that concurrently builds profits and economic stability, restores the health of natural systems, and promotes prosperous and healthy communities.

Sustainability is based on a simple principle: Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. Sustainability creates and maintains the conditions under which humans and nature can co-exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations. Sustainability has long been on the agenda at many companies, but for decades their environmental, social, and governance activities have been disconnected from core strategy. Most still take a fragmented, reactive approach—launching ad hoc initiatives to enhance their "green" credentials, to comply with regulations, or to deal with emergencies—rather than treating sustainability as an issue with a direct impact on business results.

Sustainability is essentially an exercise that measures the value that a business creates by leveraging Strategy, Organizational Structure and Governance in Social, Economic and Environmental context. CMAs possess the ability to measure efficiency and effectiveness of Men, Money, Machines, Material and Management on the dimensions of Cost, Time, Quality, Environment and Societal impact including the ability to evaluate the contribution of different forms of Capital which are identified by IIRC towards Integrated Reporting. They possess expertise in furthering sustainability, as it is essentially an integration of sustainability enhancement tools that they are already familiar with such as Strategy Maps, Balance Score-Card, Total Impact Measurement and Management (TIMM), Customer Profitability, Activity Based Costing, Driver Based Budgeting, Social and environmental impact assessment and accounting, Value Management, Benchmarking, and Life Cycle Costing. CMAs have been using these tools for developing and delivering Performance Appraisal Report.

CMAs can provide the necessary leadership and guidance helping a company to migrate to becoming a sustainable organization through:

- Facilitating creation of an appropriate organizational environment including performance measures and metrics keeping the aspect of sustainability in focus
- Evaluating organizational performance and practices across business segments in the context of Social,

Economic and Environmental aspects

• Contributing to formulation of organizational structure and strategy that focuses on triple P – People, Profits and Planet and its linkage with governance and performance

• Developing an appropriate system of social and environmental risk identification, assessment, monitoring, mitigation and control

• Evaluating and appraising Economic, Social and Environmental value proposition through costing, revenue, profitability, non-financial and non- quantitative analysis.

Sustainability provides huge professional opportunity for the CMAs. The Challenge for CMAs is to assume leadership, demonstrate their ability to facilitate sustainability and consistently drive the message – Sustainability is no longer a matter of choice. The stakeholders will in future increasingly expect and demand that businesses rise to the challenge of sustainability and shall reward companies following sustainable practices with higher valuations and enhanced corporate image leading to their continued and progressive growth.

The choice for companies today is not if, but how they should manage their sustainability activities. Companies can choose to see this agenda as a necessary evil—a matter of compliance or a risk to be managed while they get on with the business of business—or they can think of it as a novel way to open up new business opportunities while creating value for society.

The above constitutes the main agenda of the ICAI International Summit in association with A4S on the theme 'Doing Business Responsibly through Accounting for Sustainability' at New Delhi on 16th July 2015. Further details will be available very soon on the Institute's website.

Meeting with Finance Minster

I had an opportunity to meet Shri Arun Jaitley, Hon'ble Union Minister of Finance, Corporate Affairs and I&B on May 19, 2015 and discuss the pending issues and to include our member in the proposed Expert Committee to review Companies Act 2013 along with other sister bodies. I also met the Secretary, MCA on the same day and discussed about the pending matters. I hope that these issues will be resolved very soon.

Meeting with ACCA-UK

On invitation by the ACCA to visit its office and meet officials at London on 13th May 2015, I visited its London office and had discussions with the officials of ACCA on sharing of knowledge on how ACCA assesses and approves employers through its Approved Employer program, exploring potential collaboration and knowledge sharing on research and insights, with a view to collaborating on joint research, joint events and broader programs, and sharing information on ACCA's existing R&I program with a view to organize joint CPD events. We shared with ACCA the ICAI program to show existing breadth of training that ICAI offers. The discussions were also held on collaboration to promote the value of a professional qualification and professional accountancy as a career choice.

Meeting with CIMA-UK

To discuss the next steps to implement the MoU signed at Hyderabad during the National Cost Convention, I visited CIMA office at London on 11th May and discussed with officials about the response for the MOU and also about the issues that have arisen after the MOU. It was decided to review the issues after receiving the responses for the next two weeks. I also took the opportunity to discuss the partnership with them for the forthcoming International Conference on Sustainability. This followed up with another meeting with CEO Mr. Charles Tilley and Sr.Vice President.

Meeting with A4S-UK

Institute, being the only institution from India, is a member of the Accounting Bodies Network (ABN) of The Prince's Accounting for Sustainability (A4S) Project. The Institute in association with A4S is planning to organize an International Summit on Doing Business Responsibly through Accounting for Sustainability at New Delhi on 16th July 2015. To discuss the modalities of the event I visited A4S office at London on 12th May 2015 to discuss the roadmap to organize the summit and to finalize first draft of the program schedule. The discussions were fruitful and it was decided to finalise the program and begin the work to mobilise the participants.

MoU with Medical Associations

I wish to inform you that the Institute has signed a Memorandum of Understanding (MoU) with Association of Healthcare Providers (India) and Delhi Medical Association (DMA) on May 29, 2015 at New Delhi to ensure better cost management to benefit patients in India. The objective of this MoU is to provide expert advice of Cost Accountants to hospitals in implementing best practices and maintain costing system that helps the service providers in managing and controlling the cost to ultimately benefit patients. I believe that the role of Cost Accountants in this area will be critical as the healthcare costing is complicated due to heterogeneous products, intricate and varied processes and complicated cost structures. The MoU was signed by me on behalf of Institute and Dr. Girdhar J Gyani, Director General, AHPI, and Dr. Chander Mohan Bhagat, Chairman, DMA NH & MEF.

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

Administration Department

Institute's 57th Annual Day was celebrated on May 19, 2015 at Hotel The Ashok, New Delhi where a cultural evening was organized. The event was attended by the staff members, Council Members of the Institute and invitees.

Advanced Studies Department

The department is considering a proposal to revise the syllabus of the Diploma in Business Valuation to include the aspects of the Taxation. A proposal is also being initiated by the department to revive the existing syllabus of the Diploma in Management Accountancy.

Continuing Professional Development Department

The Institute is associated with PHD Chamber of Commerce and Industry for continued 'Workshop Series on Indirect Taxes (with specific relevance to GST) & Annual Subscription Proposal For FY 2015-16' since April 2015 to February 2016 at PHD House, New Delhi. There was active participation by the members of the Institute. For details, visit website of the Institute.

THE CHALLENGE FOR CMAs IS TO ASSUME LEADERSHIP, DEMONSTRATE THEIR ABILITY TO FACILITATE SUSTAINABILITY AND CONSISTENTLY DRIVE THE MESSAGE – SUSTAINABILITY IS NO LONGER A MATTER OF CHOICE. THE STAKEHOLDERS WILL IN FUTURE INCREASINGLY EXPECT AND DEMAND THAT BUSINESSES RISE TO THE CHALLENGE OF SUSTAINABILITY AND SHALL REWARD COMPANIES FOLLOWING SUSTAINABLE PRACTICES WITH HIGHER VALUATIONS AND ENHANCED CORPORATE IMAGE LEADING TO THEIR CONTINUED AND PROGRESSIVE GROWTH

Another '12 Week Workshop Series on Companies Act 2013' covering the Act, Rules & Circulars is being organized from 13 March 2015 to 5 June 2015 at PHD House, New Delhi. There is active participation by the members of the Institute. For details, visit website of the Institute.

The Institute in association with ASSOCHAM organized a seminar on "Decoding the amended Companies (Cost Records & Audit) Rules, 2014" on 2 May 2015 at CMA Bhawan, New Delhi. There was active participation by the members of the Institute. The Institute in collaboration with SCOPE is organizing one day Seminar on "Decoding the amended Companies (Cost Records & Audit) Rules, 2014" on 19 June 2015 at SCOPE Convention Centre, New Delhi the professionals in PSUs.

I wish to inform that increasing initiatives by our Regional Councils and Chapters in organizing various programs, seminars and discussions on the topics of professional relevance and importance for the members such as, Service Tax, Ushering in Goods & Services Tax and Highlights of 122nd Constitutional Amendment Bill, 2014, Annual Returns, Global Corporate Citizenship, Institution Building-A Suggested Approach for CMA Institute, Workshop on Cost Competitiveness in MSME Sector in India & Cost Management in a Competitive Business Environment, Practical Approach on MIS & Budgeting, Goods & Service Tax & Roll of Independent Directors, Board Members, Secretarial Audit and Compliances Under Companies Act and Other Laws, Seminar on The Companies Act,2013 Provisions Relating to Depeciation and Fixed Assets, and so on. We are sure that our members are immensely benefitted with such programs. Look forward for active participation of our members to enhance professional knowledge and skills.

Cost & Management Accounting Committee

I am very happy to inform you that the series of efforts taken by the Institute in championing for a scientific principle based Health Care Cost has resulted in a crucial meeting with Dr. B.D. Athani, Special DGHS on 5th May 2015. It was discussed that he Institute to extend its expertise in fixing range of costing rates for some key medical procedures decided by DGHS. I was able to highlight the key outcomes from the Asian Summit on Healthcare Cost Management held in March 2015, the special cost study conducted by the Institute on some of the key medical procedures under advice from Ministry of Corporate Affairs and the costing template developed by the Institute and accepted by the Committee formed under the Ministry of Health and Family Welfare. DGHS was quite happy with the efforts done by the Institute for costing template and Guidance Note on Health Care Cost Management. It was also suggested by Spl. DGHS to have a WHO Workshop by the Ministry in association with the Institute to clarify the concept, methodology and usefulness of Costing in health care.

Examination Department

The Examination Directorate is preparing to conduct Intermediate and Final examinations of June 2015 term in 118 examination centers including oversees centers from 11th to 18th June 2015. Examination of 3 Diploma courses i.e. Diploma in Business Valuation, Diploma in IS Audit & Control and Diploma in Internal Audit will also be conducted. Foundation online mode of examination will be held on 13th June 2015. I urge upon the examinees to work hard in order to achieve desired success in these examinations.

Technical Department

The Council has approved the changes in some definitions in the Cost Accounting Standards (except CAS1, CAS4 & CAS22) and GACAP, consequent to an exercise of limited review of the Cost Accounting Standards and GACAP by the CASB. The Council has also approved the Limited Review of Cost Accounting Standard on Classification of Cost, CAS-1, as recommended by the CASB.

I wish members, students and their family good health and prosperity. I also urge the members to cast their votes in the forthcoming elections to the Council and Regional councils on June 5 & 6, 2015.

With warm regards,

(CMA Dr. A S Durga Prasad)
1st June 2015

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 2015	Microfinance and Self Help Group (SHG)	• Micro credit model in India • Empowering & Sustainability of SHGs • Role of Professionals • Financial Inclusion & SHGs • Role of Government • Performance of SHGs in India • Community audit and auditor
August 2015	Business Process Modeling (BPM)	• Mapping the Business Landscape • Business process management • BPM tools & techniques • BPM & IT applications • Improving Performance using Models • Role of CMAs in BPM • Case studies
September 2015	Securities Markets in India & Economic Growth	• Indian Financial system • Return, Risk & Performance Analysis • Regulation and Stock exchanges • Government support and Investor awareness • Public fund and its protection • Emerging areas • Role of CMAs
October 2015	Digital Revolution in India	• Digital Infrastructure as a Utility to Every Citizen • Digital Empowerment • Business Process Re-engineering using IT • National e-governance plan • Nine Pillars of Digital India • eKranti - Electronic Delivery of Services • Digital Innovation & e-portals

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

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SKILL DEVELOPMENT OF SMALL FARMERS & WOMEN IN AGRICULTURE ADDRESSING TECHNICAL, MANAGERIAL, FINANCIAL & MARKETING SKILLS

Availability of a highly skilled workforce in the unorganised farm sector has the potential to increase the competitiveness, farm revenue, wages and employability of youths in the food processing, value chain and agri-business sector

Dr Amrit R Patel
Retd. DGM, Bank of Baroda, Mumbai

AGRICULTURE is the largest unorganized sector in India accounting for 51 per cent of informal farm workers. It provides livelihood to rural population and food security to country's over 1.21 billion population. According to the World Development Report "the GDP growth arising from agriculture is almost four times as effective in reducing poverty as GDP originating outside the sector". India's Ninth Five Year Plan [1997-2002] acknowledged that agricultural growth has the highest potential both for poverty reduction and reduction in regional imbalances. A number of developed countries and developing countries like Australia, New Zealand, Malaysia and Taiwan and the State of Punjab in India have demonstrated that highly productive agriculture can lead to just as high standards of living as high levels of industrialization with more favourable impact on poverty. Dr.Manmohan Singh, India's former economist-Prime Minister once emphatically said " Inflation hurts the weakest section of the society the most and there can be no better anti-poverty program than developing agriculture, which has potential to arrest rising food prices and contain inflation".

In India, small and marginal farmers account for 85.9 per cent of the total, besides a large number of tenant farmers, share croppers and oral lessees. Also, 89.5 per cent of the to-

PERSONS WITH APPROPRIATE, ADEQUATE AND BETTER SKILLS ADJUST MORE EFFECTIVELY TO FACE EMERGING CHALLENGES AND SEIZE WORK OPPORTUNITIES FOR BETTER DEVELOPMENT

tal female labor is actively engaged in agriculture and allied activities. This obviously necessitates that the skill development initiatives should sharply focus on provision and enhancement of technical, managerial, financial and marketing skills of small farmers and women. This paper briefly highlights the significance of skill development in farm sector, approach to skill development [specifically in areas of technology, management, credit, and marketing] in the context of millions of small farmers/women currently engaged in agriculture to address specific areas of serious concern.

Significance of Skill Development in Farm Sector

The diverse challenges for the small farmers and women in rural India continue to grow. These include potential conflictsover increasing insecurity of food, land, water and fuel and the largelyunpredictable long-term effects of climate change, an issuewhose very breadth and seriousness may compound existing-challenges. To deal with these challenges the importance of farmers' skill development cannot be underestimated.Skills and knowledge management are the driving forces of economic growth and social development in developing economies. Persons with appropriate, adequate and better skills adjust more effectively to face emerging challenges and seize work opportunities for better development. Skill development initiative focusing on specific needs of rural youthsis the key tohelp them self-employed or make them employable or promising entrepreneurs in the changing socio-economic scenario. Availabilityof a highly skilled workforce in the unorganized farm sector has the potential to increase the competitiveness, farm revenue, wagesand employability of youths in the highly sophisticated food processing, value chain and agri-business sector. Trained educated rural youths can have options/opportunities to migrate to the organized sector after gaining enhancedcompetency, thereby adding value to the organized workforce.

A skilled workforce in the current century is a sine qua non for India's vibrant rural livelihood strategy. India has yet to put in place a comprehensive result-oriented skill development programme for farm sector on lines as being done in other sectors of the economy. Providing appropriate/necessary skills effectively should be one of the key challenges both to impart sufficient stability/resilience to farm sector as well as accelerate the pace of rural development that can sharply raise the human development index/standard of living of farmers/workers in particular. With a perceived increase in the need for skill development in the farm sector to harness the benefits of currently available technological innovations developed by India's accredited research institutions and State Agricultural Universities and institutional credit being provided by the public/private/cooperative and regional rural banks, the Government through PPP mode can consider providing adequate and need-based skill training to all categories of farmers and rural youths in the unorganized and diversified farm sector which can facilitate them to access new agricultural technology, make proper use of institutional credit and exploit markets to achieve annual four per cent farm growth.

In the present context of Pradhan-Mantri Jan DhanYojana and "financial inclusion" when small farmers are inclined to increase their access to all kinds of banking, financial and insurance services to meet varying needs of farm sector, skill development programs should focus on "Farm Management" 'Farm Financing, Planning" and Budgeting' exercises that can substantially enhance financial viability of small farms. The skill development initiatives should motivate farmers/women progressively buy all kinds of insurance covers [life, health, assets etc.] to mitigate eventual risks.

Small & Marginal Farmers

Indian agriculture has now been characterized as farms of "marginal" size. In 1960-61 marginal farmers owning farm-size below one hectare accounted for 39.1per cent of the total operational holdings, which in 2002-03 sharply shot up to 69.8 per cent. The percentage of small farmers owning farm-size between one and two hectares and marginal farmers together constituted 85.9 per cent in 2002-03 as against 61.7 per cent in 1960-61. In 1960-61, farms exceeding four hectares operated 60.1 per cent of the cultivated area, which significantly declined to 34.8 per cent by 2002-03.

The NSSO reveals that 40 per cent of Indian farmers report that farming is not profitable and they prefer to quit agriculture.

Tenant Farmers

India has a large number of tenant farmers, share croppers and oral lessees whose legal relationship with the landowners and the piece of land they cultivate has not been legally recognized through statutory legal framework to facilitate them access subsidies under Government programs, credit from institutional sources and insurance from insurance companies. The National Sample Survey [2003] estimated that the area under informal tenancy in India varied between 15and 35 per cent of the total farm area and 36 per cent of the total households leasing land were landless laborers and 47.5 per cent had land below 0.5 hectare.

Women in Agriculture

Agriculture and allied sectors employ 89.5 per cent of the total female labor. About 84 per cent wom-

Table 1

The Size-distribution of Operational Land Holdings [% of operational holdings]

Holding category	1960-61 17th Round	1970-71 26th Round	1981-82 37th Round	1991-92 48th Round	2002-03 59th Round
Marginal < 1 hectare	39.1 [6.9]	45.8 [9.2]	56.0 [11.5]	62.8[15.6]	69.8 [22.2]
Small 1- 2 hectares	22.6 [12.3]	22.4 [14.8]	19.3 [16.5]	17.8 [18.7]	16.1 [20.6]
Semi-medium 2-4 hectares	19.8 [20.7]	17.7 [22.6]	14.2 [23.6]	12.0 [24.1]	9.0 [22.4]
Medium 4-10 hectares	14.0 [31.2]	11.1 [30.5]	8.6 [30.1]	6.1 [26.4]	4.3 [22.7]
Large > 10 hectares	4.5 [29.0]	3.1 [23.0]	1.9 [18.2]	1.3 [15.2]	0.8 [12.1]
All categories	100 [100]	100 [100]	100 [100]	100 [100]	100 [100]

Figures in parentheses indicate % share in operated holdings.

en are engaged in agriculture, either as cultivators or labourers as against 67 per cent male workers. Nearly 40 crore women out of the total 60 crore female population depend upon crop, livestock and fish farming, forestry, agro-processing and agri-business for their livelihood. Women on an average contribute 55 to 66 per cent in overall farm production. Women provide one half of the labor in rice cultivation and they are the crucial laborers in the plantation sector. Women's contributions vary, depending on the region and crops, but they provide pivotal labor from planting to harvesting and post-harvest operations. In the Himalayan region, a woman works for 3,485 hours in a year on a one hectare farm as compared with 1,212 hours by a man and 1,064 hours by a pair of bullocks.

Women Self-Help-Groups

All public sector banks and RRBs and a few private and /cooperative banks in order to empower rural women provide micro-credit through a credit delivery model since 1992.During 1992-2014, cumulative numbers of SHGs are 12,626,660.

Government's Initiatives

After country's independence India launched Community Development Blocks and National Extension Services Program which paid rich dividends in ushering Green Revolution in 1960s and 1970s. With the World Bank's financial assistance pilot projects were also conducted in respect of Training& Visits System to improve the effectiveness of agricultural extension system on farm sector's productivity, production and profitability and Credit Delivery System to make credit institutions financially sustainable and create the expected impact of institutional credit on farm sector. In the recent past, following innovative concepts as an integral part of agricultural extension system are introduced.

• **Agriculture Technology Management Agencies:** ATMAs have been established in 630 rural districts of 28 States &three UTs. ATMAs established at district headquarters promote farmer-centric extension system for technology dissemination. Including capacity building of extension functionaries and farmers, organizing front line demonstrations, exposure visits, kisan melas, farmers' group mobilization, farm schools and farmers-scientists interactions.

• **National Food Security Mission:** Amongst different interventions under NFSM, Farmer Field Schools provide first-hand information to the farmers in their fields and equip them with necessary skills to help them adopt scientific techniques for increasing crop production. This involves demonstrations of Improved Package of Practices on System of Rice Intensificationand spread of improved varieties/ hybrids of wheat, rice and pulses.

• **National Horticulture Mission:** Under NHM training programs for farmers are conducted at district and State level on emerging issues of Horticulture.

• **Horticulture Mission for North Eastern and Himalayan States:** The HMNEH scheme aims at transferring technology through training and exposure visits of farmers.

• **Production and Distribution of Quality Seeds:** Farmers and seed growers are provided skill development training accompanied by field demonstrations to help them adopt scientific techniques for hybrid rice seed production.

• **Farm Mechanization:** Information on latest technologies in the field of farm mechanization is being disseminated among farmers and rural unemployed youth through trainingprograms and demonstrations.

• **Post-Harvest Technology and Management:** Assistance is provided to the State Governments and other implementing agencies in organizing demonstrations and training on post-harvest technology.

• **Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize:** Skill development training programs are conducted for farmers to help them adopt new technologies in respect of new varieties, pest control and management, new package of practices and new implements to boost production of these crops.

• **Krishi Vigyan Kendras:** The Indian Council of Agricultural Research has created a network of 634 KVKs in the country aimed at assessment, refinement and demonstration of technology. KVKs also organize training programmes to update farmers' knowledge and improve skills.

Status of Farm Extension Services

Several field surveys have revealed that farmers' access to public extension services has been inadequate which has often resulted in farmer's choice of inappropriate crops, varieties and imbalanced use of fertilizers. While these farmers are at disadvantages to deal with the markets, the Government's interventions are less effective. Agricultural extension services have not yet motivated farmers to replace their home grown/ saved seeds by hybrids and high yielding seedsand adopt judicious use of nutrients and pesticidesto create expected impact. The survey indicated that [i] about 59 per cent of farmers do not get required technical assistance and know-how from Government-funded farm research institutes or extension services. They have to rely on progressive farmers, media and private commercial agents, dealers of seeds, fertilizers and pesticides for technical guidance [ii] most farmers are unaware of the existing agricultural insurance schemes that can help them compensate their production and income losses [iii] over 95 per cent paddy farmers and 99 per cent wheat growers did not buy any insurance cover for their crops in the last two seasons of the survey. Despite more than 85 per cent of agricultural producers are small and marginal farmers supported actively by their women members, resourceful farmers tend to benefit substantially from extension services whereas small farmers'/women's training is often inadequate and inappropriate. The current agricultural extension system has been inadequate and unable to comprehensively address needs ofa large number of small farmers/marginal/ tenant farmers, share croppers, oral lessees and women from accessing technology, institutional credit and marketing services, among others.

Herculean Task for Skill Development

Skill development has a Herculean task to address following areas of serious concern which the farm extension services along with the Government's new initiatives have so far not been able to address.

- **Import of pulses & edible oils:** Despite India being the largest producer [18.5 million tons] of pulses in the world it is also importing around 3.5 million tons annually on an average to meet its ever increasing consumption needs of around 22.0 million tons. Import of vegetable oils in terms of quantity and value significantly rose from 6.719 million tons amounting to Rs.158.3746 billion in 2008-09 to 9.5 million tons amounting to Rs.516.99 billion in 2013-14. Similarly, import of oilseeds in terms of value also increased from Rs.1.18 billion in 2010-11 to Rs.8.1 billion in 2013-14. Thus, during past six years, average quantity and value of import of vegetable oils was 8.278 million tons and Rs.377.7363 billion and that of oilseeds Rs.3.5725 billion.
- **Low Level of Productivity:** Despite India has the largest irrigated land and ranks second in terms of arable land the yield of most of the crops is 20-40 per cent of the world's best levels. As for example, yield of rice in 2011 in India was 3.2 tons per hectare as against 7.5 tons in USA, 6.7 tons in China and average of 4.3 tons for the world. Similar low yields of 1.0 ton per hectare for coarse cereal in India were noticed as compared with 2.7 tons in USA and 2.1 tons in China. Even the most productive States in the country fall short of world standards in terms of yields. During 2010-11, Punjab with the highest yield in rice produced 3.8 tons per hectare as against the world average of 4.3 tons. Yield of oilseeds in Tamil Nadu, the highest in India, at 2.1 tons per hectare was lower than 2.7 tons in China and the USA. In case of chickpeas, the per hectare yield is the highest in Andhra Pradesh at 1,439 kilograms, but this is far lower than the average yield of Ethiopia which is 1,663 kilograms. Further, there exists a wide variation in productivity of these crops

Table 2

State-wise yield gap between the production potential yield & actual yield at field level [%]

Wheat Crop	% Yield Gap	State	%Yield Gap	State	%Yield Gap
State		West Bengal	19.40	Jharkhand	105.30
Maharashtra	155.50	Punjab	06.10	Uttar Pradesh	67.20
Bihar	104.80	**Paddy Crop**		**Irrigated Rice**	
Himachal P	89.60	*Rain-fed Upland*		J & K	285.80
Madhya P	84.30	Chhattisgarh	157.00	Uttar Pradesh	222.40
Uttrakhand	80.50	Uttar Pradesh	86.40	Bihar	2220.10
Uttar Pradesh	50.50	Jharkhand	35.20	Gujarat	195.30
Gujarat	50.50	*Rain-fed Shallow lowland*		Chhattisgarh	169.40
Rajasthan	41.30	Assam	194.70	Uttarakhand	98.20
Haryana	19.80	Chhattisgarh	144.20		

within the same agro-ecological regions in India.

• **Yield Gap:** A study carried out by ICAR to assess the size of untapped yield reservoir in different crops and in different agro-ecological regions at currently available levels of technology showed that the difference between the yield of demonstrations in farmers' fields and the average yield of the area varied by a factor 3 to 6. Annual Report [2007-08] of ICAR on the available exploitable production potential points out that integrating agricultural credit with technology and production inputs farmers can increase wheat production by 30 million tons or around 40 per cent and double paddy production at current levels of technology. This can be achieved by bridging the existing gap between the actual crop yields at field level and the potential yields. The State-wise percentage of yield gap between the production potential yield and actual yield at field level in case of wheat, rain-fed upland rice, rain-fed [shallow low land] Boro rice and irrigated rice has been shown in table 2.

• **Use of Seeds:** Despite India having a robust infrastructure network for quality seed production and delivery more than four-fifths [80%] of the farmers rely on farm-saved seeds leading to a low seed replacement rate.

• **Irrigation Management:** Area of serious concern has been that [i] of the total irrigation potential created only 87.2 million hectare is actually utilized, leaving 15.6 million hectares currently unutilized and [ii] out of assessed potential of 140 million hectares, 102.8 million hectares of irrigation potential has been so far created leaving still 37.2 million hectares yet to be developed.

• The study of nine promising States in 2010 revealed that area covered under drip and sprinkler method of irrigation was 14,28,460 hectares[12,25%] and 24,42,430 hectares [7.99%] as against potential of 1,16,59,000 hectares and 3,05,78,000 hectares respectively. Thus, after two decades total area under Micro-irrigation was only 38,70,860 hectares[9.16%] as compared to potential of 4,22,37,000 hectares. Out of this, about 30 million hectares are suitable for sprinkler irrigation for crops like cereals, pulses and oilseeds in addition to fodder crops. This is followed by drip with a potential of around 12 million hectares under cotton, sugar cane, fruits and vegetables, spices and condiments; and some pulse crops like red gram, etc.

• **Soil Degradation:** Soil erosion has been causing land degradation in the country. It is estimated that around 130 million hectares of land [45% of total geographical area] is affected by serious soil erosion through ravine and gully formation, water logging, and shifting cultivation. In the process, it is estimated that country losses about 53.10 lakh tones of soil annually. The accumulation of salts and alkalinity affects the productivity of agricultural land in arid and semi-arid regions, which are under irrigation. The extent of water logging in irrigated command areas has recently been estimated at 2.46 million hectares. Besides, 3.4 million hectares suffer from surface water stagnation.

• **Farm Mechanization:** In 1971-72, farm labourers and animals used to provide 15 and 45 per cent farm power respectively which declined significantly to 9 and 17 per cent respectively in 1991-92. Tractors contributed to 47 per cent from 7 per cent. Yet overall farm mechanization in India has reached only about 40 per cent of farm operations as compared to 95 per cent in advanced countries. This shows that still 60 per cent of backbreaking drudgery farm operations are being done by human and animals.

• **Wastage:** About 40 per cent of farm produce in the country is wasted due to inappropriate storage, lack of primary processing facilities and inefficient procurement. Food worth Rs.580 billion is wasted annually as the country processes just 2.2 per cent of the fruits and vegetables as against 23 per cent in China. There has to be a seamless flow from fields to procurement, processing, storage, transport and retailing.

Approach to Skill Development

Union and State Governments with the support of public and private agencies have been implementing plethora of programs to raise farm productivity and production in India. A good deal of information[though not comprehensive] is available in respect of these programs which public/private extension agencies have been communicating to farmers in piecemeal. Thus, it is absolutely necessary to make large number of small farmers and women adequately capable to collect authentic and updated information from one source and use this information for the purpose it is intended such that it yields the expected results/outcomes. In any case farmers/women should not feel frustrated leaving half-way and return to their traditional farm practices and moneylenders. It is this area which skill development programs have to comprehensively address and make farmers/women acquire modern skills to implement programs successfully without any hurdles.

Inherited skills of small farmers and women in respect of crop production, farm management, access & use of finance and exploiting markets in particular have to be sharpened by modern skills. Skill development initiatives should substantially enhance their technical, managerial, financial and marketing skills in particular. Farmers/women need to be trained, convinced and committed to adopt new farm technology through exposure to field visits, sharing knowledge among them, analyzing their strength & weaknesses and perceiving opportunities & threats, among others.

As for example, for achieving the expected level of productivity of wheat and paddy per unit of area and resources and optimum rate of return on investment as referred to under the yield gap above, it is necessary that farmers must be provided adequate technical and farm managerial skills through massive field demonstrations in respect of soil and water analysis for adopting the best diversified cropping system, meticulous adoption of technology [when & how] & judicious use [no more & no less] of seeds, fertilizers, pesticides, water, labour and credit and the techniques [how & when] of integrated nutrient supply, water & pest management. Besides, the supply of inputs and farm equipment/ machinery must be of standard quality, reasonably priced and timely available.This has been amply demonstrated in Andhra Pradesh where during 2000-09, area under chickpea increased five times from 102,000 hectares to 602,000 hectares and yields rose 2.4 times per hectare from 583 kg/ha to 1407 kg/ha [synergic effect was nine times increase in the output from 95,000 tons to 8,84, 000 tons]. Between 1991 and 2010 average increase in yield of two major pulse crops viz. chickpea and pigeon-pea was as high as 81 per cent to 100 per cent in Andhra Pradesh recording substantially higher increase in yield than national average yield increase. This should motivate farmers to increase pulses productivity and make India free from pulses import.

Scientific techniques for crop production include, inter alia, Soil & water analysis; changes in cropping patter/system; precision sowing by using quality seeds of high yielding varieties, hybrids, tissue culture; integrated nutrient and pest management, managing irrigation system emphasizing micro-irrigation, post-harvest management technology with emphasis on storage, processing and packaging

Transferring financial skills require commitment for maintaining simple books of accounts to understand economics of crop production, sources of funds, cash-flow, among others, to access low cost credit from formal credit agencies, understand the prescribed procedure to avail, use and repay credit with interest on time.

Marketing skills focus to help them properly understand existing input-output marketing infrastructure, negotiating for better and competitive prices, avail facilities of institutional storage, warehousing, transport, processing, packaging, domestic and export markets, among others.

For this, Action Research has to be carried out to understand the ground realities of current status of implementation of well-intended Government programs and develop case studies based on successes and failures for each agro-ecological region of the country. This should be done with the help of farm scientists, credit & marketing expertsinvolving farmers & women. Discussions of these documents should help farmers develop required skills for successful adoption of technology, manage farm efficiently, secure, use and repay institutional credit, purchase inputs and sale output in competitive markets.

India has qualified, experienced and trained personnel in national/ State farm research institutes, State Agricultural Universities, agricultural extension/education departments, public/private/cooperative and regional rural banks who can along with other experts from national/State level training/academic institutions prepare road map to provide skill development training in three years. System of effective quarterly monitoring/review of the implementation of structured skill development programs followed by post-training follow-up should be in place.

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MECHANISM, EMPOWERMENT AND SCHEMES OF SKILL DEVELOPMENT

Minimize the disparity between demand and supply of skills and have diverse programmes of skill development to meet the requirements of the emerging knowledge economy

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THE skill, knowledge and attitude of an individual are invisible, but these are main concern to the development of nation through producing of more number of products and services .The skill of an employee or an individual can enhance through the Meditation,Yoga and Ayush.The meditator can produce more number of products and services than non-meditator because meditator always be at present rather than future and past and he/she overcome all his/her personal constraints and emotional imbalances and he/she concentrate on assigned work and able to produce more number of products and services. The meditator can forecast future design of products and he can able to generate qualitative products with lesser time.

Objectives of the Study :

1. To examine the prevailing mechanism to enhance the skill of an employee.
2. To know how the professional education enhancing skills of an employee to produce more number of services and products.
3. To identify the gaps in the evolving skills – Eco system.
4. To examine the issues of empowerment through skill development.
5. To identify the significance of financial institutions and corporate sector in skill development.
6. To offer a suitable suggestions to enhance the skill to view a developed economy.

Methodology of the Study: The data collected from the mid-term appraisal review of 11th five year plan. The data also obtained from the existing journals and magazines.

Skill Development Mechanism: Prime Ministers National Council on Skill Development: It is an apex institution in skill development.The major functions of this council are design a policy objectives, generate strategies and governance models which are relevant to the skill development and also review the development of schemes and guide mid course correction by consideration of addition or deletion of parts or entire programme or scheme and also coordinate initiatives of public and private sectors. It is expected by 2022, 500 million people developed through this system. The core principles of Prime Minister National Council are to frame a information asymmetry, encourage apprenticeships and practical training, concentration on short-term courses, financing to outcomes of jobs, formation of skill missions , promote employment exchanges as career centers and further stated that not to focus on construction of buildings or hard assets and adopt a innovative mechanism for delivering through the Central Government, States, Civil Society, Community Leaders and develop the PPPs.

National Skill Development Coordination Board (NSDCB): The main strategies of this board are design the appropriate strategies to implement the decisions of the Prime Ministers National Council on Skill Development and generate operational principles to meet the desired objectives and apply the designed strategies to regional imbalances, socio-economic, rural-urban, gender divides, dearth of quality of teachers and incentivizing the private sector to view the skilled people. It also design the structures which are suitable to state governments and prepare inventory of national skills and National Data Base mapping of deficiency of skill on a national web portals. The other functions of this council is analyze the Prime Ministers National Council on skill development and interprete about its results with designing of a "Credible Accreditation" guidance and system frame work.

National Policy on Skill Development: It is meant to prepare skill development strategies and it has challenges of equal importance to youth, disadvantaged groups. Its corpus fund about to 15,000 crore procure through governments and other global sources. It is targeted to train about 150 million persons by 2022 under the policy of the national skill development and the thrusted areas are organization structure strategic interventions and critical sectors of the economy, and three proposals regarding gold ornaments and the Confederation of Indian Industry and Self Employed Womens Association (SEWA) training to 23 lakh people within 8 years of total amount of 246 crore in principal approval.

Enhancing Skills and Productivity through Professional Education: By year 2007 there were 5,114 ITs/ITCs (1,896 ITIs and 3,218 ITCs) established with a seating capacity of 7.42 lakh (4 lakh in it is and 3.42 Lakh in ITCs) but as on 1st April, 2010 there were 8,039 ITs/ITCs (2,183 ITIs and 5,906 ITCs) with a seating capacity of 11.15 lakhs (4.32 lakh in ITIs and 6 lakh 83 thousands in ITCs). In past three years an increase of an 2,925 ITIs / ITCs which was 57 percent of the number of the institutions set up in the first 60 years of independence. For 2006-07 500

SIX ADVANCED INSTITUTES RUN BY THE CENTRAL GOVERNMENT IMPART TRAINING FOR INSTITUTIONS AND TWO ADVANCE TRAINING INSTITUTES FOR ELECTRONICS AND PROCESS INSTRUMENTATION

ITIs upgraded through the centres of excellence (COEs), 100 ITIs upgradated (Domestic Resources), 400 ITIs (World Bank assistance through the vocational training improvement project VTIP), 100 ITIs (Retro Active Financing), 150 upgradated during 2007-08 and another 150 upgradated during 2008-09. Sharing ratio of cost is 75:25 (Through World Bank assistance under VTIP) between central and state governments 90:10 (North-Eastern states).

The vocational training programme comes under the concurrent list. The Director General of Employment and Training (DGE&T) acted as a nodal department and it is formulate the policies, stipulation of standards, develop the academic curriculum, trade testing and certification. The state government departments are responsible for vocational training programmes. The National Council for vocational Training (NCVT) and Central Apprenticeship Council (CAC) suggests the government to design the policies and procedures, stipulation of standards, trade testing and certification. The corresponding state councils suggest their governments on policy and procedures. There are six advanced training institute run by the Central Government impart training for institutions and two advance training institutes for electronics and process instrumentation in the fields of industrial, medical and consumer electronics and process instrumentation.

Status of Upgradation of NCVT Courses-Role of Government: The crafts men training scheme (conventional) covered 66 trades in 2003 and they increased to 114 trades in the year 2009 and 54 trades introduced as a new courses and 36 trades updated in between 2002 to 2009 and 7 courses deleted in between 2003-2009. The crafts men training scheme (Multi-skill) no course was inserted in year 2003, but 226 modules in 21 sectors started in 2009 with 126 BBBT and 100 advanced / and 226 modules started during 2003-09. The 153 Apprenticeship training schemes covered in the year 2009 and 35 new courses introduced between 2003 to 2009 and 32 revised during the period of 2002 to 2009. The training scheme of crafts instructor covered 30 courses in 2003 and also thirty (same number) covered in 2009, 67 modules introduced between 2003 to 2009 and 30 up gradated between 2003 to 2009. The zero courses were covered in 2003, 1,108 courses introduced in 2009 available regarding modular employable skill. Totally it was witnessed that 249 courses were covered in the year 2003 and they increased to 1,666 in the year 2009 and 1,490 new courses introduced between 2003 to 2009 and the 98 courses were updated during 2002 to 2009.

Empowerment through Skill Development - National Skill Development System in India: The estimated project cost of these courses were Rs. 1,581 crore, out of which 1,231 crore (Central Share), 350 Crore (States Share), as per this project 226 modules comprises 21 industrial sectors. This scheme is appraised through the Joint Review and Learning Mission (JRLMs) comprises of the representatives of the World Bank, DGE&T, The Ministry of Finance (MOF) and other parties including the planning commission. According this scheme introduced broad based modular training, specialized modules for shop floor training, multy entry and exit provisions and establish the cluster approach according to the industry and formation of PPP to have a greater industry participation.

SDIS - Skill Development Initiative Scheme: The SDIS was launched by the Ministry of Labour and Employment in 2007-08 to meet the growing needs of skilled man power in the industry through the short term courses. So far 4,67,277 persons trained, 5,230 (VTPs Vocational Training Providers) registered, developed the 1,108 course modules in 48 sectors to impart the employable skills more than 2.42 lakh persons got employment for the year 2009-10 against the target of 1 lakh 20 thousand persons. (Data relevant to the upto 12th December, 2009).

Gaps in the Evolving Skills – Eco – System: Absence of number of trained individuals through the various programmes of skill development, inadequate skills regarding the sectors of IT, Biotechnology, Nano –technology, alternative energy, Pharmaceuticals, high end construction and engineering where opportunities are abundant and the wages are attractive. Absence of concentration on key aspects of it is, non availability of an inclusive approach for the unorganized sector and further there is an absence of an adequate resources and resource focus.

Development of Skills – World Bank: The project relevant to the 1) improving the quality of vocational education , 2) strengthen the reforms and innovation and 3) project management and span of supervision . The state level project implementation units manage the issues of the scheme. The project facilitates the upgradation of it is into COEs by providing infrastructural facilities and introduction of multi-skill courses to produce a multi-skilled work force of international standards.

Suggestions: Minimize the disparity of demand and supply of skills, multivariate programmes of skill development to meet the requirements of the emerging knowledge economy, with ensure relevancy as well as quality of training , develop the real market place competitive, generate adequate linkage between skill development and school education, facilitate a mobility between training and education, opportunities forever, learning for development of skills, initiate a social partners as a members in PPP in development of skills of an individual promote institutional infrastructure to assurance of quality, planning and active participation of all individuals . Ensure to protect the legitimate interests of all beneficiaries through promotion of a governance of system of skill development . Encourage required investments to satisfy the financing requirements for skill development.

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DRIVING SUSTAINABILITY – SKILLING TO SCALING

Economic growth will create a sizeable number of jobs most of which will be skill based. Only 2-4 % of the Indian workforce has received some form of skill training. The gap is to fill the requirement by partnering with institutes of repute

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SKILL is an art. It is not only a key resource for driving business but also an individual quality combination of which will help an organization, society at large to have competitative advantage over others. The developed economy like India will emerge with 8% growth as already predicted by World Bank.This has given directly & indirectly a chance for different sectors of economy to gear up with the development in every spheres .The manufacturing sectors, agricultural sectors, small scale industries, apparel, automotive, Beauty & wellness, BFSI, Electronics, IT- Ites, Iron & steel, Life sciences, Mining, Media & entertainment, sports, Tourism & Hospitality.These sectors will be the most important sectors of the economy to be effected of growth. Hence skill is important to be considered as one of the most important tool to leverage the prospects of growth in the different sectors which will help to have overall growth in the economy.

Government initiative

Government initiatives through National skill Development Corporation drafted by sector skill council duly approved by individual industry and is considered for future skill set development. The occupational standards are open and are uploaded for public to share comments or observations to the concerned sector skill council. The standards could be used by any training organization to build curriculum. The NSDC helping for transforming the skill landscape and developing the NOS (National occupational standards).Standards are set where individual need to do, know and understand in order to carry out a particular job role or function's occupational standard are performance standards that individual must achieve when carrying out functions in the workplace together with specifications of the underpinning knowledge and understanding.

The union budget 2015, paved way for the launch of a much awaited National skills Mission to complement Prime Minister's skill India and make India effort. The challenge of adding 12 million people adding the workforce every year where 4% have ever received any formal training is the concern for the government. Thus a concrete Road map is required in analyzing this grave situation.Nontheless govt spends thousands of crores every year on skill development schemes through 18 different central government ministries and state government. The proper lack of resource mobilization and systematic finding solution is a concern area for development of skill manpower.

Priority areas where

IN THE WORKPLACE WE NEED TO STRIKE THE BALANCE OF BEING CONFIDENT IN OURSELF BUT NOT ARROGANT, BUT ALSO HAVE CONFIDENCE IN OUR COLLEAGUES AND THE COMPANY WE WORK FOR

Governments need special focus are:-

1) Co-ordination of skilling efforts- The synergy of the different government bodies need further strengthening. Ministry of labor & employment (MoLE), ministry of HRD, NSDC should develop a system to impart quality education and skill training and education through single one centralized resource with one standardization of procedures & outcomes.

Scientific approach to Policies-Skill development is a field where government used to channel resources through various sources .LMIS (Labor market information system).This body need an accurate statistical base for formulating, monitoring vocational training & programmes.

2) Role of Corporate sector in skill development.

While government initiatives in developing the skills & productivity are not enough for sustainable development private sectors and corporate must come forward in skill development.

Different initiates of large corporate houses like building platform for all supplier partners, encouraging the students as a mark of appreciation, empowering women, and taken collaborative approach in partnering key stakeholders through driving employability, training innovations etc.

3) Enhancement of skills and productivity through professional education.

Many approaches are finding widespread in the corporate skill developments programmes for the employees through result orientation and executing excellence, Effective communication programmes, training on bold & persuasive skills, people development and collaboration, initiative and adaptability skills etc. Tie up with different management

Corporate and public sector should help the employees to identify the competency through Competency development programmes and help employees to implement in the work life.

While the research analysis give stress on the practical approach of different skill analysis on different parameters as given below:

1) Technical skill-This skill is judged by the technical acumen of a person who shows or exhibits technical skill sets.

2) Problem solving skill-This skill is how problem is being solved. This skill is important to solve critical problems in jobs.

3) Communication skill-This skill is important in articulation and interpretation of information provided. Skill in persuasion and convincing. It also says how much is displayed in language.

4) Team work (Cooperative behavior)-This shows how a person is cooperative in behavior and is a team player.

5) Reading/writing skill-The person's ability to showcase the skill of reading and writing.

6) Management skill-Skill which helps to manage all functions through proper management.

7) Supervisory skill-This skill helps one to have supervisory quality and inculcate in the person the supervision quality.

8) Basic Employability-The person's employability is judged in this quality and can be found the basic employable nature in the person.

9) Mathematics skill-The skill which can help to judge the persons acumen of mathematics skill.

10) Learning, capture & flexibility skill-This skill helps one person to learn, capture and flexible nature adaptation while in job, or in profession.

11) Creative, discovery, innovation skill-This skill is important in creativity and innovation while in job or doing some work.This quality is important in today's changing and fast growth environment.

12) Computer/latest devices skill- This skill is to know different ways required while doing jobs in computer and latest gadgets etc.The IT knowledge is important in today's fast requirement of business.

Rural & women Entrepreneurship

The skill development in the rural areas would be definitely an area where government is having its focus. The huge section of rural people who are joining the mainstream a service is unable to get a suitable job and having his livinghood.The initiative of some of the organization like Rural Institute of skill & Enterprise development of India is taking further steps in development of India in rural sectors for upliftment of skills through vocational training. Currently rural employers engaging a huge chunk of rural people in setting up firms of Rural BPO's, tie –up with FMCG companies.

Self reliant groups of women are formed in rural areas where different bodies of corporate helping in development of Small scale industries .The hand made things which women from the rural areas are making from products of the villages are been marketed and sold to bigger markets. These self reliant groups of women who forms a body need skill sets which in turn can prosper for better result and livelihood.

The top ten skills in a professional workplace

1. Commercial awareness (or business acumen): This is about knowing how a business or industry works and what makes a company sick. Showing that you have an understanding of what the organization wants to achieve through its products and services, and how it competes in its marketplace.

• How to show employers your commercial awareness

2. Communication: This covers verbal and written communication, and listening. It's about being clear, concise and focused; being able to tailor your message for the audience and listening to the views of others.

• How to impress with your communication skills

3. Teamwork: You'll need to prove that you're a team player but also have the ability to manage and delegate to others and take on responsibility. It's about building positive working relationships that help everyone to achieve goals and business objectives.

• How to use teamwork skills to get success.

4. Negotiation and persuasion: This is about being able to put forward your way, but also being able to understand where the other person is coming from so that you can both get what you want or need and feel positive about it.

5. Problem solving: You need to display an ability to take a logical and analytical approach to solving problems and resolving issues. It's also good to show that you can approach problems from different angles.

• How to show employers your problem solving skills

6. Leadership: You may not be a manager straight away, but one need to show potential to motivate teams and other colleagues that may work for them. It's about assigning and delegating tasks well, setting deadlines and leading by good example.

• How to show your leadership potential in job applications

7. Organization: This is about showing that you can priorities, work efficiently and productively, and manage your time well. It's also good to be able to show employers how you decide what is important to focus on and get done, and how you go about meeting deadlines.

• How to show that you can manage your time well

8. Perseverance and motivation: Employers want people to have a bit of get-up-and-go. Working life presents many challenges and you need to show employers that you're the kind of person who will find a way through, even when the going gets tough... and stay cheerful-ish.

9. Ability to work under pressure: This is about keeping calm in a crisis and not becoming too overwhelmed or stressed.

10. Confidence: In the workplace we need to strike the balance of being confident in our self but not arrogant, but also have confidence in our colleagues and the company we work for.

Economic growth will create sizeable nos of jobs most of which will be skill based. Only 2-4 % of the Indian workforce has received some form of skill training. The gap is to fill the requirement by partnering with different institutes of repute in the areas of Welding & Fitters, electricians, Fork lift operators, FST(Furniture service technician),LST(Locks service technician),plumbing & Masonry, Refrigeration and Air-conditioning (RAC),Sale, Wood working.

Challenges ahead

1) Resourcing candidates with current intake capacity.

2) Less involvement of small scale industries.

3) No availability of quality trainers.

4) Inflation

5) Getting Govt recognized certificate.

6) Carrier growth of underprivileged students MA

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SKILL DEVELOPMENT FOR INCLUSIVE AND SUSTAINABLE GROWTH OF INDIA

The challenge is to take the levels of growth to all sections of society and to all parts of the country. And the best way to achieve inclusive growth is through developing people's skills

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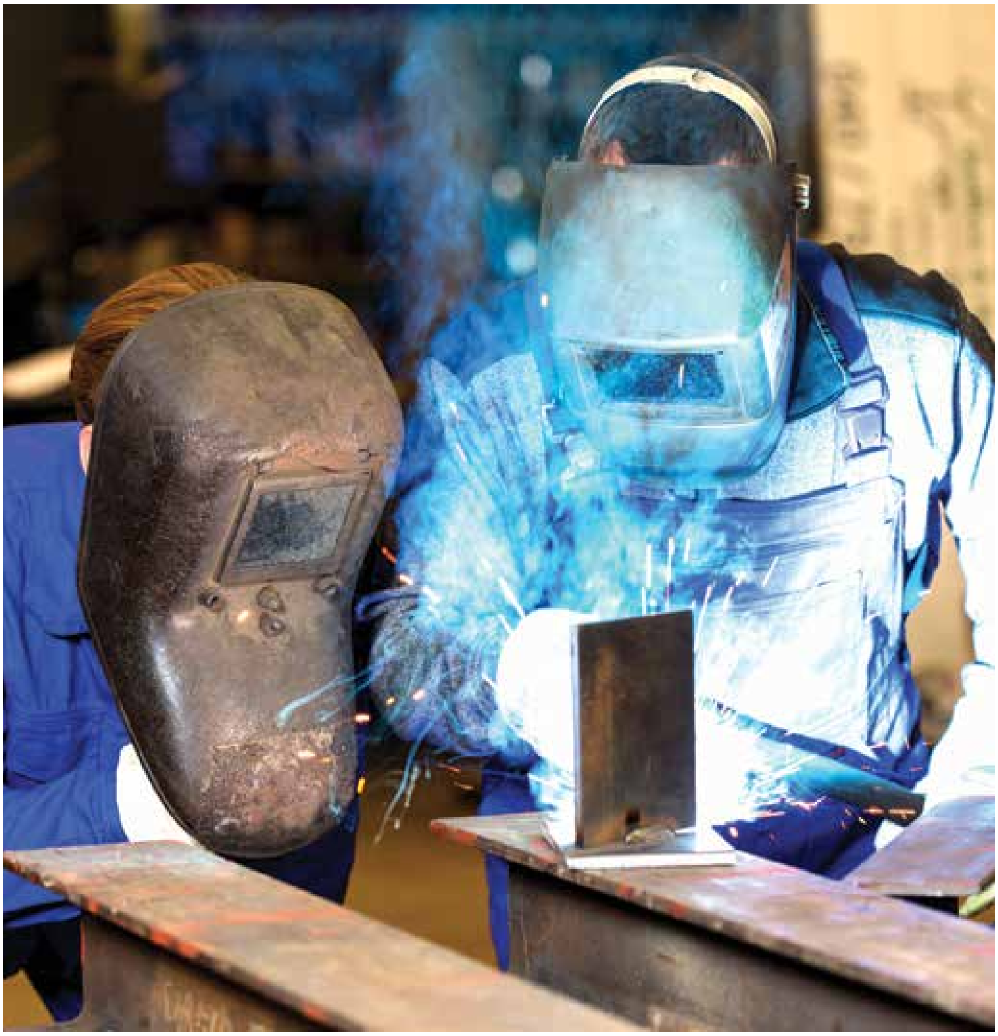

INDIA has an urgent need to create employment opportunities for those below the poverty line. The first step in sustainable livelihood initiative will be strengthening the rural self-employment training institutions. India' is the new global buzzword. The economy growing at a phenomenal rate, combined with a flourishing democracy is making people sit up and take notice across the world. Yet, it is at cross-roads today. It is far from reaching its true potential. The country remains shackled in corruption, red tape, age old social barriers and a puzzling lack of transparency. Growth is not uniform across sectors and large cross-sections of the populace remain outside its purview. Several social, political and economic factors need to be tackled for sustaining a high rate of growth, as well as to make this growth inclusive. Elimination of child labour, women empowerment, removal of caste barriers and an improvement in work culture are just a few of the things the Indian society needs to introspect on. Tackling corruption in high places, removing the ills of the electoral system, shunning politics of agitations and keeping national interest above petty politics may not be too much to ask of the country's policy makers. Rapid growth in the rural economy, well planned and targeted urban growth, infrastructure development, reforms in education, ensuring future energy needs, a healthy public-private partnership, intent to secure inclusivity, making all sections of society equal stakeholders in growth, and above all good governance will ensure that India achieves what it deserves.

Today, economic power rests with a precious few. According to Credit Suisse, the top 1% of the population own 15.9% of India's wealth, the top 5% own 38.3% and the top 10% have 52.9% of Indian's wealth. What this really means is that 90% of Indian, the urban and rural poor has a very small stake in the pie. Growth must lead to the re-distribution of this ever growing pie to a situation where the bulk of the population is middle class and a smaller percentage of the population is either very rich or very poor.

Need for the study

Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is the biggest challenge in a country like India. In a democratic country like India, bringing 600 million people living in rural India into the mainstream is the biggest concern. The challenge is to take the levels of growth to all section of the society and to all parts of the country. The best way to achieve inclusive growth is through developing people's skills.

In developing economies, the informal sector employs a large proportion of the working population often approaching and even exceeding 90% of the economically active work force. Skills development strategies are often not tailored to the needs of small and medium enterprises (SMEs) who may not have sufficient resources for training. A major tool to increase productivity and competitiveness of SMEs is through appropriate skills development.

The informal sector is mostly made up of micro- and small enterprises. Small businesses find it difficult to release key employees to undertake training away from the job. The opportunity costs for the learner may also be high. Limited cash flow for training is an associated constraint. Workers in SMEs have multiple skilling needs – in some cases, know-how on financial, business and marketing aspects of a trade or enterprise may be just as important, if not more so, than technical training.

A key policy dilemma is where to put the emphasis in the informal sector, training those without employment to help them become economically active or training those with businesses and employment to be more economically productive. Equity considerations may favour the former. However, the study suggests the latter can be powerful to increase productivity of enterprises.

With regard to skills upgrading in the informal sector, a number of approaches have been held to show promise:

- Encouragement of 'recognition of prior learning and experience'. This allows informal sector workers to gain credence for their experience for further skills upgrading and progression to higher order jobs, including in the formal sector.
- NGOs and some private sector providers have a good track record at reaching the 'hardest to reach' in the informal sector. Policies need to specifically acknowledge and support such training provision and delivery by non-government channels. Equally, provision of training vouchers for informal sector workers to access formal institutional training must be encouraged.
- Flexible learning approaches could be great importance for effective training delivery to informal sector workers, such as modular approaches where higher competencies can be built up over a period of time.

A recent World Bank Research Report on **Improving Skills Development in the Informal Sector,** while focused on Sub-Saharan

Africa, has key findings that can also be applicable for India. The report stresses that apprenticeships are the most important form of skills development in the informal sector and efforts are needed to improve their efficiency. It is acknowledged that to some extent, skills development in the informal sector remains a remedial activity that compensates for inadequate quality basic and secondary education. Countries need to explicitly incorporate skills development in the informal sector more firmly in the policy agenda.

An **OECD report on Skills Development Pathways in Asia** also finds that developing countries like India in Asia commonly face a lack of skills development in SMEs, especially internal training. This phenomenon has not been effectively addressed in donor partnerships either. The report advocates the development of local skills ecosystems that bind organizations, institutions and firms in a certain local area or labor market in area-based partnerships for training and skills development. There are many advantages in putting more emphasis on devolving more responsibility and resources for partnership development to the local level. The one hand, the scale of investments for skills development in the informal sector needs to match the need of the sector. On the other hand, innovative and alternative routes to traditional training are also required.

The **2012 Global Monitoring Report on Education** says that, 'People need foundation skills to stand a chance of getting jobs that pay decent wages and becoming a productive force in the economy'. It argues that these skills are best acquired through formal education and policies and practices should encourage young people to stay longer in formal education. Foundation skills usually refer to language literacy and numeracy.

In developing countries in Asia, the lack of adequate foundation skills makes vocational training less effective. **As per UNESCO,** in East Asia and the Pacific, over 28 million people aged 15 to 24 have not even completed primary school and need alternative pathways to acquire basic skills for employment. It is well known that South Asia is home to the world's largest numbers of adult illiterates. When the attainment levels of the work force are below secondary or even primary education, skills development institutions are challenges to remedy the lack of adequate foundation skills. This is not only a matter of concern for developing countries.

Yet, strengthening foundation skills are not included as an important priority in skills development institutions. This despite findings in skills audits that the technical skill associated with a vocation is rarely more than half of overall skill requirements required, both in terms of effective performance in the work place, and with regard to what employers are looking for when recruiting.

Lack of adequate of foundation skills combined with poor life skills (referred to in a number of ways such as transferable skills, 21st century skills, soft skills – problem solving skills, creativity, work ethics, inter-personal skills and ability to work in teams and so on) further impede skills development on a continuum and at the work place. Specific examples of the types of attributes in high demand among employers include, the ability to think critically and creatively, process information, make decisions, manage conflict, and work in teams. Furthermore, in many vocational and professional contexts, competences associated with the following are gaining ground in importance – management, leadership, information and digital technology management, negotiation, selling, marketing and public relations.

An **Asia Society Report on partnership for global learning** suggests that students are not learning 21st century skills because they are not explicitly taught, the traditional method of teaching is not suited for teaching such skills and adequate methods to assess learning of 21stcentury skills are not universally available.

The implications that skills development and training institutions need to consider are:

• The teaching of foundation skills in a remedial context. This can be through separate programs or through opportunities to practice and further develop literacy and numeracy skills that have supposedly been already acquired. This will help to strengthen the uptake of higher order skills development. At the same time, efforts need to be made to strengthen language and mathematics teaching in secondary schools.

• Diversification of content. The explicit inclusion of transferable and life skills in a systematic way to the basket of foundation+ skills would help to maximize returns.

• Use of modern pedagogies. Emphasis on active learning, co-operative learning and group work, constructivist and communicative approaches are far more conducive to the development of foundation skills than traditional classroom teaching.

• Increased use of ICT. At one level, ICT competence is increasingly regarded as a life skill in its own right. In addition, modern and contemporary approaches to training can be facilitated through ICT. Skills can again be developed through two different strategies, neither of which needs to be mutually exclusive. The first option is to offer a separate ICT module as a mandatory part of any more narrowly defined vocational training programme. The second option is to increase the use of ICT as part of the way the vocational content is itself transacted, in order that hands on experience is gained and skills and knowledge to do with ICT are developed.

The main strengths of apprenticeships in skills development are that they reinforce the demand side in skills utilization by employers on the one hand and enable apprentices to apply skills learned in the workplace immediately without much time and transmission loss. However, in developing economies formal apprenticeships through formal technical and vocational education and training (TVET) are available only for a small minority people.

The majority of people in developing countries work in the informal economy and it is thus informal apprenticeships that provide the largest and in some cases only advancement opportunity for young people. The informal apprenticeship system is inherently weaker in terms of quality and consistency of approach and does not provide much scope for monitoring and regulation compared to its formal counterpart. Therefore, there is much to be done to strengthen the apprenticeships regime for informal sector occupations. **An ILO Report on the Youth Unemployment Crisis** has prioritized the following for system improvement:

• Complement learning at the workplace with more structured institutional learning.

• Upgrade the skills of master crafts persons, e.g. by introducing modern technology and upgrading pedagogical skills.

• Involve business associations and labour organizations, especially those representing the informal economy.

• Introduce standardized contracts and certification.

• Include literacy/numeracy training and livelihoods skills. and

• Strengthen community involvement to open more occupations for young women.

The **ILO publication Upgrading Informal Apprenticeship: A Resource Guide for Africa** advocates efforts to build bridges between informal and formal apprenticeship modalities. Examples of strategies identified for promoting inclusion of informal apprenticeship in national training systems, devising skills development strategies inclusive of informal apprenticeship, improving recognition by involving other reliable institutions by providing finance and through introducing skills assessment of apprentices. The last mentioned has particular potential, particularly where competency based approaches are used. Apprentices can submit themselves for testing at formal testing centers. Provided competences can be demonstrated, it should not matter where or how these were attained formally or informally. This is an approach adopted on a pilot basis by the Government of India. Pilot centers have been set up in formal training institutions where anyone can go for testing of their competences in welding.

It is concluded that in addition to skills development, there is need for ancillary support such as employment services, career guidance, job placement services and back to work programs to bridge the distance between training and productive employment. These cannot be provided by government alone and there is need for partnerships between the private sector and service providers with training institutions.

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AN OVERVIEW OF RURAL WOMEN ENTREPRENEURS IN MYSORE DISTRICT

Rural women entrepreneurs are a useful vehicle of growth in Mysore's economy and has the promise of creating new employment opportunities on a wide scale in the shortest possible time. Therefore their training is imperative

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THE Rural Women entrepreneur plays a catalytic and vibrant role in the Indian economy in terms of its contribution to the country's industrial production, exports and employment. Small scale rural women entrepreneur have a vital significance in the overall economic development of our country, since a small unit can established with relatively less capital investment and offer more employment opportunities to those who are skilled, semi-skilled and unskilled men and women workers. Rural women entrepreneurs however require a multi dimensional package of assistance for ensuring accelerated economic growth and development. Mysore town is bustling commercial centre and is located at a distance of 133 Kms from Bangalore Red soil, gravelly soil, Black soil and Clay soil are found in Mysore taluk. Black Soil are rich in bases and have a high water-holding capacity and major crops grown are Paddy, Ragi, Jowar, Pulses, Groundnut, Fruits, Vegetables and Oil Seeds. Mysore taluk receives rainfall from South-west monsoon nowadays, the small scale industries of the district are well developed in nature. At present There are 18 large and 37 Medium industries in Mysore taluk According to the information furnished by the District Industrial Center Mysore, In Mysore approximately there are 933 small scale units which are run by small entrepreneurs and providing employment to 10493 persons.

Mysore District - An Industrial Scenario

Mysore taluk is one of the seven taluks of Mysore district. It is bounded in the north by Hassan, Mandya& Bangalore districts of the state, in the south by Nilgiris districts of Tamil-Nadu, in the east by Salem& Coimbathore districts of Tamil Nadu and in the west by Coorg districts of the state & Wyanadu district of Kerala state. The total geographical area of the taluk is 815 Sq.Kms. This taluk has a total area of 815 Sq.Kms & has one town, 4 hoblies, 35 Gram Panchayaths and 143 villages. The agricultural operation is dependent mostly on canal irrigation due to perennial streams or rivers in the taluk. The main occupation of the people in the taluk is Agriculture. The density of the population of the taluk is 1274 persons per sq.km.

Handlooms are another type of traditional industry existing since time immemorial. This industry has provided good employment opportunity for the people in the rural areas. Artisans constitute traditional skills at the grass root level and form an important segment in the society. In every village you can find carpenters, blacksmiths, weavers, cobblers etc.

Apart from industry agriculture, construction activities, beedi rolling, agarbathi rolling, retailing and whole-sale marketing of agricultural products are considered as economic activities in an area. Construction activity is good in the Mysore taluk. Rolling of beedi is a home made activity. This activity provides mass employment to the uneducated persons. Eventhough, it has been considered as health hazard still few families are depending upon instead of going and working in an open atmosphere.

It was observed during the field visit that a most of the uneducated men & women were engaged in the Agarbathi rolling as their means of livelihood. These workers were getting orders from manufacturers for rolling raw agarbathies. This is providing a sustainable employment to the unorganized workers in the ta-

IT WAS OBSERVED DURING THE FIELD VISIT THAT A MOST OF THE UNEDUCATED MEN AND WOMEN WERE ENGAGED IN THE AGARBATHI ROLLING AS THEIR MEANS OF LIVELIHOOD. THESE WORKERS WERE GETTING ORDERS FROM MANUFACTURERS FOR ROLLING RAW AGARBATHIES. THIS IS PROVIDING A SUSTAINABLE EMPLOYMENT TO THE UNORGANIZED WORKERS IN THE TALUK/DISTRICT.

luk/district.

Statement of the Problem

Entrepreneurial performance varies from state to state and country to country depending on the prevailing industrial climate, the availability of resources and the responsiveness of Political system in the country. Mysore district is a well planned city and it has few medium scale industries. However, there are a large number of small scale industries which are owned and management by both men and women. The major small scale industries are coir, bricks, plastic, home industries, engineering and other small industries. Now a day, small scale enterprises owned by rural women are facing numerous problems. On the one hand they suffer from the problems of inadequate finance, irregularity in power supply, non availability of raw materials and marketing problems for their productions etc., on other hand they have not accessing the timely and required training facilities in management, technical and other skills which are necessary for the development of rural women entrepreneurship.The development of all sorts of industries in each region may have adverse effect on the entrepreneurs and the national economy. The present study is an attempt to an overviews of small scale rural women entrepreneurs in the district. It also hoped that a study of this nature oriented towards the existing entrepreneurs at a few selected centers would provide an acute insight into the problems associated with the emergence of entrepreneurship and its functioning. This would also help in formulating a specific policy for the development of rural women entrepreneurship both by the government and the developmental agencies.

Scope of the study

The present study will throw light on the pattern and level of production and investment made by the rural women entrepreneurs and its economic viability which would enable other activities. The results thus obtained from the study would be useful in making suggestions to the production of small scale entrepreneurs. The study may also help the financial institutions to evolve suitable and realistic credit policy in terms of volume of fiancé and recovery procedures. The problem identified in the study as reported by the entrepreneurs would help policy makers to develop right policy package to overcome the constraints faced by them. The present study has covered the rural women entrepreneurs who are functioning at Mysore district.

Objectives of the Study

The present study is aiming at analyzing the following objectives,

1. To outline the growth and performance of rural women entrepreneurs in Mysore District.
2. To identify motivating factors to the rural women entrepreneurs.
3. To examine the major problems faced by the rural women entrepreneurs.

Hypothesis

H_{01}: The Impact of Government Policy Initiation on the growth of rural women entrepreneurs is insignificant.

H_{02}: The major problems of the rural women entrepreneurs are lack of family support, male domination and stiff competition

H_{03}: There is no significant relationship between the monthly income and satisfaction level.

Methodology

The present study is empirical in nature. The study is mainly based on both primary and secondary data. Primary data was collected by administering well structured interview schedule. Besides this the secondary data was collected from District Industrial Centre Mysore, various research articles published in journals, books and electronic materials etc., the sample size was fixed at 240 in random. Convenient sampling technique was used to select the sample for data collection. The study employed simple percentage, chi-square test for analyzing the data.

Analysis and interpretation

Mysore district predominantly an agricultural district based upon the agricultural output and mineral resources, many agro based industries were functioning in the district. It had only few medium size industries but there is large number of small enterprises.

From **table 1** it has been observed that in the year 2001-02 there are many of small industries were registered and this is the landmark in the history of Mysore district industrial centre.

It creates 3447 employment opportunity with an investment outlay of 2440 lakh. In the year 2006-07 the units registered were 574 it shows that there is very poor progress and it works out to 52.18% when it compared with 2001-02.

Table 2 clearly reveals that the dominant enterprise of the district is wood/wooden based furniture it constitute 33.33% to the total enterprises of the district. The major employment opportunities provided by

Table 1: Year Wise Trend of Units Registered in Mysore District			
Year	Number of units Registered	Employment	Investment (Lakh in Rs.)
2000-01	1050	4581	2899
2001-02	1100	3447	2440
2002-03	563	1890	1554
2003-04	596	1784	1079
2004-05	445	1522	1715
2005-06	711	2613	3130
2006-07	574	2512	3286
2007-08	734	5042	4377
2008-09	771	4732	4352
2009-10	837	4692	4964
2010-11	847	5626	9409
2011-12	850	5668	9673
2012-13	910	6432	10280
2013-14	933	6840	10493

Source: DIC Annual Report Mysore

Table2: Details of Existing Micro & Small Enterprises and Artisan Units in the District			
Type of Industry	Number of units Functioning	Investment (Lakh in Rs.)	Employment
Agro based	38	1980	435
Soda water	-	-	-
Cotton textile	08	180	140
Woolen, silk and artificial tread based clothes	42	228	435
Jute and jute based	-	-	-
Readymade garments and embroidery	36	458	312
Wood / wooden based furniture	174	1210	732
Paper and paper products	07	175	64
Leather based	33	38	99
Chemical/chemical based	62	162	712
Rubber, Plastic and petro based	14	98	82
Mineral based	09	92	76
Metal based (steel fab.)	66	712	238
Engineering units	17	116	42
Electronic machinery and transport equipment	12	214	66
Repairing and servicing	04	06	18
Total	522	5669	3451

Source: DIC Annual Report Mysore

Table 3: Motivating factors responsible for rural women entrepreneurs			
Sl. No.	Motivating Factors	No. of Respondents	Percentage (%)
1	Industrial climate in the district	40	16.66
2	Government schemes like financial subsidy ,tax concession, Special financial package for women etc.	52	21.66
3	Resources available	35	14.58
4	High demand	28	11.66
5	Less risk high profit	33	13.75
6	EDP's	22	9.16
7	Inspiration from successful entrepreneurs	14	5.83
8	Family encouragement and support	16	6.66
	Total	240	100

Source: Primary data

the enterprise in the district is both wooden based furniture and chemical based. The agro based industry is getting highest investment which amounted to Rs. 1980 lakhs.

Motivating factors of rural women entrepreneurs

Table 3 clearly shows that, the Government schemes and concession was the important factor which had motivated the starting of 52 units which works out to 21.66%, industrial climate, Resource available, High demand, Less risk high profit, EDP's, Inspiration of successful entrepreneurs and Family encouragement and support, were the other contributing factors to start the business 16.66%, 14.58%, 11.66%, 13.75%, 9.16%, 5.83%, and 6.66% respectively.

Hypothesis: The Impact of Government Policy Initiation on the growth of rural women entrepreneurs is insignificant.

Result: The Major factors responsible for growth of rural women entrepreneurs are Government schemes like financial subsidy, tax concession, and Special financial package for women etc. so the hypothesis is rejected.

Problems faced by rural women entrepreneurs

Table 4 clearly indicate that the problem faced by many rural women entrepreneurs, 16.66% entrepreneurs pointed out that there is lack of family support, 13.75% of them pointed out that there is male dominated society they never allow them to work freely and 13.33% of them pointed out that there stiff competition of branded products in the market.

Hypothesis: The major problems of the rural women entrepreneurs are lack of family support, male domination and stiff competition.

Result: The hypothesis is proved. So the said hypothesis is stand accepted.

Null hypothesis: There is no significant relationship between the monthly income and satisfaction level.

The table value chi-square for 12 degree of freedom at 5% level of significant 21.03, since the calculated value of chi-square is more than table value of chi-square value the difference is significant. So the researcher has reject the null hypothesis (i.e.) there is no significant relationship between the monthly income and satisfaction level.

Findings

The important findings are given below

1. It has been observed that in the year 2001-02 there are many of small industries registered and this is the landmark in the history of Mysore district industrial centre.

2. The dominant enterprise of the district is wood/wooden based fur-

Table 4: Problems faced by rural women entrepreneurs

Sl. No.	Major Problems	No. of Respondents	Percentage (%)
1	Lack of adequate finance	20	8.33
2	Stiff Competition	32	13.33
3	Lack of family support	40	16.66
4	Problem of obtaining raw materials	20	8.33
5	Problems marketing their production	28	11.66
6	Male domination	33	13.75
7	Over dependence on outsiders (Middlemen)	22	9.16
8	Irregularity in power supply	14	5.83
9	Lack of entrepreneurial education and motivation	16	6.66
10	Inconsistent government policies	15	6.25
	Total	**240**	**100**

Source: Primary data

Table 5: Association of difference between monthly income and satisfaction level

Level of satisfaction	Monthly income				Total
	Below 10,000	10,000 – 20,000	20,000-30,000	Above 30,000	
Highly satisfied	06	12	12	10	40
Satisfied	04	10	16	20	50
Moderate	10	48	28	8	94
Dissatisfied	08	12	8	4	32
Highly dissatisfied	04	4	10	6	24
Total	32	86	74	48	240

Source: Primary data

O	E	O - E	$(O – E)^2$	$(O – E)^2/E$
6	5.3	0.7	0.49	0.092
4	6.7	-2.7	7.29	1.088
10	12.5	-2.5	6.25	0.5
8	4.3	3.7	13.69	3.183
4	3.2	0.8	0.64	0.2
12	14.3	-2.3	5.29	0.369
10	17.9	-7.9	62.41	3.486
48	34	14	196	5.764
12	11.5	0.5	0.25	0.021
4	8.6	-4.6	21.16	2.460
12	12.3	-0.3	0.09	0.007
16	15.4	0.6	0.36	0.023
28	28.9	-0.9	0.81	0.028
8	9.9	-1.9	3.61	0.364
10	7.4	2.6	6.76	0.913
10	8	2	4	0.5
20	10	10	100	10
8	18.8	-10.8	116.64	6.204
4	6.4	-2.4	5.76	0.9
6	4.8	1.2	1.44	0.3
X2				**36.402**

SMALL-SCALE AND TINY ENTREPRENEURS ACCOUNT FOR APPROXIMATELY 80% OF THE PRIVATE SECTOR AND HENCE OCCUPY AN IMPORTANT POSITION IN THE INDUSTRIAL STRUCTURE OF MYSORE DISTRICT

niture it constitute 33.33% to the total enterprises of the district. The major employment opportunities provided by the enterprise in the district is both wooden based furniture and chemical based. The agro based industry is getting highest investment which amounted to Rs. 1980 lakhs.

3. Maximum number of respondents becomes entrepreneur due to Government schemes like financial subsidy, tax concession, and Special financial package for women etc.

4. 16.66% entrepreneurs pointed out that there is lack of family support, 13.75% of them pointed out that there is male dominated society they never allow them to work freely and 13.33% of them pointed out that there stiff competition of branded products in the market.

5. The table value chi-square for 12 degree of freedom at 5% level of significant 21.03, since the calculated value of chi-square is more than table value of chi-square value the difference is significant. So the researcher has reject the null hypothesis (i.e.) there is no significant relationship between the monthly income and satisfaction level.

Suggestions

1. The Government has to appoint certified counselor to give counseling to the family member of the rural women entrepreneurs in order to give encouragement in their works.

2. Government should take necessary steps to protect women entrepreneurs from male domination in the society and announce some special packages for women entrepreneurs to create equal and ample opportunities in the society.

3. Proper training should be given to the women entrepreneurs in order to make them independent in their activities.

4. Only few incentives packages have announced by the government to the women entrepreneurs and it has to increase for the upliftment of entrepreneurial activities.

5. Finally, to minimize the non-institutional credit agency activities.

Conclusion

Rural women entrepreneur is a useful vehicle for growth of Mysore economy, in the later for the creation of new employment opportunities on a wide scale in the shortest possible time. Small scale and tiny entrepreneurs are account for approximately 80% of the private sector and hence occupy an important position in the industrial structure of Mysore district. The employment creating capacity of the entrepreneurs in Mysore district been seen to be larger than that in other district of Karnataka. Finally the conclusion drawn on the study is satisfied. The scope for further research increase in rural women entrepreneur is well.

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EVALUATING JOB SEEKERS' EMPLOYABILITY SKILLS THROUGH PROFESSIONAL EDUCATION IN INDIA – A DESCRIPTIVE STUDY

It requires true-blue participation from all actors of the supply chain: academia, industry and Government to improve the overall scenario of under-employability and the skills of the productive age group. Then can any plan bridge the gaps

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INDIA is a second most populous country in the world followed by china. Its uniqueness is majority of population is in productive age group. The major issues before her include; inflation, sustainability, unemployment, under employment. Of which the most concern to the study is under-employability. The reason for the under employability is inferior infrastructure of training. Most of the resources fall short for the population they are intending to serve, resulted in to unrest situations like Maoism and Naxalism prevalent in various areas of the country. Where the citizens of the land decide to take laws of land in their own hand and work for their survival. Even if the economic and social situation of the country is ignored, the quality of workforce is also an area of concern. We have a remarkable 60 per cent of total population available for working and contributing towards GDP, but out of the total pool only 25 per cent is capable of being used by the market. If the research findings are to be believed there would be a demand-supply gap of 82-86% in the core professions; IT industry would face the shortage of up to 3.5 million skilled workers. Same is the situation for almost all the sectors. In short our markets will grow, creating an increase in jobs and need for skilled manpower, but against the demand there would be a scarcity of skilled workforce. The Summer Graduate Recruitment Survey 2009 (Association of Graduate Recruiters, 2009) indicated that on average there were 48 applications per graduate vacancy. National Vision Document of India @75 (By CII, BCG and YII), India would need a supply of 700 million skilled work-force to meet

the demands of growing sectors by 2022. This situation called under employability. In this backdrop, the proposed study has been chosen to evaluate the scenario of employability skills of potential population during 2004 to 2013.

Review of literature

Venetia Saunders and Katherine Zuzel (2010) in their study they found a strong correlation between employer and sandwich student/graduate perceptions of the relative priorities amongst employability skills.

Yorke (2006) Apart from higher qualification, the employer expects students to have well developed skills, so that they can make contribution to the workplace when recruited.

Denholm, 2004; Morley et al., 2006; Morley and Aynsley, 2007, it is believed that graduates with good employability skills may otherwise be missed because they have not attained good academic qualifications.

Yorke, (2007) it is increasingly recognized that the honours degree classification system may not be reliable.

Baty, (2007), there has been concern about grade inflation

Objectives

1. To know the gap between per-

centage of placements to applications submitted by productive age group of all categories

2. To know the relationship between percentage of placements to vacancies notified for all categories

3. To examine the employability skills of women job seekers during the study period

4. To study the employability skills of ex ITI and full time apprentice during the study period

Methodology

The secondary data is collected from the Director General of employment exchange of India. The period of study is 10 years i.e 2004 to 2013. The tools applied in the study are; Mean, SD, Mean difference, t-test, correlation, ANOVA and chi-square test etc. The variables considered in the study are; age group of productive candidates, live register of women and men, vacancies notified, applications submitted, placements of job seekers etc. The edited data has been furnished in the Annexure I, II and III.

Limitations of study

No. of job-seekers data on the live register is available for the period 2009 to 2013.

Data Analysis

All categories perspective: It includes men and women irrespective of community and region. The variables considered to formulate hypothesis are percentage of placements to submission, percentage of placements to vacancies notified. To test the association between these variables, the following hypothesis are formulated:

H_0: There is no significant gap between percentages of placements to submissions during the study period

Table 1: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Percentage of placements to submission	10	11.3900	3.96553	1.25401

Source: Directorate general of employment and training using SPSSv.20

Table 2: One-Sample Test

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	Decision
Percentage of placements to submission	9.083	9	.000	11.39000	Accept Alternate

Source: Directorate general of employment and training using SPSSv.20

Table 3: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Percentage of placements to vacancies notified	10	63.6500	11.89521	3.76160

Source: Directorate general of employment and training using SPSSv.20

Table 4: One-Sample Test

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	Decision
Percentage of placements to vacancies notified	16.921	9	.000	63.65000	Accept Alternate

Source: Directorate general of employment and training using SPSSv.20

H_1: There is a significant gap between percentages of placements to submissions during the study period

From the table 1, it is observed that there is an average of 11.39 per cent of placements out of applications submitted by all categories of productive age group. From the table 2, it has been noticed that the t-value with 9 degree of freedom is 9.083; the p value at 5 per cent of level of significance is 0.000 which is less than 0.05. Therefore it is inferred that there is a significant gap between percentage of placements and applications submitted during the study period. In other words the gap between the job seekers (the supply side) and placements (demand side) is continued despite the appropriate initiatives taken by the government both at state and central level through various skill development programs.

To test whether the skill gap between placements and vacancies notified is minimal or maximum, the following hypothesis are formulated and verified:

H_0: There is no under employability between percentages of placements to the total vacancies notified during the study period.

H_1: There is a under employability between percentages of placements to the total vacancies notified during the study period.

As can be seen from the table 3 and 4, it is observed that average percentage of placements to the total vacancies notified during the study period is 63.65000 which mean the under employability gap is 46.35. Yorke (2007) has recognized 'that the honours degree classification system may not be reliable'. From the table 4, it has been noticed that the t-value with 9 degree of freedom is 16.921; the p value at 5 per cent of level of significance is 0.000 which is less than 0.05. Therefore it is inferred that there is a significant amount of under-employability skills between percentage of placements and the total vacancies notified during the study period. This means under-employability is more curse than unemployment.

Table 6: Descriptive statistics

	N	Mean	Std. Deviation	Std. Error Mean
Percentage of Educated women placement to registration	10	2.2500	.70593	.22323

Source: Directorate general of employment and training using SPSSv.20

Table 7: t-value

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	Decision
Percentage of Educated women placement to registration	10.079	9	.000	2.25000	Accept Alternate

Source: Directorate general of employment and training using SPSSv.20

Table 8: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Percentage of Educated women to Total live register for women	10	77.1700	4.27812	1.35286

Source: Directorate general of employment and training using SPSSv.20

Table 9: One-Sample Test

	Test Value = 0				
	t	df	Sig. (2-tailed)	Mean Difference	Decision
Percentage of Educated women to Total live register for women	57.042	9	.000	77.17000	Accept Alternate

Source: Directorate general of employment and training using SPSSv.20

Women employability

The woman empowerment is largely depends up on their employability skill set and their registration with respective employment exchanges. To test the relation between women live register and total live register, the following hypothesis are formulated:

H_0: There is no significant correlation between live register of women job seekers and total live register during the study period

H_1: There is a significant correlation between live register of women job seekers and total live register during the study period

From the table 5, it is noticed that Pearson correlation between women live register and total live register at 5 percent level of significance is -0.664 during the study period. In other words women live register and total live register are negatively correlated.

Percentage of educated women placements Vs their registration

It is observed that the percentage of educated women placements and their registration is insignificant . To test the relation between percentage of educated women placements and their registration, the hypothesis is;

H_0: There is no significant underemployment between percentage of educated women placements and their registration

H_1:There is a significant underemployment between percentage of educated women placements and their registration

We have a remarkable 60 per cent of total population available for working and contributing towards GDP, but out of the total pool only 25 per cent is capable of being used by the market. As can be seen from the table 6 and 7, that at 5 per cent level of significance the t-value is 10.079 and p-value is 0.000 which is less than 0.05. Therefore it is inferred that there is a significant underemployment in the educated women.

Percentage of educated women Vs total live register

To test the gap between percentage of educated women to total live reg-

Table 5: Table : Correlation between women live register and total live register

		Live register of women job seekers	Total live register
Live register of women job seekers	Pearson Correlation	1	-.664*
	Sig. (2-tailed)		.036
	N	10	10
Total live register	Pearson Correlation	-.664*	1
	Sig. (2-tailed)	.036	
	N	10	10

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

Source: Directorate general of employment and training using SPSSv.20 ister, the hypothesis is;

H_0: There is no significant gap between percentage of educated women to total live register

H_1: There is a significant gap between percentage of educated women to total live register

As can be seen from the table 8 and 9, it has been noticed that the t-value at 9 degree of freedom is 57.042 with mean difference of 77.17 and the p-value is 0.000 which is less than 0.05. In other words it is inferred that still there is significant gap between percentage of educated women to total live register.

Job seekers Vs Age

Normally the job seekers percentage is subject to the age group of potential people. To test the same the following hypothesis is formulated;

H_0: Percentage of Job seekers and age group are independent during the study period

H_1: Percentage of Job seekers and age group are not independent during the study period

As can be seen from the table 10 and 11, it has been observed that the chi-square value at 130 degree of freedom 150 at 5 per cent level of significance and Pearson chi-square is 0.111 which is more than 0.05. Hence it is inferred that job seekers and their age group are not independent. In other words the rate of job seekers is depending up on the age of the same.

Employability of ITI trainees Vs Placement

Skill is the paramount factor in placing the trainees. The employability of Ex ITI trainees and full time apprentice are same or not to their respective live register. To test and verify the following hypothesis is formulated;

H_0: Ex ITI trainees and full time apprentice employability/placement is same to their respective live register during the study period.

H_1: Ex ITI trainees and full time apprentice employability/placement is not same to their respective live register during the study period.

As can be seen from the table 12 and 13, it has been noticed that the t-value with 18 degree of freedom at 5 per cent level of significance is 1.376 and p-value 0.186 which is more than 0.05. Therefore it is inferred that the employability/placement Ex ITI trainees and full time apprentice is not same to its respective live register during the study period.

Table 10: Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age group * Percentage of job seekers	30	100.0%	0	0.0%	30	100.0%

Source: Directorate general of employment and training using SPSSv.20

Table 11: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	150.000a	130	.111
Likelihood Ratio	107.506	130	.925
Linear-by-Linear Association	17.094	1	.000
N of Valid Cases	30		

a. 162 cells (100.0%) have expected count less than 5. The minimum expected count is .17.

Source: Directorate general of employment and training using SPSSv.20

Table 12: Group Statistics

	ITI Trainees	N	Mean
Percentage of placements to live register	EX ITIs	10	.7300
	Full Time Apprentice	10	.9200

Source: Directorate general of employment and training using SPSSv.20

Table 13: Independent Sample t test

		t-test for Equality of Means				
		t	df	Sig.	MD	Decision
Percentage of placements to live register	Equal variances assumed	-1.376	18	.186	-.19000	Accept Alternate
	Equal variances not assumed	-1.376	17.854	.186	-.19000	

Source: Directorate general of employment and training using SPSSv.20

Findings

- There is a significant gap between percentage of placements and applications submitted during the study period.
- There is a significant under employability between percentage of placements and the total vacancies notified during the study period.
- The women live register and total live register are negatively correlated.
- There is a significant underemployment in the educated women during the study period
- There is significant gap between percentage of educated women to

CREATE AWARENESS ABOUT THE EMPLOYMENT EXCHANGE AND ITS SERVICES; AND MORE PRACTICAL-ORIENTED GRADUATE COURSES TO BE EVOLVED IN LINE WITH INDUSTRY-SPECIFIC NEEDS

total live register.

- Age group is strongly associated with percentage of job seekers
- The employability Ex ITI trainees and full time apprentice greatly impacting the ratio of placements to its respective live register during the study period.

Suggestions

Creating awareness about employment exchange and its services among the potential people in general and women group in particular. To shoot out the under-employability of productive age group in general and educated women in particular, the more practical oriented graduate courses have to be evolved in line with industry specific needs. To improve the Ex. I T I trainees employability chances, initiatives to be taken towards designing the short-term special training modules. To improve overall scenario of under-employability skills of productive age group, it requires true-blue participation from all actors of the supply chain: the academia, Industry and the Government. The first step towards any such partnership is a better understanding amongst partners: the needs, expectations and the challenges of each other. Then only any plan can bridge the gaps.

The current trend of placing increased emphasis on graduate/key skills should be rampant. Surely this should harness applicants' employability skills for success in the ensuing recruitment process by producing 'business ready' graduates, able to make a dynamic start and rapidly adapt to change.

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MA

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Annexure I

Year	PPTSUB	PPTVAC NOTI	LRWJS ('000)	TLR ('000)	PEWPTREGN	PEWTLR
2003	7.4	48.3	10711.6	40457.6	1.3	68.4
2004	7.2	49.6	10605.6	39347.8	1.8	71.1
2005	5.8	49.4	11781	41466	0.9	75.6
2006	7.2	50.1	12001.5	39974	2.6	79.6
2007	9.1	53.4	12328.2	39114.9	2.8	75.5
2008	10.1	62.3	12404.7	38152.2	2.1	78.1
2009	13.6	72.1	12927.6	38829	4.6	77.5
2010	9.2	57.5	13694.8	40171.6	3.3	85.3
2011	14.3	62.6	15645.8	44790.1	1.4	79.2
2012	11.6	68.2	16549.1	46802.5	2.5	81
2013	12.0	67.5	16649.4	47102.3	2.3	82.9

Source: Directorate general of employment and training
PPTSUB: Percentage of Placements toTotal Submissions
PPTVAC NOTI: Percentage of Placements to Total Vacancies Notified
LRWJS: Live Register of Women Job Seekers
TLR: Total Live Register
PEWPTREGN: Percentage of Educated Women Placements to Total Registration
PEWTLR: Percentage of Educated Women Placements to Total Live Registration

Annexure II: No of job-seekers on the live register in the country 2009-2013 (in %)

Year	Age group (in years)					
	15-19	20-29	30-39	40-49	50-59	60+
1	2	3	4	5	6	7
2009	21.3	47.7	24.5	5.7	0.7	0.2
2010	21.2	46.6	24.8	6.3	0.8	0.2
2011	21	46.8	24.3	6.5	1.1	0.3
2012	20.9	46	24.6	7.1	1.2	0.2
2013	18.4	45.5	27.4	7.4	1.2	0.1

Source: Directorate general of employment and training

Annexure III: Percentage of placements to live register

Year	PPTLR FOR Ex. ITI T	PPTLR FOR F T AP
2003	0.3	0.4
2004	0.3	0.8
2005	0.4	0.7
2006	0.7	0.8
2007	0.9	0.9
2008	1.1	0.8
2009	1	1.2
2010	0.9	1.5
2011	0.9	1.3
2012	0.8	0.8
2013	0.95	0.97

Source: Directorate general of employment and training
PPTLR FOR Ex. ITI T: Percentage of Placements to Total Live Register for Ex. ITI Trainees
PPTLR FOR F T AP: Percentage of Placements to Total Live Register for Full Time Apprentice

CMA SKILLS & DOMAIN: STRATEGIES FOR PROFESSIONAL GROWTH

Management accounting is essentially a service-oriented profession though today, almost every service in demand is supplied in the market. As "supply finds its own demand", long-run strategies for CMA skills and domain should reinforce supply-push that harnesses demand-pull

CMA Debtosh Dey
Director, Ripley & Co. Ltd.
Kolkata

Need for CMA profession: Looking back & forth

"The stock market clearly does not value a company for excellently prepared financial statements if operational excellence is lacking" (Philip Lawton).

Operational excellence presupposes information-based management as one of the core principles. Information system attunes an enterprise to its changing realities and enables management to analyze facts, take decisions, delegate tasks, communicate message, integrate activities and align these to envisioned mission. It indispensably includes 'accounting' for its money measure that balances duality in transactions for a contracting entity (enterprise). Need a complementary system for analyzing enterprise's economics and risks, was felt for long.

Initially, 'cost accounting' came up with the advent of factories after industrial revolution (1760-1820) that begot competitions. Cost accounting was then practiced as confidential discipline for pricing and cost control. It was institutionalized late in comparison to accounting and management professions[1]. After decades, industries started viewing cost accounting suffering from same limitations of fixed framework as in accounting. This led to evolution of 'management accounting'[2] specially during war-fraught great depression (1914-45).

Five important facets in development of management accounting are as follows :

1. Evolution of modern management[3]: Management thoughts progressed from Taylor's scientific management (1911) to humanistic and holistic approaches. These made significant influences on management

(1) Milestones in institutionalization of professions : CA (England & Wales 1880), CSA (Britain 1891, re-established under Royal Charter in 1902), CPA (US 1896), MBA (US 1900), CWA (Britain 1919, renamed as CMA in 1972 and as MA under Royal Charter in 1986).

(2) Management accounting took it roots in 'cost accounting' with several institutions and authors preferring the name 'Cost & Management Accountancy' (CMA).

(3) While MBO is criticized for ignoring constraints limiting objectives, 'Activity Based Costing' (ABC) assumes constraints in cost drivers, O.R. optimizes objective with constraints and TOC seeks to break constraints. Sometimes, situations demand drastic and sudden changes as in Business Process Re-engineering (BPR). BPR may result in renewed standards (bench-mark or otherwise) befitting BSC. However, iterative or continuous improvements (as in TQM) are slated to avoid crisis and drastic actions.

THE WINDS OF GLOBAL CHANGE HAVE ALSO STORMED INDIA WHICH HAS STARTED RECOGNIZING OTHER CHECKS AND BALANCES BESIDES FINANCIAL ACCOUNTING AND FINANCIAL AUDITING

discipline as well as on management accounting. Modern thoughts, right from Drucker's 'MBO' (1957) to Kaplan's 'BSC' (1987) both complementing each other, are noteworthy. The journey is enriched and elongated by several milestones like Oliver's 'SCM' (1982), Porter's 'Value Chain' (1985), Deming's '14 Points' (1990), Goldratt's 'TOC' (1999) and Gladwell's 'Tipping Point' (2000).

2. Applications of Operations Research (O.R.) and Statistical techniques in solving business problems(3): Quantitative techniques developed during the war, are now applied to solve quantifiable business problems involving constrained objectives. Many of the O.R. models are simulated according to situations using definite steps (algorithms). A number of problems can be solved e.g. competitive games, product-mix, project time-cost, resource allocation, transportation and waiting time, inventory replenishment, equipment replacement, etc. Also, statistical forecasting, estimation and testing have profound applications in inductive studies, business research and quality control much as these are used in probabilistic models of O.R.

3. Advancements in Computer Science, Information & Communication Technology (ICT) & Digital Electronics: Modern computers are used in solving complicated business problems involving large number of variables with O.R. & statistical models tailored into its programs. This apart, spreading e-Commerce with global networking since 90's and increasing use of LAN-connected electronic sensing-actuating[4] of machineries, took information system to a new height. Today, integrated software (like ERP) captures data not only from online vouchers but also from digitalized analogue data and entries of external sources.

4. Ongoing globalization with fast advancing technologies: These are increasingly making competition keener and have dimensionally changed management's information needs.

5. Global financial scams over last two decades[5]: These compelled several nations to review standards for financial reporting & auditing, initiate modern practices and reinforce regulatory bodies.

Changing roles of CMA : A fallout of changing business scenarios and evolving management techniques

Initially, management accounting was confined to fewer functions like budgetary control, contribution analysis, funds-flow statement and interpretation of financial ratios. The evolving facets outlined in foregoing section, made management accounting grow into a specialized discipline with following features :

1. It is an important information-link between accounting and management, drawing upon different branches of knowledge including economics, quantitative techniques, computers and many others besides accounting and management.
2. Industries need professionals who can translate accounting data to managerial information and interpret financial results in terms of performance standards (engineering and managerial) [Refer also point 4(b) below].
3. Its integrated approach helps identifying opportunities and threats of an enterprise which is otherwise difficult in traditional or financial accounting. These include tracking of expenditure wasted and income lost due to inefficiencies, inflationary accounting and business valuation.
4. It is used for supporting following specialized functions :

a) Designing information system integrating accounts with physical and non-financial systems aligned to the needs of the management (as in ERP system with E-Commerce and interfacial digital devices).

b) Developing key performance indicators for controlling business results and quality improvements (with appropriate models like ISO, six-sigma, OHSAS, CSR, etc).

4) Digital applications include bar code system, biometric scanners, voice recognizers, PLC, CAD, CAM, GPS, etc.
(5) Growing scams over last two decades and financial crisis of 2007-2010 had roused serious doubts about adequacies of financial disciplines.

c) Techno-commercial evaluation of major business proposals like expansion, modernization, diversification, simplification, mergers, acquisitions, outsourcing, etc.

d) Financial evaluation of various managerial strategies : This is assuming increasing importance for widespread adoption of problem-solving tools (including computerized O.R. modeling). CMAs are making significant contributions in participating in the process instead of being standalone testifiers.

e) Parallel checks besides traditional auditing like management audit and forensic audit within the periphery of internal audit.

The winds of global change have also stormed India which has started recognizing other checks and balances besides financial accounting and financial auditing. Satyam and other trailing scams have prompted appropriate Ministries to consider several preventive measures as below :

1. New Companies Act of 2013 : It now includes several additional measures like the following –

a) Provisions for investigation of serious frauds that attract penal liabilities and for an oversight body (NFRA) for regulating conducts of statutory auditors.

b) Corporate governance through responsive internal audit, audit-committee, key managerial personnel and independent directors. It also provides for independent valuation of assets-liabilities, whistle-blowing and vigilance mechanism.

c) Inclusion of secretarial audit for listed & some other public companies in addition to accounts audit for all companies and cost audit for certain companies.

d) Cost Audit – Extension of cost records to prescribed companies in service sector and recognition of 'Cost Auditing standards'.

An illustrative diagram on management accounting showing its relationship with other systems, is appended below :

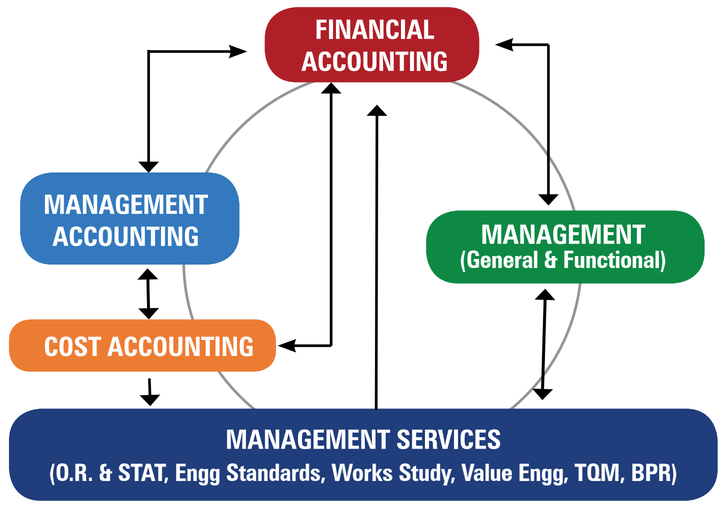

Diagram illustrates interfaces of Management Accounting with other systems; Circle represents Information System connecting all systems; Arrows represent information-flows.

2. SEBI regulation, NBFC guidelines and tax laws are also addressing various loopholes.

3. Reporting obligations for auditors as per CARO and Income Tax Act, have been revised.

4. MCA and CBDT have recently introduced Accounting Standards : MCA's Indian Accounting standards (Ind AS) largely drawn from IFRS and Indian GAAP, are applicable to certain classes of companies. CBDT's Income Computation Standards (ICD) drawn mainly from Indian GAAP, apply to profits and other income. Both are effective from 01-Apr-2015.

5. Proposed software for information-sharing between authorities for direct & indirect taxes.

6. Recent bill on tax and penalty on undisclosed foreign income & assets of Indian residents.

7. Tax evasion above a threshold is being considered for inclusion in Prevention of Money Laundering Act after reviewing certain provisions of Income Tax Act and FEMA (Ref. SIT appointed by Supreme Court).

CMAs have several challenging opportunities in India today. Some of these are as follows:

• As cost auditors under Companies Act, 2013

• As special auditors under Excise & Service Tax and as VAT auditors

• As internal auditors of companies and stock exchanges

• As valuers under Companies Act, 2013

• As certifying professionals for various documents under Companies Act, Customs and FEMA

• As CFOs, whole-time directors and independent directors of companies.

Moreover, Limited Liability Partnership (LLP) introduced in 2009, has opened scopes for different professionals to work together. CMAs

IF 'BUSINESS' IS APPLIED ECONOMICS AND 'ACCOUNTING' ITS LANGUAGE, THEN 'MANAGEMENT ACCOUNTING' IS THE ART OF INTERPRETING BUSINESS ECONOMICS IN ACCOUNTING LANGUAGE

may use this opportunity.

Further, GST is on anvil. It needs to be seen as to how it integrates different indirect taxes and provides opportunities to accounting professions.

Notes:

(1) Cost audit reports may serve as important references for valuation of related party transactions provisioned in different tax laws & Companies Act and for identification of wasteful expenditure.

(2) Fraud reporting and comments on Internal Financial Controls by auditors under Companies Act, 2013 demand auditors to be more responsive.

(3) Omission of material fact in auditor's report (as well as in prescribed documents) may attract penal liabilities under new provisions of Companies Act.

(4) Internal audit is increasingly being used in progressive companies as platform for multi-professionals like accountants, engineers and computer specialists.

CMA skills & domain : Strategies for professional growth

In last two sections, we have seen that CMA is a growing profession unlike traditional accounting, enriching itself with developments in management thoughts, information system, business practices and science & technology.

Late institutionalization of CMA profession has resulted in its domain being overlapped by other professions. As history cannot be altered, CMAs need to look forward and take self-development measures in view of growing needs for techniques that transcend accounting.

Skill development strategies may involve competitive edging with the support of detailed SWOT analysis, brain-storming and market research. However, taking cues from foregoing sections, following two major areas for skill development are identifiable:

1) Fair understanding of input-output, production processes, value & supply chains of the industry –

Industries do not expect CMAs to be engineers. But CMAs would do well if they familiarize themselves with industry norms on input-output, man-machine, work-cycle and capacity measurement, regard being had to enterprise's technology. In this respect, they are expected to understand the implications of various documents like equipment manufacturer's manuals, SION (in EXIM policy), Pollution Control norms, Excise declarations, technology agreements, patent documents, product literature (including drawing, formulae, etc.).

Another area of industry-orientation is value-chain of supplies from source to destination in the backdrop of enterprise's network of suppliers-plant-customers. CMAs should be able to leverage information system for orienting themselves to such knowledge.

2) Supportive skills in informatics –

It can be seen from foregoing sections that information system is the nervous system of an enterprise. CMA has to work with information system as an important link between accounting and management. Modern trends of E-Commerce with global networks, interfacial digital applications in enterprise's local networks and quantitative modeling in computer programs, are fast increasing challenges to professional managers in all fields. Therefore, CMAs need to keep pace with such trends.

Conclusion

If 'business' is applied economics and 'accounting' its language, then 'management accounting' is the art of interpreting enterprise's business economics in accounting language. It uses scientific and modern techniques for improved financial management of an enterprise. It is a growing discipline which draws upon several branches of knowledge. CMAs need to adapt their skills to fast changing business scenarios. It is said "If you do not satisfy your customers, others will do it". MA

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The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

NOTIFICATION

Kolkata, the 12th February, 2015

Sub: CEP requirements for Members in Practice/Industry

No. CMA(2)/2015: As advised by the Quality Review Board, recommended by the Members' Facilities & Services Committee and approved by the Council at its 291st Meeting held on 30th January, 2015, the Institute is pleased to announce revised CEP requirements for members in practice & industry as follows:

For members in practice, the existing duration of minimum CEP hours of 35 hours is revised to 50 hours in a block of three years, which is mandatory and for members in industry, the minimum CEP hours, which is recommendatory, is revised from 20 hours to 25 hours in a block of three years.

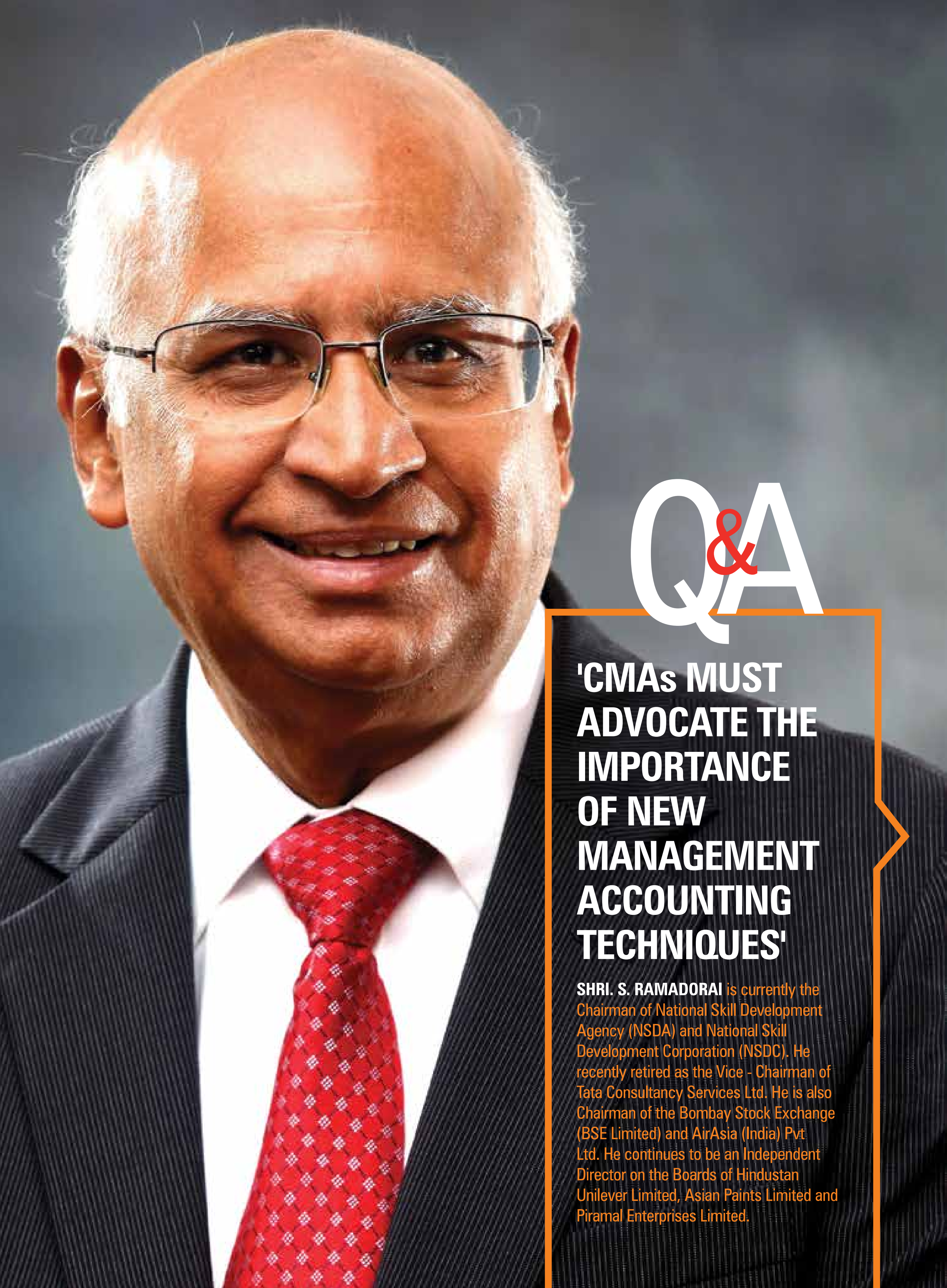
The above CEP hours requirement shall come into force from 1st April, 2015.

At least 50% of the CEP hours of the members should be in respect of the subjects pertaining to the topics of professional relevance for the member such as:

(i) Role of CMAs in Risk Management
(ii) Forensic Accounting
(iii) Direct Tax Code
(iv) Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2001
(v) VAT
(vi) Role of CMAs Audit in Health sector
(vii) Role of CMAs in Education sector
(viii) Role of CMAs in Internal Audit
(ix) Role of CMAs in Banking sector
(x) Role of CMAs in Insurance sector
(xi) Role of CMAs in Capital Markets
(xii) Role of Independent Directors, Board members
(xiii) Valuation of assets - Role of CMAs

The above list is illustrative only and not an exhaustive one.

(Kaushik Banerjee)
Secretary (Acting)



Q&A

'CMAs MUST ADVOCATE THE IMPORTANCE OF NEW MANAGEMENT ACCOUNTING TECHNIQUES'

SHRI. S. RAMADORAI is currently the Chairman of National Skill Development Agency (NSDA) and National Skill Development Corporation (NSDC). He recently retired as the Vice - Chairman of Tata Consultancy Services Ltd. He is also Chairman of the Bombay Stock Exchange (BSE Limited) and AirAsia (India) Pvt Ltd. He continues to be an Independent Director on the Boards of Hindustan Unilever Limited, Asian Paints Limited and Piramal Enterprises Limited.

MA You have had many high points in your career, please share with us the experience of your journey.

From the revenue perspective, the most significant achievement for me came in 2003, when TCS became a billion-dollar enterprise. It was an amazing achievement for both me and my team.

Beyond this milestone, another prominent achievement was when we got our first Burroughs main-frame computer; it was the highest level of technology in the country then and it took TCS to a completely different level, putting us on par with the best. Setting up an office for TCS overseas in 1979 as its first resident manager, was also a significant milestone in my career by establishing TCS' presence in the Western market. Then, of course, there was TCS's initial public offering in 2004, when we raised a billion dollars. That year was also special because TCS received the JRD QV Award for business excellence.

Today there is a larger vision that consumes me. I have chosen to be in public service focussed on skill development in India and this endeavour is hugely exciting and challenging for me. Even after a career spanning forty years in IT, I still feel the excitement when I take on a new responsibility, in this case contributing to the creation of demographic dividend by skilling millions of Indian youth.

Building a world class organization with a sustained human potential has been the most satisfying achievement.

MA What are the challenges you have faced to get all these feathers on your crown? How did you overcome those bad times?

My family has always been my strongest support system in anything that I have ventured into, especially my wife Mala. She has stood by me at all times giving me the confidence and courage to chase the impossible.

I believe one should never live in the past; tomorrow is a new day and you will have new experiences and a brighter future. There are always setbacks and lost opportunities in business, but one should not brood over them.

One often has to face personal setbacks as well and there are two ways to respond: get angry and react, or just keep quiet and perform your job to the best of you ability.. I have always followed the latter. It is difficult because you seem for a while to be on a dodgy wicket and even your own colleagues begin to treat you differently, but if you are strong internally and deliver on the ground, no one can take that credit away from you.

I have always put in my best and never worried about failure. I found that a bad day was always followed by a better one.

MA TATA is always concerned with the issue of Corporate Social Responsibility. How critical is this to maintain, and would you highlight some of the initiatives in this regard?

The Tata group's core purpose is to improve the quality of life of the communities it serves globally. If you recollect Jamsetji Tata's statement – "In a free enterprise, the community is not just another stakeholder in business, but in fact the very purpose of its existence". 66% of the equity of Tata Sons, is held by philanthropic trusts, thereby returning wealth to society. The group believes in doing good by being good and that both are two sides of the same coin. Tata pioneered many industrial practices that have now become standard, like the eight-hour working day, free medical aid, annual leave with pay, and workers provident fund schemes. Last year the Tata Group spent Rs 1000 Cr on CSR focussed programs on skill development, health and education.

Each Tata company has its own set of philanthropic programs and projects; TCS for instance promotes IT based solutions to address community-related programmes. The computer aided adult literacy program or IT training for the blind, both developed by TCS are such examples. Recently TCS has pledged Rs 100 crore toward financing hygienic sanitation facilities for girl students across 10,000 schools.

Then there are issues of national importance eg. Skill Development which is both an economic & social imperative. The Tata group recently started a new initiative called 'TATA Strive' which aims to aggregate strengths of Tata companies into a scaled up skilling programme.

MA You are an advisor to the Prime Minister in the National Council for Skill Development. What are the major initiatives taken during your tenure with this organization?

The National Skills Development Agency was formed which subsumed the office of the advisor to the Prime Minister in the National Council for Skill Development to co-ordinate and harmonize the skill development efforts of the Government and the private sector to achieve the skilling targets of the 12th Five year plan. One of the major initiatives which we have undertaken is to anchor and operationalise the National skills qualification framework (NSQF). This is a competency based framework, allowing every person to accumulate skills and capabilities throughout their lifetime and to be certified for the same. This will also help remove the barrier between vocational training, technical education and general education.

Recognition of Prior learning skills is another issue which we have faced and we are working to incorporate this in the NSQF. The NSDA is also focussed on rationalisation of the Central Government Schemes under various ministries on Skill development in order to achieve maximum convergence and efficiency across them. The NSDA is on track to create a National Labour Market Information Service (LMIS) and has already gone live with two modules for training providers registry and the candidate registry. This will be a one stop shop for all information on the Indian labour market.

MA In the last couple of years, the skill pool has increased remarkably in India, but the job market is still dull. What is your view in this regard? What should be the role of the new Government to create more jobs?

The Government is strongly focussed on job creation and the recently announced budget strengthens its resolve. The government's 'Make in India' programme to make India a manufacturing hub, presents a huge opportunity for job creation. The Government's emphasis to boost growth and facilitate investments in high productivity sectors like infrastructure, manufacturing and related industries paves the way for creating a vast pool of job opportunities in the coming years. The Government is also focussed on Entrepreneurship as it realises that entrepreneurs will help create jobs and has launched several schemes to support and encourage them in India

Of course it is important that the skill pool continues to increase and is employable. For that to happen, relevant skills training and skills upgradation is necessary. The Government is thus focussing on the demand side (by creating more jobs through initiatives like 'Make in India' and on the supply side (by launching 'Skill India Mission') to ensure that both supply and demand can be met in the forthcoming years. In fact our Prime minister has explained how Skill India needs to be closely coordinated with Make in India to ensure that our youth are both educated and employable for the jobs of the 21st century.

We also believe that the demographic dividend that India enjoys can be truly leveraged by enabling or skilled people to work in overseas markets. And we are working with various international bodies to benchmark our skilling frameworks with international standards.

MA What changes would you like to see in the IT sector globally? What is the potential of the Indian software industry to cope with the competitive market?

Globally in the IT sector 'Going Digital' is the most important mandate for CIO's. Companies are now moving towards 'asset light' models for IT where both the hardware and the software is now owned by the service provider. The focus is on using new technologies and analytics to increase customer centricity for every company. Companies are becoming more open with outsourcing design and product development to Indian IT companies. This is a major change as the Indian IT industry is slowly moving from a cost advantage to a value advantage which means that more high value work is coming to Indian IT companies and their focus is on providing value and quality to the customer. NASSCOM has recently forecast that the Indian IT industry growth in the coming financial year would be about the same as in the current one around 12-14%.

Focus on IP, new technologies and having 'innovation centers' are key to sustaining growth in this competitive market where cost is no longer seen as a differentiator. Indian IT companies now are focussed on 'non-linear growth' which is growth not just by adding more people but due to new innovations; value added services, products and tools.

There is a lot of scope for Indian IT companies in the domestic sector also. The domestic IT-BPM sector is expected to outpace the country's IT exports. It's expected to grow by 15%-17% this year. The growth is expected to come from e-ecommerce and the government's push to boost technology adoption.

MA You are also appointed as the Chairman of AirAsia India which is a low cost airline in India. What are the key areas would your company like to focus to become cost competitive and cost effective?

Being in India which is a very competitive market, our first focus is to ensure that we can maintain to have the edge for today's cost competitive consumer. We need to allow the common man to fly. With a hawk's eye on operations and ensuring customer satisfaction is key to the growth of Air Asia in India.

Aspects like lean Management is an important theme which we follow in Air Asia, right from the size of our management team to other non-operating staff at airports. We also are focussing a lot on customer self-service with options like kiosk printing and self-baggage drop. At the same time we ensure that we do not lose sight of our primary goal – Customer satisfaction.

MA Are the Indian companies actually taking a major part into the global competition? Can you enrich us with some examples from your experience?

Yes, Indian companies are certainly taking a major part in the global competition. There are two ways to expand globally, one is to acquire other global companies and the other is to grow organically and expand. The Tata group has adopted both of these approaches. It has acquired marquee global brands like Tetley tea, Jaguar and Land Rover, Corus steel to mark its presence in the world. Then there are group companies like TCS which is currently in the top 5 IT companies in the world and has a global presence across all 5 continents.

Companies like Sun Pharma and Dr. Reddy's labs are amongst the top pharmaceutical companies in providing generic drugs and molecules worldwide. Mahindra & Mahindra is among the top five tractor brands and top three tractor manufacturers in the world. Hindalco is also among the world's leading producer of aluminum rolled products. Suzlon is the fifth-largest wind turbine manufacturer in the world, with a 10% market share, and India's largest turbine manufacturer.

Innovation ecosystem and Sustainability at the heart of everything we do is coming into being in the country.

MA Cost Management always plays a pivotal role to gain competitiveness for the industries. Please suggest in what ways Cost and Management Accountants may offer their expertise more effectively in this quest.

Management accounting techniques such as activity based costing, balance scorecard, target costing and value chain analysis have been instrumental in creating a rigour and competitiveness in industry across the world. Companies now are better able to understand their costing structure and doing activity analysis can also find out which activities are value creating v/s consuming cost. This also helps in companies achieving better overall profitability as now they can detail analysis of profitability at a product level. With an improved Management accounting system, companies can access reliable and accurate cost information on a timely basis and significantly improve their decision making process.

As Cost and Management accountants, I would call upon all of you for advocating the importance of adopting such management accounting techniques across companies. Many times, companies are not aware about the various techniques available or do not want to change their old practices. It is useful to create a business case showing the benefits of adopting the new accounting technique. I also take this opportunity to applaud the ICMA for playing a big role in advocating the importance of Cost and Management accountants in India

MA What policy or other initiatives would you expect from the Government to boost the software industry?

Our Hon. Prime Minister has sought the counsel of the IT industry to help the government achieve its goals for Digital India, calling for increased innovation and greater focus on the global challenges of Cybersecurity.

With the Government focused on improving the ease of doing business, there is an implicit focus on e-Governance and digitization of various regulatory practices. This in turn will give rise to huge opportunities to the software industry in India. Already projects like Adhaar, e-passport , MCA have been game changers for India's economic progress and are excellent examples of how the software industry has contributed to India's growth.

MA Would you like to give any message to those young aspirants who wish to choose career in software industry?

The broader and more enduring role of education is to prepare students to face the challenges of life. It is important to make use of school life to find out where your interests lie. In today's world it is important to have the right focus in order to be successful. The herd mentality of dashing towards the software industry no longer exists. One of the pain points in the IT industry is the lack of employable students available immediately after graduation. It is important that young students are abreast of the latest happenings in the software industry by regularly following the news, media and internet.

With start ups growing so rapidly there are always new technologies and frameworks emerging. The Software industry itself is a very vast field and there are numerous options available where students can apply be it in the business process industry or software testing, mobility, enterprise applications and Analytics to name a few. I would also encourage the youth to become entrepreneurs given the vast opportunities out there in a country like ours. E-Commerce is booming in India and provides numerous opportunities for entrepreneurs to start their own venture. The Government is also encouraging such start ups and has allocated funds for them as well. Hardware, Software and Embedded systems are the future and Indian Entrepreneurs must be passionate and willing to take the risks.

At the end of the day, my most important message to the youth today would be 'Dare to Dream'.

TAXABLE EVENT AS THE TOUCHSTONE OF TAXATION: THE CONFLICT OF DATES IN THE SERVICE TAX ALMANAC

The mismatch between Section 67A and the Point of Taxation Rules is a clear pointer to the unsettled state of affairs in the statutory architecture of Service Tax.

"I would rather the money was in the pockets of my people than in my treasury".
– Queen Elizabeth I of England

Dr. Ravindran Pranatharthy
Advocate – Indirect Taxes & IPRs

THAT was the response of Queen Elizabeth, the sixteenth century virgin monarch of England when she was offered new taxes by her Parliament which she declined. No other ruler in Western history would be found to have foregone such fiscal largesse. Charles Adams, the tax historian notes that she was in her time known as the Good Queen Bess. According to his analysis, she inherited an England which was mediocre at best, almost fiscally bankrupt and by the time she left, her country was well on the way to becoming a superpower and would dominate the world for the next four centuries. The wonder was that her regime was marked by moderate taxation, almost no coercion, characterized by the forbidding of forcing oaths from taxpayers (so as to penalize them for the inevitable perjuries) and instead relying on their self-assessment, the flowering of arts and stunning dramas of playwrights led by the great Shakespeare and economic progress of her country. Her tax policy was such that when Spain which was the dominant worldpower at the time launched the biggest navalArmada in maritime history to invade and overthrow her regime, she turned to parliament for additional taxation which was given generously and her treasury was said to have been quickly filled and beyond her expectations. It was said that revenue of two years was collected in just two months from the adoring countrymen. With someunanticipated help from the stormy weather nick-named the 'Protestant Wind', the Spanish armada was overcome and scattered and retreated to Spain. The defeat of the Armada hastened the end of Spanish world domination. Queen Elizabeth was also known for ending currency debasement by putting a good bit of silver back into the English coinage which added to the prestige and value of the English currency. Closer home, around the end of the eleventh century, the great Chola Emperor of South India, Kulothunga Chola went to the extent of withdrawingTolls and Entry Taxes to boost the flow of trade and commerce in his Kingdom and was praised as "Sungam Thavirtha Cholan" (The Chola Who Abolished Tolls and Entry Taxes). He recognized that tolls and entry taxes were barriers to trade and could add a lot to the original cost of products.History remembers him for his wise tax policy.It will be difficult to find a modern government which is willing to go by a moderate tax policy and refrain from additional taxation except in times of national emergencies. The ever increasing welfare-cum-bureaucratic state has dashed hopes of moderate taxation. Nevertheless, what worries citizens more is the proclivity of tax departments to assess and levy taxes beyond the pale of the tax law. The taxpayers' hopes now centre on friendly tax treatment obtained at a cost rather than low or moderate taxation.

The Tax Firewall in the Constitution

Article 265 of the Constitution of India is the foremost safeguard regarding the levy of taxation in India. According to this mandate, no tax shall be levied or collected except by authority of law. The 'law' imposing taxation means a valid law and hence tax levied or collected contrary to law is to be returned to the taxpayer provided the taxpayer has not enriched himself by passing on the tax to his customer. This salutary proposition was laid down by the Supreme Court in the case of MAFATLAL INDUSTRIES LTD Vs. UNION OF INDIA – (1997) 5 SCC 536. Despite the constitutional injunction against collection of tax which is not due under a valid law, the tax agencies in India are known to impose often excessive assessments of taxation which are later usually ordered to be refunded. The sheer number of refund claims of overpaid taxes is proof of the non-observance of the constitutional mandate enshrined in Article 265 of the Constitution by the tax agencies, especially the income tax department. In addition to overzealous collection of revenues by tax babus, the statutory provisions abound in inconsistencies resulting in excess payments of taxes. A significant case in point is the one relating to Service tax. The Government has increased the rate of service tax to 14% with effect from 1st June, 2015. The rate will go up to 16% by way of 2% Swatch Bharath cess in the next couple of months. On the day of reckoning viz. 1st June, the question would be how to compute the increased tax liability in respect of transactions under on-going contracts. Invoices might have been issued already or some payment might have been received even though the taxable service itself might not have been rendered on the date of 1st June. In other cases, the service might have been performed though invoice might not have been issued or payments made. In such cases, the taxpayers would like to see clarity in the law regarding their tax burden.

In this connection, the taxpayers in Service tax have been expressing anxiety and some have been reportedly charging service tax even before 1st June, 2015. The Government has issued press statements emphasising that the service tax was not yet raised and that until increased tax was notified from a particular date, the tax was not liable to be collected beforehand. All the anxiety of taxpayers was not misplaced and it could not be said that they would indulge in profiteering by collecting the increased rate before the date of notification. The apprehension of the taxpayers is not without reason and can be attributed to provisions in the Point of Taxation Rules, 2012 which have been in existence with mandatory effect from 1st July, 2011 and optionally from 1st April, 2011. Before getting into analysis of the rules, it will be in order to find out what the main provision in the Finance Act, 1994 which is the Parliamentary statute governing the levy of Service tax says about the taxable event in service tax. The taxable event in service tax is the happening of an event or transaction which immediately attracts the levy of service tax. Section 66B is the charging section of service tax which also bestows on the tax its official name of Service tax. The section goes as follows:-

66B. Charge of service tax on and after Finance Act, 2012 – There shall be levied a tax ***(hereinafter referred to as the service tax)*** at the rate of twelve per cent on the value of all the services, other than those services specified in the negative list, provided or agreed to be provided in the taxable territory by one person to another and collected in such manner as may be prescribed.

The charging section introduces a double taxable event in service tax –the service provided or the service agreed to be provided. The manner of collection of the tax is such as to be prescribed. Thus, other than the rendering of service or agreement to render the taxable service, service tax liability cannot be incurred in any other manner. The objective behind making the "agreement to render service" a taxable event is to tax the advance amount paid ahead of providing the service. Section 66B will be complete by reading it with section 67A which specifies the time of determination of service tax as follows:

67A. Date of determination of rate of tax, value of taxable service and rate of exchange.— The rate of service tax, value of a taxable service and rate of exchange, if any, shall be the rate of service tax or value of a taxable service or rate of exchange, as the case may be, ***in force or as applicable at the time when the taxable service has been provided or agreed to be provided.***

[Explanation – For the purposes of this section, "rate of exchange" means the rate of exchange determined in accordance with such rules as may be prescribed]

A joint reading of section 66B and section 66A shows the essence of service tax. The rate of service tax and the assessable value on which to calculate the tax should be as on the date when the taxable service was actually rendered or when the taxable service was agreed to be rendered. Where the taxable service is to be provided over a period and not in one go, thedate of completion of the service is the reckoning factor as clarified by the department itself in its circular dated 18th July, 2011. In the case ofcontinuous supply ofservice, each project milestone if counted separately in the agreement would incur service tax liability. To recapitulate, Service tax becomes payable only on the date of completion of the service rendered or on the date when the service was agreed to be rendered (intended solely to tax advance money if any). Under the Finance Act, 1994 it is clear that there cannot be any other dates for incurring service tax liability. To put it bluntly, there is no provision in section 66B and section 67A making service tax liable to be paid solely on the basis of the date of invoice or on the basis of the date of consideration received.

Advancing the payment of service tax by laying down point of taxation rules:

In its anxiety to speed up the flow of service tax payments into its treasury, the service tax department had issued a new set of rules called the Point of Taxation Rules, 2011. The rules were claimed to have been issued by virtue of powers granted under Clause (a) and clause (hhh) of Sub-section 2 of the Finance Act. The stated provisions do not refer to Section 66B and Section 67A. As a matter of fact, Section 67A itself determines the date of rate of service tax and value of taxable service and does not allow for any rules prescribed in this regard. This section only allows rules to be prescribed for determining the rate of exchange. Section 66B provides for rules to be made only for the collection of the tax which in any case cannot exceed the scope set out in either section 66B or in section 67A. Thus, it could be seen that the Point of Taxation Rules have no statutory backing in Section 66B or Section 67A. The discomfort of additional taxable event is created in Rule 4 of Point of Taxation Rules. Rule 4 purports to cover a scenario when there is change in the effective rate of service tax. The current increase in service tax from 12.36% to 14% and later to 16% would be covered by this rule. The rule is extracted as follows for easy reference:

4. Determination of point of taxation in case of change in effective rate of tax – Notwithstanding anything contained in rule 3, the point of taxation in cases where there is a change in effective rate of tax in respect of a service, shall be determined in the following manner, namely:--

(a) in case a taxable service has been provided before the change in effective rate of tax,—

(i) where the invoice for the same has been issued and the payment received after the change in effective rate of tax, the point of taxation shall be date of payment or issuing of invoice, whichever is earlier, or

(ii) where the invoice has also been issued prior to change in effective rate of tax but the payment is received after the change ineffective rate of tax, the point of taxation shall be the date of issuing of invoice; or

(iii) where the payment is alsoreceived before the change in effective rate of tax, but the invoice for the same has been issued after the change in effective rate of tax, the point of taxation shall be the date of payment.

(b) in case a taxable service has been provided after the change in effective rate of tax,—

(i) where the payment for the invoice is also made after the change in effective rate of tax but the invoice has been issued prior to the change in effective rate of tax, the point of taxation shall be the date of payment or

(ii) where the invoice has been issued and payment for the invoice received before the change in effective rate of tax, the point of taxation shall be the date of receipt of payment or date of issuance of invoice, whichever is earlier, or

(iii) where the invoice has also been raised after the change in effective rate of tax but the payment has been received before the change in effective rate of tax, the point of taxation shall be date of issuing of invoice.

As can be seen, under the provisions of rule 4, the Service tax could be collected at 14% though the service was rendered before the tax rate was changed. This anomaly would happen if the invoice and the payment were both issued after the change in the tax rate. In opting for such dates of determination, the rules are clearly in conflict with the charging section 66B and the point of taxation inherent in Section 67A of the Act. Under the Act, there are only two points of taxation – the date on which service was actually provided or the date when the service was agreed to be provided. The points of taxation stipulated in Section 67A would take care of the payment of consideration since receipt of consideration can only follow an agreement (even an oral arrangement will amount to a contract) and will never occur prior to that. The Point of Taxation Rules exceeds the scope of the Section 67A by creating a provision to charge service tax at a rate different from the rate that prevailed on the date of actual rendering of the service. This is not envisaged in section 67A.

A similar mismatch with section 67A can be seen in rule 5 of the Point of Taxation rules which purport to cover a scenario where a service is taxed for the first time. The provisions of rule 5 create points of taxation which are not envisaged in section 67A.

CONCLUSION

The mismatch between Section 67A and the Point of Taxation Rules is a clear pointer to the unsettled state of affairs in the statutory architecture of Service tax. It is an axiom of the law that rules are subordinate to the provisions in the Act. Subordinate rules cannot exceed the scope of the statutory provisions contained in the main Acts. There are several such issues in the Service tax framework. For example, section 65B (44) of the Act excludes fees taken in the Tribunal or Court from the purview of taxable service. An arbitral tribunal is created and recognised under the Arbitration and Conciliation Act, 1996. An Arbitral Tribunal is somewhat like a Court in its proceedings and has certain statutory powers and its award is enforceable atlaw. The arbitrators constituting the Tribunal are entitled to charge and collect fees from the parties but they are under no contractual obligation to the parties who had named them to the Tribunal. Thus, according to Section 65B (44), the fees charged by them cannot be made liable to service tax. Nevertheless, notification 30/2012 has attempted taxation of arbitral tribunal by bringing the services of such tribunals under reverse charge mechanism. Transfer of a going concern or an independent part thereof is also made a taxable service though at present the tax is exempted. There is nothing in the main Act by which the transfer of a going concern can be brought in as a taxable service. The government would do well to ensure that the rules and notifications as well as departmental circulars are issued and implemented without being placed in conflict with the provisions of policy and principle enshrined in the main Act. MA

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THE NEW GOLD MONETISATION SCHEME

The success of the Gold Monetization scheme will depend not merely on the small incentives offered but on the question of possible enquiry into the acquisition

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TCA Sangeetha

GOVT.of India has come out with a draft Gold Monetization scheme. Gold deposits under the scheme will earn interest and will also be used to meet CRR/SLR requirements. It is a novel idea and deserves to succeed. If successful, the scheme will reduce Gold imports and deploy India's huge domestic stocks to meet fresh demand. Indian Residents are estimated to hold about 24,000/- tonnesof Gold worth about Rs.63 lakh crores. It is equivalent to half of our country's current GDP. Gold has a store of value. Idle gold does not yield income. Appreciation in Gold price more than compensates for the lack of income. Efforts made to bring the idle gold into the economy have never been successful. In the past, we had 6.5% Gold Bonds, 1977, introduced by the Finance [No.2] Act, 1955, the 7% Gold Bonds, 1980 introduced by the Taxation Laws (Amendment & Miscellaneous Provisions Act) 1965 and the National Defence Gold Bonds, 1980. We also had Gold Deposit Bonds under the Finance Act 1999 issued under the Gold deposit scheme. Gold and Gold Bonds are different assets. Courts have held that if a person receives gold on the redemption of Gold Bonds and later sells it, it will be taken as holding the Gold from the date the Bonds are redeemed,CIT vs. Dedmalya 207 ITR 1996. Interest on Gold Deposit Bond issued under the Gold deposit scheme 1999 is not includible in the total income. All this shows that Govt. was aware of the acute need to mobilize gold for development purposes. The efforts however proved futile.

The Draft Guidelines issued by the Govt. of India envisage a situation where banks will be able to mobilize gold and utilize the same for meeting requirements of the Cash Reserve Ratio.

The CRR and SLR

Banks are expected to maintain a minimum ratio of cash holdings to total liabilities in order to Guard against the collapse of such institutions due to lack of public confidence in their ability to repay deposits. It is the ratio which Banks maintain between their holdings of cash and their deposit liabilities. There is also the liquidity ratio which refers to the ratio of the total assets of a Bank which are held in the form of cash and liquid assets. This may consist in general of money lent out to the discounting Banks at call and short notice, and short term bonds issued by the Govt. and other borrowers. Liquidity is the term used for the availability of cash and of assets readily convertible into cash to meet immediate obligations. It is the volume of Reserves plus credit facilities reflected in an ability to meet current financial liabilities in cash. The degree of preference for holding money instead of securities is referred to as liquidity preference. Lord Keynes defines 3 motives for holding the money:

(a) The transactions motive, i.e., the need for cash to meet current requirements.

(b) The precautionary motive, i.e. to have something in hand to meet unforeseen contingencies.

(c) The speculative motive, arising from uncertainly regarding the future rate of interest.

Expressed mathematically, the quantity of money which the public will hold when the rate of interest is given M=L(r), where M denotes the quantity of money, L the function of liquidity-preference and r the rate of interest.

The New Scheme

The above background is important to understand the implications of the draft guidelines on Gold Monetization. Banks are compulsorily required under the Reserve Bank Regulations to keep the portion of total deposits with the Reserve Bank in cash. There is also the Statutory Liquidity Ratio which the portion of deposit compulsorily in Government securities. Under the present law, CRR is 4% while SLR is 21.5%. Thus 1/4th of the Cash deposit mobilized by Banks are locked up either in the RBI or in Govt. securities. The idea behind the Gold mobilization scheme is that such gold can be used for meeting the CRR and SLR requirements. Banks will then have additional cash for lending purposes. Gold mobilized by the Banks through the schemes can be utilized by banks to meet their CRR and SLR requirements. The value of Gold will be considered as deposits for meeting the

Reserve ratio.

The Draft guidelines stipulates that the minimum Gold deposits can be as low as 30 grams. Interest earned on such deposits would be exempt from income tax. Before depositing the Gold with the Bank, the same can be valued by approved hallmarking centers. A Gold Savings Account should be opened in Banks for a minimum period of 12 months. Interest can be earned either in cash or gold units.

It is a scheme that facilitates the deposits of gold to earn interest on their metal accounts. Once the gold is deposited in metal account, it will start earning interest on the same.

When a customer brings in gold to the counter of specified agency or bank, the purity of gold is determined and exact quantity of gold is credited in the metal account. Customers may be asked to complete KYC (know-your-customer) process. The deposited gold will be lent by banks to jewelers at an interest rate little higher than the interest paid to customer.

Both principal and interest to be paid to the depositors of gold will be 'valued' in gold. For example if a customer deposits 100gm of gold and gets one percent interest, then, on maturity he has credit of 101 gram, according to the scheme. The tenure of gold deposits is likely to be for a minimum of one year. The minimum quantity of deposits is pegged at 30 gram to encourage even small deposits. The gold can be in any form, bullion or jewelry. Customer will have the choice to take cash or gold on redemption, but the preference has to be stated at the time of deposit".

The F.M's speech:

The scheme has been announced as per the declaration made by the Finance Minister in his Budget speech. This is what he stated in para 63 of the speech:

"India is one of the largest consumers of gold in the world and imports as much as 800-1000 tonnes of gold each year. Though stocks of gold in India are estimated to be over 20,000 tonnes, mostly this gold is neither traced, nor monetized. I propose to:

(i) Introduce a Gold monetization Scheme, which will replace the present Gold Deposit and Gold metal Loan Schemes. The new scheme will allow the depositors of gold to earn interest in their metal accounts and the jewelers to obtain loans in their metal account, Banks/other dealers would also be able to monetize this gold.

(ii) Also develop an alternate financial asset, a Sovereign Gold Bond, as an alternative to pursuing metal gold. The Bonds will carry fixed rate of interest, and also be redeemable in cash in terms of the face value of the gold, at the time of redemption by the holder of the Bond".

Tax Benefits

The depositor can still see appreciation in Gold over a time and such appreciation will be tax-free. We can opt to take cash on redemption after one year. He can deposit old jewelry lying idle. There can be no fear of wealth tax or capital gains tax. Banks will have another stream of income. They can lend gold deposited to jewelers at higher rates. They will have greater freedom to decide interest rates. They can sell gold to raise foreign exchange for lending to traders. There can be a rise in business for gold refiners. Unproductive gold will come into the main stream of the economy. The need for gold imports will come down, conserving foreign exchange.

The Golden Rule of Capital Appreciation

Thomas Piketty in his monumental Book "Capital in the twenty-first century" points out that the total value of the world's gold stock has decreased over the long run. It tends to rise during period of crisis. It serves as a refuge. It currently accounts for 1.5% of total private wealth, of which roughly 1/5th is held by Central Bank. The Golden Rule of capital accumulation, as noted by Thomas Piketty, implies that the return on capital has always been significantly higher than the growth rate of economy. The formula R > G explains how global inequality isthe cause of accumulation of wealth. Gold appreciates faster generally and is a priced possession.

Conclusion

The success of the scheme will however depend not merely on the small incentives offered but on the question of possible enquiry into the acquisition. According to the World Global survey, consumers will be willing to consider interest bearing gold based investment products if the gold they receive at the end of the tenure is different from what they deposited. The draft scheme however offers no amnesty. It will be attractive for temple trusts invest. The Tirupathy trust has already deposited about 1800 KG of gold with the State Bank of India last August. Its total deposits are over 5000 kg. The scheme is welcome even when there is no amnesty. Its success will be watched with interest. MA

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TAX TITBITS

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Compliance requirements

Notification No. 4 dated 15.4.2015 has made certain amendments to the Rules, which are as under:

Compulsory e-filing to claim tax refund: Till assessment year 2014-2015, individuals or HUFs, who were otherwise not liable to file return of income electronically could claim tax refund by filing return of income in physical form. However, the notification makes it mandatory for every taxpayer to file return of income electronically for claiming refund of tax from the Department. However, an option is given to super senior citizens (80 years and above) claiming income tax refund to file return of income in physical form, provided return is furnished in Form ITR-1 or ITR-2.

By requiring ITR-3 and ITR-4 to be filed electronically, it now becomes necessary that every individual or HUF, who is required to file a return, to file the same electronically.

Changes in Forms: The additional information required in the new Form is information regarding bank accounts in India, details of foreign income and details of foreign travel. There has been representation about these requirements with the Finance Minister promising to consider the objections. It is probable that the requirement of foreign travel details may be dropped.

TDS

Provisions relating to tax deduction at source (TDS) continues to be tedious for the taxpayer. The omission to deduct tax requires the deductor to make good the tax failed to be deducted along with interest with possible penalty under section 201 and disallowance of the payment itself as an additional consequence of amount from which tax was failed to be deducted, where the payment is to non-resident under section 40(a)(i) and to resident under section 40(a)(ia). Quite often, there are borderline cases on which there could be bona fide difference of opinion as to the requirement of tax deduction at source as is seen almost in every volume of Income Tax Reports. There are number of instances, where the matter had been decided in appeals, where the tax deduction was wrongly insisted upon and because of such wrong view, there had been disallowances resulting in substantial outstanding demand.

The Supreme Court in Hindustan Coca Cola Beverage P. Ltd. v. CIT [2007] 293 ITR 226 (SC) came to the assistance of the deductor, when it spared the deductor from responsibility of tax deduction, if the deductee has accounted for the same. This decision has mercifully been statutorily recognised by amendment to section 201, subject only to the conditions that the deductor should obtain and file a certificate from a Chartered Accountant in Form 26A declaring that the deductee has accounted the amount in its books. In such cases, where proceedings are taken against the deductor either for non-deduction of tax at source or for disallowance of payment, the deductor should take steps to get the required certificate from the deductee.

The assessee may even be better advised, where such certificate is not possible, pay the tax failed to be deducted, so that the payment may at least be allowed in the year in which tax is deposited. It is because, the rate of tax as in the case of payments to contractors is at 1%/ 2% of payment, while the tax on disallowance will be 30%. The law under section 40(a)(ia) has been under challenge on its constitutionality, but unfortunately upheld by the Madras High Court in Tube Investments of India Ltd. v. Asst. CIT (TDS) (2010) 325 ITR 610 (Mad).

Hire purchase income – How accounted?

In hire purchase system, the financier collects a fixed amount as instalments for specified number of years. He is liable only for the income element in each instalment. How is it determined? It may be either by Sum Of Digits (SOD) method as is usually followed by the financiers or equated monthly instalment (EMI) basis. Either method is acceptable in accounting principles, if regularly followed.

It is not unusual for the hire-purchase financiers to adopt the income on SOD basis in its books, but report the income for income tax purposes on EMI basis as it is advantageous from tax point of view. Even such a practice of reporting income on EMI basis consistently, while keeping the accounts on SOD basis, was held acceptable in CIT v. Ashok Leyland Finance Ltd. [2012] 82 CCH 287. This law was recently reiterated by the Madras High Court in Integrated Finance Co. Ltd. v. Joint CIT [2015] 373 ITR 517 (Mad), because any system consistently followed would require the entire income to be accounted, though there may be year to year difference between the two methods.

Business or capital gains?

It is not unusual that many taxpayers, who are not dealers in shares, but in service or profession to take interest in share transactions. Where it is done through a stock exchange, the profit is not liable to tax, if Securities Transaction Tax is paid. But the losses in such transaction will not be admissible, unless loss making transactions are not routed through stock exchange providing thereby an in-built tax planning device. Even where a transaction is through stock exchange, if it is short term capital gains, tax is payable at 15% under section 111A increased from 10% with effect from A.Y. 2009-2010. If the transactions are not through stock exchange, there is liability to tax at 20% for long term capital gains and the normal rate if it is short term capital gains.

The Assessing Officers are prone to infer the share transactions to be from business, because the normal rate of tax applicable to the taxpayer may be at 30%. The issue in such cases is whether the asset was held for sale as stock-in-trade, so as to be assessable as business income or held as capital asset, the surplus from sale of which will be assessable as capital gains. The Central Board of Direct Taxes has issued guidelines for the Assessing Officers, while a recent decision of the Delhi High Court in CIT v. Central News Agency P. Ltd. [2015] 373 ITR 399 (Del) has listed the following guidelines:

"(a) The first test is whether the initial acquisition of the subject matter of transaction was with the intention of dealing in the item, or with a view to finding an investment. If the transaction, since the inception, appears to be impressed with the character of a commercial transaction entered into with a view to earn profit, it would furnish a valuable guideline.

(b) The second test that is often applies is as to why and how and for what purpose the sale was effected subsequently.

(c) The third test, which is frequently applied, is as to how the assessee dealt with the subject matter of transaction during the time the asset was with the assessee. Has it been treated as stock-in-trade, or has it been shown in the books of account and balance sheet as an investment. This inquiry, though relevant, is not conclusive.

(d) The fourth test is as to how the assessee himself has returned the income from such activities and how the Department has dealt with the same in the course of preceding and succeeding assessments. This factor, though not conclusive, can afford good and cogent evidence to judge the nature of transaction and would be a relevant circumstance to be considered in absence of any satisfactory explanation.

(e) The fifth test, normally applied in cases of partnership firms and companies, is whether the deed of partnership or the memorandum of association, as the case may be, authorises such an activity.

(f) The last but not the least, rather the most important test, is as to the volume, frequently, continuity and regularity of transactions of purchase and sale of the goods concerned. In a case where there is repetition and continuity, coupled with the magnitude of the transaction, bearing reasonable proportion to the strength of holding, then an inference can readily be drawn that the activity is in the nature of business."

One more item which is included in the Board Circular but not listed above is that a dealer in shares may borrow money for his investments, while an investor ordinarily acquires shares out of his own resources. Frequency of a transaction is the most important test for both the guidelines, but then how frequent they should be for inference of business has not been spelt out in the statute, so that there is unavoidable dispute.

In the light of strengthening the stock exchange with greater participation of Indian investors, so that the share prices are not at the mercy of Foreign Institutional Investors (FIIs), there is need for removal of the difference between business profits and capital gains in respect of purchase and sale of listed shares and the surplus being taxed at 10% flat as in most Double Taxation Avoidance Agreements. Larger turnover besides helping industry will add significantly to revenue by way of securities transaction tax. Such a step is all the more necessary to remove the discrimination between domestic and foreign funds being treated on their surplus as capital gains in some agreements. MA

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UTILIZATION OF CENVAT CREDIT

The concept of CENVAT credit is a beautiful one which prevents the cascading effect of tax but also much useful for the assesses. The cross-utilization process increases the utilization of CENVAT credit by the manufacturers as well as the output service providers

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The CENVAT Credit Rules, 2004 allows the manufacturer and the output service provider to take credit and utilize the same for the payment of service tax or excise duty. Cross utilization of credit is the salient feature of the rules. In this article the conditions for utilizing CENVAT credit, time limit of utilizing credit, consequences of wrongly utilizing CENVAT credit are discussed. The issues involved in utilization of credit are also discussed with reference to decided case laws.The statistical information is also furnished

CENVAT Credit Rules, 2004 ('Rules' for short) provides for taking and utilizing the CENVAT credit. Rule 3(1) provides that a manufacturer or producer of final products or provider of output service shall be allowed to take credit on the excise duty paid on capital goods and inputs and the service tax paid on input services. Rule 3(4) provides that the CENVAT credit taken may be utilized for payment of–

- any duty of excise on any final product; or
- an amount equal to CENVAT credit taken on inputs if such inputs are removed as such or after being partially processed; or
- an amount equal to the CENVAT credit taken on capital goods if such capital goods are removed as such; or
- an amount under sub rule (2) of rule 16 of Central Excise Rules, 2002; or
- service tax on any output service.

Conditions for utilizing CENVAT credit

The provisos to Rule 3(4) provide conditions for utilizing CENVAT credit as detailed below:

- while paying duty of excise or service tax, as the case may be, the CENVAT credit shall be utilized only to the extent such credit is available on the last day of the month or quarter, as the case may be, for payment of duty or tax relating to that month or the quarter, as the case may be;
- CENVAT credit shall not be utilized for payment of any duty of excise on goods in respect of which the benefit of an exemption under notification No. 1/2011-CE, dated the 1st March, 2011 is availed;
- The CENVAT credit of the duty, or service tax, paid on the inputs, or input services, used in the manufacture of final products cleared after availing of the exemption under the notifications of Government of India in

the Ministry of Finance (Department of Revenue shall, respectively, be utilized only for payment of duty on final products, in respect of which exemption under the said respective notifications is availed of.

• no credit of the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, shall be utilized for payment of service tax on any output service

• the CENVAT credit of any duty mentioned in sub-rule (1), other than credit of additional duty of excise leviable under section 85 of Finance Act, 2005 (18 of 2005) shall not be utilized for payment of said additional duty of excise on final products;

• the CENVAT credit of any duty specified in sub-rule (1), except the National Calamity Contingent duty in item (v) thereof, shall not be utilized for payment of the said National Calamity Contingent duty on goods falling under tariff items 8517 12 10 and 8517 12 90 respectively of the First Schedule of the Central Excise Tariff;

• the CENVAT credit of any duty specified in sub-rule (1) shall not be utilized for payment of the Clean Energy Cess leviable under section 83 of the ;

• CENVAT credit cannot be used for payment of service tax in respect of services where the person liable to pay tax is the service recipient.

Manner of utilization

Rule 14 (2) provides that all credits taken during a month shall be deemed to have been taken on the last day of the month and the utilization thereof shall be deemed to have occurred in the following manner, namely:

• the opening balance of the month has been utilized first;

• credit admissible in terms of these rules taken during the month has been utilized next;

• credit inadmissible in terms of these rules taken during the month has been utilized thereafter.

Wrong utilization

Rule 14 (1) (ii) provides that Where the CENVAT credit has been utilized wrongly the same shall be recovered along with interest from the manufacturer or the provider of output service, as the case may be, and the provisions of sections 11A and 11AA of the Excise Act or sections 73 and 75 of the Finance Act, 1994, as the case may be, shall apply *mutatis mutandis* for effecting such recoveries.

Confiscation and penalty

Rule 15 (1) provides that If any person, utilizes CENVAT credit in respect of input or capital goods or input services, wrongly or in contravention of any of the provisions of these rules, then, all such goods shall be liable to confiscation and such person, shall be liable to a penalty in terms of clause (a) or clause (b) of sub-section (1) of section 11AC of the Excise Act or sub-section (1) of section 76 of the Finance Act, as the case may be.

Rule 15 (2) provides that In a case, where the CENVAT credit in respect of input or capital goods or input services has been utilized wrongly by reason of fraud, collusion or any willful mis-statement or suppression of facts, or contravention of any of the provisions of the Excise Act, or of the rules made there under with intent to evade payment of duty, then, the manufacturer shall also be liable to pay penalty in terms of the provisions of clause (c), clause (d) or clause (e) of sub-section (1) of section 11AC of the Excise Act.

Rule 15 (3) provides that In a case, where the CENVAT credit in respect of input or capital goods or input services has been taken or utilized wrongly by reason of fraud, collusion or any willful mis-statement or suppression of facts, or contravention of any of the provisions of these rules or of the Finance Act or of the rules made there under with intent to evade payment of service tax, then, the provider of output service shall also be liable to pay penalty in terms of the provisions of sub-section (1) of section 78 of the Finance Act.

Time limit for utilization

Time limit has been prescribed for taking CENVAT credit which is one year from the date of invoice vide Notification No.06/2015-CE (NT), dated 01.03.2015. Once the credit is taken there is no time limit prescribed for utilization of the CENVAT credit.

Statistics on utilization of credit

The concept of CENVAT credit is to curb the cascading effect. The utilization of CENVAT credit is on the increase. A comparative statement showing the details of service tax paid in cash through Personal Ledger Account (PLA) and through CENVAT credit account during the last five years is shown in table 1.

The table 1 shows that the utilization of credit for the payment of service tax has decreased by years followed.

The duty payment from CENVAT credit increased and rose to almost 149% of PLA in FY 12. In general the utilization of CENVAT credit has been increased at

In Crore Rs.

Table – 1 Service Tax receipt – PLA and CENVAT utilization

Year	ST paid through PLA		ST paid through CENVAT credit		ST paid from CENVAT credit as % PLA payment
	Amount	% increase from previous year	Amount	% increase from previous year	
FY 09	60941	18.79	18457	72.30	30.29
FY 10	58422	(-)4.13	25880	40.22	44.30
FY 11	71016	21.56	22418	13.67	41.42
FY 12	97509	37.31	13536	(-) 53.99	13.88
FY 13	132601	35.49	3507	(-) 59.32	4.15

Source: CAG Report on Service Tax (Report No. 6/2014)

In Crore Rs.

Table – 2 Central Excise duty receipt – PLA and CENVAT utilization

Year	Central Excise duty paid through PLA		Central Excise duty paid through CENVAT credit		Central Excise duty paid from CENVAT credit as % PLA payment
	Amount	% increase from previous year	Amount	% increase from previous year	
FY 09	108613	-	150361	-	138.44
FY 10	102991	(-) 5.18	119982	(-) 20.19	116.50
FY 11	137761	33.70	170058	41.74	123.50
FY 12	144901	5.23	215849	26.93	148.96
FY 13	175845	21.36	258648.	18.83	147.09

Source: CAG Report on Central Excise (Report No. 8/2014)

In Crore Rs.

Table – 3 Main commodities utilization CENVAT credit

Commodity Group	FY 09	FY 10	FY 11	FY 12	FY 13
Iron & Steel – other steel plants	18104	13572	19145	24790	33050
Articles of Iron & Steel	8401	6018	8471	9770	12032
Iron & Steel – integrated steel plants	7837	5305	7076	10785	11958
Motor cars & Other motor vehicles for transport of persons	8628	8009	11377	15150	19397
All other motor vehicles	9187	8080	11924	14388	17789
Plastics and articles thereof	9588	7331	10795	12658	16810
All other falling under Chapter 84 - machinery	9732	7117	9963	12432	14202
Petroleum products	5426	6028	7512	9757	11369
Organic chemicals	6463	4864	6807	8241	10766
Copper & articles thereof	3184	2551	4509	4917	6176
Aluminium & Articles thereof	3340	2562	3758	4607	5672

Source: CAG Report of Central Excise (Report No. 8/2014) a faster pace than actual receipts through PLA.

The table 3 shows the pattern of utilization of CENVAT credit:

It is observed that there is increase in CENVAT credit utilization across all commodities. During FY 13 CENVAT utilization was higher in sectors in iron and steel followed by motor cars and plastics. Petroleum sector stood at eighth position among the commodities utilizing CENVAT credit.

Issues in utilization of CENVAT credit

The issues involved in utilization of CENVAT credit are discussed as below with reference to decided case laws:

Cross utilization of credit

The salient feature of CENVAT credit Rules is that cross utilization of credit may be done. Service tax credit may be utilized for the payment of central excise duty and vice versa. In **'S.S. Engines V. Commissioner of Central Excise, Pune – I' – 2015 (38) STR 614 (Tri. Mum)** it was held that CENVAT credit on input services can be utilized for payment of excise duty on goods manufactured by assessee. Rule 3 of CENVAT Credit Rules, 2004 does not stipulate maintenance of separate account as a manufacturer and as a service provider. The restriction imposed in the third proviso to Rule 3(4) and 7(b) do not cover cross utilization of credit on excise and service tax, as a general proposition. Also form ER-1 and ST-03 indicate the intention to permit cross utilization of excise duty and service tax.

In **'Commissioner of Central Excise V. Nahar Industrial Enterprises Ltd., - 2008 -TMI - 4330 - CESTAT NEW DELHI** the respondents are engaged in the activity of manufacturer as well as output service providers. In the impugned order, the Commissioner (Appeals) held that the respondents are entitled for CENVAT credit of manufacturing activity for utilization towards payment of service tax. The Revenue challenged these findings. The tribunal held that there is no restriction for utilization of CENVAT credit by manufacturing unit towards payment of service tax as service provider as CBE &C Manual or supplementary instructions. The tribunal found no infirmity in the impugned order and the appeal is dismissed.

According to the report of CAG the cross utilization of service tax credit in payment of excise duty was the main reason for increase in utilization of CENVAT credit.

Utilization of common input services

In '**Enbee Education Centre Private Limited V. Commissioner of Central Excise, Vadodara' – 2015 (37) STR 813 (Tri. Ahmd**) it was held that if the provider of output service avails CENVAT credit of common input services then he can utilize only the amount as specified under Rule 6(3)(a). In this case the appellant utilized the services of courier for his entire business activity. The appellant also discharge his service on the services. In the entire case there is no allegation or finding that indicate that the amount which has confirmed by the lower authority is the amount which has been utilized by the appellant more than the stipulated 20% under Rule 6(3)(c). The Tribunal held that the entire CENVAT credit on the common input services cannot be denied to the appellant.

In 'Commissioner of Central Excise, **Salem V. Thangavel & Sons Private Limited' – 2015 (37) STR 144 (Tri. Chennai)** the Tribunal held that prima facie there is no dispute regarding admissibility of CENVAT credit availed on inputs. Once the assessee is held eligible for availment of credit, credit can be utilized either for payment of excise duty or service tax as stipulated in Rule 3(4) of CENVAT Credit Rules, 2004. There is no restriction for utilization of common input credit on inputs and input services for payment of excise duty or service tax.

Utilization by GTA

In **'Commissioner of Service Tax V. Royal Enfield' – 2015 (37) STR 826 (Tri. Chennai)** it was held that utilization of CENVAT credit for discharge of service tax on GTA service is permissible. In **'Commissioner of Central Excise & Customs V. Panch Mahal Steel Limited' – 2015 (37) STR 965 (Guj)** it was held that Rule 3(1) of CENVAT Credit Rules allows the manufacturer or provider of output services to take credit of CENVAT of various duties specified therein. Rule 3(4) provides that the CENVAT credit may be utilized for payment of various duties specified in clauses (a) to (3) thereof. Clause (e) pertains to service tax on any output services. A combined reading of these provisions would, therefore, establish that though the assessee was liable to pay service tax on GTA service, it would have utilized CENVAT credit for the purpose of paying such tax.

Refund of credit

In **'Bajaj Allianz General Insurance Compa-**

THE GROUND OF NON-PRODUCTION OF PROOF OF EXPORT AND AVAILMENT OF CENVAT CREDIT ALSO ARE NOT RELEVANT SINCE THE ORIGINAL ADJUDICATING AUTHORITY WAS AT LIBERTY TO VERIFY THESE DOCUMENTS

ny Limited V. Commissioner of Central Excise, PUne – III'- 2015 (37) STR 316 (Tri. Mum) it was held that the utilization of CENVAT credit for the payment of service tax as recipient of insurance auxiliary services provided by agents in the State of Jammu & Kashmir. The service is not liable to be taxed in Jammu and Kashmir. Therefore the credit utilized amount to refund of the erroneously paid. The Tribunal held that the assessee is entitled to CENVAT credit.

Refund of unutilized CENVAT credit

In **'Commissioner of Central Excise V. Kiri Dyes and Chemicals Limited' – 2010 (254) ELT 467 (Tri. Ahmd)** the appellate Tribunal held that the refund of unutilized CENVAT credit could not be denied to EOU by application of proviso to Rule 5 of CENVAT Credit Rules, 2004, which was applicable only to CENVAT credit claimed as refund and not to excise duty paid as drawback. The ground of non production of proof of export and availment of CENVAT credit also are not relevant since the original Adjudicating Authority was at liberty to verify these documents. The Tribunal rejected the appeal filed by the Revenue.

Wrong accounting practice

In **'Infotech Enterprises Limited V. Commissioner of Central Excise & Service Tax, Hyderabad – IV' – 2015 (37) STR 402 (Tri. Bang)** the appellant utilized the CENVAT credit by following wrong accounting practice. The Commissioner has adopted the method of taking cumulative total of credit utilized which is not the criterion for examining the CENVAT credit at all and he has not taken the opening balance into account and he has not excluded the available cumulative balance of CENVAT credit. The Tribunal found that the submission of the appellant that there was no excess utilization at all during the period is correct. What had happed is only an accounting error by the appellant and the mistake has been rectified by them by paying the entire amount with interest and correcting their account suitably. The Tribunal held that is not a fit case of imposing penalty.

Utilization by Registered Office

In '**Commissioner of Central Excise V. Chandresh C. Shah' – 2014 (36) STR 972 (Guj)** the Gujarat High Court held in its impugned order that the imposition of penalty for utilization of CENVAT credit at registered office without distributing to various units and omission to take registration as Input Service Distributor was not sustainable inasmuch as it was a case of procedural irregularity and the revenue neutrality and there was no fraud or collusion or willful mis-statement or suppression of facts or the contravention of statutory provisions with intent to evade payment of duty.

Conclusion

The concept of CENVAT credit is a beautiful one which prevents cascading effect of tax but also much useful for the assesses. The cross utilization process increases the utilization of CENVAT credit by the manufacturers as well as the output service providers. The issues involved in utilizing CENVAT credit has been discussed in this article which is not exhaustive. The assessees are to be benefited by these provisions by complying with the provisions of Rule property. MA

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DIRECT TAXES

Case Laws

- **No sec. 80QQB relief on royalty received for writing a cookery book as it was not earned in exercise of profession -** Assessee claimed section 80QQB deduction on receiving royalty for writing a cookery book which was denied by AO and CIT(A) on the ground that such income was not earned in the exercise of profession.

  It was held that the assessee was not specially qualified apart from having skills and ability to write book and she was not educated in the field of cookery either in the college or in university or even through experience. Thus, assessee was not qualifying the parameters laid down for considering particular activity as a professional activity. Therefore, assessee would be disentitled to claim deduction under section 80QQB as royalty could not be said to be earned by assessee "in exercise of her profession" - *Mrs. Pratibha A. Kothavale* v. *DY. CIT* [2015] 57 taxmann.com 257 (Mumbai - Trib.)

- **Sum received in lieu of relinquishment of right to sue 'Coca-Cola' was capital receipt: ITAT -** The issue that came up before the Tribunal was whether compensation received on relinquishment of right to sue would be a capital receipt or it would be taxable under section 28 of the Income-tax Act?

  The Tribunal held that since real intent, objective and purpose of payment of compensation as per settlement agreement was to ensure withdrawal of all pending litigations by assessee and was neither in lieu of surrender of any agency or agreement for non-competition, thus, compensation would neither fall in ambit of section 28(*ii*)(*c*) nor under section 28(*va*) and it was only a capital receipt. - *Satyam Food Specialities (P.) Ltd.* v. *Dy. CIT* [2015] 57 taxmann.com 194 (Jaipur - Trib.)

- **Sec. 11 relief available to Indian Medical Association if it was endorsing health products to promote public health -** The assessee-society was formed to promote public health and medical education in India.The Assessing Officer (AO) noticed that assessee had received endorsement money for making endorsement of products of various corporate entities. Thus, he took the view that assessee-society had failed to comply with requirements of section 2(*15*) and rejected its exemption claim.The CIT(A) reversed the order of the AO.

  On appeal, the Tribunal held that assessee as per object of promoting public health had endorsed products due to their health and nutritional benefits. Thus, assessee would be eligible for exemption - *ADIT* v. *Indian Medical Association* [2015] 56 taxmann.com 271 (Delhi - Trib.)

- **Royalty for know-how of manufacturing taxable at its situs while know-how for product functionality at situs of usage -** When the royalty is for use of a technology in manufacturing, it is to be taxed at the situs of manufacturing the product and when the royalty is for use of technology in functioning of the product so manufactured, it is to be taxed at the situs of usage of product. *Qualcomm Incorporated* v. *Asstt. DIT, International Taxation* [2015] 56 taxmann.com 179 (Delhi - Trib.)

Statutes

- **CBDT officials not to take any coercive action against FIIs for recovery of MAT: Govt. directives -** The Hon'ble Finance Minister, Arun Jaitley had announced constitution of a Committee to look into the issue of MAT on Foreign Institutional Investors ('FIIs'). In the light of the Finance Minister's announcement, CBDT officials were directed not to take any coercive action for recovery of demand already raised by invoking provisions of MAT in the cases for foreign companies. Thus, issuance of fresh notices for reopening of cases for demand arising on foreign companies due to invocation of provisions of MAT as also completion of assessment should also be put on hold unless the case is nearing being barred by limitation - LETTER FTS NO.96370/2015, DATED 11-5-2015

  Editor's Note:

  The Finance Act, 2015 has provided relief from MAT to foreign companies. Thus, capital gains from transfer of securities, interest, royalty and FTS accruing or arising to foreign company have been excluded from chargeability of MAT if tax payable on such income is less than 18.5%. Such amendment would be applicable prospectively from April 1, 2016, thus, aforesaid directives have been issued for MAT cases pertaining to prior periods.

INDIRECT TAXES

Case Laws

- **Marketing and support services provided to foreign co. in relation to their Indian sales is 'export of service' -** Place of Provision of marketing and support services provided to foreign companies in relation to their Indian sales is governed by rule 3 of POP Rules i.e., location of service recipient (outside India) and said provision amounts to 'export of service', if consideration in received in foreign exchange - *Commissioner of Service Tax* v. *Tandus Flooring India (P.) Ltd.* [2015] 57 taxmann.com 48 (Karnataka)

- **Cenvat credit allowed for outdoor catering service used by employees in general -** Rule 2(l)(C) of CENVAT Credit Rules excludes services 'primarily for personal use or consumption of any employee', *i.e.*, 'services, cost of which is included as part of salary of employee on cost to company basis'; outdoor catering services used by all employees in general and whose cost is borne by company, is not excluded and is eligible for credit - *Hindustan Coca Cola Beverages (P.) Ltd.* v. *CCE, Nashik* [2015] 56 taxmann.com 378 (Mumbai – CESTAT)

- **Goods having HSN classification under Kerala VAT cannot be classified as per common parlance test -** Based on HSN classification, 'Ujala Supreme' and 'Ujala Stiff and Shine' are classifiable as 'Synthetic organic colouring matter-Acid Violets' and 'Polymers of vinyl acetate' respectively under List A of Third Schedule to Kerala VAT Act (tax 4%); they cannot be classified under residual entry (tax 12.5%) based on common parlance or end-use based test - *M.P. Agencies* v. *State of Kerala* [2015] 55 taxmann.com 420 (SC)/[2015] 50 GST 279 (SC)

- **Process of sterilization of 'syringes and needles' for medical purposes does not amount to manufacture -** Sterilization does not produce a transformation in 'syringes and needles' and does not lead to any value addition in said product; it merely removes bacteria which settles on syringe's and needle's surface and therefore, process of sterilization of 'syringes and needles' for medical purposes does not amount to manufacture - *Servo-Med Industries (P.) Ltd.* v. *CCE, Mumbai* [2015] 57 taxmann.com 314 (SC)

- **Even use of other brand's name on invoices rather than on goods would lead to denial of SSI exemption -** It is not necessary that brand/trade name/mark must be affixed on goods; marketing/selling under brand name of other person by using other's brand on invoices, also disentitles an assessee from claiming SSI-exemption - *CCE, Jamshedpur* v. *Tubes & Structurals* [2015] 56 taxmann.com 406 (SC)

- **Excise duty exemption on goods subject to non-availment of credit has to be extended to importer in respect of CVD -** Where excise duty in India is NIL subject to 'not taking of credit on inputs/capital goods', an importer is entitled to said exemption in respect of 'CVD equal to excise duty' and in his case, CVD would be equal to excise duty *i.e.*, NIL - *SRF Ltd.* v. *Commissioner of Customs, Chennai* [2015] 56 taxmann.com 407 (SC)

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5) All HODs in Headquarters including Delhi Office, Hyderabad Center of Excellence - for kind information.
6) Notice Boards
7) IT Dept - requested to upload this information in the website as appropriate.
8) Members of the Council for kind information

Behind Every Successful Business Decision, there is always a CMA

The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

27th February, 2015
Sub: Clarification on Notification No. CMA(2)/2015 dated 12th February, 2015
Sub: CEP requirements for Members in Practice/Industry
Amendment in Para 5 of the Existing Guidelines
Applicability of the Guidelines w.e.f. 01.04.2015

Further to Notification No. CMA(2)/2015 dated 12th February, 2015 on CEP requirements for Members in Practice/ Industry, it is clarified that with effect from April 1, 2015, the requirement of CEP Credit Hours are as follows subject to the following exemptions:

(i) A member who has attained the age of 65 years.
(ii) For the first year for a member who is admitted to the membership of the Institute. A year in this context is to be considered as the period from April 1 to March 31.
(iii) A member who is having permanent disability and members who have been handicapped due to an accident for a prolonged period may be exempted from fulfilling the requirement of CEP Hours on submission of valid documents in support of the same.
(iv) A member who is resident outside India.
(v) In case of members residing outside India for a period of not less than 6 months may be exempted from the requirement for the particular year on submission of valid documents in support of the same. However, no such exemption/relaxation is available to a member who has obtained membership of the Institute in accordance with the MOU entered into between the Institute and any other foreign Institute and such member would be considered to have earned Credit Hours if the member has fulfilled the Credit Hour requirement of that foreign Institute.

The new block will be effective from 1.4.2015 and will supersede the existing block.
CEP Credit Hours requirements for the block of three (3) years starting effective April 1, 2015 to March 31, 2018, to be complied with by different categories of members.

Members holding Certificate of Practice
Below the age of 65 years: The member should undergo minimum mandatory training of 15 hours per year or 50 hours in a block of 3 years.
Holding Certificate of Practice for part of the year:
A member holding Certificate of Practice is exempt from the CEP requirement for the first year or part of the year.
Members not holding Certificate of Practice
It is recommended that a member should undergo minimum training of 7 hours per year or 25 hours in a block of 3 years.

Note:
- No carry forward is allowed for excess Credit Hours from block of three years to the next block of three years.

(Kaushik Banerjee)
Secretary (Acting)

INDIA'S NEW TRADE POLICY AND EXPORT PERFORMANCE

Despite slow recovery in some traditional markets as well as a declining trend in world commodity prices, the export target of US$900 billion by the end of 2020 set and announced by Indian Government is seem to be attainable

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IT is true to say either export or perish for every country of the world. India has no exception to this notion. India has been trying hard to increase its exports so that country's development needs could be financed by imports and country should not go commercial borrowings. This model is known as "export led growth". In this regard, country's trade policy is the sine-quo-non.

Indian Government has announced New Trade Policy (NTP) recently for accelerating the pace of country's exports. The NTP is initiated for creating an export-friendly environment by easing out the ways to do business, which export community had been pleading for a considerable period of time. It is believed that the NTP will reduce transaction costs and will making the existing system and procedures more simple and transparent. Fixing the new target of country's exports at US $ 900 billion it is to be looked at whether NTP would help in achieving the formidable target or not.

Exports Performance

Since the beginning of the year 2009-10, India's exports are on the rise except in the year 2012-13 when the India's total exports of goods and services almost remained stagnant at US $ 446 billion where the merchandise exports recorded a decline of US $ 5.56 billion while exports of services registered an increase of US $ 4.80 billion over the exports figures of 2011-12 [**Table 1 and 2**]. This means whatever decline was recorded in case of merchandise exports services Exports compensated. But in the 2013-14, Merchandise exports increase much more than the rise in country's services exports [**Table 3**].

The analysis of table 1, 2 and 3 is as under:

1. There has been an increase of almost 176 per cent in country's merchandise exports between 2009-10 and 2013-14 or more than 35 per cent per year.
2. There has been a decline of nearly 1.9 per cent in India's exports in 2012-13.
3. India's services exports have continuous increase during the period under review and there has been an increase of 58. 2 per cent or 11.6 per cent per year.
4. This means there has been much rise in case of merchandise exports as compared to rise in country's services exports both in absolute terms and in percentage terms [Chart 1].
5. There has been a gradual and steady rise in services exports as compared to merchandise export.

Table 1

Trends in India's Merchandise exports from 2009-10 to 2013-14

Year	Total Merchandise Exports in US $ Billion
2009-10	178.75
2010-11	249.81
2011-12	305.96
2012-13	300.40
2013-14	314.40

Source: Ministry of Commerce and Industry; Government of India; New Delhi 2014.

Table 2

Trends in India's Services Exports from 2009-10 to 2013-14

Year	Total Services Exports in US $ Billion
2009-10	95.80
2010-11	131.70
2011-12	140.90
2012-13	145.70
2013-14	151.50

Source: Ministry of Commerce and Industry; Government of India; New Delhi 2014.

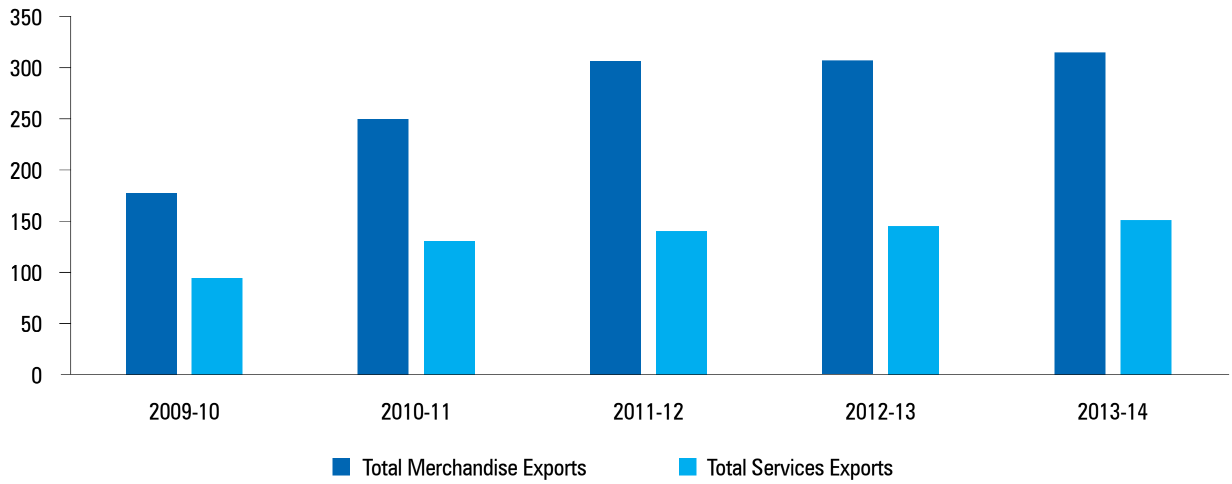
Table 3

Comparative Trends in India's Exports (Goods and Services (in US$ Billion)

Year	Total Merchandise Exports	Total Services Exports
2009-10	178.75	95.8
2010-11	249.81	131.7
2011-12	305.96	140.9
2012-13	300.4	145.7
2013-14	314.4	151.5

Source: Ministry of Commerce and Industry; Government of India; New Delhi 2014.

Chart 1
Trends in India's Exports (in US$ Billion)



Source: Prepared by the author from Table 3.

Export Performance of Plantations and Agri-products:

After registering consecutive growth for the last five years and hence, scaling a new height, country's plantation and agri-goods are poised for a decrease in 2014-15 (April-February) [**Table 4**]. Bearish world commodity unit vales because of glut world over, volatility of currencies in competing nations as well as delay in the Government's decision making on announcing sops greatly affected country's export performance of plantations and agri-products.

In terms of provisional projections, India's plantations and agri-goods exports amounted to US $ 29 billion during April-February 2015, much lower than corresponding period of 2013-14. In the year 2013-14, country's exports of these categories were amounted to US $ 34 billion. Products namely-wheat, basmati rice, oil meals, guargum, sugar, dairy and tea among other have registered a decrease in shipments over the last year figures, whereas goods such as buffalo meat, non-basmati rice, fresh vegetables and cocoa goods have recorded an increase.

Going by the existing trend there could be a 10 per cent decline in exports during the current fiscal year 2014-15. This is because of the inability on the part of country's exporters to compete with world rivals on the unit value realization combined with the inflexibility of Indian Government to pare prices especially wheat, added to the decrease in exports. Except for the non-basmati rice, the local prices of other goods namely- corn, oil-meal, dairy products, sugar rules higher than the world prices for most of the part of the year resulting into unviable exports.

Table 4
Trends in Exports of Plantations and Agri-goods between 2009-10 and 2014-15

Year	Plantations	Agri& Allied goods	Total
2009-10	1.1	12.6	13.7
2010-11	1.4	17.3	18.7
2011-12	1.8	27.4	29.2
2012-13	1.7	32.0	33.7
2013-14	1.6	32.4	34.0
2014-15 (April-Feb)	1.3	27.7	29.0

Source: Ministry of Commerce and Industry; Government of India; New Delhi 2014.

Data cited in table reveals the following:

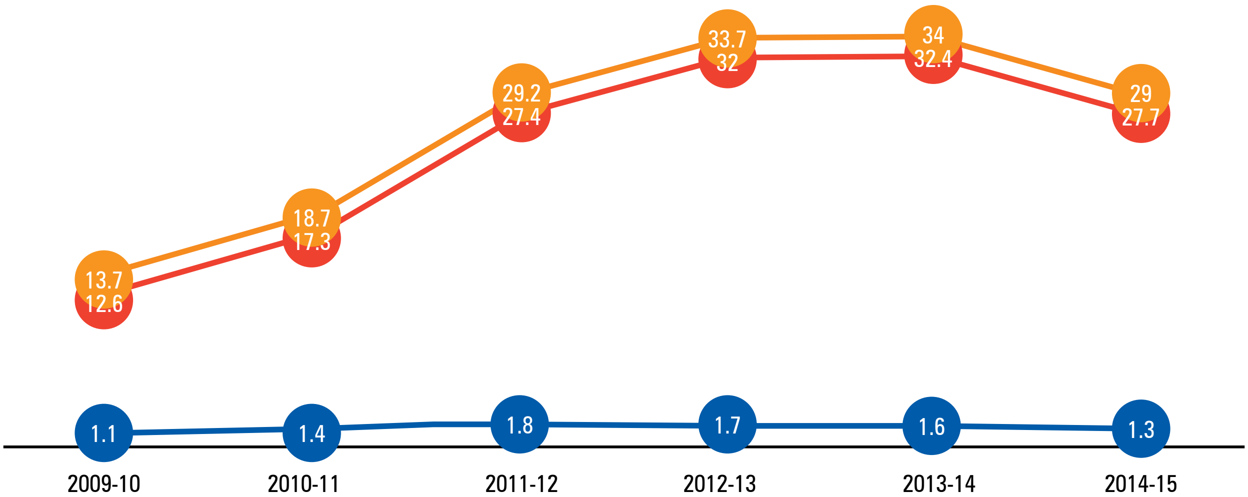
a. India's total exports of plantations and agri-products have registered an increase of nearly 148.2 per cent or 29.7 per cent per year during the period under reference.

b. India's exports of plantations have registered a rise of 45.5 per cent or 9.1 per year during the period under review.

c. India's exports of agri and allied goods have recorded an increase of 157.2 per cent or 31.4 per cent per annum during given time period.

d. This means India's exports of agri and allied goods

Chart 2
Trends in Exports (US$ Billion)



Source: Prepared by the author

have registered much higher and better growth rate than plantations exports and total agi- and allied goods exports [**Chart 2**].

Issues of Concern

There are two issues which are of great concern and have affected country's exports of agri and allied products.

Basmati Issue

In this issue the major concern is that basmati shipments have declined by close to 10th at around 3.5 million tons in 2014-15 as compared to 3.8 tons during the last year i.e. 2013-14. The decrease was because of lesser shipment to Iran which is largest buyer of country's basmoti rise, which is a stopped purchase in the recent months on higher local crop. India ends up exporting nearly 10 lakh tons during 2014-15 as against 14 lakh tons in 2013-14. Apart from the less quantity of exports, the basmati export earnings are likely to be less due to lower unit value realizations i.e. average price of US $ 1,100 per ton during 2014-15 as compared to US $ 1,250 per ton in 2013-14.

Sugar Issue

In regard to sugar, Indian Government did announce the continuation of subsidy on raw sugar only in February 2015, which is nearly four months after the start of crushing session. Indian Government did announce the subsidy amounted to Rs. 4000 per ton in last-October and November of 2013-14, nearly 12 to 15 lakh tons of sugar would have been exported. This time unfortunately very meagre i.e. 1.5 lakh tons sugar has been exported and hence, resulting into lesser earnings of foreign exchange for the country. It is pertinent to mention here that in 2014-15 (till the end of February 2015) exports of sugar and molasses in terms of unit value realization has gone down by 34 per cent over the same time period of 2013-14. Added to this, country's exports of dairy products as well as wheat have also recorded a decline of nearly 50 per cent.

New Trade Policy [2015-20]

It is a matter of great satisfaction that the Foreign Trade Policy (FTP), which has taken almost 10 months in finalization, has come out with certain basic features which will go a long way in realizing the target of US $ 900 billion. The possibility of exporters of meeting the target of US $ 900 billion during the coming five years is fairly possible as the world economy is also expected to revive during the coming five years. Some of the vital and strategic features of NTP are as under:

1. Provisions for reduction in transaction costs;
2. Simplification of processes and procedures by introducing of two umbrella schemes relating to merchandise good and services exports;
3. Provisions in regard to paperless transactions, transpar-

ency, digitization;
4. Provisions to make online complaints and the liberalization in the use of 'scrip', or tax creditsto help the exporters to use them to pay import duties, excise duties and service tax;
5. Fixing the time limit for carrying out the operations such as sanction of import licences in just 48 hours;
6. Enough incentives to boost animal spirits of exporters;
7. Simplification and amalgamation of incentives schemes;
8. Assigning the greater role to State Governments in easing out ways of doing business;
9. Incentives to SEZs; and
10. Elimination of bottlenecks for doing business.

How Does it Help in Attaining the Target?

Despite slow recovery in some traditional markets as well as a declining trend in world commodity prices, the export target of US $ 900 billion by the end of 2020 set and announced by Indian Government is seem to be attainable. Indian Government has estimated that country's merchandise exports would touch upon a target of US $ 500 billion and of services target fixed US $ 400 billion. This target is not of much ambitious in nature and contents. This is because country's exports went up by 75 per cent between 2009-10 and 2013-14, the five years tenure of the last Foreign Trade Policy (FTP). The Government is of the view that this time, the need is to raise it by 50.2 per cent, assuming merchandise exports of goods during 2014-15 would not be below the figure of US $ 314 billion in 2013-14. However, country's exports during the year 2014-15 are likely to go down short of the 2013-14 numbers, given the trend till month before the financial year ended.

There are three very special features of services exports from India.
1. There is high degree of retention of foreign exchange since the outgo in regard to import content which is either insignificant or zero;
2. Exports from this sector benefit more people and that way they have expanding stakeholders profile; and
3. These services exports promote skills that are tradable both in India and globe, providing gainful employment top many.

On the other side, services exports are needed to increase faster than in the last FTP tenure. In last FTP the services export went up by a margin of 58.1 per cent. Now this time these have to rise by a margin of 153 per cent so that the fixed target of US $ 400 billion could be attained. There is an assumption that country's services exports would remain at US $ 14.25 billion in February and March each, as was the case during January. In that case, country's exports of services will touch upon a figure of US $ 158.2 billion in 2014-15, up from US $ 151.5 billion in 2013-14.

It is pertinent to point out here that India is a net importer of merchandise goods but a net exporter of services. This means in case of merchandise good country has deficit and on the other hand surplus in services. This trend helps in keeping the current account deficit (CAD) down and at manageable level. If services exports increase faster than merchandise goods exports in coming five years of NTP, this could again help keeping CAD under control with a condition that country's imports would not increase to alarming proportions. India's services exports estimation seems ambitious but it is believed that these have been rising in relative terms as a share of world total trade in the given component. In the year 1991-92 the relative share was stood at 0.6 per cent, have increased to 1 per cent in 2000-01 and now stood at 3.3 per cent in 2013-14.

During the last FTP, country's merchandise exports contracted once, in 2012-13; those of services saw gradual and steady rise. It is undisputed fact that India's relative market share in world services exports has witnessed the inherent stability to move up value chain. Accordingly, managers of world supply chain are beginning to look at the benefits in operating within India as a regional manufacturing hub with similar demographics as of China and therefore, are showing willingness to start making investment in India for export led returns on investment.

To give a boost to exports from Special Economic Zones (SEZs), the country's Government has initiated schemes of benefits in terms of both the reward schemes namely Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS) to units located in SEZs. Trade facilitation and enhancing the existing degree of easiness in doing business are carried out.

Indian Government wants to increase its hare in global merchandise and services exports from 2.0 per cent to 3.5 per cent through NTP. In order to increase services exports further country's Government through its Ministry of Commerce starting a reform agenda through an inter-ministerial mechanism. Added to this, Indian Government also planning for getting 'effective market access ' in foreign markets and this being carried out through various bilateral and multilateral trade policies and programmes.

The country's merchandise exports went up at a Com-

IT IS GOOD THAT THE FORTUNES OF THE CURRENCY AND RESERVES HAVE CHANGED ENOUGH, INITIALLY BECAUSE OF FEW HARSH, BOLD AND INNOVATIVE STEPS BY THE RESERVE BANK OF INDIA

pound Annual Growth Rate (CAGR) of 15.9 per cent during the period started from 2004-05 to 2013-14 i.e. during a span of 9 years. Hence, the combined target of US $ 900 billion may require CAGR of 11.5 per cent by the end of 2019-20. This means that the given fixed target of US $ 900 billion is within the reach of the country.

Recently, Confederation of Indian Industries (CII) in collaboration of the Ministry of Commerce and Industry has created a platform for promotion of services exports from the country. In coming April 23-25, 2015, CII in collaboration with Ministry of Commerce and Industry will organize the Global Exhibition on Services (GES) in Delhi, wherein representatives from 40 nations will participate in it. Hence, this business-to-business (B2B) event will showcase India's services capabilities to international buyers and will also create a rewarding platform for international partnership and businesses to country's counterparts. This meet will be attended by a sizeable number of delegates from the US, the UK, Singapore, Spain, Australia, the UAE and SAARC nations. The major thrust of this meet would be on IT and telecom, tourism, healthcare, research and development, media and entertainment, education and logistics.

The NTP is also exploring the huge potential and opportunities in other emerging sectors which have come up namely: - e-commerce, export of defence and pharmaceutical products. Indian Government is further extending incentives for Export-Oriented Units (EOUs) such as Electronic Hardware Technology Parks (EHTPs) and Software Technological Parks (STPs). It is important to mention here that India has been making out huge electronic imports into the country. It is projected that by the end of 2020, country will require electronics products amounting to US $ 400 billion for internal usage. On the other hand by the end of 2020 the internal output of electronics goods at the current rate will be only worth US $ 100 billion, resulting into an import of electronic products amounting US $ 300 billion and most pertinent things that this amount will be higher than India's oil imports.

Foreign Exchange Reserves

India's forex reserves are rising at a brisk pace and hence, touched upon an all-time high figure of US $ 341.4 billion by the end of March 27, 2015. On September 6, India's foreign exchange reserves were amounted to US $ 275 billion. Between September 6, 2013 and March 27, 2015, India's forex reserves recorded a rise of US $ 66 billion which is enormous in nature and value. Indian rupee had touched the lowest vale at Rs. 68 .83 per dollar on August 28, 2013 and since then Indian currency has appreciated 9 per cent.

It is good that the fortunes of the currency and reserves have changed enough, initially because of few harsh, bold and innovative steps by the Reserve Bank of India and later on because of the improvement in the sentiments of the investors. Whereas country rupee has stabilized due to increasing forex reserves the import cover is nearly 10 months as compared to less than 8 months during August 2013 as well as a healthier macroeconomic trends, with improvement on the current account deficit and fiscal deficit horizons, concerns remain there.

Reserve Bank of India is aware of the downside risk to the exchange rate, as is reflected by its action of mopping the dollar up. Whereas RBI maintains it targets at neither a particularexchange rate nor foreign exchange reserves, adding its intervention is only to reduce volatility. Now the question arises how long it will be able to build reserveremains which has cost of accumulation. The Government is looking at accumulation of forex amounting to US $ 750 billion or a US $ 1 trillion. India wants to go China way in regard to accumulation of forex reserves.

Today, China has defacto become one of the lenders of last resort to Governments experiencing financial crises. The most important thing is that China, in its own heterodox and many ways, is assuming the roles of both an International Monetary Fund (IMF) and a World Bank as a result of its forex reserves. The question for India, as a rising economic political power, is whether it, too, should consider a substantial addition to its forex reserves, preferably its own forex reserves acquired though running cumulative current account surpluses, possibly targeting a level between US $ 750 and US $ 1 trillion in the long run.

It is true to say that forex reserves always act as insurance when country's currency tends to be volatile against dollar and India has no exception to this notion and hence there are costs attached to it. When the Central bank (RBI) purchases dollars on the spot, it results into infusion of rupee into the system which means inflationary and that Central Bank (RBI) does not want it that way, so, it converts spot purchases into forwards. This way, it is a direct cost due to the forward premium. If the Central bank (RBI) go for open market operation (OMOs) to mop up excess liquidity that involves costs.

Reserve Bank of India invests these dollars; part of forex reserves, in instruments namely US treasuries that yield negligible returns, owing to lowers returns. These are unavoidable costs. The returns from rupee assets are much lower than returns from dollar assets. RBI is not concerned with investment management. But it is there to maintain stability in the system.

Chinese Factor

Trade gap with China may be doubled at US $ 60 billion by the end of 2016-17 keeping pressures on India's forex reserves as well as NTP. If both countries did not address market access constraints and non-tariff barriers faced by the Indian goods in Chinese market, there will direct bearing affect? This is also cautioned in NTP.

Trade deficit between India and China widened to US $ 36 billion in 2013-14, accounting for a quarter of India's over all export and import gap. If the current situation continues, by 2016-17, merchandise imports from China will cross the figure of US $ 80 billion whereas India's exports will be nearly US $ 20 billion, resulting into an un-sustainable trade deficit of US $ 60 billion and this a matter of great concern and caution.

The widened trade gap has been due to the fact that both the economies have divergent nature. India being services led economy, whereas China is manufacturing economy. This has been creating a lot of frustration. There has been a lot of MOUs between India and China on bovine meat to IT and Pharma, but no action on the ground. A series of non-tariff barriers block India's exports of pharmaceutical, IT/ ITES and agr-goods.

What Should be Required?

In order to make NTP more effective and result oriented certain steps are the need of the day.

a. Being a growing economy, India must have a strong international trade segment comprising of imports and exports;

b. There should be harmony between imports and exports;

c. It is important to give a boost to electronics output in the country;

d. India must also fast track its ability and capacity for chip manufacturing which is largely import from China, Taiwan and South Korea;

e. Indications regarding global trade which will pick up in coming years, concerted efforts must be made to achieve the target of US $ 900 billion which is within the reach of India;

f. Target of having forex reserves between US % 750 and US $ 1 trillion must be kept in mind by pushing NTP in the right direction and perspective; and

g. Annual growth rate needs to be between 15-20 per cent to attain the US $ 900 billion target.

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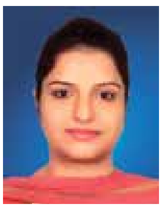
INVESTIGATING THE DYNAMIC RELATIONSHIP BETWEEN THE INDIAN STOCK MARKET AND THE CURRENCY MARKET

The participation of FIIs and the much more active participation of the investors in Indian market the markets have got more integrated over the period and the currency markets are influencing more significantly the market returns rather than being it the other way around



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With the improved globalisation, the currency markets have also grown up to a great extent and have interwined themselves with the stock markets. The relationship between currency markets and the stock markets has been dynamic and showcases a different dimension for the movement of stock markets. The study focuses on analysing the dynamic relationship between the currency market and the stock market by analysing the US$/Re. exchange rate returns and the S&P CNX Nifty returns. The study considers the time frame of Jan 2001-Sept 2014. It has been found that there is significant causal relationship between exchange rate and stock market.

THE currency markets tend to get interwine with the stock markets as the fluctuations in the exchange rates impact the stock prices and ultimately the stock market movement. But it is an interesting aspect to be considered that generally the foreign invements impact the stock markets and then the currency markets. Literature suggest the existence of causal relation between stock prices and exchange rates. Goods market approach is suggestive in the direction that exchange rates influence the value of earnings and debt component of firms and hence the stock price. Alongwith it is also suggested that the exchange rate fluctuations are result of the market output and the other macro-economic variables in the economy. Exchange rates are determined by the market conditions so the markets would be influencing the currency markets. This indicates the presence of some dynamic relationship between the two markets and it is being explored in this study.

Review of Literature

Aggarwal(1981) found a significant positive correlation between US dollar and the US stock prices. Jorion(1990), Bartov and Bodnar(1994) did not find any significant relationship between the foreign exchange rate(US Dollar movements) and the stock returns for US firms. Griffin and Stulz (2001) showed that the exchange rates over weekly rate have neglible impact on the value of industry indices across the world. Chamberlain et. al.(1997) found that the US banking stock returns were sensitive to the exchange rate movements. Ma and Kao(1990) found that the appreciation in the foreign exchange rates affect the stock markets negatively in case of export oriented country and positively for import oriented country. Behmani and Sohrabian (1992) found the two way causal relationship between US stock market and the exchange rate. Ajayi and Mougoue(1996) showed significant relationship between foreign exchange rates and the stock markets for the total of eight countries. They found that increase in stock prices causes the currency to depreciate in the U.S. and U.K. markets. Abdalla and Murinde(1997) indicated that the monthly exchange rates lead the stock markets. Pan,Fok and Lui(1999) showed that the daily foreign exchange rates were weakly leading the stock prices. Khalid and Kawai(2003) found that the link between the stock market and foreign exchange market lead to the propagation of the Asian Financial crisis in 1997. Bhattacharya and Mukherjee(2001) investigated the causal relationship between Indian stock market and macroeconomic aggregates in the foreign sector in India. They found no causal linkage between stock prices and the variables(exchange rate, foreign exchange reserves and value of trade) for the time period 1990-91 to 2000-01.Nath and Samanta(2003) analysed the dynamic relationship between the US$/Re exchange rate and Nifty Index for the period from March 1993 to December 2002. They did find any significant long term relationship betweent the two variables considered. Kutty(2010) found that the stock prices lead exchange rates in the short run and there is no long run relationship between these two variables in case of Mexican stock market.

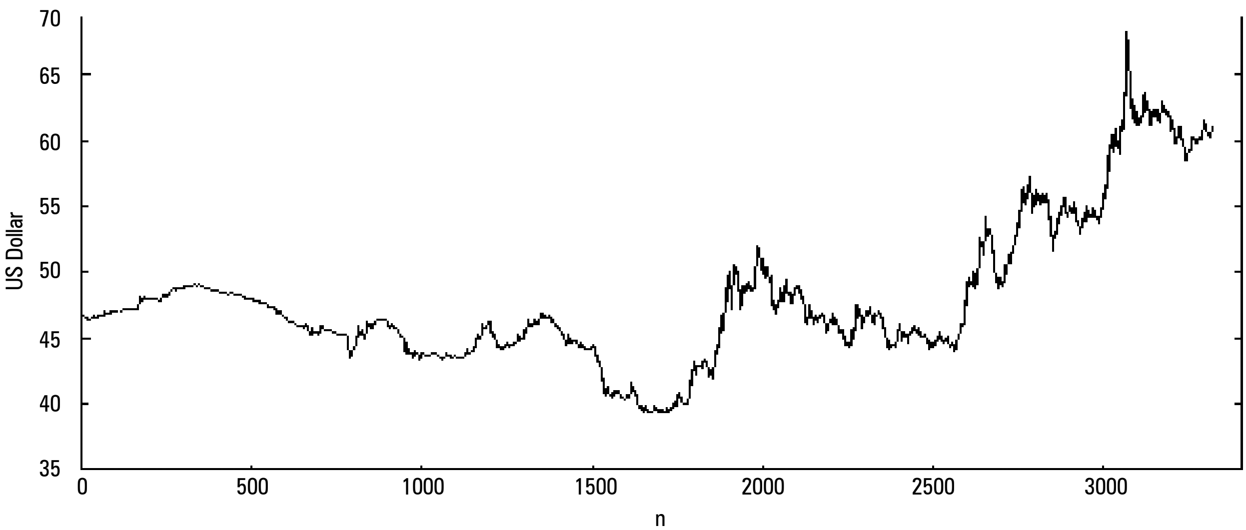
Objective of the Study

The objective of the study is to make an empirical analysis of the relationship between the currency market and the Indian stock market by employing the US$/Re exchange rate and S&P CNX Nifty 500 Index.

Research Methdology

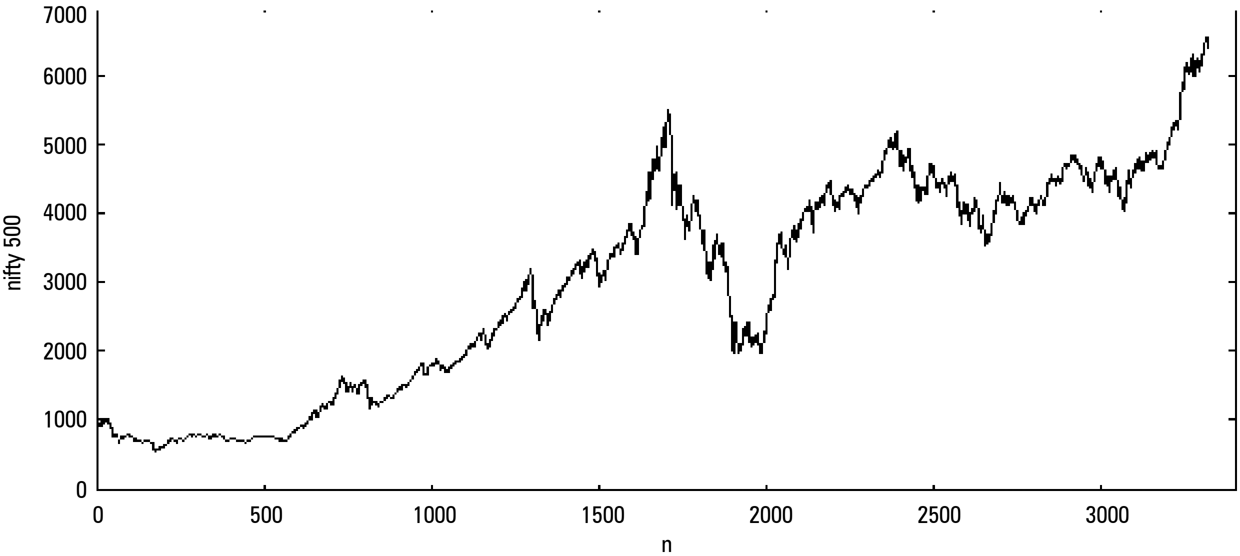
The present study is based on the secondary market data considering the daily foreign exchange rate of US$/Re. and the daily closing value of the S&P CNX Nifty 500 Index for the time period of Jan 1, 2001 to 31 August,

Graph 1: Daily closing value of the US$/Re exchange rate



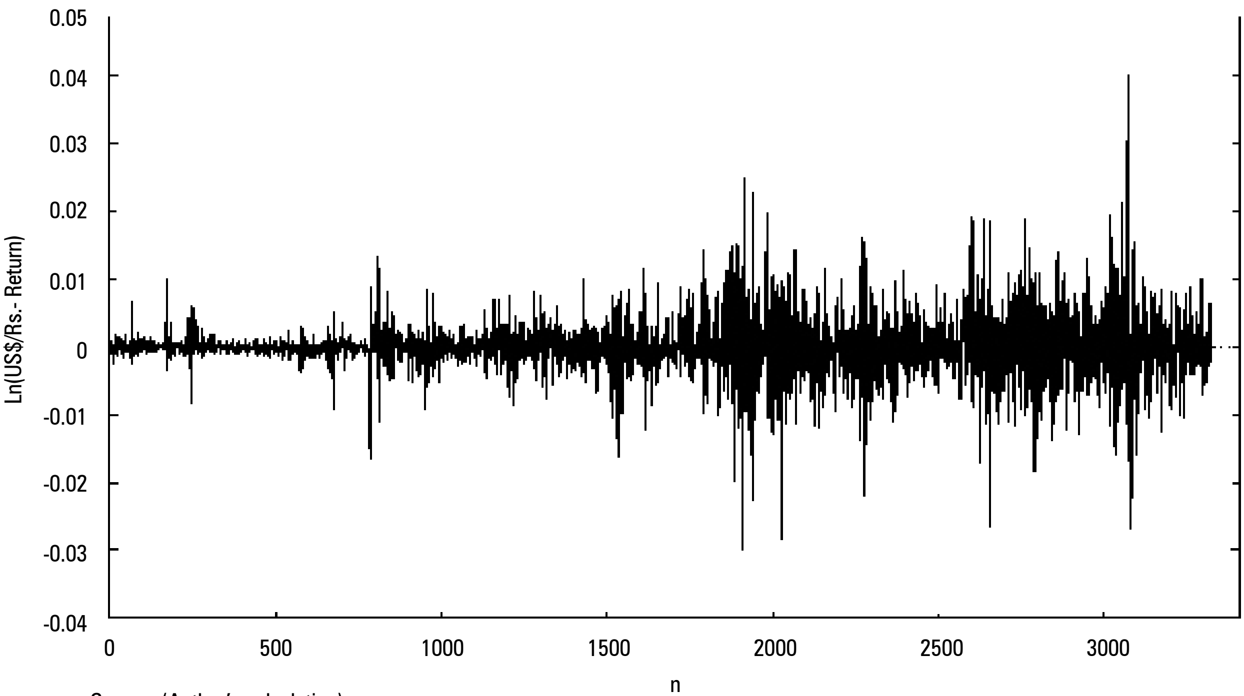
(Source: Author's calculations)

Graph 2: Daily closing value of the Nifty 500 index



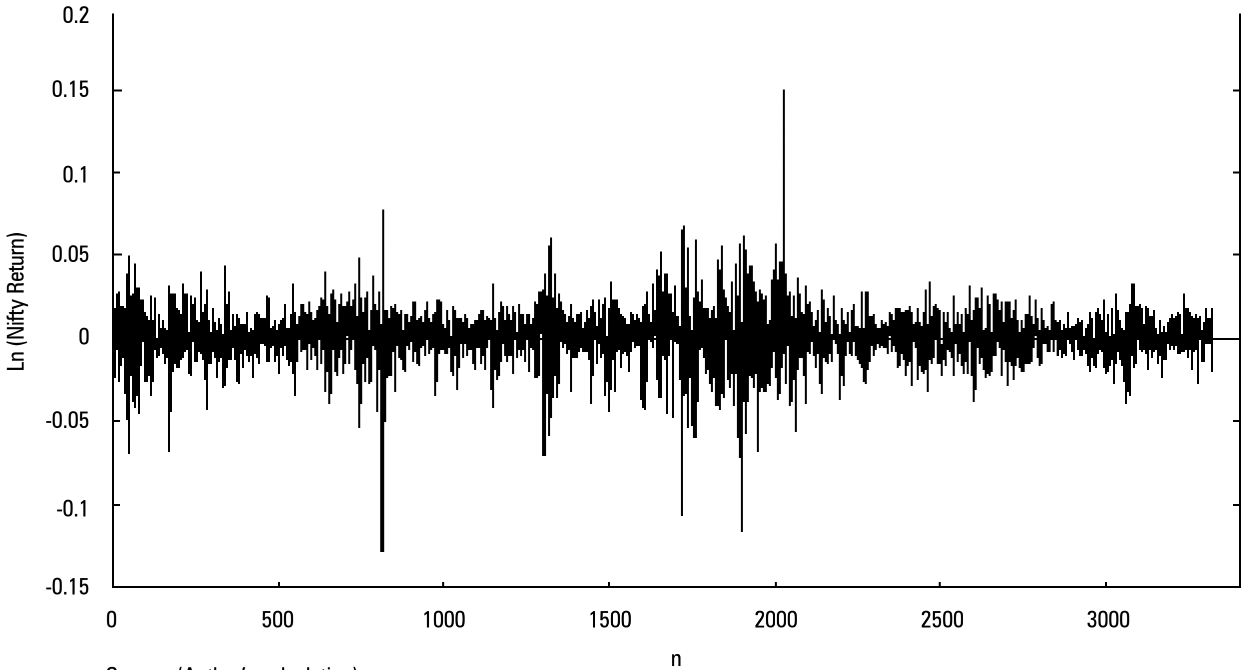
Source: (Author's calculation)

Graph 3: Daily values of Logrithmic returns for the exchange rate



Source: (Author's calculation)

Graph 4: Daily values of the Logrithmic returns for the Nifty 500 index



Source: (Author's calculation)

2014. The foreign exchange rate of US$ to Rupee has been considered because it is considered as one of the best representative for capturing the foreign exchange rate fluctuations as far as Indian market is considered, S&P CNX Nifty 500 Index has been considered as the good indicator for capturing the market movements of National Stock Exchange and thus, can be considered as the representative for the Indian Stock market.

The current study makes use of the tools like descriptive statistics, KPSS test, Schwarz Information Criteria, Johansen's cointegration test, correlation test and Granger Causality test.

Empirical Results and Discussion

Initially , both the series have been harmonised to have data points on the same temporal line.The resulting timeseries would consituted the data set for two variables i.e. US$/Re. and Nifty 500 harmonised on the same time points for the considered time period. Afterwards, the natural log of returns have been computed for the considered variables and is represented as Ln(Nifty) and Ln(US$/Re) for the logrithm returns of Nifty 500 and foreign exchange rate returns respectively.

A graphical representation of the closing values of both the variables as well as the log returns of variables in shown in graphs 1 to 4. A simple comparion between graph 1 and 2 indicates some sort of comovement and the graph 3 and 4 are suggestive enough for the presence of relationship between the two variables. This initiates the analysis of the relationship between the two variables.

Table 1 showcases the descriptive statistics for the variables considered. The first step involved in analysing the relationship between the US$/Re. exchange rate and Nifty 500 would be to identify the nature of the time series considered. The descriptive statistics indicates excess kurtosis indicating non normal distribution of the series and the standard deviation values are somewhat near zero.

Table 1: Descriptive Statistics for Ln(Nifty500) and Ln(US$/Re)

Particulars	ln(Nifty500)	ln(US$/Re)
Mean	0.000595	8.09E-05
Standard Error	0.000268	7.95E-05
Standard Deviation	0.015462	0.004582
Sample Variance	0.000239	2.1E-05
Kurtosis	8.144829	6.943683
Skewness	-0.48412	0.247702
Minimum	-0.12885	-0.03006
Maximum	0.15034	0.0402
Count	3324	3324

(Source: Author's calculation)

Table 2: Results for the Normality test

Normality tests				
Ho: The series follow the Null Hypothesis				
Ha: The series does not follow the Null Hypothesis				
	Shapiro-Wilk Test		Jarque-Bera Test	
	t-statistic	p-value	t-statistic	p-value
ln(Nifty500)	0.9270	0.0000	9285.9000	0.0000
ln(US$/Re.)	0.9041	0.0000	6688.1700	0.0000
(Source: Author's calculation)				

Table 3: Results for the KPSS test for presence of unit root.

KPSS Test results		
Ho:Series of the variable is stationary		
Ha: Series of the variable is not stationary		
Variable	Optimal Lag order p#*	t-statistic**
Ln(Nifty500)	2	0.092819
Ln(US$/Re)	6	0.051879
*Optiomal lag order p# has been selected on the basis of Schwarz Information Criteria		
**Critical value of KPSS test statistic at 1%, 5% and 10% level of significance are 0.218,0.148 and 0.119 respectively		
(Source: Author's calculation)		

As an essential step in preliminary analysis the variables are tested whether they follow normal distribution or not. For testing the normality of the variables Jarque-Bera and Shapiro Wilk test have been employed. The results for normality testing are shown in **Table 2** above.

As it can be clearly noticed that the null hypothesis has been rejected in case of both the variables. Thus, we have dataseries which are not normal in its probability distribution.

Another basic requirement for analysing the dynamic lead lag relationship between the considered variables is that the data series must be stationary in nature otherwise the inferences from the F statistics of the Granger Causality testing may turn out to be supurious. In order to have stationary data series the logrithmic transformation of the returns have already been done. The stationarity of the series can be found out by checking for the presence of the unit root. KPSS test has been chosen over the ADF test because it does not impose the restriction of having normal distribution of the data. So, KPSS has been applied on the variables and the results are shown in table 3.

The variables are tested for being trend stationary.

The presence of unit root indicates that the series is not stationary and is random in its behaviour. The results are found to insignificant for the rejected the null hypothesis for the specified optimal lag length. So we can accept the null hypothesis, and it can be said that the series are stationary in case of both the variables and no further transformation of the variables is required.

The optimal lag order p for the variables has been estimated by considering the variables as endogeneous variables in the Vector AutoRegression System and then minimising the Schwarz Information Criteria by testing down from the maximum lag order. The lag order for which the Schwarz Information crieteia minimises itself is considered as the optimal lag order p# for carrying out the unit root test.

After testing for the preconditions of the normality and stationarity, we can now use the series for analysing the dynamic relationship between the variables. We would now employ the Johansen's maximum likelihood method to examine whether or not the logrithms of the Nifty500 returns and the US$/Re. return are cointegrated to some order. The **table 4** reports the relevant results.

Table 4: Results for the Johansen's Cointegration test

Multivariate Cointegration test for ln(Nifty500) and ln(US$/Re)					
Null Hypothesis	Eigen value	Trace statistic	p value	L – max statistic	p-value
r=0	0.14497	955.16	0.0000	519.66	0.0000
r<=1	0.123	435.5	0.0000	435.5	0.0000
#r' indicates number of cointegrating relationships					
(Source: Author's calculation)					

Table 5: Testing for no correlation

Correlation test	
Ho: There is no correlation between the variables	
corr(Ln(Nifty500),Ln(US$/Re))	-0.28288
t-statistic	-16.9986
p-value	0
(Source: Author's calculation)	

As we can see that the variables are not cointegrated and there is no cointegrating equation between the variables, so we can check the causal relationship between the variables without adding any error correction term in the variables.

We would now test the variables for the correlation between the variables against the null hypothesis of no correlation between the two variables. The results are shown in **table 5** on previous page.

The results confirm the presence of correlation between the variables so we can now move forward for testing the dynamic causal relationship between the variables with Granger Causality Test. The Granger Causality test basically tests the noncausality of the variables. It has few assumptions i.e., the variables are stationary, number of lagged terms to be introduced into the system are based on some information criteria,and, the error terms entering the causality test are uncorrelated.

Table 6: Results for the Granger Causality test.

Results of the Granger Causality Test			
	Null Hypothesis	F-statistic	p-value
Case 1	Nifty---/--> US$/Re. rate	2.1001	0.0625
Case 2	US$/Re. rate---/--->Nifty	5.972	0.000
(Source: Author's calculation)			

After satistifying the assumptions we have carried out the Granger causality test for the lag order of 6 which has been selected on the basis of Schwarz information criteria. The Granger causality test considers the Null Hypothesis Ho:Variable X does not granger cause variable Y. The F-statistic calculated has been shown in table 6 which indicates that the null hypothesis has been accepted for case 1 and rejected for case 2. So, we can say that Nifty does not cause the US$/Re exchange rate and the causality has the reverse direction i.e. US$/Re exchange rate causes the Nifty returns. The results are interestingly opposite to those of Nath and Samanta(2003) who found that there was no significant relationship between the two variables for the time period of March 1993 to December 2003. They indicated that with active participation of FIIs in the Indian market this causality was a possibility.

It can be concluded that FIIs participation and much more active participation of the investors in Indian market the markets have got more integrated over the period and the currency markets are influencing more significantly the market returns rather than being it the other way around.

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MAXIMIZING TRUE BUSINESS BENEFITS OF ERP – ROLE OF MANAGEMENT ACCOUNTANTS

The Management Accountant, with his deeper understanding of the business processes across the organization and its cost structure and the value delivered to the business, would be the ideal person to contribute a lot in this process of making ERP a tool of truly delivering the business benefits

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ERP can truly be a tool for enhancing organizational efficiency across all levels, delivering business benefits in terms of reducing inefficiencies and losses, increasing the productivity of assets, enhancing customer satisfaction and improving productivity of employees. Management accountant with his deeper insight of the various business processes both in terms of cost flow and value creation, can play a major role in achieving the above objective. This paper explains the key principles and methodology of making ERP the tool for reducing inefficiencies and losses and the role of Management accountant

ENTERPRISE Resource Planning (ERP)– as a very important tool of organizational efficiency enhancement has become affordable for even mid-sized enterprises thanks to the rapidly falling cost of computing, advancement of wide area networking technologies, internet based technologies etc. Adoption of ERP has become quite universal with lots and lots of investments having been made in the hope of getting true business benefits of ERP.

However, are the businesses getting ***"Bang for their buck"***, on the investments made in ERP? The survey conducted by Panorama Consulting (Published in ZDNet, 2013 **ERP research: Compelling advice for the CFO**), showed up a quite a negative conclusion on this question.

Surprisingly, full 60% of the respondents realized under half of 50% of the expected benefit from their ERP implementation.

However, in a contrasting response, in a question relating to customer satisfaction,

- 60 percent of respondents declared their project as "Success"
- 30 percent respondents declared the success of their project as " Neutral / I Do not know"

• 10 percent declared as "Failure".

How can one reconcile the contradictory responses in the above survey, of full 60% of respondents realizing less than 50% of their anticipated project benefits and yet the same time, declaring their projects as "success". The expectation has been reduced to ERP delivering a technology platform for carrying out day to day operations in a more efficient manner (like good furniture, email, IT hardware, Ms Excel, MS Word and other office systems which do not delivery direct business benefits but only enable efficient working).

This need not be. ERP can truly be a tool for enhancing organizational efficiency across all levels, delivering business benefits which would have direct positive impact on both top line and bottom line. This paper examines how to determine the business benefits to be demanded out of ERP, how to realize the same and how management accountant can play a major role in achieving the above objective.

Business Benefits to be demanded from ERP

One of the surveys conducted by UK business technologies (http://www.prlog.org/11440994-the-top-5-benefits-of-erp-software-according-to-business-users.html), revealed the top 5 business benefits of ERP as under.

1) Information available across organization as a whole rather than "multiple versions of the truth"
2) Better financial reporting
3) less duplication and time wasting across the board
4) Better aligned cross-departmental processes
5) Enabling better regulatory compliances.

Most of the ERP implementations (which have successfully gone Live) do not deliver maximum possible business benefits precisely because of this perfunctory demand on ERP.

This paper argues that the benefits demanded from ERP should be far deeper which should directly affect the top line and bottom line of business, in a positive manner improving the ROI. For this purpose, the true demands on ERP should be as **table 1**.

To enable a focused / in depth discussion, this paper restricts itself exclusively on the first area listed in **table 1** i.e., "Reducing inefficiencies and losses" in the supply chain.

Table 1

Business benefit areas	Benefits demanded from ERP
Reducing inefficiencies and losses	ERP should pin point the areas of inefficiencies and loss in the form of actionable reports in a timely manner to enable operating persons to take action to reduce inefficiencies and losses.
Improve Capacity utilization of fixed assets	ERP should enable efficient planning and conduct of activities so that organization can "Optimize" the capacity utilization across organization as a whole.
Improving the productivity of current assets	ERP should enable realizing 'More bang for the buck", i.e., increasing ratios of "Turnover to Current Assets" and "Profits to Current assets ". With lesser and lesser incremental current assets more and more turnover and profits should be realized.
Enhance Customer Satisfaction	ERP should enhance process efficiency in customer service and enhance customer satisfaction. It should wherever possible "add value" to the customer byenabling improvementin customers' supply chain efficiencies by timely exchange of information.
Employee Productivity enhancement.	ERP should enable employees across the organization, right from CEO's to operating level junior managers to, contribute better and be more productive for the organization. In other words, ERP should enable efficient and effective decision making both at operational levels and at Strategic levels.

Role of Management Accountant

Due to his very nature of work, Management accountant is ideally positioned to make immense contribution for the success of ERP, in terms of realizing above business benefits.

• His / her work involves collection and collation of the costs and revenue data of the organization's activity under various dimensions i.e., by nature, by department / cost center, by function etc., In this process the management accountant would have developed a deep understanding of the various functions/ activities (both value adding and supportive/ administrative) taking place in the organization, their interrelationships and the contribution of each of these activities to the overall value delivery mechanism of the organization.

• As a partner of Senior Management in devising and executing planning and performance management systems , his /her work involves summarizing and presenting the cost and revenue data in an analytical manner highlighting the areas of inefficiencies and losses and opportunities for improvement. This calls for a deeper understanding of the internal business processes, strategic understanding of the rationale behind major business decisions of the organization and appreciation of the various external factors (market conditions, technology trends etc.,) which would have impacted the business, in the reporting period for which the performance is being analyzed.

- Management accountant also has the responsibility of assisting the Sr. Management in formulating the Organization's strategy. This involves providing cost and revenue inputs for developing different financial forecast models under various assumptions, interpreting and analyzing the results shown up in the models and assessing the controllable and uncontrollable risks involved in executing the various possible strategic options. All these call for deeper understanding of the strengths and weaknesses of the organization, likely behavior trends of the external factors affecting the business in the planning period.
- Unlike other functions (such as HR, Production, Marketing etc.) whose focus is limited to their own functional areas, Management accountant deals with each and every function of the organization and their inter- relationships. Hence, he / she can take an overall "integrated view" on the activities of business processes and appreciate the contribution being made by each and every function.

With the deeper understanding of the business processes due to his very nature of work as explained above, Management accountant is in much better position to identify the areas of inefficiencies and losses, and develop appropriate data tracking and reporting systems through ERP, to improve the efficiency of supply chain.

Business Processes of a supply chain organization

Generally the various activities of a supply chain organization are grouped under the following business processes.

Table 2

Process	Business Activities covered.
Purchase Payable process	PO Placement -> Receipt -> Inwards goods QC -> Acceptance (Goods receipt Note) -> Purchase accounting (Liability setup) -> Payment. The process can be extended backward to Purchase Requisition creation -> Approval process also. The ERP do also have the functionality of automatic creation of Purchase Requisition lines, based on the built in logic suggesting for various items, the quantum to be purchased, delivery date and the supplier,. This also includes the purchase return process on following lines. Purchase Return order ->Dispatch -> Purchase return accounting (Supplier Debit)
Manufacturing Process	Production Order -> Material Indent and Production routing scheduling -> issue of material -> manufacturing activity (tracking Labor / machines and other inputs, WIP and wastages, quality inspection at each stage) - > Finished Goods Inspection -> Stores Credit to FG Stores The process can be extended backward to Production Order creation -> Approval process also. The ERP do also have the functionality of automatic creation of Production Oder, Material Indents and routing sheet lines suggesting the quantity of FG to be produced, material indent lines for the same, routing sheets and scheduling the production at various work / machine centers.
Stores process	Stock transfer Indent -> Approval -> Stock Transfer out Challan - > Stock transfer in. Physical verification adjustments / write off etc.
Sales and Receivables Process	Sales Order booking - > Dispatch authorization -> Dispatch -> Sales invoice accounting -> Collection. This also includes the Sales Return process on following lines Sales Return order authorization -> Receipt of returned goods ->Sales Return Accounting
Financial Accounting Process	Taking operational and financial data from above processes, and also from the inputs given by accountants the General Ledger /Cost accounting processes update Financial and costing records.

Identification of Inefficiencies and losses in each Business Process

The actual definition of nature of inefficiencies and losses and their corrective actions are business activity specific. The management accountant and the operating managers should analyze the business processes of their organization to identify the major areas of inefficiencies and losses and list out the corrective actions.

The listing of inefficiencies should not be in high – flying, buzzword Jargons, expressing lofty concepts, ideals, vision, wish list etc. but should be in practical, down to earth actionable terms. The listing should clearly articulate

a) Areas of Inefficiency and losses
b) How to minimize the inefficiency and
c) How ERP should help in enabling managers to carry out actions required for minimizing inefficiency and losses.

Sl. No	Area of Inefficiency	How to minimize inefficiency	How ERP Should help
a)	Buying non- standard (unapproved) items Buying from unapproved vendors Buying at terms and conditions other than negotiated ones (the benefit of bulk buying missed out)	Prevent the purchase of items not in the approved items master as per approved specifications. Force purchase only from approved vendors at terms and conditions pre negotiated	ERP should prevent the placement of PO for items which are not in the standard item master and from vendors who are NOT approved for that particular item. For items with pre negotiated prices, ERP should force the placement of orders only at those terms.
b)	Item which is slow / nonmoving in one location, continue to be bought in another location.	The status and availability of surplus stock is made known to Procurement Managers of all other locations, so that they can get stock transfer instead of buying the same.	Item numbers are standardized across all locations. The data on stock position of each such item number of each location is made known to Procurement managers of all other locations, so that they can requisition surplus from other stores. Periodic reports of items which have become slow / non -moving are circulated to all the Procurement mangers encouraging them to find usage in their procurement / production areas.
c)	Usage of excess / unapproved items in the production process, excess usage of machine and labor time.	For each production order, the materials should be issued strictly as per BOM. The excess issues should be separately tracked and valued. Likewise the usage of machine and labor time should be monitored according to standards.	ERP can generate material issue slips based on BOM and Quantity launched and generate labor / machine job tickets based on standard routing sheets. Requirements over and above the same should be tracked separately and reported to concerned manager for "Root Cause Analysis "to take corrective / preventive actions.

WHEREVER POSSIBLE, ERP REPORTS SHOULD POINT OUT AREAS OF ACTUAL/POSSIBLE INEFFICIENCIES AND LOSSES IN AN 'ACTIONABLE' MANNER AND SHOULD REACH THE PERSON WHO SHOULD TAKE ACTION

An example of such a list is given in the following table.

General Principles of Utilizing ERP for minimizing inefficiencies and losses:

a) The workflow processes in ERP should be designed to prevent the possibility of inefficiencies and losses, while the activity is still being carried out / recorded.

- While procuring materials, ERP can force procurement - only from approved vendors with pre negotiated terms and conditions - of the materials of standard specifications and allow the acceptance of materials only if actual quality parameters are as per the preset norms.
- While issuing the material, ERP can prevent the issue from expired lot, force / guide for selection of the lot which has shortest remaining shelf life, prevent issue of material not covered in the BOM etc.,

The controls built in ERP process flow for this purpose can be either in the form of

- "Absolute No – No", as in the case of issue of expired chemicals.
- "Initial No – No" for the person carrying out the work, but with an authority for a higher – up officials, to approve the exception. Example could be sales to an overdue customer, with the authority to overlook overdue collectables and approve the sales being only with General Manager (Sales).

One has to be careful to maintain a balance between the ideal system and the practical issues in implementing in day to day situation. It is very easy to get carried away and incorporate all sorts of controls in the ERP processes, which may become impediment to the smooth working on daily basis.

Hence, it is better to have minimal number of very important controls which may be meticulously followed at all times(80/20 rule).

b) Wherever possible, ERP reports should point out areas of actual / possible inefficiencies and losses in an "actionable" manner. The keyword is "actionable" i.e., the report should reach the person who should take action, clearly enabling him to carry out what needs to be done, at the optimum time when he/ she should take action to prevent losses. Using its enormous computing power, ERP should truly "pick up the needles of inefficiency in the vast haystack of data" and pinpoint actionable items amongst thousands and thousands of items.

For example, ERP can show the list of lots in the sorted order of remaining shelf life, not to GM (Operations), not to materials manager of a plant, but to the storekeeper, who, with the help of that report should physically organize the lots in such an order that the lots with shortest remaining shelf life, would be the nearest / easiest to lay hand to, while picking up for delivery.

In another example, instead of simply throwing up a list of items which have not moved for past one month in a particular stores, ERP can exclude those items for which action is not required such as insurance spares (to be used only if the need arises) and those earmarked for any specific production / sales order already in pipeline etc. In respect of the remaining items also, report can show all the relevant information which would enable manager to take appropriate action of making best use of such materials. . Such information could be, the alternatives to the items in question and their movements (to see whether this non-moving item can be used in the suggested alternatives), the movement in other stores from which the item in question is moving fast (to see whether this item can be transferred to that store) etc.

c) ERP can provide the monitoring mechanism to track

MANAGEMENT ACCOUNTANT, WITH HIS DEEPER UNDERSTANDING OF THE BUSINESS PROCESSES ACROSS THE ORGANIZATION AND ITS COST STRUCTURE AND THE VALUE DELIVERED TO THE BUSINESS

the key operation performance parameters of the organization. In this case, the ERP may not give immediate actionable reports (like the one described above), but show the patterns and trends which can be analyzed to draw insights and decide action points accordingly to reduce inefficiencies and losses. Such key parameters differ from Industry to Industry; however some generic example could be as follows: 1) Output of key machines / input or unit of time 2) Output / Fuel for boilers, DG Sets. 3) corrective maintenance expenses for major items of production machinery / support infrastructure etc.

d) In recent years, organizations have embarked upon "Lean Six Sigma Initiatives" , whose basic philosophy is to work continuously on " Eliminating waste", so that every process, task or work action is made "value adding" (the real output customer pays for). The following are the type of "waste", on which focused action is taken for elimination.

1. Overproduction
2. Over – Processing
3. Waiting
4. Transportation
5. Defects, rework and scrap
6. Motion
7. Inventory
8. Unused creativity / Intellect

These initiatives involve a significant amount of data collection and analysis to get deeper insights into what is happening and come out with plans for improvement. During and after the implementation there has to be systematic data to track the progress and confirmation of actual realization of the business benefits.

ERP, being can play a major role in providing rich data for pinpointing the areas of "waste", analyzing the reasons for the "waste" and tracking the improvements that have happened after the Lean initiatives were taken.

e) ERP can highlight the cases, where the things have gone wrong and losses have occurred and provide the comprehensive data for investigation. For example, ERP can provide the list of lost sales / delayed deliveries, due to stock shortage in the past 3 months. In addition to the list, it can also provide rich data as to why the stock outage occurred for managers to come to the real reason (dig in the data with repeated whys!) and take appropriate managerial decisions. For example, the reasons could be 1) diversion of stock to another unexpected but important order, 2) shortage in production due to shop floor problems or input materials problem etc.

f) Rich ERP Data can be a good source of identifying the consistent patterns of "Mis behavior" from the usual norms (may be committed knowingly or unknowingly). The examples could be of a Sales manager who overlooks the over dues consistently while authorizing the supplies to a particular dealer, gives unusually large discounts to a particular dealer when compared with other dealers etc. The very fact that such a misbehavior would be caught by ERP data itself should act as a deterrent (analogous to installing CC TVs to prevent shoplifting).

Conclusion

To summarize, ERP should be looked upon as an investment, which should deliver real / tangible returns by means of reducing inefficiencies and losses in the supply chain Operations. To achieve this objective, ERP should support Operating Managers in taking appropriate actions by giving actionable reports.

Management accountant, with his deeper understanding of the business processes across the organization and its cost structure and the value delivered to the business, would be the ideal person to contribute a lot in this process of making ERP a tool of truly delivering the business benefits. MA

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GEARING UP OF GOVERNANCE WITH GENDER DIVERSITY

Gender diversity is a way of creating diversity without necessarily increasing board size and is in vogue across the globe as an avenue. Regulatory intervention undertaken by regulators is the need of the day as India Inc is yet to display its maturity to improve upon its governance structure

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Governance, Regulation and Gender Diversity has been hitting the headlines in India with the new Companies Act 2013 and SEBI guidelines requiring having at least one Woman Director on the Boards of Companies by April 1, 2015. Ensuring gender diversity in board through regulatory route or quota route is new intervention for India Inc. to demonstrate compliance in letter and spirit of the legislation. The cardinal intention of the intervention is to align India Inc to demonstrate sensitivity towards diversity and also improve upon their governance structure. This article reflects upon different dimensions and perspective of corporate governance in relation to the gender diversity in boards and also deliberates on whether a quota for ensuring gender diversity in board room synchronizes with the performance aspect of the firm and whether regulatory imposition is the desirable option. Some implementable propositions are also included in this article regarding repository which essentially needs to be dove-tailed with such legislative intervention.

GOVERNANCE, Regulation and Gender Diversity has been hitting the headlines in India with the new Companies Act 2013 and SEBI guidelines requiring having at least one woman director on the boards of Companies by Oct. 1, 2014 which was further extended to April 1, 2015. Woman in the board through the regulatory route or quota route is not a new initiative from Global Governance perspective. Such interventions have been initiated in Europe with Norway enacting a Law for this purpose as early as 2003. Adding Gender diversity dimension to corporate governance is a step envisaged in both the Companies Act and SEBI guidelines to realign with the Global trends. It is an extension of continued endeavors which are being taken up to synchronize India's corporate governance system with the International trends and practices. Also, on the flip side, this legislative intervention intends to align India Inc to demonstrate sensitivity towards diversity and also improve upon their governance structure. This article reflects upon different dimensions and perspective of corporate governance in relation to the gender diversity in boards.

Backdrop

Globalization has brought with it diversity as a natural process and dealing effectively with it is one of the key factors for capturing market share or retaining market leadership positions. Operating in Global market is no longer a preferred choice for Corporate leaders. Instead it is the only available option where the market is constantly driving companies to compete with the best the world. Performing by value addition to remain sustainable in the global market has thus become the real challenge which earlier was limited to merely enhancement of profit margin. As a result focus of the corporate world is shifting more and more towards governance.

"Improving gender balance in the boardroom not only increases the performance of the board and strengthens the business but is also good for the UK economy, as it enhances our competitiveness, ability to attract talent and reputation for good governance in a global market."

- Philip Hampton, Chairman; Royal Bank of Scotland

In 2014, Hermes Investment Management, which has to its credit of managing assets worth about £30.1 billion and advise on over £124.3 billion, had surveyed 108 institutional investors of UK and wider Europe on *Responsible Capitalism* which aimed to identify the most prevalent corporate governance issues for investors. Regarding greatest corporate governance concern, the report claimed, more that 80 % of respondent among all of those surveyed highlighted board director diversity / experience / Independent board and more than 70 % highlighted on Independent Chairman and CEO / Remuneration policy while about 27% highlighted board director gender diversity. The fund management firm claims the finding is a watershed moment for responsible capitalism.

Reviewing corporate governance norms in India, Securities and Exchange Board of India (SEBI), the capital market regulator, brought out a consultative paper in 2013 which was broadly based on the Organisation for Economic Co-operation and Development (OECD) principles of corporate governance. According to it, corporate governance must be dynamic, evolving and should change with changing context and times and that company should strive to bring in diversity of thought, experience, knowledge, understanding, perspective, gender and age in the board. It acknowledged that handful number of woman directors in the board of Indian listed companies explained the need for bringing gender diversity in the board.

Further, the Standing Committee on Finance (2011-12) in their report (57th) on The Companies Bill 2011 also acknowledged the necessity of the aligning gender diversity and corporate governance and expected that provisions of the Bill will make the companies more alive to giving salience to the female gender in the realm of corporate governance. This also reflects Government policy to encourage women's participation in decision making at every level in the society.

The issue

The issue being debated here is that the corporate governance system is in place since long, has evolved through the years, should be performance oriented, and aims to increase value of the firm. While it is so, firstly whether a quota for ensuring gender diversity in board room synchronizes with the performance aspect of the firm and secondly whether regulatory imposition is the desirable option. It is felt that these dimensions carry the merit to be deliberated further and discussion on regulatory intervention in India, the Quota system, performance parameter, regulatory interventions etc are presented in the following sections.

- ***Regulatory guideline in India***

SEBI amended the provisions of Clause 49 (II)(A)(1) of Listing Agreement relating to Corporate Governance, mandating board of directors of listed entities to have an optimum combination of executive and non-executive directors with at least one woman director. Refer **Figure-1** for the provisions.

Although this regulation is a concrete step taken by the regulatory body of the country, however the Corporate India in its entirety is yet to display its commitment towards embracing diversity and improving their Corporate Governance. This view point gets endorsement from the information given to Lok Sabha during Question Hour (24 April 2015) by Minister of State for Finance, Shri Jayant Sinha that as many as 2,015 (38%) companies listed on the BSE and 263 (16%) on the NSE were yet to comply with market regulator SEBI's directive to appoint at least one woman director on their board. This also includes 32 PSUs.

While undertaking the new venture through its guidelines on women director in board, SEBI had displayed a prudent approach to ease the process of implementation when it extended the dead line to 31st March 2015 after it received representations from market participants including companies and industry associations, highlighting certain practical difficulties in ensuring compliance, seeking clarifications on interpretation of certain provisions. The initial deadline for compliance was 1st October 2014.

"Action speaks louder than words but not nearly as often"

- Mark Twain

• Furthermore, the regulator has demonstrated its willingness to take forward gender diversity in board in letter as well as in spirit. In March 2015 SEBI inducted in its board Ms Anjuly Chib Duggal although there was no regulatory binding on it, thus displaying commitment to the issue in spirit. At the same time, firmness on enforcement can be seen when SEBI chairman Shri U K Sinha mentioned "*Any requirement, including the requirement of a woman director, is something which has to be enforced. If people do not follow it willingly, then it will have consequences as per law and it can be very serious*". As per reports, listed companies failing to appoint at least one woman director on their boards by March 31 will be penalized a minimum of Rs 50,000 fine. Those complying between July 1 and September 30 this year will need to pay Rs 50,000 and an additional Rs 1,000 per day till compliance. SEBI's announcement on penalty is a step to ensure compliance to its regulation on gender diversity.

"We're not saying 'if a board is diverse, it will be effective. We believe that diversity is just the starting point to make a board and company effective. It needs to be done efficiently. The goal is to have a meaningful boardroom discussion and rigorous process and diversity should help achieving it – not to meet a number-based target."

- Jo Iwasaki, head of corporate governance at ICAEW

Figure 1
Regulatory guideline in India

Having at least one Woman Director on the Boards of Companies Provision to Sec 149 of the Companies Act, 2013, stipulate that that such class or classes of companies as may be prescribed, shall have at least one woman director.

Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 requires that the following companies shall appoint at least one women director on the board. Every listed company and every other public company having

a)Paid-up share capital of one hundred crore rupees or more or,
b) Turnover of three hundred crore rupees or more.

The paid up share capital or turnover as stated above shall be the one which is mentioned in the latest audited financial statement. Moreover any company which is incorporated under the new companies Act shall comply with the above conditions within six months from the date of incorporation. However, any company which has been incorporated under the old companies Act shall comply with such conditions within one year from the date of incorporation.

• In case if there is vacancy in the post of women director, such vacancy has to be filled as early as possible and it should not be later than the next immediate board meeting or after three months from the date of the post being vacant, i.e. whichever is later.
• In exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992. SEBI has stipulated in clause 49 (IIA) of Listing Agreement that

The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors.

- **Performance parameter**

Various researchers have studied the performance of firm vis-a-vis representation of women in the boards. Results of many have remained inconclusive however few studies do indicate a positive correlation

Fortune 500 companies with the highest representation of women board directors attained significantly higher financial performance, on average, than those with the lowest representation of women board directors, according to **Catalyst's** most recent report, *The Bottom Line: Corporate Performance and Women's Representation on Boards*. In addition, the report points out, on average, notably stronger-than-average performance at companies with three or more women board directors. The study, which is the second of **Catalyst's** *The Bottom Line reports*, looked at three critical financial measures: return on equity, return on sales, and return on invested capital, and compared the performance of companies with the highest representation of women on their boards to those with the lowest representation. Besides this, the report found higher financial performance for companies with higher representation of women in board of directors in three important measures:

• Return on Equity: On average, companies with the highest percentages of women board directors outperformed those with the least by 53 percent.

• Return on Sales: On average, companies with the highest percentages of women board directors outperformed those with the least by 42 percent.

• Return on Invested Capital: On average, companies with the highest percentages of women board directors outperformed those with the least by 66 percent.

McKinsey report (2007) on "*Women Matter – Gender diversity, a corporate performance driver*" compared the 89 European listed companies with the best diversity score against their industry average. The financial performance of these companies was measured on the basis of return on equity (ROE), operating results (EBIT) and stock price growth. The results were that ROE was 11% higher for the more diverse companies, EBIT was 91% higher and stock price growth was 36% higher.

According to the **Diversity Leads** (2014) report, diversity on boards supports improved organizational performance: Companies with a higher percentage of women on top management teams and boards perform better financially, with higher sales revenue, greater number of customers, greater market share, and greater relative profits. It also provides stronger links to citizens, clients and customers, and helps attract and retain top talent.

These studies do indicate a performance enhancer with women in board room however much more research is required for conclusive acceptance of the hypothesis that Women in Board enhances performance of companies.

• Regulatory Intervention in India

The regulatory initiative of India have been landmark step in the direction of Gender equality by the Legislature keeping in perspective that we have 3418 million women population and 3477 million male in the world (2010 UN Statistics Division) and with only around 9.8 % represented in Boards (GMI Ratings' 2012) of companies worldwide. A right step in the direction of equality in view of the severe skewed participation of women in the boards with 5.2 % in India as in 2011.

"I think it is a worry. This should not be about tokenism. The intent was really to get more women professionals into the boardrooms,"

- Ms Kiran Mazumdar-Shaw, CMD Biocon Limited

Despite the fact that ensuring Gender diversity in board is seen as the apparent intention of the intervention, but the inherent cardinal intention is to boost corporate governance so that the decision making in the dynamic and diverse global environment becomes robust.

However, regulatory mechanisms have its own ramifications which often crop up to beat the cardinal intention of the regulatory intervention. With SEBI deadline as 1st April 2015, many listed companies are scrambling to meet the deadline and there is a spur of activity in appointment of women directors. Reports reveal that as on 1st April, about 832 women have been appointed to 912 directorship positions in 872 companies. As Indian companies scrambled to meet deadline to appoint women to their boards, many of the leading business owners including that having India's largest conglomerate by market value have a solution that meets the letter if not the intention of the law: appointing their wives; say industry observers. Some of the companies which have appointed female relatives of key executives as directors include Raymond Ltd, Asian Paints, Godhra Phillips, Videocon Industries, JK Cement etc. However going beyond compliance, SBI presently already confirming to SEBI / Co Act Norms pitching for greater gender diversity on its board SBI's Chairperson Arundhati Bhattacharya has said that the bank wants some more women directors and has already suggested a few names to the government.

• Quota system - Pros and Cons

One of the criticisms against the imposition of quota as a regulatory stricture are that firstly it infringes the right of the owner promoter major shareholder of the company in selection of directors, thus interfering with the election process of shareholders' meetings. In broad terms, the quota regulation would challenge principles of autonomy based on ownership.

Another argument put forward is that that the quota would lead to less qualified women replacing more competent men. It has a potential to circumvent the intention of the regulation to strengthen corporate governance. As brought out above, leading Business owners of India Inc have adopted this route to display their compliance to the regulation but are lacking to display the spirit. In such scenario when India Inc in its entirety is avoiding compliance to the regulation in letter and spirit, Quotas is more likely to remain restricted to merely increase mini-

"These women shall have the same voice as the promoter, defeating the very purpose of genuine (independent) gender diversity"
"You can have as many laws put in place, but unless the promoter or the management of the company wants to bring about a change and better governance, there are always ways to comply in letter, but not in spirit,"
- Pranav Haldea, Managing Director of Prime Database

mum number of female seats in the boardroom, but only as a token gesture.

Despite above cons, imposing quota system will ensure presence of woman in every board and serve as starting point to enhance gender diversity. However, apprehension remain that other ethnic social groups might create pressure on regulators / legislators for entering the board the quota way.

Elizabeth Corley, the CEO of Allianz Global Investors Europe, has highlighted the potential consequences of quotas for women in the boardroom, claiming, "*Quotas have a disproportionately negative effect because there will always be a question in people's mind that somebody only got onto a board or into a certain position because of a quota*."

It is seen form the above that legislative intent of Indian Legislators addressing the issue of gearing up corporate governance by ensuring gender diversity in Indian Inc board room through the quota route. Moreover, the legislative mandate of having one woman directors is a token introduction of the issue with prevailing trend is around 20% or more in developed countries. The justification of token introduction can be interpreted as that Legislature sought to introduce the issue at first and may in future go towards higher proportions towards gender equality as being followed in many countries.

- **Quota system - Global Initiatives**

In spite of justifications and criticisms on the quota system, it is a fact that it has been adopted by many countries and Norway is a leading example of it. In 2003 Norway became the first country in the world to impose a gender quota, requiring nearly 500 firms, including 175 firms listed on the Oslo bourse, to raise the proportion of women on their boards to 40 percent.

The law, as passed in 2003, was initially for voluntary participation and would have been withdrawn had the firms voluntarily filled the gender quota by July 1, 2005. Because that did not happen, these voluntary measures failed. By the deadline, however, the number of women had increased to about 25 percent in July 2005. In response, the Government introduced official legislation that same year. This time, the penalties of noncompliance were severe: as of January 1st, 2008, firms were to be penalized first with fines, then with deregistration from the Oslo Stock Exchange and finally dissolution it became mandatory in 2008. Reorientation of the law had impact on the outcome and all firms had complied by April 2008, including the 72 firms that violated the January 2008 deadline. The regulation states that the firm will be liquidated three months after non-compliance, although the government may abstain from liquidation if the firm is considered particularly important for society. No firm has been reported to be liquidated for non-compliance so far. However, the number of female directorships increased by 260% (from 165 to 592 seats) in that period. Subsequently, in 2011, percentage of companies with at least one female director in Norway was found to be 92.9% (GMI Rating). As per Governance Metrics International Women of Boards Report (March 2011), among European Countries Norway has the greatest number of female Directors having 35.6 % serving in Boards, contrasting to the fact that in 1992, the representation of women on the boards of Norway's publicly-listed companies was at mere three percent.

Since then gender quotas for boards have been imposed in many countries namely Belgium, Iceland, Italy, Finland, Malaysia, France and Spain (though with less severe sanctions: non-complying firms must generally explain in their annual reports why they fell short and what they plan to do about it). The European Commission is considering imposing quotas across the EU. Germany on 6th March 2015 passed a law that requires some of Europe's biggest companies to give 30 percent of supervisory seats to women beginning next year.

The Norway experience clearly reflects that when it was left up to the firms to get implemented voluntarily, they did not respond to participate in the venture towards gender equality / diversity. However, when it was enforced as legislative requirement, gender balance in the boards of companies got a positive boost up. This reveals that there is a necessity to impose upon the firms to take steps to maintain gender diversity in boards at least to start with. Such imposition is likely to enhance sensitivity to build up a culture which respects diversity, works on improving governance and deliver value to stake holders instead of only charting yearly compliance. As the ball starts rolling further to have a formidable impact on culture, only then the firms can be expected to take up and contribute to gender diversity voluntarily in letter and in spirit. In other words, this legislation route to ensure gender diversity in board room can be seen as a tool to gear up corporate governance.

Other global initiatives on gender diversity

Voluntary Compliance and Disclosure is another approach which also has been adopted by many countries. Corporate Governance codes (CGC) are self-regulatory measures increasingly used to promote gender-balanced company boards. CGCs typically apply to listed companies and rely on peer pressure to influence companies from within and pressure from stakeholders, including shareholders, and the media from outside. Non-compliance does not usually result in a penalty but it does require an explanation. In case gender diversity in boards get addressed by building up governance structure, it is more likely to influence and bring a cultural change which will be sustainable in long term basis. Reference to gender diversity in CGCs as in Australia and the United Kingdom is deemed to have some influence on the composition of boards in listed companies.

The Australian Securities Exchange (ASX) Corporate Governance Council has implemented a diversity policy that requires all publicly listed companies in Australia to set gender diversity targets. These companies will be required to report on their targets and provide explanations if they are not in place. Anticipation of ASX reforms resulted in a 600% increase in female board appointments in the corporate sector. As on April 2012, 14% of directors in the ASX 200 were women as compared to 13.4% in 2011.

In the United Kingdom, the well known "Davies Report" in 2011 called for voluntary targets of 25 %t women on the Financial Times Stock Exchange (FTSE) 100 boards by 2015.

"When we set out on this journey four short years ago, we talked of fuelling an evolution in gender balance at the top of Britain's biggest companies. What we have in fact seen taking place, is little short of a revolution in boardrooms of FTSE companies. Representation of women on FTSE 100 boards now stands at 23.5%, with 18% women's representation on FTSE 250 boards. British business is well on its way to achieving the 25% target by the end of the year"

- Lord Davies of Abersoch (Davies Review Annual Report 2015)

In USA since 2009, the Securities and Exchange Commission (SEC) had required disclosures designed to assist investors interested in the diversity of company boards. Item 407(c) of Regulation S-K requires that companies disclose their approach to diversity when considering nominees for directors. In particular, the rule requires disclosure of:

- Whether diversity is considered in identifying nominees and, if so, how; and
- If a company has a policy for considering diversity, then a description of how the policy is implemented and how the company assesses the effectiveness of this policy.

Denmark announced in May 2012 legislative changes to strike a balance between the need for real progress in increasing the share of women on boards and flexibility for companies.

- First, the 100 largest companies are required to set a target for the proportion of the under-represented gender on the board, which needs to be realistic and ambitious.
- Second, these companies must have a policy – which must be presented in the company's annual report – for increasing the proportion of the under-represented gender at the management level of the companies.
- Third, companies must report on the status of fulfilling the target set out in the annual report, and explain, if so, why the companies failed to achieve the target set. Fines can be applied for non- disclosure to companies.

Positioning woman directors in India INC

Counting number of woman CEO in India brings a illustrative list of more than 50 however, these may be termed under personal achievement when accounted and placed side by side the positioning of woman director in companies listed in NSE and BSE. Taken from *http://indianboards.com/pages/index.aspx* , the numbers given in the adjacent figure (next Page) shows the total number of director vs number of woman directors in NSE-listed companies as on 3rd May 2015. The positioning of woman director in India Inc gets clearly depicted through this statistics. With many companies yet to open their account on placing a woman director on their board, it is seen that about 1% of the position are held by women directors. Moreover, there is noncommittal stance of India Inc to circumvent the spirit of the regulation while complying only with its words.

Under this given scenario, the initiative of regulatory imposition is the essential option to address the gender

DID YOU KNOW ?

A few live data statistics about Indian Boards Database

No. of NSE-listed companies covered: 1488

No. of Unlisted Financial Sector companies covered: 217

All Directors		Independent Directors	
Directors	[illegible]	Directors	4,720
No of Directorship Positions Held	[illegible]	No of Directorship Positions Held	7,025
		Cessations till date (since 2006) (for NSE-listed companies only)	[illegible]

Women Directors			
No. of Women Directors	[illegible]	No. of Independent Directors	[illegible]
No. of Directorship Positions Held	1,741	No. of Independent Directorship Positions Held	[illegible]

No. of Listed Companies without Women Directors: 149. To know more, click here

diversity aspect in boards of India Inc. Undoubtedly it can be considered as a landmark step of the legislature. However, whether the option is most desirable one to have an impact on companies' performance and corporate governance can be debated at a future date when corporate India matures to improve upon their corporate governance structure to address environmental, social and corporate governance factors (ESG) risks and strive to become and remain sustainable and competitive in diverse global market.

In spite of what critics point out, in the long run the legislation is bound to bring a sea change in the board room gender bias leading to a better representation of gender in the corporate decision making process.

Repository for sustenance

In order to develop, locate, groom talents companies needs to sensitize the HR processes indentifying the excellent potential women for future board positions. On the other hand a repository of women directors needs to be in place, giving the companies a source of drawing talent in the board. Some of the implementable solutions to the issue are proposed in the following bullet points.

• Section 150 of the Companies Act 2013 requires that preparation of a databank of independent directors would vest with a body or institute or association. In the same line Independent Directors' Repository has been formed under this Section by Institute of Cost Accountants India, Institute of Company Secretaries of India and Institute of Chartered Accountants of India. It is felt that a similar repository of women directors needs to be put in place for sourcing database by companies searching for women directors.

• The repository formed by the three professional Institutes also could add on to it the repository for women directors or maintain it as an exclusive section. However, data base on women from other domain / areas needs to be organized in similar repository framework for sourcing women directors. Also, it may be placed under the aegis of Chamber of Commerce or CII or any such representative body to ensure sustained quality and reliability in the database.

• Global reference:

Exercise that has been undertaken in other countries like Finland, USA and Malaysia can also be adopted in India.

– In 2012 Finland Chamber of Commerce launched a top-level mentoring program for women executives wherein more than 200 women executives applied for the program. Out of the very qualified applicants 42 were selected to the program consisting of mentoring, seminars and networking. Mentors are top level executives. The effectiveness of the program was to be studied by Aalto University. Such endeavors by Industry aggregates contribute considerably to the creation of Repository and development of Human Potential of Women to future Board Positions.

– In USA Women Corporate Directors (WCD) head quartered at New York is a global membership organization of women directors of public and large privately held companies. WCD's Mission is to be a powerful and trusted community of women corporate directors strengthened by a focus on development, diversity of thought and experience, education, new board placement opportunities and a robust dialogue around best practices in corporate governance.

Criteria to qualify for the Program in Malaysia
- Aged 40 years and above
- Malaysian citizen University or Professional Degree in any discipline
- Current/last held position in senior decision-making roles in corporate, public or professional sectors

– The Women Directors Sourcing a initiative in Malaysia supports public-listed companies in the search and selection process for qualified women directors for their boards. They will be able to source for qualified women candidates by submitting their request through the system. Such initiative can be contemplated in India in view of the requirement of Women Directors in the years to come due to legislative intent.

Conclusion

The corporate world is facing an era where rapid

TO SUSTAIN AND ENHANCE THE VALUE PROPOSITION, SUCH A REGULATORY FRAMEWORK NEEDS TO BE DOVE-TAILED WITH GENERATING A SKILLED POOL FROM WHERE SUCH VACANCIES WILL GET FILLED

changes are a reality with the expansion of diversification of external and internal business environment. Operating in global market and competing with best in the world is the available option to avoid extinction. Creating and delivering value through performance is the key to sustainability. This calls for balanced attention towards corporate governance and attending diversity issue with maturity and sensitivity. Gender diversity is a way of creating diversity without necessarily increasing board size and is in vogue across the Globe as an avenue. Regulatory intervention undertaken by regulators is the need of the day as India Inc is yet to display its maturity to improve upon its governance structure. It is likely that the new interventions will primarily act as catalyst for changing the culture, realign mindset and neutralize existing bias. It is felt that with experience maturity will emerge which will act as driver to integrate naturally to put the Governance systems in place. However, for sustainability and enhancing the value proposition such regulatory framework needs to be dove-tailed with generating skilled pool from where such vacancies will get filled. Integrating with the dynamic diverse developments in the Global scenario besides having evolving governance is a challenge which corporate India needs to take up and address diligently.

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Ref. No: DOS/08/05-02/2015-16

Kolkata, 8th May, 2015

CIRCULAR

Sub:"On-line Assessment Test on Computer "after completion of 100-hours Compulsory Computer Training

It is hereby notified that students registered to CMA Intermediate Course, on or after 1st February,2015, shall have to qualify "On-line Assessment Test on Computer" after completion of the prescribed hours of hands on Training on Computer. The objective is to bring about uniformity in the teaching-learning methodology besides uniform evaluation mechanism across the board.

The successful completion of this assessment test shall be mandatory, as a pre-requisite for appearing in Examinations of the Institute, from December 2015 term of Examination, except the following category of students, who shall be excluded from this mandatory on-line assessment test:

- Students completed 100-hours Computer Training, till the date of circulation of this notice
- Students exempted by requisite Qualification from undergoing 100-hours computer Training, till the date of circulation of this notice
- Students who are registered to the course prior to Syllabus 2002 and pursuing Intermediate Course

Note:
CMA Students having professional qualification like CIMA- UK or ACCA - UK, shall be exempted from undergoing Computer Training and also this Test.

The information for completion of the prescribed hours of computer training, shall be furnished by the respective Regional Council/Chapter/ CMASC (with coaching and training facilities). Thereafter, the students shall be allowed to appear in this on-line assessment test. The respective Computer Training Center [viz. Regional Council/Chapter/ CMASC (with coaching and training facilities)], may continue with their conducting of computer test, post-completion of prescribed hours of training, before recommending students to appear in the "on-line assessment test on computer".

Furtherance, w.e.f. 1st June 2015, all applications for seeking "Qualification based exemption from undergoing Computer Training" would be granted, only after successful clearance of the "on-line assessment test on computer".

"On-line Assessment Test on Computer" - Question Paper Pattern:

- Multiple Choice Questions (MCQ)
- Coverage : Topics as per Syllabus, as per Weight age specified on respective topics
- No of questions to be answered: 30 (thirty). All questions are compulsory
- Time Allowed : 60 (sixty) minutes

A candidate shall have to secure at least 50% marks in such "on-line assessment test on computer", to be eligible for being granted with "exemption" from undergoing the prescribed hours of Computer training.

08/05/15

Behind Every Successful Business Decision, there is always a CMA

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Website : www.icmai.in

On successful completion of this web-based "on-line assessment test on computer", the same would be then considered as compliance for appearing in Examinations of the Institute. Each student shall be awarded with an "e-Certificate" recognizing the "completion/qualifying of the stated Examination", which will have a system-based reference number for reference and control. The results would be linked and updated automatically in the records of the respective student.

A student failing to secure qualifying marks within the first two attempts (free of cost to students), shall be allowed to appear in further three attempts (i.e. maximum 5 attempts within which the student shall have to qualify the on-line assessment test on computer) for which, a nominal fee of Rs.250 (Rupees Two Hundred and Fifty only) per attempt, shall have to be paid through on-line mode (by debit/credit card or net banking).

<u>Time Period of the "on-line assessment test on computer"</u>:

<u>(1) For students who are not availing qualification-based exemption</u>:
This assessment test will be conducted on scheduled time period with scheduled hours, which would be term specific and would be informed/communicated from time to time. The time schedule would be as follows (specific date/s would be communicated for every month/term):

For December term of Examination	First week of September, October, November (5 days per week per month from 10 am to 8pm)
For June term of Examination	First week of March, April, May (5 days per week per month from 10 am to 8pm)

<u>(2) For students who are applying for qualification based exemption:</u>
This assessment test will be conducted on scheduled time period with scheduled hours, every month as follows:

During 4th Saturday and the next day (i.e. Sunday) of every month	Between 10am to 5pm

For mock-test purpose, this facility would be made available from 25th May,2015 to 31st May,2015 during 10am to 8pm. During this time period, students may take up tests, for preparation and also to get acclimatized with the e-environment. Thereafter, the facility would be made available during the specified date and time period only.

All concerned are directed to note the same and send/display with appropriate advisory for the students and stakeholders.

Chiranjib Das 08/05/15
(CMA Chiranjib Das)
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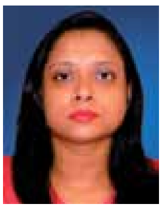
<u>e-distribution to:</u>
1) All Regional Councils of the Institute- for information and necessary action
2) All Chapters of Institute - for information & necessary action
3) All CMA Support Centers of the Institute
4) Secretariat, for kind information and records
5) All HODs in Headquarters including Delhi Office, Hyderabad Center of Excellence - for kind information.
6) Notice Boards
7) IT Dept - requested to upload this information in the website as appropriate.
8) Members of the Council for kind information

Behind Every Successful Business Decision, there is always a CMA

A STUDY ON THE EFFECT OF CONVERGENCE ON FINANCIAL INSTRUMENTS

Conversion to IFRS will require the retroactive restatement of certain historical periods presented within a company's first set of IFRS-based financial statements. Internally, its implementation can have a wide-ranging impact on a company's processes, IT systems, internal financial controls, income taxes, and remuneration policies



Dr. Soheli Ghose
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India has followed the policy of convergence with International Financial Reporting Standards (IFRSs) instead of adopting the same. The ICAI examines and considers the IFRSs while formulating the Indian Accounting Standards (Ind-ASs) and departures are made here from, wherever required, keeping in view the legal, regulatory and economic environment in India. With India opting for mandatory convergence with IFRS as envisaged in the maiden budget speech of Finance Minister, Mr. Arun Jaitley, understanding the implications of Ind-AS becomes imperative.

This paper aims to analyze the impact of the key changes of convergence on the financial statements and to analyze the key differences between the existing Accounting Standards and the Ind-AS (109, 32, 107) as notified by MCA. The right time to start thinking and converting to Ind-AS is "NOW". This process cannot be delayed any further.

CAPITAL markets are becoming integrated worldwide. Sound financial reporting structure is imperative for economic well-being and effective functioning of capital markets. The aim has always been to follow the IFRS, to the extent possible, while formulating the Accounting Standards. Converging with the International reporting Standards will bring a number of merits to the reporting entities like; Global exposure to the Indian market; Information will be more reliable and comparable and will increase investor's confidence; Companies will be able to raise money from overseas markets at lower cost if their financial statements comply with globally accepted accounting standards; Load and cost of preparing financial reporting as per each countries requirement is reduced.

Convergence of Indian GAAP with the IFRS has been one of the most discussed topics in recent times. The Accounting Standard Board (ASB) of The ICAI undertook the task of updating all the Ind-ASs as notified in 2011 and also formulating the converged Indian Accounting Standards up to IFRS 15.

All these standards were put on the website on February 16, 2015. India has followed the policy of convergence with IFRS instead of adopting IFRS. Implementing Ind-AS is likely to impact key performance metrics and thus an entity must take certain steps to prepare itself for the change.

LITERATURE REVIEW: Many experts have studied the implication of the convergence with IFRS. Some of them have been discussed below:

De Jong, Rosellón Cifuentes, and Verwijmeren (2006) revealed that 71% of the firms that are affected by IAS buy back their preference shares or alter the specifications of the preference shares in such a way that the classification as equity can be maintained and concluded that IFRS leads to a decrease in the use of financial instruments that otherwise would have added to the capital structure diversity, also changes firm's real capital structure. Hboxma (2008) pointed out that the most significant discrepancy between the two sets of standards in accounting treatment of business combination, provisions financial instruments and business assets with reference to both net income and share holder's equity while the individual accounting differences in property, plant and equipment show a significant difference only on share holders' equity. Carmona and Trombetta (2008) evaluated the logic and implications of the principles-based system and suggested that the principles-based approach to the standards and its inner flexibility enables the application of IAS/IFRS to countries with diverse accounting traditions and varying institutional conditions. Ramanna and Sletten (2009) studied a sample of 102 non-European Union countries and found the variations in the decision to adopt IFRS and revealed that more powerful countries are less likely to adopt IFRS, consistent with more powerful countries being less willing to surrender standard-setting authority to an international body.

OBJECTIVE AND RESEARCH METHODOLOGY: The objective of the study is to identify the key differences between the Indian GAAP and the converged Ind-ASs (109, 32, and 107). In essence this is an exploratory research paper based on secondary data obtained from various journals issued by ICAI. Analysis and comparison has been done in the context of Ind-AS and IFRS.

FINANCIAL INSTRUMENTS: Ind-AS 32, 109 and 107: Key Differences:

Ind-AS 109 Financial Instruments, Ind-AS 32 Financial Instruments: Presentation, Ind-AS 107 Financial Instruments: Disclosures deal with the presentation, recognition, measurement and disclosure aspects of financial and equity instruments comprehensively.

1. Ind-AS 32 requires the issuer of a financial instrument to classify the instrument as a liability or equity on initial recognition, in accordance with its substance and the definitions of these terms. The application of this principle requires certain instruments that have the form of equity to be classified as liability. For example, under Ind AS 32, mandatorily redeemable preference shares on which a fixed dividend is payable are treated as a liability. Under extant Indian GAAP, classification is normally based on form rather than substance.
2. Ind-AS 32 requires compound financial instruments, such as convertible bonds, to be split into liability and equity components, and each component is recorded separately. Extant Indian GAAP entails no split accounting, and financial instruments are classified as either a liability or equity, depending on their primary nature. For example, a convertible debenture is generally treated as liability.
3. Ind-AS 109 contains three principal classification categories for financial assets, namely, measured at amortized cost, fair value through other comprehensive income (FVOCI) and fairvalue through profit or loss (FVTPL). A financial asset is subsequently measured at amortized cost if the asset is held within a business model whose objective is to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely the payments of principal and interest (SPPI). A financial asset is subsequently measured at FVOCI if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. All other financial assets are classified as being subsequently measured at FVTPL. At initial recognition of an equity investment that is not held for trading, an entity may irrevocably elect to present in OCI the subsequent changes in fair value. Under extant Indian GAAP, long-term investments are recorded at cost less "other than temporary" diminution in value of investments. Current investments are recorded at lower of cost or market price.
4. Under Ind-AS 109, all financial liabilities are classified into two categories, namely, FVTPL and other financial liabilities. Initial measurement of all financial liabilities is at fair value. Subsequent to initial recognition, FVTPL liabilities are measured at fair values, with gain or loss (other than gain or loss attributable to "own credit risk") being recognized in income statement. Gain or loss at-

tributable to "own credit risk" for FVTPL liabilities is recognized in equity. Other financial liabilities are measured at amortized cost using the effective interest rate for each balance sheet date. Under extant Indian GAAP, no accounting standard provides detailed guidance on the measurement of financial liabilities. The common practice is to recognize financial liability for consideration received on its recognition. Subsequently, interest is recognized at contractual rate, if any.

5. Ind-AS 109 defines a derivative as a financial instrument or other contract having the following three characteristics: a. Its value changes in response to the change in a specified interest rate, financial instrument price, etc.; b. It requires no or smaller initial net investment; c. It is settled at a future date.

As per Ind-AS 109, all derivatives, except those used for hedge purposes, are measured at fairvalue, and any gains/losses are recognized in profit or loss. In India, AS 11 deals with foreign currency forward exchange contracts (except for those entered into to hedge a firm commitment or highly probable forecast transaction). Accounting prescribed under AS 11 for such forward contracts is based on whether the contract is for hedge or speculation purposes. For derivatives not covered under AS 11, the ICAI Announcement on Accounting for Derivatives requires a mark-to-market loss to be provided for open derivative contracts as on the balance sheet date. Mark-to-market gains generally remain outside the balance sheet. Ind-AS 109 deals with various aspects of hedge accounting in a comprehensive manner. It defines three types of hedging relationships, namely, fair value hedges, cash flow hedges and hedges of net investments in a foreign operation. It also lays down prerequisite conditions to apply hedge accounting. In India, AS 11 deals with forward exchange contracts for hedging foreign currency exposures (except for those arising from firm commitments or highly probable forecast transactions). There is no standard for other types of hedge.

6. Ind-AS 109 has introduced a new "expected credit loss model" for the impairment of financial assets. It applies to financial assets that are not measured at FVTPL, including loans, lease and trade receivables, debt securities, and contract assets under Ind-AS 115 and specified financial guarantees and loan commitments issued. It does not apply to equity instruments. The model uses a dual measurement approach, under which the loss allowance is measured as either 12month expected credit losses or lifetime expected credit losses. Under extant Indian GAAP, there is no detailed guidance on methodology for determining the impairment of financial assets.

7. Ind-AS 107 requires entities to provide comprehensive disclosures in their financial statements to enable users to evaluate the significance of financial instruments for its financial position and performance and the nature and extent of risks arising from financial instruments, and how the entity manages those risks.

Under extant Indian GAAP, ICAI has issued an Announcement on Disclosure regarding Derivative Instruments, which requires certain minimum disclosures to be made concerning financial instruments.

IMPACT ON FINANCIAL REPORTING:

Recognition and measurement: Ind-AS 109 requires balance sheet recognition for all financial instruments (including derivatives). It makes greater use of fair values than extant Indian GAAP. All financial assets and liabilities are initially recognized (in the balance sheet) at fair value. In the case of FVTPL assets, liabilities and derivatives (other than those used for hedging) and subsequent changes in fair value are recognized in profit or loss. The use of fair values sometimes causes volatility in the income statement or equity. To comply with the Ind-AS 109 requirement to measure all derivatives at fair value, entities have to make use of valuation tools.

Impairment: Ind-AS 109 requires a provision for impairment to be recognized at inception. The measurement basis depends on whether there has been a significant increase in credit risk since initial recognition. Thus, under Ind-AS, a day one impairment loss is recognized even if the entity does not expect any default in repayment.

Debt: Debt and equity classifications are substantially changed as a result of several provisions in Ind-AS 32 and Ind-AS 109. Some of the instruments, such as redeemable preference shares, are classified as equity, based on their form under extant Indian GAAP. This may contain liabilities on adoption of Ind-AS. Similarly, on adoption of Ind-AS, compound instruments that are classified as debt or equity, depending on their primary nature, need to be split into debt and equity. Each portion is then treated separately.

Comprehensive disclosures: Ind-AS 107 requires very comprehensive disclosures regarding financial instruments and risks to which an entity is exposed, as well

THE IMPLEMENTATION OF IND-AS 32 AND 109 WILL HAVE A SIGNIFICANT IMPACT ON ALL INDUSTRIAL AND COMMERCIAL ENTITIES AND BANKS WILL BE IMPACTED THE MOST

as the policies for managing such risks. Comprehensive information on the fair value of financial instruments would enhance the transparency and accountability of financial statements.

IMPACT ON AN ORGANIZATION AND ITS PROCESSES: The implementation of Ind-AS 32 and 109 will have a significant impact on all industrial and commercial entities and banks will be impacted the most. In particular, entities with central treasury functions will have to review their operational processes and consider implications for their loan loss provisions and current hedge accounting policies. Ind-AS 109 implementation will include identification of derivatives, creation of day one impairment loss and documentation of hedges; it will involve:

- *The treasury department:* for analyzing all financial contracts, particularly debt contracts, and setting parameters to measure significant change in credit risk for financial assets since initial recognition,
- *Sales representatives:* for identifying any embedded derivatives in the form of indexation to a financial instrument price, interest rate or any other variable without a close link with the host contract,
- *Purchasing department personnel:* for performing similar analysis on supply contracts, including any indexing provisions in commodity contracts, and
- *Operational personnel:* for documenting hedges.

CONCLUSION: Conversion to IFRS will require the retroactive restatement of certain historical periods presented within a company's first set of IFRS based financial statements. IFRS could be quite significant for certain companies with complex transactions. Prior to embracing full-fledged conversion, a preliminary study would help to assess the level of complexities and challenges and prepare and plan for effective and efficient conversion exercise. Internally, its implementation can have a wide-ranging impact on a company's processes, IT systems, internal financial controls, income taxes, remuneration policies and also contractual arrangements. Considering comparables, the Ind-AS conversion date for India is 2016–17 with comparative 2015–16. The right time to convert to Ind-AS is "NOW". This process cannot be delayed any further.

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ECONOMY UPDATES

Banking

Guidelines on Sale of financial assets to Securitization Company (SC)/ Reconstruction Company (RC) - Reversal of excess provision on sale of NPAs to SC/RC

It has now been decided to permit Multi-State Urban Cooperative Banks to reverse to P&L account the excess provision when the sale is for a value higher than the NBV on sale of NPAs to their profit and loss account. However, banks can reverse excess provision arising out of sale of NPAs only when the cash received (by way of initial consideration and/or redemption of security receipt /pass through certificates) is higher than the NBV of the NPAs sold to SCs/RCs. Further, the quantum of excess provision reversed to profit and loss account will be limited to the extent of which cash exceeds the NBV of the NPAs sold. The quantum of excess provision reversed to the Profit and Loss account on account of sale of NPAs shall be disclosed in the financial statements of the bank under "Notes to Account".
Source: Notification No. RBI/2014-15/593 [DCBR.BPD.(MSCB).Cir No.1/13.05.000/2014-15] dated: May 14, 2015

Provisioning pertaining to Fraud Accounts

As per Paragraph 3.3.1 (ii) of Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning and other related matters for UCBs dated July 1, 2014, and similar instructions for DCCBs & StCBs, in terms of which, in accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers, the asset classification, and consequent provisioning, depends upon the realisable value of security.

On a review, it has been decided to prescribe a uniform provisioning norm in respect of all cases of fraud, as under:
(a) The entire amount due to the bank (irrespective of the quantum of security held against such assets), or for which the bank is liable (including in case of deposit accounts), is to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected;
(b) However, where there has been delay, beyond the prescribed period, in reporting the fraud to the Reserve Bank, the entire provisioning is required to be made at once. In addition, Reserve Bank of India may also initiate appropriate supervisory action where there has been a delay by the bank in reporting a fraud, or provisioning there against.
Source: Notification No. RBI/2014-15/594 [DCBR.BPD (PCB/RCB) Cir. No.35/12.05.001/2014-15] dated: May 14, 2015

Modalities for implementation of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Government of India, Ministry of Finance intends to roll out Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) Scheme and Pradhan Mantri Suraksha Bima Yojana (PMSBY) from June 1st, 2015. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) Scheme offers life insurance worth Rs 2 lakhs at Rs 330 per annum while Pradhan Mantri Suraksha Bima Yojana (PMSBY) offers accident insurance worth Rs 2 lakhs at Rs 12 per annum. The schemes will be implemented by member banks in accordance with the preliminary rules and terms finalised by the Government.
Source: Notification No. RBI/2014-15/585 [DCBR.BPD (PCB) Cir. No.8/12.05.001/2014-15] dated: May 5, 2015

RBI's new mechanism for banks to check loan frauds

The rising trend in loan related frauds in the financial sector is a matter of serious concern. Equally disquieting is the delay in detection and reporting of such frauds by banks. The issues relating to prevention, early detection and reporting of frauds has been looked into by an Internal Working Group (IWG) of the RBI which also held wide ranging consultations with various banks and other stakeholders. Based on the recommendations of this IWG, a framework for fraud risk management in banks is detailed in the Annex to this circular. These recommendations may be read along with our instructions contained in the Master Circular DBS.CO.CFMC. BC.No.1 /23.04.001 /2014-15 dated July 01, 2014 on Frauds - Classification and Reporting.
Source: Notification No. RBI/2014-15/590 [DBS.CO.CFMC. BC.No.007/23.04.001/2014-15] dated: May 7, 2015

Mandatory issue of acknowledgement to pensioners on submission of life certificates

In terms of extant instructions, all pensioners are required to furnish a life certificate to the pension disbursing bank every year in November for continuance of pension. This certificate can be submitted at any branch of the pension paying bank. The Government of India has also launched from September, 2014 a scheme for introduction of Aadhaar based digital life certificates known as

Jeevan Pramaan, which was conveyed vide our circular dated December 9, 2014. As a result of complaints from central/state government pensioners/ pensioners' associations regarding pensioners being deprived of regular pension payments due to misplacement of life certificates at the branches concerned and in order to alleviate the hardships faced by pensioners on this account, all agency banks handling government pension payments may, henceforth, issue a duly signed acknowledgement to pensioners on receipt of the life certificate submitted in physical form. Banks may also consider entering the same in their CBS immediately on receipt and issuing a system generated receipt to the pensioners. This would serve the twin purpose of acknowledgement to the pensioners as well as real-time updation of records.

Source: Notification No. RBI/2014-15/587 [DGBA.GAD No.H- 5013/45.01.001/2014-15] dated: May 07, 2015

Taxation

Clarification regarding Cenvat Credit in transit sale through dealer

Various specific issues referred to by the trade are clarified as follows –

(i) Where a registered dealer negotiates sale of an entire consignment from a manufacturer or a registered importer and orders direct transport of goods to the consignee, credit can be availed by the consignee on the basis of invoice issued by the manufacturer or the registered importer. In such cases no Cenvatable invoice shall be issued by the registered dealer in favour of the consignee though commercial invoice can be issued. Where a registered dealer negotiates sale of goods from the total stock ordered on a manufacturer or an importer to multiple buyers and orders direct transportation of goods to the consignees and the manufacturer or the importer is willing to issue individual invoices for each sale in favour of the consignees for such individual sale, the same procedure shall apply.

(ii) Where a registered dealer negotiates sale by splitting a consignment procured from a manufacturer or a registered importer and issues Cenvatable invoices for each of the sale, it would now be possible for the dealer to order direct transport of the consignments as per the individual sales to the consignee without bringing the goods to his godown. This would save time and transportation cost for the dealer adding to ease of doing business. This is a new facility which flows from the amended provisions. Procedure as prescribed in the third proviso of rule 11(2) shall be applicable in such case.

(iii) Where a un-registered dealer negotiates sale of an entire consignment from a manufacturer or a registered importer and orders direct transport of goods to the consignee, credit can be availed by the consignee on the basis of invoice issued by the manufacturer or the registered importer. As the dealer is not registered, there is no question of issuing any Cenvatable invoice by him . Such dealers as in the past can continue to be un-registered.

(iv) Where goods are sold by the registered importer to an end-user (say a manufacturer) who would avail credit on the basis of importer's invoice and the goods are transported directly from the port or warehouse at the port to the buyer's premises, the amendment prescribes that for such movement the factum of such direct transport to the buyer's premises needs to be recorded in the invoice.

Source: Circular No. 1003/10/2015-CX dated 05.05.2015

Now, PAN mandatory for central excise registration

Permanent Account Number (PAN) has been made mandatory for private firms seeking central excise registration. The registration will now be given within two days of filing online applications, as per the new simplified rules formed by the Finance Ministry "to improve the ease in doing business in manufacturing".

Read more at:

http://economictimes.indiatimes.com/articleshow/47148831.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

CBDT's instruction for filing appeal would also apply to pending appeals; ITAT considers National Litigation Policy

Monetary limits for filing revenues appeals as per the latest instructions u/s 268A shall apply not only to prospective appeals but also to pending appeals. Monetary limits for filing revenues appeals as per the latest instructions shall apply to pending appeals unless the exception indicated in the instructions exists at the time of hearing the appeal.

Read more at:

http://www.taxmann.com/topstories/101010000000159474/cbdts-instruction-for-filing-appeal-would-also-apply-to-pending-appeals-itat-considers-national-litigation-policy.aspx

Government shelves duty free import scheme for raw sugar

The government has removed a duty free import scheme for raw sugar, a move aimed at curbing supplies from overseas.

"Import of raw sugar under Duty Free Import Authorization (DFIA) scheme is withdrawn with immediate effect," Directorate General of Foreign Trade said in a notification. "Import of raw sugar under Duty Free Import Authorization (DFIA) scheme is withdrawn with immediate effect," Directorate General of Foreign Trade said in a notification. The scheme has

been withdrawn also to prevent leakages in domestic markets.
Read more at:
http://economictimes.indiatimes.com/articleshow/47132016.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Anti-dumping duty

- Seeks to levy definitive anti-dumping duty on imports of Cast Aluminium Alloy Wheels or Alloy Road Wheels, originating in or exported from People's Republic of China, Korea RP and Thailand for a period of five years from the date of imposition of the provisional anti-dumping duty, that is, 11th April, 2014 vide Notification No. 21/2015-Cus (ADD), dt. 22-05-2015.
- Seeks to levy definitive anti-dumping duty on imports of Pentaerythritol' , originating in, or exported from,Russia for a period of five years.
- Seeks to levy definitive anti-dumping duty on imports of Sodium Citrate, originating in or exported from China PR for a period of five years.

SEBI

Co-location / proximity hosting facility offered by stock exchanges

The facility of co-location or proximity hosting (or by whatever name called) is offered by the stock exchanges to stock brokers and data vendors whereby their trading or data-vending systems are allowed to be located within or at close proximity to the premises of the stock exchanges, and are allowed to connect to the trading platform of stock exchanges through direct and private network.

Based on the recommendations of SEBI's Technical Advisory Committee (TAC), it has been decided that stock exchanges while facilitating co-location / proximity hosting shall follow the guidelines given below.

In order to ensure fair and equitable access to the co-location facility, stock exchanges shall:

1. Provide co-location / proximity hosting in a fair, transparent and equitable manner.
2. Ensure that all participants who avail co-location / proximity hosting facility have fair and equal access to facilities and data feeds provided by the stock exchange.
3. Ensure that all stock brokers and data vendors using co-location / proximity hosting experience similar latency with respect to exchange provided infrastructure.
4. Ensure that the size of the co-located / proximity hosting space is sufficient to accommodate all the stock brokers and data vendors who are desirous of availing the facility.
5. Provide the flexibility to avail rack space in the co-location / proximity hosting so as to meet the needs of all stock brokers desirous of availing such facility.
6. Expeditiously decide on the request of the desirous stock brokers / data vendors for availing co-location / proximity hosting and communicate the decision within fifteen working days from the receipt of the request from the stock brokers / data vendors. In case of a rejection, stock exchanges shall also provide reasons in writing to the stock brokers / data vendors.
7. Facilitate stock brokers to receive data feeds from other recognized stock exchanges at the co-location facilities and allow routing of orders to other recognized stock exchanges from the co-location facilities.
8. Make available on their websites description of the co-location / proximity hosting, including requirements to be fulfilled by stock brokers / data vendors who avail the facility, details on fees / charges associated with the facility, etc.
9. Publish on their websites suitable quarterly reports on latencies observed at the exchange.
10. Be able to identify orders emanating from the co-located servers of stock brokers and the resultant trades. Suitable statistics relating to such orders and trades shall be disseminated by the stock exchanges

In order to ensure that the facility of co-location / proximity hosting does not compromise integrity and security of the data and trading systems, stock exchanges shall:

1. Implement suitable mechanism to protect their systems and systems of stock brokers and data vendors at co-location / proximity hosting from unauthorized access.
2. Frame guidelines on access and conduct of the personnel of stock brokers / data vendors in the premises of the stock exchange, including in the co-located space.
3. Not provide access in any form to the personnel of stock brokers / data vendors to the stock exchange's trading platform and databases.

Source: Circular CIR/MRD/DP/07/2015 dated: May 13, 2015

Master Circular for Depositories

SEBI issued Master Circular for Depositories vide Circular No. CIR/MRD/DP/17/2014 dated: May 20, 2014.
Section - 1: Beneficial Owner (BO) Accounts
Section - 2: Depository Participants (DP) Related
Section - 3: Issuer related
Section - 4: Depositories Related

This Master Circular is a compilation of the circulars/communications issued by SEBI up to March 31, 2015. This Master Circular supersedes previous Master Circular CIR/MRD/DP/11/2014 dated April 07, 2014.

(For further details on these issues, please visit the Institute's website: www.icmai.in for the complete CMA e-Bulletin, June 2015, Vol 50, No. 6, in the 'Research and Publications' section.)

INSIGHTS INTO FINANCIAL RATIOS COMMUNICATION BY NSE 100 COMPANIES

It was noticed that Indian companies were lacking in effort to use financial ratios to explain the financial statements in the annual reports because financial ratios are considered as one of the most important tools of analysis and its inclusion in the annual report brings down information asymmetry

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RATIO analysis is among the most popular and widely used tools of financial analysis (Subramanyam and Wild, 2014). It helps in comprehending financial results and trends over a period of time. A financial ratio is defined as a mathematical relation between two quantities (Subramanyam and Wild, 2009). Gibson (1982a) suggests, "Probably no tool is more effective in evaluating where a company has been financially and in projecting the financial future of a company than the proper use of financial ratios". Financial Ratios are used for all kind of purposes. They are used to assess the ability of firm to pay its debts, the evaluation of business and managerial success (Barnes, 1987). Managers use ratios to identify organisation's strengths and weaknesses, in order to formulate the strategies. Whittington (1980) classified financial ratios into normative and positive uses. For normative uses, firm's ratios are compared with its standard and the positive use is in estimating empirical relationships. As per Barnes (1987) "financial ratios are used by accountants and analysts to forecast future financial variables and by researchers for predictive purposes, namely credit rating, assessment of risk and corporate failure". Financial ratios involve establishing a relevant financial relationship between the components of financial statements for further investigation. It is a powerful tool for recognizing company's strength as well as its probable trouble spots. Around 1919 the du Pont Company began to use its famous ratio 'triangle' system to evaluate its operating results, underpinning the modern inter-firm comparison scheme introduced in the UK by the British Institute of Management and the British Productivity Council in 1959.

If ratios are valuable to users then companies should disclose them in order to reduce user uncertainty, thereby lowering the cost of capital. It increases the quality of annual reports. As per, Watson et al (2002), "the disclosure of ratios in company accounts may provide users of financial statements with new information not calculable elsewhere, or may simply provide information available elsewhere in the same or different form." In case this information is included in the annual report it brings down the cost of obtaining the information elsewhere and saves time apart from increasing the under-

Table 1: Constituents of Sample

	Name of the company		Name of the company
1	ACC Ltd.	40	I T C Ltd.
2	Adani Enterprises Ltd.	41	Idea Cellular Ltd.
3	Adani Ports and Special Economic Zone Ltd.	42	Indian Hotels Co. Ltd.
4	Aditya Birla Nuvo Ltd.	43	Infosys Ltd.
5	Ambuja Cements Ltd.	44	JSW Steel Ltd.
6	Apollo Hospitals Enterprises Ltd.	45	Jaiprakash Associates Ltd.
7	Ashok Leyland Ltd.	46	Jindal Steel & Power Ltd.
8	Asian Paints Ltd.	47	Larsen & Toubro Ltd.
9	Bajaj Auto Ltd.	48	Lupin Ltd.
10	Bharat Forge Ltd.	49	Mahindra & Mahindra Ltd.
11	Bharat Heavy Electricals Ltd.	50	Maruti Suzuki India Ltd.
12	Bharat Petroleum Corporation Ltd.	51	MphasiS Ltd.
13	Bharti Airtel Ltd.	52	NTPC Ltd.
14	Biocon Ltd.	53	Oil & Natural Gas Corporation Ltd.
15	Bosch Ltd.	54	Oracle Financial Services Software Ltd.
16	Cairn India Ltd.	55	Petronet LNG Ltd.
17	Cipla Ltd.	56	Power Grid Corporation of India Ltd.
18	Coal India Ltd.	57	Ranbaxy Laboratories Ltd.
19	Colgate Palmolive (India) Ltd.	58	Reliance Communications Ltd.
20	Container Corporation of India Ltd.	59	Reliance Industries Ltd.
21	Crompton Greaves Ltd.	60	Reliance Infrastructure Ltd.
22	Cummins India Ltd.	61	Reliance Power Ltd.
23	DLF Ltd.	62	Sesa Goa Ltd.
24	Dabur India Ltd.	63	Siemens Ltd.
25	Divi's Laboratories Ltd.	64	Steel Authority of India Ltd.
26	Dr. Reddy's Laboratories Ltd.	65	Sun Pharmaceutical Industries Ltd.
27	Exide Industries Ltd.	66	Tata Chemicals Ltd.
28	GAIL (India) Ltd.	67	Tata Consultancy Services Ltd.
29	GMR Infrastructure Ltd.	68	Tata Motors Ltd.
30	GlaxoSmithkline Consumer Healthcare Ltd.	69	Tata Power Co. Ltd.
31	Glaxosmithkline Pharmaceuticals Ltd.	70	Tata Steel Ltd.
32	Glenmark Pharmaceuticals Ltd.	71	Tech Mahindra Ltd.
33	Godrej Consumer Products Ltd.	72	Titan Industries Ltd.
34	Grasim Industries Ltd.	73	Torrent Power Ltd.
35	HCL Technologies Ltd.	74	UltraTech Cement Ltd.
36	Hero MotoCorp Ltd.	75	United Phosphorus Ltd.
37	Hindalco Industries Ltd.	76	United Spirits Ltd.
38	Hindustan Petroleum Corporation Ltd.	77	Wipro Ltd.
39	Hindustan Unilever Ltd.	78	Zee Entertainment Enterprises Ltd.

standing of the stakeholders. Many companies disclose financial ratios voluntarily in their annual reports.

Variations in corporate disclosure practices exist since corporations are managed by groups with varying managerial philosophies and wide discretion in disclosing information to the investing public. Motivation for voluntary disclosures as identified by Subramanyam and Wild (2014) are legal liability, expectations adjustments, signaling and manage expectations. Agency theory may also explain why managers disclose voluntary information (Firth, 1979). Competitive market forces may induce the management to disclose more information voluntarily. Better corporate disclosure practices are helpful in boosting brand name and goodwill, building a tenacious corporate culture, mitigating frauds, and in avoiding litigations and fines (Narayanaswamy, 2011). According to Singhvi and Desai (1971) "inadequate corporate disclosures is likely to widen fluctuations in the market price of a particular security since investment decisions, in the absence of adequate information, are based on less objective measures".

Voluntary Financial Ratio Disclosure by Indian companies

There are close to 1700 companies listed on National Stock Exchange, the findings of this study is based on NSE CNX 100 companies. CNX 100 is a well diversified 100 stock index accounting for major sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. The CNX 100 Index represents about 77.94% of the free float market capitalization of the stocks listed on NSE as on December 31, 2012. The total traded value for the last six months ending December 2012 of all index constituents is approximately 67.38% of the traded value of all stocks on the NSE. As the ratios and reporting regulations of the banking and finance companies are different then other industries, these companies are not considered in the sample. Of CNX 100 companies 22 are banking and finance companies, which are excluded from the study. In the previous page we constituents of the sample in table 1.

Companies' annual reports for the period 2011-12 are downloaded from investors' section of company's website for scoring purposes. Financial ratios are classified into seven categories i.e. profitability, growth, capital structure, efficiency, liquidity, dividend and investment ratios. Within these categories there is further sub classification. The mandatory accounting ratios i.e.

Table 2: Number of companies disclosing different type of financial ratios

Profitability	Number	50
	Percent	64%
Growth	Number	9
	Percent	12%
Efficiency	Number	15
	Percent	19%
Liquidity	Number	16
	Percent	21%
Leverage	Number	38
	Percent	49%
Dividend	Number	20
	Percent	26%
Investment	Number	43
	Percent	55%

Source: Bhatia. M., & Dhamija, S. (2015). Voluntary Disclosure of Financial Ratios in India. South Asian Journal of Management, Volume 22, Issue No. 1,pp 28-49.

dividend per share and earnings per share are ignored. To arrive at the disclosure index, each company is given a score of 1 for every ratio disclosed and a score of zero for ratio not disclosed. Disclosure index is made by dividing the total number of financial ratio disclosed by the maximum score obtained by a company in a sample. A score sheet was prepared for after looking in to details of the annual report of the sample companies.

The results from the analysis show that of 78 companies, 65 companies are disclosing financial ratios. Table 2 indicates that profitability ratios are most popular, followed by investment, leverage, dividend, liquidity, efficiency and growth. The number of financial ratios disclosed in annual reports of 2011-12 of CNX- NSE companies revealed that 50 companies (Table 2) were showing at least one profitability ratio, EBITDA margin and operating margin were the most popular ones. Table 2 gives further insight about number of companies disclosing financial ratios and the distribution thereof. 55% of the companies revealed investment ratios and among these Return on capital employed is the most disclosed ratio.

As revealed by table 3, majority of the companies are disclosing only one ratio in each category, except under profitability ratios where companies are disclosing two ratios.

THE MOST COMMON FINANCIAL RATIOS DISCLOSED ARE OPERATING PROFIT, EBITDA MARGIN AND RETURN ON CAPITAL EMPLOYED. GROWTH RATIOS ARE THE LEAST DISCLOSED RATIOS

Table 3: Distribution of financial ratios disclosure by type of ratio

	Profitability		Growth		Efficiency		Liquidity		Leverage		Dividend		Investment	
RD	F	%	F	%	F	%	F	%	F	%	F	%	F	%
0	28	36	69	88	63	81	62	79	40	51	58	74	35	45
1	10	13	4	5	9	12	15	19	25	32	20	26	12	15
2	22	28	2	3	2	3	1	1	6	8			12	15
3	6	8	1	1	2	3			5	6			12	15
4	6	8	2	3	0	0			2	3			5	6
5	2	3			1	1							0	0
6	3	4			1	1							1	1
7	1	1											1	1
Total	78	100	78	100	78	100	78	100	78	100	78	100	78	100

RD: Number of ratios disclosed, F: Frequency

Source: Bhatia. M., & Dhamija, S. (2015). Voluntary Disclosure of Financial Ratios in India. South Asian Journal of Management, Volume 22, Issue No. 1,pp 28-49.

Table 4 reflects the frequency of companies disclosing financial ratios. Of 78 companies, 13 did not disclose any ratio; this is 17 percent of the sample. 4 companies are disclosing one ratio, 9 companies are disclosing 3 ratios. 14 percent of the sample is disclosing 5 ratios.

The average voluntary disclosure of financial ratio score of Nifty companies is 0.271, which is low. This demonstrates that Indian corporate attach less importance to disclosing ratios voluntarily. Companies are on average disclosing 4 to 5 financial ratios voluntarily. On one hand there are 13 companies which did not disclose any ratio, whereas there is another company Coal India Ltd. which voluntarily disclosed 18 ratios. There are 9 companies which disclosed 9 or more ratios.

The most common financial ratios disclosed are operating profit, EBITDA margin and return on capital employed. Growth ratios are the least disclosed ratios. It has also been found that there is general absence of a clear cut pattern or system of financial ratio disclosure in the annual reports. This may be due to absence of accounting standard, guidelines or pressure from the stakeholders.

It was observed that larger organisations were disclosing ratios voluntarily. A positive association of voluntary disclosures with size was found by Singhvi and Desai, 1971; Cooke, 1989; Abdullah and Ismail, 2008.

Table 4: Frequency of companies disclosing financial ratios

No. of Financial ratios disclosure	Disclosure index	Frequency	Percentage
No disclosure	0.00	13	17
1	0.06	4	5
2	0.11	9	12
3	0.17	4	5
4	0.22	7	9
5	0.28	11	14
6	0.33	7	9
7	0.39	7	9
8	0.44	7	9
9	0.50	1	1
10	0.56	2	3
11	0.61	1	1
13	0.72	2	3
16	0.89	1	1
17	0.94	1	1
18	1.00	1	1
	Total	78	100
Mean	0.271	4.88	

Source: Bhatia. M., & Dhamija, S. (2015). Voluntary Disclosure of Financial Ratios in India. South Asian Journal of Management, Volume 22, Issue No. 1,pp 28-49.

There can be many possible reasons in support of size having positive association with disclosure. One for financing its operations the larger companies use capital markets more than the smaller companies, thus in order to convince public as well as institutions to invest, larger companies publish more information. Second, regulatory and government authorities keep close watch on larger companies more and also these companies attract greater attention from the public, and as a result they are likely to disclose more voluntary information. Third, the requirement for voluntary disclosure is an efficient database of information with the company, larger companies will normally have extensive amount of information and thus these companies are more likely to use the information system for communication to stakeholders.

It was also observed by Bhatia and Dhamija 2015[1] , that the automobile industry and consumption industry are less likely to voluntarily disclose financial ratios as compared to other industries. Cooke (1991) suggested that there may be historical and bandwagon reasons why some industries disclose more than others and vice versa.

It is noticed that Indian companies are lacking effort in using financial ratios to explain the financial statements in the annual reports. Financial Ratios are considered as one of the most important tools of analysis, its inclusion in the annual report shall bring down information asymmetry. It's also been observed that there is variation in reporting ratios. Investors and analysts use ratios for comparability purposes, standardizing the method of calculating financial ratios will help them a great deal. While comparing companies across borders, one need to be careful as the accounting system and standards may differ for different items. This may be taken care of to larger extent when countries move towards standardized accounting standards.

Analysts and investors rely on various financial websites for ratios, these websites use different formulas for calculation purposes. Securities market regulator of India, SEBI needs to take a view on making selected ratios under each category mandatory, for better understanding and thus better investment decisions by stakeholders. Further, it should also prescribe standardized way of calculating these ratios for effective comparison.

Those who are preparing annual reports should match their magnitude of voluntary disclosure of financial ratios with their more transparent counterparts. Users of accounting information through annual re-

1 For more details kindly read, Bhatia. M., and Dhamija, S. (2015). Voluntary Disclosure of Financial Ratios in India. South Asian Journal of Management, Volume 22, Issue No. 1,pp 28-49.

ports shall benefit a great deal when they can compare these ratios across the same sector.

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From the Research Desk

Skill Development & Productivity

Role of CMAs

• **Skill Development for inclusive and sustainable growth:** Inadequate education and skills development keep economies trapped in a vicious circle of low education, low productivity and low income. Apt strategies are required to upgrade and enhance the relevance of skills training and to improve access to skills for more women and men can instead help countries move to a worthy circle of higher productivity, employment and income growth, and development. The CMAs will increasingly find themselves as core members of the strategic team using their skills and capabilities in information management and analytics to develop and maintain the distinctive capabilities of their organizations.

• **Enhancing Skill and Productivity through Professional Education:** In an ever competitive world it is important to acquire professional course to improve performance. It gives an extra push in performance level through advanced strategies. It will make your employer to value you more and increase your creativity, efficiency & productivity. The Institute as a part of its obligation regulates the profession of Cost and Management Accountancy, enrolls students for its courses, provides coaching facilities to the students, organizes professional development programmes for the members, and undertakes research programmes in the field of Cost and Management Accountancy and as a result contributes in human capital formation through skill development and capacity building.

• **Women Entrepreneurship:** Women are not less competent than men in today's competitive world. The attitudinal and educational development has brought about a strong and conspicuous change in them enabling them to be employed at all places where men have been. To encourage women owned businesses in India and promote women entrepreneurship, the Government has announced various subsidies and loan assistances in India for Women Entrepreneurs. The CMAs can keep a track on allocation and apportionment of fund allotted to the rural and urban woman entrepreneurs. With their professional expertise can facilitate women entrepreneurs to take suitable strategies for business sustainability.

• **Contribution of Financial Institution towards Skill Development:** The financial sector is the key engine of growth as it makes savings available to the enterprise sector that in turn uses them for productive purposes. It is therefore necessary that financial institutions develop risk management skills that would allow them to protect adequately against losses, and thus help restore public confidence damaged during recent crises. Financial institutions should both develop saving instruments that appeal to savers and offer products desired by borrowers. The CMAs through Risk Mapping techniques can reduce systematic risks of the institution and improve performance through Cost-Management techniques. They can advise managers on the financial and economic implications of project management, monitor spending and the effectiveness of financial control, conduct internal business audits and prepare periodic financial statements for managers.

• **Human Development Index- A key factor for National Skill Development and Productivity:** The confluence of technological advancement, globalization and economic liberalization in recent years has prompted to prioritize Human skills development as a key strategy for economic competitiveness and growth. However, developing skills is costly and so investments in skill building need to be made wisely. Human Resource Accounting is the activity of knowing the cost invested for employees towards their recruitment, training, payment of salaries & other benefits paid and in return knowing their contribution to organization towards its sustainability and profitability. In this regard, CMAs can assist the management in taking decisions related to efficient and effective utilization of workforce for highest return on investment, incorporate suitable strategies and techniques, can assess the human resource accounting information for cost control and cost competitiveness for sustainability of Accounting Information System.

• **Reach the unreached –** Improving quality of the educational institutions is utmost required for nation building throughout the country, including in the rearward regions where people do not have easy access to education and also paying special attention to disadvantaged groups like the poor, females and the minorities. Encouraging international cooperation in the field of education, including working closely with the UNESCO and foreign governments as well as Universities, to enhance the educational opportunities in the country is also need of the hour. The Institute in association with various National and international organizations are trying to promote professional education across the globe.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

EXAMINATION TIME TABLE & PROGRAMME – JUNE 2015

	PROGRAMME FOR SYLLABUS 2008 (JUNE 2015 LAST TERM)		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.
Thursday, 11th June, 2015	-----	Capital Market Analysis & Corporate Laws	Financial Accounting	Corporate Laws and Compliance
Friday, 12th June, 2015	Financial Accounting	Financial Management & International Finance	Laws, Ethics and Governance	Advanced Financial Management
Saturday, 13th June, 2015	Commercial and Industrial Laws & Auditing	Management Accounting – Strategic Management	Direct Taxation	Business Strategy & Strategic Cost Management
Sunday, 14th June, 2015	Applied Direct Taxation	Indirect & Direct – Tax Management	Cost Accounting & Financial Management	Tax Management & Practice
Monday, 15th June, 2015	Cost & Management Accounting	Management Accounting – Enterprise Performance Management	Operation Management and Information Systems	Strategic Performance Management
Tuesday, 16th June, 2015	—	Advanced Financial Accounting & Reporting	Cost & Management Accountancy	Corporate Financial Reporting
Wednesday, 17th June, 2015	Operation Management and Information Systems	Cost Audit & Operational Audit	Indirect Taxation	Cost & Management Audit
Thursday, 18th June, 2015	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)	₹1400/-	₹1200/-
	(Overseas Centres)	US $ 100	US $ 90
Two Groups	(Inland Centres)	₹2800/-	₹2400/-
	(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, 2015 and with late fees of ₹300/- is 10th April,2015. 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, 2015.**
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 the Examination Directorate at 12, Sudder Street, Kolkata – 700016.
4. **Finance Act 2014, involving Assessment Year 2015-2016 will be applicable for the Subjects Applied Direct Taxation, Applied Indirect Taxation and Indirect & Direct Tax Management under Syllabus 2008 and Direct Taxation, Indirect Taxation and Tax Management & Practice under Syllabus 2012 for the purpose of June 2015 term of Examination.**
5. **The provisions of the Companies Act 2013 and The Companies (Cost Records & Audit) Rules 2014 – are applicable in June 2015 Examinations. Supplementary Study Materials for both Intermediate & Final under Syllabus 2008 and Syllabus 2012 is uploaded in the website of the Institute. Students are requested to take a note of this and visit the students portal.**
6. **If a student obtains at least 60 per cent marks in any paper, the benefit of carry forward/exemption is allowed for the immediately successive three terms of Examination only.**
7. **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,Erode, Faridabad, Ghaziabad, Guwahati, Hardwar,Hazaribagh, 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, Panaji (Goa), Patiala, Patna, Pondicherry,Port Blair, 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.
8. **A candidate who is fulfilling all conditions specified for appearing in examination will only be allowed to appear for examination.**
9. **Probable date of publication of result : Inter & Final – 23rd August 2015.**

A. Das
Director (Examination)

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

EXAMINATION TIME TABLE & PROGRAMME – JUNE 2015

FOUNDATION COURSE EXAMINATION
(Multiple Choice Questions – Online Mode)

Day & Date	Foundation Course Examination Syllabus-2012	
	Paper – 1 & 2 (100 Marks) **Time : 10 A.M. to 12.00 Noon**	**Paper – 3 & 4 (100 Marks)** **Time : 2 P.M. to 4.00 P.M.**
Saturday, 13th June, 2015.	**Paper 1** : Fundamentals of Economics and Management (50 Marks) **Paper 2** : Fundamentals of Accounting (50 Marks)	**Paper 3** : Fundamentals of Laws & Ethics (50 Marks) **Paper 4** : Fundamentals of Business Mathematics and Statistics (50 Marks)

Examination Fees

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

1. **The Foundation Examination under syllabus-2012 will be conducted in M. C. Q. Mode through Online only.**
2. Total Questions: 100 (Multiple Choice Questions) in each session, Maximum Marks: 100 (Each Question will carry 1 Mark) in each session. There will be no negative marking for wrong answers.
3. **Foundation Examination will be conducted under 2012 syllabus only.**
4. **Application Forms for Foundation Examination has to be filled up through online only and fees will be accepted through online mode only (including Payfee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.**
5. **STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.**
6. **(a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card.**

   (b) Students can also pay their requisite fee through payfee module of IDBI Bank.
7. **Last date for applying for Foundation Examination of June 2015 term is 28th April, 2015.**
8. **Examination Centres**: Agartala, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur(Ganjam), Bhilai, Bhilwara, Bhopal, Bhubaneswar, Bilaspur, Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Dehradun, Delhi, Dhanbad, Durgapur, Ernakulam, Erode, Faridabad, Gandhidham, Ghaziabad, Guwahati, Hardwar, Hazaribagh, 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)**
9. **A candidate who is completing all conditions for appearing the examination as per Regulation will only be allowed to appear for examination.**
10. **Probable date of publication of result: 26th June, 2015.**

A. Das
Director (Examination)

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

MEMORANDUM OF INSTRUCTIONS FOR ELECTIONS TO THE COUNCIL AND THE REGIONAL COUNCILS, 2015 OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

1. On entering the Polling Booth, a voter should proceed direct to the person in charge for identification and establish his identity. The identity of the voter must be established by a **PHOTO IDENTITY CARD PERTAINING TO A CURRENT DATE** as far as practicable, such as photo identity card issued by The Institute of Cost Accountants of India, The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India, Voters' Identity Card issued by the Election Commission, PAN Card issued by the Commissioner of Income Tax, Passport, Driving License, identity card issued by the present employer or any other authentic photo identity card issued by any duly authorized organization.

2. Every person claiming to be a voter shall be required to sign the copy of the list of members eligible to vote provided by the Returning Officer and his identity shall be verified by the polling officer in the manner specified in sl. no. 1 above. After the identity has been established, the voter's left forefinger would be marked with indelible ink marker pen.

3. If the polling officer is not satisfied as to the identity of the person claiming to be a voter, he may issue a ballot paper to such person but instead of getting the ballot paper inserted in the ballot box, he shall place the same in a separate sealed cover superscribed as "Tendered ballot" and send it to the Returning Officer along with a letter from the person concerned together with his own observations thereon, for the Returning Officer's decision, which shall be final and conclusive.

4. In deciding the right of a person to obtain a ballot paper, the Polling Officer at any polling booth may interpret any entry in the list of members eligible to vote so as to overlook merely clerical or printing error, provided that he is satisfied that such person is same as the voter to whom such entry relates.

5. After his identity has been established, the voter will sign the Attendance List kept in the custody of the Polling Officer, when the voter will be given the Ballot Papers, one each for Council and Regional Council.

6. On receiving the ballot paper, the voter shall forthwith proceed into the secret chamber set apart for the purpose and shall record his vote on the ballot paper in the manner specified in sl. nos. 7 and 8 below. He shall thereafter fold the ballot paper, leave the secret chamber and insert the ballot paper in the ballot box provided for the purpose, in the presence of the polling officer.

7. A voter shall have one vote only, and he shall have as many preferences as there are candidates.

8. The voter in order to cast his vote:-
   (a) shall place on his ballot paper the number 1 (in Arabic or Roman numerals or in words) in the square opposite the name of the candidate for whom he desires to vote; and
   (b) may, in addition, place on his ballot paper the number 2, or the numbers 2 and 3 or the numbers 2, 3 and 4 (in Arabic or Roman numerals or in words) and so on in the squares opposite the names of other candidates in the order of his preference, upto the maximum number of preferences available to him under sl. no. 1 mentioned above.
   (c) may put ` ✕' against whom he has not mentioned any preference.

9. A ballot paper shall be invalid :-

(a) if a voter signs his name or writes any word or figure upon it or makes any mark including a tick (✔)/cross (✕), not being a mark of '✕' put under sl. no. 8 (c) mentioned above, upon it by which the ballot paper becomes recognizable or by which the voter can be identified; or

(b) if it is not printed by or under the authority of the Council or it is different in any manner from the ballot papers printed; or

(c) if number 1 (in Arabic or Roman numerals or in words) is not marked on it; or

(d) if number 1 (in Arabic or Roman numerals or in words) is set opposite the name of more than one candidate; or

(e) if number 1 (in Arabic or Roman numerals or in words) and some other numbers are put opposite the name of the same candidate; or

(f) if it is unmarked or the marks made are void or cannot be unambiguously determined; or

(g) if it is so damaged or mutilated that its identity as a genuine ballot paper cannot be established.

10. Where a voter, after obtaining a ballot paper, chooses not to vote, he shall return the ballot paper to the Polling Officer and the ballot paper so returned shall then be marked as "cancelled-returned" and kept in a separate envelope set apart for the purpose and a record shall be kept by the Polling Officer of all such ballot papers.

11. Where any ballot paper, which was delivered to a voter, is found, with or without any writing thereon, in the secret chamber, it shall be dealt with in accordance with the provisions mentioned in sl. no. 10 above, as if it had been returned to the Polling Officer.

12. After he has recorded his votes on the ballot paper, the voter should fold the Ballot Paper, leave the secret chamber and insert the Ballot Paper in the ballot box, in the presence of the Polling Officer.

13. Special attention is invited in this connection to the Election Code of Conduct issued vide Notification No. EL-2015/10 dated 16th February 2015 and Notifications, Directions, Instructions and Circulars issued by the Returning Officer in this regard.

The addresses of the polling booths in Western India Regional Constituency are:

BOOTH NO.	BOOTH ADDRESS
B-1	Aroma College of Commerce, Aroma College Campus, B/H Hotel Fortune Landmark, Ashram Road, Usmanpura, Ahmedabad - 380 013
B-2	M. P. Law College, Behind Nirala Bazar, Samartha Nagar, Aurangabad - 431 001
B-3	Shree Jayendrapuri Arts and Science College, Old National Highway No. 8, Bharuch - 392 001
B-4	BSP Senior Secondary School, Sector - 10, Bhilai - 490 006
B-5	Govt. Womens Polytechnic College, No 6, Locality, Shivaji Nagar, Bhopal - 462 016.
B-6	DAV Public School, Vasant Vihar, PO. SECL, Seepat Road, Bilaspur - 495 006
B-7	Pragati College of Arts & Commerce, Pragati College Road, Ayre, Dombivli (East) - 421 201.
B-8	Government Science College, Sector 15, Near Mahatma Mandir, Gandhinagar - 382 016
B-10	Christian Eminent College, F – Sector, HIG, Ravi Shankar Shukla Nagar, Main Road, Indore - 452 011
B-11	M. P. Shah Muni Commerce College, Arvind Marg, Near Sat Rasta, Jamnagar - 361 001
B-12	R. K.Talreja College of Arts, Science & Commerce, Kalyan Ambernath Road, Shivaji Chowk, Ulhasnagar - 421 003
B-13	Deshbhakt Ratnappa Kumbhar College of Commerce, 649, "C" Ward, Azad Chowk, Kolhapur - 416 002
B-14	Kamla Nehru College, Rani Mahal, Rani Road, Korba - 495 678
B-15	Bachpan Play School, Plot No. 146, Ward 3A, Near Abhishek Apartments, Tagore Road, Adipur-Kutch - 370 205
B-16	Vedant International High School & Junior College of Science & Commerce, Savilia Park, Off. Mira-Bhayandar Road, Mira Road (E) - 401 107
B-17	The Institute of Cost Accountants of India, Western India Regional Council, CMA Bhawan, Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai - 400 001
B-18	D. G. Ruparel College of Arts, Science and Commerce, Opp. Matunga Road Station (W. Rly.), Senapati Bapat Marg, Mahim, Mumbai - 400 016
B-19	SIES College of Arts, Science & Commerce, Sion (West), Jain Society, Mumbai - 400 022
B-20	Karmaveer Bhaurao Patil College, Sector - 15 A, Vashi, Navi Mumbai - 400 703
B-21	Ramniranjan Jhunjhunwala College of Commerce & Economics, Ghatkopar (West), Mumbai - 400 086
B-22	M. M. K. College of Commerce & Economics, 32nd Road, TPS III, Bandra (West), Mumbai - 400 050
B-23	St. Rocks College of Commerce & Science, Talephakri, Eksar Village, Near Aquaria Club, D.N. Mhatre Road, Borivali (West), Mumbai - 400 092
B-24	Parle Tilak Vidyalaya Association's M L Dahanukar College Commerce, Dixit Road, Vile Parle (E), Mumbai - 400 057
B-25	V. G. Vaze College, Kelkar Education Trust's, Mithagar Road, Mulund (East), Mumbai - 400 081
B-26	R.S. Mundle Dharampeth, Arts & Commerce College, North Ambazari Road, Nagpur - 440 010
B-27	B Y K (Sinnar) College of Commerce, Prin. T. A. Kulkarni Vidyanagar, College Road, Nasik - 422 005
B-27A	Shantiniketan Public School, Plot No.27/28, Sector-2, Near Apna Bank, New Panvel – 410 206
B-28	MCE Society's Anglo Urdu Boys High School and Junior College, Gate No. 2, 2390-B, K.B. Hidayatullaha Road, Pune - 411 001
B-29	Mahatma Phule Krishi Vidyapeeth, College of Agriculture, Shivaji Nagar, Pune - 411 005
B-30	ATSS College, C2, MIDC, Opp. Niramaya Hospital, Chinchwad Station, Pune - 411 019
B-31	O.P. Jindal School, Kharsia Road, Raigarh - 496 001
B-32	R.D. Tiwari Nagar Nigam Higher Secondary School, Amapara, Beside Azad Chowk Police Station, Raipur – 492 001
B-33	Jyoti School, Jayant Collery, Near Jayant Dispensary, Singrauli - 486 890
B-34	Walchand College of Arts & Science, Walchand Hirachand Marg, Ashok Chowk, Solapur - 413 006
B-35	SASCMA English Medium Commerce College, Near Lalbhai Contractor Stadium, Opp. Govardhan Temple (Haveli), Dumas Road, Vesu, Surat - 395 007
B-36	Dnyanasadhana College of Arts, Science & Commerce, Opp: Eastern Express Highway, Dyana Sadhana Marg, Near Eternity Mall, Sathewade, Thane - 400 604
B-37	The M. S. University of Baroda (Old Sociology Building), Faculty of Commerce, Lokmanya Tilak Road, Opp. Yash Kamal Building, Near Kala Ghuda, Sayajigunj, Vadodara - 390 002
B-37A	VIVA College of Arts, Science & Commerce, M.B. Estate, Near Ram Mandir Road, Tal-Vasai, Virar (West) - 404 303

The addresses of the polling booths in Southern India Regional Constituency are :

BOOTH NO.	BOOTH ADDRESS
B-38	Acharya Palackal Jeevass Kendram, Aluva - 683101
B-39	The National Degree College (Autonomous), Pampa Mahakavi Road, Basavanagudi, Bangalore - 560 004
B-40	Institute of Agricultural Technologists, No. 15, Queen's Road, Bangalore - 560 052
B-41	Stracey Memorial Composite Pre-University College, 52, St. Marks Road, Bangalore - 560001
B-42	The Institute of Cost Accountants of India, Southern India Regional Council, CMA Bhawan, 4, Montieth Lane, Egmore, Chennai - 600 008
B-43	Southern India Chamber of Commerce & Industry, 6, Indian Chamber Buildings, Esplanade, Chennai - 600 108
B-44	South Indian National Association, Sastri Hall, Luz Church Road, Karpagambal Nagar, Mylapore, Chennai - 600 004
B-45	Shri Krishnaswamy College for Women, AC-48, 6th Main Road, Shanthi Colony, Anna Nagar West, Chennai - 600 040
B-46	The Stenographers Guild, 1, Guild Street, T. Nagar, Chennai - 600 017
B-47	Chellamel Womens' College, No. 112, Anna Salai, Guindy, Chennai - 600 032
B-48	St. Albert's College, Banerji Road, Cochin - 682 018
B-49	PSG Institute of Management, PB No.1668, Avinashi Road, Peelamedu, Coimbatore - 641 004
B-50	Erode Arts & Science College (Autonomous), Rangampalayam, Erode – 638 009
B-50A	Govt. Girls Hr.Sec. School, Nandhivaram, Guduvancherry – 603 202
B-51	Government Degree College for Women, Sambasivapet, Guntur – 522 001
B-52	Adhiyamaan College of Engineering, Dr. M.G.R. Nagar, Kumudepalli, Hosur - 635 109
B-53	Urdu Hall Trust, 3-6-157/1, Gulshan-E-Habib, Himayatnagar, Hyderabad - 500 029
B-54	St. Anns Degree College for Women, Door No.12-2-823/1, Santosh Nagar Colony, Mehedipatnam, Hyderabad - 500 028
B-55	Kasturba Gandhi Degree & P.G. College for Women, Street No. 10, Aswini Colony, West Marredpally, Secunderabad - 500 026
B-56	Sri Sankara Arts and Science College, Enathur, Kanchipuram - 631 561
B-57	Abdulkalam Institute of Technological Sciences, Vepalagadda (Village), Kothagudem (Mandal), Khammam (Dt), Kothagudem - 507 131
B-58	BCM College for Women, Near Manorama, K.K. Road, Kottayam – 686 001
B-59	The Madura College (Autonomous), Vidhya Nagar, T. P. K. Road, Madurai - 625 011
B-60	Shri Dharmasthala Manjunatheswara Law College & Centre for Post Graduate Studies & Research in Law, M.G. Road, Kodiabail, Mangalore - 575 003
B-61	D. Banumaiah's College of Commerce & Arts, New Sayyji Rao Road, Mysore - 570 024
B-62	D. K. Govt. Degree College for Women, Dargamitta, Nellore – 524 003.
B-63	Sri Aurobindo Vidyalaya, Matric Higher Secondary School, Block - 19, Neyveli - 607 803
B-64	Govt. Victoria College, Koduvayur, Meenakshipuram Highway, Vidyut Nagar, Palakkad - 678001
B-65	Bharathidasan Government College for Women (Autonomous), Muthialpet, Mahatma Gandhi Road, Puducherry - 605 003
B-66	Bharathi Vidyalaya Higher Secondary School, Court Road, Maravaneri, Salem - 636 007
B-67	St.Thomas College, Jubilee Block, Thrissur - 680 001
B-68	Jamal Mohamed College, 7, Race Cource Road, Khaja Nagar, Post Box No. 808, Tiruchirapalli - 620 020
B-69	St.Xaviers College (Autonomous), Palayamkottai, Tirunelveli - 627 002
B-70	Emerald's Educational Society, LIC Road, Balaji Colony, Tirupati - 517 502
B-71	Govt. Arts College, Thycaud, Thiruvananthapuram - 695 014
B-72	Siva Sivani Public School, Near Lakshmi Apartments, Sector 9, Ukkunagaram - 530 032
B-73	Vellore Auxilium College (Autonomous), Gandhi Nagar, Vellore - 632 006
B-74	SRR & CVR Govt. Degree College, Machavaram, Krishna Dt., Eluru Road, Vijayawada - 520 004
B-75	Dr. Lankapalli Bullaya College, 52-14-75, New Resapuvanipalem, Visakhapatnam - 530 013

The addresses of the polling booths in Eastern India Regional Constituency are :

BOOTH NO.	BOOTH ADDRESS
B-76	Bidhan Chandra College, P.S. Hirapur, Asansol - 713 304
B-77	Ganjam Law College, Ambapua Road, Near Gopalpur Junction, Berhampur - 760 010
B-78	Directorate of Distance & Continuing Eduction, Utkal University, Vani Vihar, Bhubaneswar - 751 007
B-79	DAV Public School, Sector - 6, Bokaro Steel City - 827 006
B-80	Cyber Research & Training Institute, Tinkonia New Market, Goods Shed Road, Burdwan - 713 101
B-81	Kholisani 2 no. G.S.F.P. School, Subhas Pally, Khalisani, Chandannagar - 712 138
B-82	Revenshaw University, Raniha College Square, Cuttack - 753 003
B-83	P.K. Roy Memorial College (A Post Graduate Constituent Unit of Vinoba Bhave University, Hazaribag), Dhanbad – 826 004.
B-84	Delhi Public School, Oil Township, Duliajan - 786 602.
B-85	National Institute of Technology, Mahatma Gandhi Avenue, A-Zone, Durgapur - 713 209
B-86	Bengali Girls High School, Paltan Bazar, Guwahati - 781 008
B-87	Haldia Institute of Technology, I.C.A.R.E Complex, H.I.T Campus, Hatiberia, HIT, Haldia - 721 657
B-88	Jogesh Chandra Girls School, 20, G T Road, Howrah Maidan, Howrah - 711 101
B-89	Srikrishna Public School, O. C. Road, Bistupur, Jamshedpur - 831 001
B-90	Ideal Institute of Engineering, Kalyani Shilpanchal, Kalyani - 741 235
B-91	The Institute of Cost Accountants of India, CMA Bhawan, 12, Sudder Street, Kolkata - 700 016
B-92	The Institute of Cost Accountants of India, Eastern India Regional Council, CMA Bhawan, 84, Harish Mukherjee Road, Kolkata - 700 025
B-93	Tirthapati Institution, 142/1, Rashbehari Avenue, Gariahat, Kolkata - 700 029
B-94	Netaji Nagar Vidyamandir, 170/436, N.S.C. Bose Road, Regent Estate, Kolkata – 700 092.
B-95	All India Manufacturer's Organisation, West Bengal State Board, ILACO House, Ground Floor, Brabourne Road, Kolkata - 700 001
B-96	Park Institution, 12, Mohan Lal Street, Kolkata - 700 004
B-97	Bharatiya Vidya Bhavan, Block FA, Sector III, Salt Lake City, Kolkata - 700 097
B-98	Behala High School, Behala, Kolkata - 700 060
B-99	Sodepur Club, F-14, School Road, Sodepur, Kolkata - 700 110
B-100	Subhash Institute, Near Colony More, Nabapally, Barasat, Kolkata – 700 126
B-101	Naihati Narendra Vidyaniketan, 44, Janmohammed Ghat Road, Naihati - 743 165
B-102	St. John's High School, East Boring Canal Road, Patna - 800 001
B-103	Gossner College, Club Road, Ranchi - 834 001
B-104	Deepika English Medium School, Sector - 5, Rourkela - 769 002
B-105	Gangadhar Meher (Autonomous) College, Near Fatak Railway Station, Budharaja, Sambalpur - 768 004
B-106	Ballavpore High Scool, Dey Street, Serampore - 712 201
B-108	Siliguri College of Commerce, College Para, Siliguri - 734 001
B-109	Uttarpara Govt. High School, 262, G. T. Road, Uttarpara - 712 258

The addresses of the polling booths in Northern India Regional Constituency are:

BOOTH NO.	BOOTH ADDRESS
B-110	St. John's Degree College, M. G. Road, Agra - 282 002
B-111	Motilal Nehru Institute of Research & Business Admin., "MONIRBA" University of Allahabad, Chatham Lines Campus, Allahabad - 211 002
B-112	MLV Textile and Engineering College, Pur Road, Bhilwara - 311 001
B-113	Baba Mohan Ram Kissan (Co-ed) P G College, Milakput, Bhiwadi - 301 018
B-114	Goswami Ganesh Dutta Sanatan Dharma College, Sector : 32-C, Chandigarh - 160 030
B-115	Institute of Professional Studies & Research, Sandhu Business Centre, P.O. Clement Town, Transport Nagar, Saharanpur Road, Dehradun - 248 001.
B-116	Adarsh Bal Vidya Kendra Sr. Sec. School, Near Sec-29, Fruit Market, Bhoor Colony, Faridabad - 121 002
B-117	Silver Beam Public School, II F 139, Nehru Nagar, Ghaziabad - 201 001.
B-118	Chaudhary Partap Singh Memorial College of Education, Near Hero Honda Chowk, Marble Market, Sector 34, Gurgaon - 122 004
B-119	Bal Mandir Sr. Sec. School, Sector - 1, B H E L, Ranipur, Hardwar - 249 403
B-120	University Commerce College, Jawahar Lal Nehru Marg, Jaipur - 302 004
B-121	Asha Vidya Mandir, 42, Lajpat Nagar, Jalandhar - 144 001
B-122	Galaxy Group of Institutes, Galaxy Enclave, Sector E.(Extn.), Sainik Colony, Jammu - 180 011
B-123	Faculty of Commerce & Management Studies, Jai Narain Vyas University, Jaswant Hall Exam Center, Near Mohanpura, Ratanada Road, Jodhpur - 342 001.
B-124	Kanpur Vidya Mandir Mahila PG Mahavidyalaya, 7/147, Swaroop Nagar, Kanpur - 208 002
B-125	Government Commerce College, Talvandi, Kota - 324 005.
B-126	Sri Jai Narain P G College, Station Road, Charbagh, Lucknow - 226 001
B-127	Lord Mahavira Homoeopathic Medical College & Hospital, Dr. Hahnemann Chowk, Kitchlu Nagar, Civil Lines, Ludhiana - 141 001.
B-128	Godwin Public School, Nand Vihar, Meerut - 250 001.
B-129	The Institute of Cost Accountants of India, Northern India Regional Council, CMA Bhawan, 3, Institutional Area, Lodi Road, New Delhi - 110 003.
B-130	S.D. Education Society (Regd.), C/o. J.V.S.D.G.S.S. School, D-II Link Road (Opp. St. Hanuman Ji Statue), Near Jhandewalan Metro Station, Karol Bagh, New Delhi - 110 005.
B-131	Study Centre of NIRC, No.1 Panchkuian Road, R.K. Ashram, near R.K Ashram Metro Station, New Delhi-110001.
B-132	St. Lawrence Convent, Geetha Colony, Facility Centre, Delhi - 110 031.
B-133	Red Roses Public School, D Block, Saket, New Delhi - 110 017.
B-134	Nehru Bal Samiti, M-376, Masjid Moth, Near Jain Mandir, Opp. Ansal Plaza, South Extn. II, New Delhi-110049
B-135	Indian National Public School, E - 78A, Sector - 20, Gautam Budh Nagar, Noida - 201 301
B-136	Arya P G College, Opposite Bus Stand, G.T. Road, Panipat – 132107.
B-137	Multani Mal Modi College, Lower Mall, Near Polo Ground, Patiala - 147 001
B-138	Jesus Junior Academy, Church House, Near SBI Main, Circular Road, Rewari – 123 401.
B-139	Chotu Ram Arya College, Mission Road, Sonepat - 131 001.
B-140	University College of Commerce & Management Studies, Airport Road, Old M.B. College Campus, Udaipur - 313 002.

ISSN 0972-3528

Registered KOL RMS/139/2013-2015
Publication date: 10 June 2015 RNI 12032/66