THE JOURNAL FOR CMAs

THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

July 2017 | VOL 52 | NO. 7 | Pages - 132 | ₹ 100

"IT WILL BE THE BIGGEST EVER TAX REFORMS IN THE COUNTRY

ICAI Global Summit - 2017
29 June 2017, Kolkata

EASE OF DOING BUSINESS IN INDIA

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


website:www.icmai.in
email:info@icmai.in
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of Parliament)
Headquarters: CMA Bhawan, 12 Sudder Street, Kolkata - 700016
Ph: 091-33-2252 1031/34/35/1602/1492
Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003
Ph: 091-11-24666100
THINK BIGGER
BE A CMA BE A PROUD INDIAN
Follow us on
Behind Every Successful Business Decision, there is always a CMA
Toll Free:1800 345 0092/1800 110 910

Editorial Office
CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road, Kolkata-700 025
Tel: +91 33 2454-0086/0087/0184 , Fax: +91 33 2454-0063
Headquarters
CMA Bhawan, 12, Sudder Street, Kolkata 700016
Tel: +91 33 2252-1031/34/35 , Fax: +91 33 2252-7993/1026
Delhi Office
CMA Bhawan, 3, Institutional Area, Lodi Road, New Delhi-110003
Tel: +91 11 24622156, 24618645 ,Fax: +91 11 4358-3642

WEBSITE
www.icmai.in

The Institute of Cost Accountants of India

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

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

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

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

MISSION STATEMENT

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

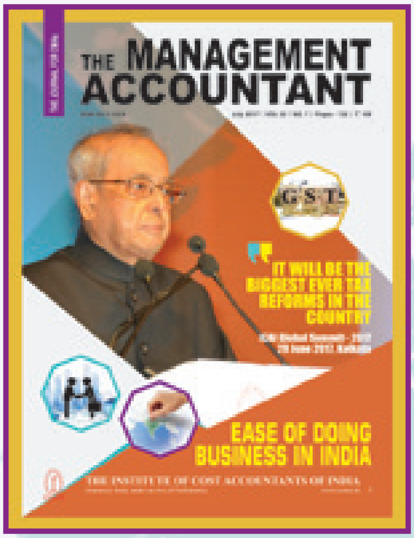
VISION STATEMENT

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

IDEALS THE INSTITUTE STANDS FOR

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

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



July 2017 VOL 52 NO.7 ₹ 100

CONTENTS

THE JOURNAL FOR CMAs

JULY 2017

INSIDE COVER STORY

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

EDITOR - CMA Dr. Debaprosanna Nandy
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016. e-mail: editor@icmai.in

PRINTER & PUBLISHER - CMA Kaushik Banerjee
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016

CHAIRMAN
RESEARCH, JOURNAL & IT COMMITTEE - CMA Avijit Goswami

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

The Management Accountant technical data

Periodicity : Monthly
Language : English

Overall Size : - 26.5 cm x 19.5 cm

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

Advertisement rates per insertion

	₹	US$
Back Cover	80,000	2,500
Inside Cover	50,000	2,000
Ordy. Full Page	30,000	1,500
Ordy. Half Page	20,000	1,250
Ordy. Qrtr. Page	10,000	750

The Institute reserves the right to refuse any matter of advertisement detrimental to the interests of the Institute. The decision of the Editor in this regard will be final. For any query, mail to **journal.advt@icmai.in**

The Management Accountant Journal is Indexed and Listed at: *Index Copernicus and J-gate*
Global Impact and Quality factor (2015):0.563
UGC enlisted journal

EDITORIAL

Greetings!!!

Ease of doing business is an index published by the World Bank. It is an aggregate figure that includes different parameters defining the ease of doing business in a country.

India has been placed at 130th position among the 190 countries in the recently released World Bank's Ease of Doing Business Index for the year 2017. The index was released as part of the World Bank's Annual Report Doing Business 2017: Equal Opportunity for All. Thus, India has improved its place by one spot in the 2017 index and its place remained unchanged from the previous original ranking of 130 in the year 2016. This marginal improvement came on the back of slight improvement in four indicators: getting electricity, enforcing contracts, trading across borders and registering property.

The country has embarked on a fast-paced reform path, and the Doing Business 2017 report acknowledges a number of substantial improvements. Electricity connections to businesses, paying taxes, electronic system for paying employee state insurance contributions, electronic filing of integrated customs declarations, the Companies (Amendment) Act, passage of the commercial courts and the Insolvency and Bankruptcy Code deserve special mention. The ranking of country is based on index averages of the country's percentile rankings on ten indicators, each having equal weightage. A higher ranking of country in this list means that its regulatory environment is more conducive and favourable for the starting and operation of firms.

Government's major initiatives towards ease of doing business in India:

Mudra Bank

Allocation of 20,000 crore for Micro Units Development Refinance Agency (MUDRA) Bank for the SME sector, enhancing credit facility to boost the growth of small businesses and manufacturing units.

Ministry of Skill Development and Entrepreneurship

By 2022, India has targeted to obtain skill development for about 500 million people, primarily through encouraging private players to provide viability gap funding and skill development programme initiatives. With this target in mind, and with the help of private players, it is ministries' role to enforce targets need to be achieved and also create an ecosystem that ensures ease of doing business and nurtures entrepreneurship by eliminating bottlenecks during the process.

AIM Platform: ATAL Innovation Mission (AIM)

The 2015 budget has also established the AIM Platform or Atal Innovation Mission (AIM).

Atal Innovation Mission (AIM) including Self-Employment and Talent Utilization (SETU) is Government of India's endeavour to promote a culture of innovation and entrepreneurship. Its objective is to serve as a platform for promotion of world-class Innovation Hubs, Grand Challenges, Start-up businesses and other self-employment activities, particularly in technology driven areas.

Corporate Tax to be reduced to 25%

The 2017 Budget has announced the reduction of corporate tax rate from 30% to 25% for MSME units. It is expected that the reduction in corporate tax rate will lead to greater investment, higher growth and more jobs.

Passage of Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code (IBC), 2016 passed by the Parliament on 28th May 2016 is a welcome approach towards improvising the existing framework dealing with insolvency of corporate, individuals, partnerships and other entities. The Code consolidates the plethora of insolvency laws in India and brings them under one overarching umbrella. One of the fundamental features of the Code is that it allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms facilitating a formal and time bound insolvency resolution process and liquidation.

Easier processes for incorporation

To make the process of registering and incorporating companies faster, the government has done away with the requirement of reserving a name, and integrated the processes related to allotment of Director Identification Number (DIN), appointment of directors etc in a single form (INC - 29) for incorporation of a company.

GST: One Nation, One Tax

With the implementation of GST Law, a major milestone has been achieved towards ease of doing business. In the light of the above developments, industry would now need to analyze the provisions of the law in detail, and examine its impact on their business. This is essential to ensure that timely representations are made to the Government, as well as to identify key implementation requirements as part of the preparations for transition from the existing indirect tax regime to GST regime.

The focus of the '*ease of doing business policy*' is mainly on cutting out the tedious documentation and unnecessary paper work and getting the work done in a shorter time span. It is now imperative to take steps to address the concerns and delays, to enable the industry to grow. This was a much needed step to simplify compliance and to make India more investor friendly.

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

THE JOURNAL FOR CMAs

THE MANAGEMENT ACCOUNTANT

-: PAPERS INVITED :-

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

Theme

Competition Act: Key Driver of Competitiveness

August 2017

Subtopics

- The MRTP Act: Predecessor of the Competition Act (2002)
- Consumer Protection Act v/s Competition Act
- Competition Advocacy
- Cartelization: Recent Trends
- Corporate Leniency and Corporate Efficacy
- Per se Illegality in respect of Anti-competitive Agreements
- Impact of Competition Act on Cross-border Mergers
- Pricing Competition - Role of CMAs

Theme

Integrated Reporting: Going beyond the Financial Results

September 2017

Subtopics

- Challenges of embedding IR in India
- Relationship between IR, Sustainability reporting and Sustainability accounting
- Relevance of IR in SME
- Guiding principles of IR in Global context
- GRI compliance and prerequisites of IR
- Role of SEBI
- CMAs in the next era of reporting
- Case studies

Theme

Insolvency & Bankcruptcy Code 2016

October 2017

Subtopics

- Challenges in the existing framework
- Adjudicating Authority
- Insolvency Resolution Process
- Insolvency professional agency
- Role of CMAs
- Role of Government & Banking Companies
- Case study

Theme

Registered Valuers & Valuation

November 2017

Subtopics

- Provisions in Companies Act 2013
- Ethics & Professional standards
- Code of Practice & benchmarking
- Regulatory model & compliance
- Regulatory Board & government initiatives
- Role of CMAs

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

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

Directorate of Research & Journal

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

We are all equal children before our mother; and India asks each one of us, in whatsoever role we play in the complex drama of nation-building, to do our duty with integrity, commitment and unflinching loyalty to the values enshrined in our Constitution.

-- Shri Pranab Mukherjee
Hon'ble President of India

CMA MANAS KUMAR THAKUR
President
The Institute of Cost Accountants of India

My Dear Professional Colleagues,

It has been my honour to serve as the President of this great Institution. With a thankful heart, I would like to share some thoughts on the journey that has been travelled with you, the future of our Institute and the CMA Profession. An eventful year will come to an end on21stof this month. A year filled with good moments, some development initiatives, few growth oriented programs and much more to cherish.

I admit there are gaps to fill, issues to resolve, expectations to fulfil and challenges to face but inside me I have a belief that together we can pass any hurdle and we can beat anyone in the world because we have the ability and capability to come up as winners. Whole of the year I was trying to connect with the people in order to address the issues and set right the things in the Institute and profession. And I confess that I have been able to achieve some success but still a lot of things are to be done. With the support of Council, Regions and Chapters of the Institute I could take up initiatives like:

- **Setting up of Insolvency Professional Agency** under IBC 2016
- **Establishment of CMA Labs** for capacity building of members and students,
- **MoU with Universities** to empower students with entrepreneurship and employable skills under MoU with 100 universities initiative,
- **MoU with Chartered Institute of Public Finance Accountants (CIPFA)**
- **MoU with Institution of Valuers**
- **Popularise Advanced Studies courses** of the Institute,
- **Setting up Skill Development Cell** to promote specialized knowledge in the field of entrepreneurship development,
- **Setting up Career Counselling Cell** to devise policies for promoting the CMA courses amongst school / colleges and universities and to provide career counselling to enlighten students about the CMA qualification,
- **Setting up of Women Empowerment Cell** to devise policies to promote a culture of respect and equality for female gender and to create awareness amongst the female members about their legal rights,
- **Meetings with Chief Ministers** of various states of India to promote the role of CMAs in the growth and development of States,

- **Setting up GSTHelp Desk**to respond to various queries on GST to be raised by the public at large, members and students
- **Observance of** Cost Consciousness week, Cost Governance Week and Cost Synergy Week to promote cost culture and Quiz Contest month, Career Counselling Month to create awareness amongst students.
- Efforts are on for our long standing demands for **inclusion of CMAs in Accountant's definition, name change of the Institute and extension of Indian Cost Accounts Service (ICAS) to State level** and many more.......

I hope that the initiatives started in my tenure will be carried forward by me successor in next term to fetch maximum benefits out of them. I assure my full and wholehearted support to my successor in all the above areas and also in other aspects of working in the Institute and profession.

The future is full of opportunities for the members and we are creating an environment which is conducive for the capacity building of the members. The business and economic environment is changing very fast, technological developments are happening at lightning speed making it very tough for the professionals to sustain in the cut throat competition. I reiterate that members need to enrich their knowledge and skillset to grab the forthcoming opportunities.

I am grateful to the Vice-President and my council colleagues including the Government Nominees for their unstinted support, guidance and necessary help in carrying out my duties in the best interest of the Institute and Profession.I am thankful to the members of the Regional Councils and Chapters of the Institute for their wholehearted support to the office of the President. I hope that the same will be continued to the coming President.

I would like to convey my sincere regards to Shri Arun Jaitely, Hon'ble Union Minister of Finance, Corporate Affairs and Defence for his guidance to the Institute and CMA profession. The CMA fraternity is duty bound to perform well in all professional areas including GST, IBC and Valuation. I am grateful to Shri Arjun Ram Meghwal, Hon'ble MoS for Finance and Corporate Affairs for his love and affection extended to the Institute and its members. I am thankful to the officials of Ministry of Corporate Affairs for their support extended to the Institute in the professional matters.

It would not be fair on my part if I do not acknowledge the support of silent workers of the Institute and external experts because I firmly believe that the achievements, achieved or achievable, cannot be possible without the support of the staff members of the Institute. I wish all of them a great future and bright career. I assure that I will always be accessible to them for any support or service in future.

Last but not the least I am indebted to my family members for their selfless support to me in carrying out my duties. I convey my heartiest regards to my beloved father whom I lost recently.

Friends, we, the members of the Institute, have achieved whatever success in our life due to the name of Institute behind us. I would like to urge the members that it is our (members including myself) duty to pay back to the Institute by contributing our bit to the cause of profession and Institute. I request all of you to come forward and lend a helping hand to the Institute by taking active part in the professional development activities of the Institute.

Global Summit – 2017

I am elated to inform that the Institute successfully organised the Global Summit - 2017 on the theme "Academic & Economic Reforms – Role of Cost & Management Accountants" on June 29 & 30, 2017 at Science City Auditorium & EZCC, Kolkata. The event was graced by the **President of India Hon'ble Shri Pranab Mukherjee as the Chief Guest, the Governor of West Bengal Hon'ble Shri Keshari Nath Tripathi and Union Minister of State for Finance & Corporate Affairs Hon'ble Shri Arjun Ram Meghwal as Guests of Honour** of the Inaugural Session.

- Hon'ble President of India appreciated the exemplary work done by the Institute in producing skilled business professionals who are contributing to nation building by saying that education is democratic dividend and professional organisations like ICAI are playing a key role in this regard. He added that the government's emphasis on skill building with the Make in India, Start-up India, and Digital India initiatives will bear fruit in the days to come. Referring to the Goods and Services Tax (GST), which is set to be implemented from July 1, 2017, the President said that It will be the biggest ever tax reforms in the country. While admitting that there is likely to be some teething troubles when the GST system comes into effect, he expressed hope of ironing them out within the shortest possible time.
- While welcoming the participants, I said that times are changing and effective use of scarce resources must be ensured to bring an all-round

socio-economic change in the country. CMA Sanjay Gupta, Vice-President in his address said that Institute is scouring new opportunities to forge fruitful industrial partnership programmes. He further added that Institute is carrying out a performance costing for Indian Railways, under instructions from railways minister Suresh Prabhu.

- Shri Arjun Ram Meghwal while addressing the participants requested the Institute to open a cell on the lines of GST Suvidha Provider, for first few days of implementation of GST.
- The inaugural session was moderated by CMA H Padmanabhan, Chairman of the Global Summit, while the vote of thanks was presented by CMA PV Bhattad, Immediate past President.
- Speaking at the event, former director of Indian Overseas Bank Dr. JD Sharma said that while globalisation undeniably paved the way to reach goods and services to the farthest corners of the world, it nonetheless forged several ills, particularly regarding disinvestment.
- Shri Ajai Das Mehrotra, Chief Commissioner of Income Tax said that financial reforms in the country are the need of the hour. But that has to be carried out in a proper manner. Implementation of the Goods and Services Tax (GST) which was long overdue, is a proper step to instil financial reforms.
- Shri Surender Kumar, Professor of Delhi School of Economics (DSE), called upon self-regulated professional educational bodies like us, the Institute of Chartered Accountants of India, and the Medical Council of India to impart more futuristic education so that tomorrow's professionals are ready to face the challenges of any economic eventuality. They should be able to predict a crisis before it happens.
- Opining on how academic and economic reforms is likely to take shape in the future, CA Jagath Perera, Vice-President of CA-Sri Lanka said that going digital will be the way forward. Traditional classrooms will give way to distance learning. Education will be on the go, where a student can learn even while travelling in a public transport.
- The consensus was there among the speakers that academic reforms have to be holistic. It should not merely enhance the knowledge of a student. One needs to remember that professionals have a larger duty to contribute to the society. Economic reforms can only be termed successful if it positively impacts the larger social context.
- Galaxy of eminent speakers enthralled the participants with their views. The other eminent speakers included Mr. Ruchira Perera, CMA Srilanka, CMA Dr. PVS Jagan Mohan Rao, CMA Amit Anand Apte, CCMs, Prof. Basab Chaudhuri, Vice Chancellor, West Bengal State Universit, Dr. Sandip Ghose, Director, NISM, Prof. Dhrubajyoty Chattopadhyay, Vice-Chancellor, Amity University, Shri Meghdut Roy Chowdhuryi, Director, Techno India Group, Prof. Suman Mukerjee, Director General, Bhawanipur Education Society, Dr. Abhirup Sarkar, Chairman, WBIDFC, Prof. Ranajoy Bhattacharyya, Professor, Indian Institute of Foreign Trade, Dr. Satyajit Sen, Senior Regional Director, Ministry of Health & F.W. Govt. of India, Prof. Ramprasad Sengupta, Professor Emeritus of Economics, Jawaharlal Nehru University, Dr. Kunal Sarkar, Cardiothoracic Surgeon, Kolkata, Prof Bhabatosh Banerjee, President, IAA Research Foundation, CMA Dr. Sreehari Chava, Cost & Management Consultant and Devesh Rapartiwar, Deloitte India.
- Global summit saw the release of PD publication "Handbook on Stock and Book Debts Audit", Global Summit Souvenir and Global Summit Bulletin. MoU with National Institute of Securities Markets (NISM), Mumbai was also signed during the Global Summit.

I am short of words while praising the efforts of CMA H Padmanabhan, Chairman-Global Summit 2017 in planning the event meticulously and organising it deftly. Under his dynamic leadership the employees of the HQ of the Institute worked day and night to make this event a grand success. I cannot forget that event when Pappan Bhai was motivating the summit organising team by assuring them that *any fallacy or failure in the process of organising the summit will be his failure and every success / milestone will be credited to the entire team hence the team should not worry about the result and contribute positively to the cause of the Institute.* I am happy to see the results and credit goes to CMA H Padmanabhan.

I congratulate CMA Bibekananda Mukherjee, Co-Chairman, Global Summit and CMA Avijit Goswami, Convenor, Global Summit for the successful conduct of the Global Summit. My special thanks to CMA Ravi Sahni, Chairman-NIRC, CMA Pranab Chakraborty, ViceChairman-EIRC, CMA Neeraj Joshi, RCM-WIRC, CMA S K Bhatt, Past Chairman- NIRC and CMA K Sanyasi Rao, Past Chairman-SIRC for their specific roles in the event.

Meeting with VIPs

- I got an opportunity to meet Dr. M Veerappa Moiley, Chairman - Parliamentary Standing Committee on

Finance at Bangalore on 4th June 2017 and handed over to him representation on name change of the Institute in the presence of CMA Dr. PVS Jagan Mohan Rao, CCM.

- I also met on 4th June with Shri D.V. Sadananda Gowda, Hon'ble Union Minister for Statistics and Programme Implementation and apprised him about the issues of Institute's name change and accountant's definition.
- On 13th June 2017, I along with Vice-President met with Dr. Nandita Chatterjee, IAS, Secretary to the Government of India, Ministry of Housing and Urban Poverty Alleviation to discuss the matters relating to role of CMAs in the Real Estate (Regulations and Development) Act, 2016 and submitted a representation on the same.
- I met with Justice Mr. A.S. Anand, Former Chief Justice of India on 13th June 2017 to request him to be the Chairman of Jury of the "14th National Awards for Excellence in Cost Management" presented by the Institute every year. Justice Mr. A.S. Anand very kindly accepted our request.
- On 19th June 2017 I got an opportunity to meet Shri Sobhandeb Chattopadhyay, Hon'ble Minister for Power, Govt. of West Bengal and discussed with him the role of CMAs to plug the wastage of power in West Bengal.
- On 19th June 2017 I also met Shri Suthirtha Bhattacharya, CMD, Coal India Limited and discussed with him the ways to utilise CSR funds for skill development activities.

GST Help Desk

The Institute has launched GST Help Desk to respond to various queries on GST to be raised by the public at large, members and students. The query willbe resolved within 48 hours of receipt and the concerned person will get the reply. In order to provide support in the matter, all Regional Councils and Chapters are also requested to open GST Help Desk and collect the queries. The details of the Help desk are available on the Institute website. I urge the members to take full advantage of this initiative of the Institute and also inform others.

Observance of GST Dayand GST Implementation Fortnight

I am pleased to inform that the Institute will observe GST Day on 1stJuly every year. This year the Institute will observe GST Implementation Fortnight from 1stJuly to 14thJuly. During this fortnight various seminars / workshop / evening talk will be organised by the regions and chapters of the Institute. All are requested to take active part in this initiative.

MoU with Universities

- The Institute signed MoU with **Mahatma Gandhi Central University, Bihar on 7th June 2017 at New Delhi** with the objective of extending help and co-operation in developing curriculum of academic programs, development and conduct of programs and courses, which students can pursue simultaneously with or without mutual exemptions. The Institute would facilitate conduct of specialised training programmes by providing experts while MGCUB would share the expertise of its faculty for training programs organised by ICAI. The MoU will also facilitate extending of co-operation for opening of CMA Facilitation Centre in the premises of MGCUB or elsewhere as proposed by the University and conducting Joint Seminars, training and Workshops and similar academic events and joint Research. I signed the MoU on behalf of the Institute while Prof. (Dr) Arvind Agrawal, Vice-Chancellor MGCU represented the University. I visited the University campus at Motihari and addressed the career counselling program on 15thJune 2017 on their invitation.
- Another MoU was signed on 9th June 2017 with Dinhata College, North Bengal University to encourage skill development and entrepreneurship development. Dinhata College is the biggest college in north Bengal.

3rd International Yoga Day

I wish to inform that all the offices of the Institute across the country celebrated 3rdInternational Yoga Day on 21stJune 2017. At Delhi Office of the Institute employees attended Yoga Session conducted by CMA J.K. Budhiraja, Senior Director (Technical). Yoga Day banners and posters were placed at Delhi office to promote the event. The yoga session was well received by the participants. There was overwhelming response from the professionals and employees aspiring to have yoga session on regular basis and committed to continue practising the same for healthy and joyful life.

Initiatives by various departments of the Institute

CAT Directorate

I am gratified to share that the Institute has entered into MOUs with Rajasthan Skill and Livelihoods Development Corporation and Andhra Pradesh Skill Development Corporation for providing skill development course to the youth of the two States by offering offered CAT course under this MOU. I am further happy to inform that the batches have since been completed and the placement of students is going on currently. So far 50 per cent of the students have been placed and I am sure all the CAT students will be placed in due course. I would like to place on record the efforts put in by CMA Dr. I. Ashok, Chairman, CAT and the officers of CAT Directorate for making these two new initiatives highly successful.

Continuing Professional Development

I sincerely appreciate our Regional Councils and Chapters for organizing 67 programs during the month on the contemporary topics of professional relevance such as, Insolvency & Bankruptcy Code, GST, Indian Accounting Standards, Draft Companies (Registered Valuers & Valuation) Rules, 2017, Buy back of shares - the Indian scenario etc. Besides, the celebration of International Yoga Day on 21stJune2017 by the Regional Councils and Chapters is commendable.

Placement Initiatives

I am glad to share that the Institute conducted 2 batches the orientation and campus placement programme for its June and December 2016 final qualified candidates across India. Many new companies could find their future managers through the campus initiative of the Institute like L&T Construction, Godrej and Boyce, Tata Projects, Global India Education, Deloitte Consulting, Prism Cement, Viraj Profiles, Crane Process Flow Tec. (I) Ltd., SVAM Packaging. I am grateful to the companies for having trust on the budding CMAs.

Professional Development (PD)

Representation with Government, PSUs, Banks and Other Organizations: Prasar Bharati, in its Tender Notice for engagement of Consultants has included CMAs in implementation of Goods and Services Tax. Department of Consumer Affairs, Government of India has also included CMAs in the team of professional in its Tender notice for providing Accounting Services. Besides, the eminent organizations like NHPC Ltd, Food Corporation of India, Garden Reach Shipbuilders & Engineers Ltd., Odisha Mining Corporation Limited, Mahagenco, Ratnagiri Gas & Power Private Limited, Coal India Limited, West Bengal State AIDS Prevention & Control Society, NTPC Ltd., THDC Ltd. recognized Cost Accountants in their Tenders/ EOIs in the month of June 2017. The list of organizations to whom the representations were made by Professional Development Department and those who recognized Cost Accountants can be viewed at the PD Portal. Letters have been sent by The Chairman, Professional Development, Banking Insurance Committee to Central and State PSUs intimating the decision of the Central Council notified in the Gazette of India on 19th April 2017 that while issuing tender/EOI seeking professional services from Cost Accountants such as Cost Audit, minimum fee of the assignment should be prescribed.

Technical Directorate

✪ Peer Review Board

I am happy to inform that the Peer Review Board in its recently held meeting approved *(i) Questionnaire for the Practicing Units; (ii) Empanelment Form for Peer Reviewers; and (iii) Peer Review Manual.* The Manual and Forms are being hosted on the Institute website shortly for public comments/suggestions. I urge all stakeholders to forward their comments/ views / suggestions on these documents after these are hosted on the Institute website for further improvement in them by the Board.

✪ Insolvency Professional Agency of Institute

- I am glad to mention that the enrolment with Insolvency Professional Agency of the Institute is picking up gradually. As on 30th June 2017, 63 professionals after passing the Limited Insolvency Examination have been enrolled with the Agency as against 37 professionals during last month. The professionals enrolled with the Agency include Cost Accountants, Company Secretaries, Chartered Accountant, Advocates and Management Graduates.
- To enable members of Institute and facilitate professional members of IPA who took registration under Regulation 9 of Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations 2016 for limited period of 6 months to qualify Limited Insolvency Examination, the Institute published an exhaustive article on "How to prepare for Limited Insolvency Examination under IBC 2016- Some Practical Tips" by CMA J K Budhiraja, CEO of IPA of ICAI and Senior Director (Technical) in its June 2017 edition of Management Accountant. The Institute has been organizing various Webinars and Seminars on the topic. A webinar on 5th June 2017 was conducted by CMA George Samuel, and other related programs were conducted by Dhanbad and Hyderabad Chapters of the Institute on 15th and 17th June 2017 respectively.
- The Ministry of Corporate Affairs (MCA) has published draft Companies (Registered Valuers and Valuation) Rules 2017 proposed to be prescribed by the Central Government under section 247 of Companies Act, 2013. MCA invited suggestions/

comments from stakeholders and the Institute was also requested to send the suggestions/ comments by 27th June 2017, these have been forwarded by the Institute within time frame.

- In addition to above, the Insolvency and Bankruptcy Board of India also requested the Insolvency Professional Agency of the Institute to organize Round Table Conferences for discussion on the draft Companies (Registered Valuers and Valuation) Rules 2017. The Institute and the IPA jointly organized two round table programmes for such discussions at Bangalore and Mumbai in the month of June 2017. These Round Table programmes were attended by members of the Institute in good numbers and gave their suggestions/ comments thereat. Next Round Table Conference is being organized at Kolkata on July 4, 2017 that shall be chaired by Shri. Navrang Saini, Whole Time Member, IBBI. I urge members and insolvency professionals from and around Kolkata to attend the Round Table in good number.
- The Insolvency and Bankruptcy Board of India has started the process of drafting the Rules and Regulations relating to Individuals and Unlimited Partnership Firms under Part III of the Insolvency and Bankruptcy Code 2016 and constituted a Working Group for recommending the strategy and approach for implementation of the provisions in this regard. CMA J K Budhiraja, CEO of Insolvency Professional Agency of the Institute is one of the members of this working Group.

Research and Development Directorate

- I am glad to inform that the Institute organized a Workshop on Goods & Services Tax (GST) for the officials of South Eastern Railway from 29 - 30 May & 1 - 2 June, 2017 at J.N. Bose Auditorium, ICAI Headquarters, Kolkata. I attended the inaugural session with Director (Research & Journal) of the Institute wherein Shri Gautam Ghatak, Joint Commissioner Commercial Taxes, West Bengal, Shri Vinoy Koty, Deputy FA&CAO Traffic, South Eastern Railway, Shri V.K. Choudhury, Senior DEM (Kharagpur), South Eastern Railway were present. A book on Goods & Services Tax (GST) - An Overview (Impact Analysis on Indian Railways) was also released during the session. Shri Rajarshi Dasgupta, Executive Director (Head of Indirect Tax) Aquilaw, CMA Mrityunjay Acharjee of Balmer Lawrie & Co. Ltd, Shri Gautam Ghatak, Joint Commissioner Commercial Taxes, West Bengal, Shri Vivek Jalan, Tax Consultant and Partner at Tax Connect Advisory Services LLP, CMA Sanjay Singh, Central Coal Field and Shri Narayan Guriya, Joint Commissioner Commercial Taxes, West Bengal shared their valuable views on the concerned theme and discussed in depth about GST Rules and Regulation. The Workshop was highly interactive and would surely increase the knowledge base of the participants. Certificate of Participation were given to the participants in the valedictory session by Shri Vijay Kumar, FA&CAO, South Eastern Railway, S.C. Mitra Deputy FA&CAO (G), South Eastern Railway, CMA Niranjan Mishra, Central Council Member of the Institute and myself.
- The Institute organized similar Workshop on Goods & Services Tax (GST) for the officials of South Eastern Railway from 13 – 16 June 2017 (2nd Batch) at J.N. Bose Auditorium, ICAI Headquarters, Kolkata. CMA Shiba Prasad Padhi, Immediate past Chairman EIRC – ICAI, Shri Amitava Mukherjee, Senior Section Officer (Accounts), South Eastern Railway and the Director (Research & Journal) of the Institute inaugurated the Workshop.CMA Shiba Prasad Padhi, Immediate past Chairman EIRC–ICAI, Arindam Goswami, Chairman Raipur Chapter-ICAI, CMA Manisha Mehrotra, Deputy Manager, Deloitte Haskins & Sells LLP, CMA Arindam CMA Mrityunjay Acharjee of Balmer Lawrie & Co. Ltd, CMA Sanjay Singh, Central Coal Field and CMA Timir Baran Chatterjee, Tax Consultant & Partner at Tax Connect Advisory Services LLP shared their knowledge on GST Rules and Regulation and gave deep insight into the subject matter. The Workshop helped in increasing the knowledge base of the participants. Queries of the participants were also adequately resolved by the lecturers.

I wish prosperity and happiness to members, students and their families and pray for the success in all of their endeavours.

With warm regards,

(CMA Manas Kumar Thakur)
1st July 2017

Glimpses of the Global Summit 2017, Kolkata

Glimpses of the Global Summit 2017, Kolkata

Glimpses of the Global Summit 2017, Kolkata

Glimpses of the Global Summit 2017, Kolkata

GLOBAL SUMMIT 2017

ACADEMIC & ECONOMIC REFORMS

Role of Cost & Management Accountants

29th June 2017 - 30th June 2017

29th June 2017, Science City, Kolkata

"THE INSTITUTE OF COST ACCOUNTANT OF INDIA PLAYING KEY ROLE IN PROFESSIONAL EDUCATION: PRESIDENT OF INDIA"

Hon'ble President Shri Pranab Mukherjee has hailed the exemplary work done by the Institute of Cost Accountants of India (ICAI) in producing skilled business professionals who are contributing to nation building.

"Education is democratic dividend and professional organisations like ICAI are playing a key role in this regard," he said while addressing the inaugural session of Global Summit - 2017 on Academic and Economic Reforms: Role of Cost and Management Accountants,

"The government's emphasis on skill building with the Make in India, Start-up India, and Digital India initiatives, will bear fruit in the days to come," he said, adding, "We can safely expect to have a bank of 500 million trained manpower by 2020. They will be fuelled by quality education and the spirit of entrepreneurship."

Change, the President admitted, has been rather slow in India compared to other countries that have developed at a faster rate. But that is not entirely without reason. "No other country in the world is as diverse as ours," he said, adding that inclusive development will take time as the government has to cover a landmass that comprises 1.3 billion people.

"Yes, we are slow but steady," he said.

"India has clocked more than 7.6 percent growth for more than a decade now which slogged at 3.9 percent for decades," President pointed out.

It may be recalled that India's GDP was ₹5,86,212 crore in 1991, which has since breached the ₹1,35, 00,000 mark. That is a whopping 2,216 percent rise.

Turning to the Goods and Services Tax (GST), which is set to be implemented countrywide from the midnight of

30 June/1 July, the President said, "It will be the biggest ever tax reforms in the country." While admitting that there is likely to be some teething troubles when the GST system comes into effect, he expressed hope of ironing them out within the shortest possible time. "It happens with all new systems," he said, reminding of 1991 when the economy was liberalised ending the 44-year old license-raj in post-independence India. "It was a watershed year for the global economy," he added.

"India was burdened with a series of taxes and the final price of a product or service was 30-40 percent more than its cost of production. All that is set to be history just one day from now," Shri Mukherjee said.

The President hailed the developmental work of the government and praised Prime Minister Narendra Modi and his Cabinet for ushering in several economic and administrative reforms.

After more than a century and a half, India is all set to change its financial year to coincide with the calendar year. "The last vestige of colonial rule is about to be dissolved," the President said.

The parliamentary standing committee on finance had recommended changing the April-March financial year to January-December a few months back.

ICAI President CMA Manas Kumar Thakur, in his welcome address, said that times are changing and effective use of scarce resources must be ensured to bring an all-round socio-economic change in the country.

Vice-President of the Institute CMA Sanjay Gupta said that ICAI is scouring new opportunities to forge fruitful industrial partnership programmes. "We are carrying out a performance costing for Indian Railways, under instructions from Hon'ble Railways Minister Shri Suresh Prabhu," Gupta informed.

The inaugural session was moderated by CMA H Padmanabhan, Chairman of the Global Summit, while the vote of thanks was presented by CMA PV Bhattad, former president, ICAI.

ICAI Opens GST Helpdesk

The Institute of Cost Accountants of India (ICAI) has opened a Goods and Services Tax (GST) helpdesk to enable businesses comply with the new system which will come into effect from the midnight of 30 June/1 July. The helpdesk will also assist professionals acquire proper knowledge about the new tax structure.

Earlier in the day, Minister of State for Finance and Corporate Affairs, Shri Arjun Ram Meghwal, while addressing the Global Summit-2017 of ICAI, requested the institute to open a cell on the lines of GST Suvidha Provider, at least for the first few days of implementation.

The ICAI's decision to introduce the cell was welcomed by representatives of corporate houses and professionals present at the event and is expected to go a long way to eliminate the confusion that exists regarding GST and its provisions.

"2017 is the Year of Economic Reforms"

Merger of the Railways and Union Budget, exponential increase in digital transactions, and adding 91 lakh new taxpayers, has made 2017 the year of Economic Reforms in India, said Minister of State (MoS) for Finance and Corporate Affairs Shri Arjun Ram Meghwal, while addressing the inaugural session of the Institute of Cost Accountants of India (ICAI) Global Summit-2017.

"The seamless rollout of Goods and Services Tax (GST) will be the biggest talking point regarding tax reforms in India for many years to come," he added.

Shri Meghwal thanked ICAI for organising the Global Summit. ICAI has played a major role in determining the correct cost of production, since before independence, he recalled.

The MoS praised ICAI President CMA Manas Kumar Thakur for his efforts to organise the grand event.

Shri Keshari Nath Tripathi, Hon'ble Governor of West Bengal was also present at the inaugural session of Global Summit.

Has Capitalism and Disinvestment Really Served the Purpose?

The conservative economic policy adopted by US President Donald Trump and Britain's exit from the European Union (EU) are key indicators that globalisation may have hit a rough patch, opined speakers at a session titled 'Academic and Economic Reforms: Global Perspective' in Kolkata today.

The session was part of the two-day Global Summit-2017 organised by the Institute.

Britain decided to part ways with the EU following a referendum in this regard in June 2016, while Trump's policies are mainly aimed to stem large-scale unemployment in his country.

Speaking at the event, former director of Indian Overseas Bank Shri JD Sharma said that while globalisation undeniably paved the way to reach goods and services to the farthest corners of the world, it nonetheless forged several ills, particularly regarding disinvestment.

"Several major capital intensive public sector industries have been disinvested by the government since liberalisation was adopted 26 years ago," recalled Dr. Sharma. These industries were the foundation of nation building, and following disinvestment, started approaching banks for funds, which led to an increase in bad loans and non-performing assets (NPAs), he said. Banks and financial institutions, Dr. Sharma said, have been badly hit in this context.

Professor of Delhi School of Economics (DSE), Dr. Surender Kumar, rued the fact that while capitalism has served what it was meant to serve—infusion of capital into the economy—the quality of labour has gone down alarmingly. He called upon self-regulated professional educational bodies like The Institute of Chartered Accountants of India, The Institute of Chartered Accountants of India, and the Medical Council of India to impart more futuristic education so that tomorrow's professionals are ready to face the challenges of any economic eventuality. They should be able to predict a crisis before it happens, he added.

The Chief Commissioner of Income Tax, Shri Ajai Das Mehrotra, said that financial reforms in the country are the need of the hour. But that has to be carried out in a proper manner. Implementation of the Goods and Services Tax (GST) which was long overdue, is a proper step to instil financial reforms, he added.

Opining on how academic and economic reforms is likely to take shape in the future, vice-president of the Institute of Chartered Accountants, Sri Lanka, Shri Jagath Perera, said that going digital will be the way forward. Traditional classrooms will give way to distance learning. Education will be on the go, where a student can learn even while travelling in a public transport, Shri Perera said.

The speakers were unanimous on their opinion that academic reforms have to be holistic. It should not merely enhance the knowledge of a student. One needs to remember that professionals have a larger duty to contribute to the society. Economic reforms can only be termed successful if it positively impacts the larger social context.

While ICAI Council Member CMA Avijit Goswami presented the wellcome address, the vote of thanks was offered by the CIRC Chairman CMA Bibekananda Mukherjee.

30th June 2017, Eastern Zonal Cultural Centre, Kolkata

"YOUR NAME WILL BE YOUR BRAND"

Education and academics are the two most important sectors that shoulder the responsibility of shaping a country's future. India was one of the earliest destinations of higher education with the universities at Nalanda, Taxila, and Vikramshila attracting students from Tibet, China, Central Asia and even Korea.

But in more recent times the Indian academic sector has been only churning out professionals, and not great minds that foster social change in the true light of education, opined speakers at the session titled 'Academic Reforms' on the second day of the two-day Global Summit-2017.

"We require finishing schools even after graduating from premier professional institutes like the IITs. This proves the fact that despite their global fame, such institutes are still found wanting in some areas," said the Vice-Chancellor of West Bengal State University Prof. Basab Chaudhuri.

While acknowledging the fact that academic reforms were carried out several times in the country, Prof. Chaudhuri said that more stress should be put on academia-industry cooperation to build a sustainable partnership that can trigger real growth.

Director of National Institute of Securities Markets (NISM) and former chief of human resources at RBI, Shri Sandip Ghose, questioned, "How many of us understand what education really is? Education is an art to know what to learn, before one goes ahead and takes up a curriculum."

Professional development has gone beyond the term 'training', courtesy its implication of learning skills. It today covers a definition which includes both informal and formal means to not only acquire new skills but also lend fresh insights into pedagogy and their own practice, particularly in this digital age where technology is omnipresent.

The 19th century was all about the Maharajas, Nawabs, and the Rai Bahadurs, where the salutation preceded the name of the person. The next century was just the opposite with qualifications following the name. There was a Ph.D,, a cost ccountant, a chartered accountant, or a specialist doctor.

"But the 21st century is where your name itself will stand out as a brand," said Ghose. "Does your name show up when you hunt for it on the internet search box? If not, you do not stand a chance today," he added. Your skills should be portable across domains, and you cannot keep yourself confined to one single area of expertise in these times where everything is going digital," the former banker said.

Technology has opened up new systems of working. "Traditional nine-to-five workplaces are passé. IT companies are encouraging employees to work from home according to their flexible hours. The typical series of desks with rows of computer monitors are dated concepts," Shri Ghose pointed out, adding, "Cloud-based universities and virtual classrooms are already in."

While reforms have been ingrained in Indian culture, it has failed to encompass the society at large. "Unfortunately, it is not how much about what a person learns but how much he/she is going to earn after graduating from college," rued Amity University Vice-Chancellor Prof. Dhrubajyoty Chattopadhyay. "I have parents coming to me and asking, 'Which course will offer my son/daughter the highest CTC?' Sadly, it is not about being a good human being but only about earning a fat pay packet," he said.

Techno India Group director of global operations, Shri Meghdut Roy Chowdhury, highlighted the partnership programme between his organisation and ICAI for skill-building among professionals. He mentioned about the various digital advancements taking place worldwide that's changing the very concepts of how academic knowledge is dispersed.

While ICAI Council Member CMA Dr. Jagan Mohan Rao presented the welcome address, the vote of thanks was offered by the EIRC Vice-Chairman CMA Pranab Chakraborty.

A memorandum of understanding was signed between NISM (an educational initiative of SEBI) and ICAI at the end of the session.

Are Economic Reforms Falling Short in India?

July 1991 is widely acknowledged as a watershed month in Indian economy. It was when the government denounced its interventionist regime of the post-independence era that involved regulation of markets, economic agents, mammoth public sector participation, and the priori plan on allocation of economic resources. The years that followed, policy, as it was argued back then, would dissolve the overwhelmingly interventionist framework and instil a support system forged by the private sector and relatively unrestrained markets with the bare minimum control and regulation. The state was to transform from being a regulator to a facilitator in the market mechanism.

Twenty-six years later, there is a general complacence about the success of the strategy. People are convinced that there exists no alternative than a dogged pursuit of free market economics.

But such an elite consensus does not necessarily represent truth. Until the global meltdown of 2008, intellectual quarters close to power and number crunchers believed that unhindered expansion of the financial markets augured well for growth. But the fallacy is that nine years since, the world has still not left the worst behind.

"So if growth has been so ubiquitous in the Indian context, why is it not visible around us?" questioned veteran economist and management consultant Shri Suman Mukerjee, while chairing a panel discussion on economic reforms at the Global Summit. Admitting that no change can be fostered without reforms, he reminded that mere action is not enough if it lacks vision.

The government debt stood at 69.50 percent of the GDP in 2016, at an average of 73.42 percent from 1991 to 2016. "That is unacceptable by any standards but not entirely unexpected as over 80 percent of the country's wealth is enjoyed by only 10 percent of the population," Shri Mukerjee pointed out, adding, "What tangible results of economic reforms are we talking about?"

The Goods and Services Tax (GST), being dubbed as the single biggest tax reforms of the country, was rolled out from the midnight of 30 June/1 July. Chairman of West Bengal Infrastructure Development Finance Corporation Ltd, Dr. Abhirup Sarkar, said that while GST is "theoretically" good from the consumer point of view, particularly in eliminating multiple taxation, doubts remain on the proper implementation.

Dr. Sarkar said, "The price advantage in lower cost of production may not be passed down to the consumer particularly in sectors where two-three companies are running the show. These companies, Shri Sarkar feared, may "collude" with each other and trigger unfair market practices. Speculative hoarding has already started in the medicine industry and traders are stockpiling even life saving drugs, he said.

Speaking on the 2016 bank note demonetisation which is considered a landmark economic reform, Shri Sarkar said, there is hardly anything to rejoice about the coming down of black money in Swiss banks. The money, he said, has simply been invested in other assets.

It also needs to be seen what effect demonetisation has on the medium and small industries, for the simple reason that the government does not have enough data in this regard, Dr. Sarkar said. The informal sector of the economy is only surveyed at five-seven year intervals and performance numbers majorly depend on assumptions. This sector, undeniably, has been badly hit by demonetisation, since transactions here are mostly in cash, he pointed out.

Senior professor of Indian Institute of Foreign Trade Prof. Ranajoy Bhattacharya, on his part, said that GST has blunted reforms in the country. Demonetisation, too, may not have a permanent impact on what the original intention was. Besides, the government shutting down the Planning Commission, the social sector will have to bear the worst brunt, he added.

"There is more rhetoric than real reforms in this country," Prof. Bhattacharya said.

The session saw a lively discussion on economic reforms, what it tried to achieve and what it has really achieved, with the panel of speakers contributing with their thoughts and observations on the issue. The welcome address was delivered by SIRC Vice-Chairman CMA Dr. A Mayil Murugan, while the vote of thanks was offered by NIRC Chairman CMA Ravi Sahni.

The souvenir for the Global Summit was released during the session.

"More Indians Use Smartphones than Toilets"

"Growth in India," said Kolkata-based cardiothoracic surgeon Dr. Kunal Sarkar, "Has only been measured by material possessions and not inclusive development. Holistic reforms have largely eluded the country."

Speaking at a session on health and environment reforms, Dr. Sarkar said, "India is perhaps the only country where public expenditure on health is reduced every year. Surprisingly, 70 percent investments in healthcare are in the private space, when it should have been the other way round."

Populist moves, he said, have hit the economy hard. "Growth in the country has been lopsided. You can spot smartphones in the hands of people even in villages, but there are not enough toilets."

The senior surgeon pointed out that with the population in the country bursting at its seams, two percent hospital beds are reduced every year.

Earlier in the session, professor emeritus of economics at Jawaharlal Nehru University Ramprasad Sengupta, explained the connection between the ecosystem and the human system. He reminded that natural resources are limited and they have to be replenished so as to strike a proper balance. He stressed on proper breaking down of waste, else that may adversely affect the ecosystem.

The session was chaired by Shri Satyajit Sen, Senior Regional Director, Ministry of Health and Family Welfare. CMA Shri Neeraj Joshi of WIRC delivered the welcome address, while CMA SK Bhatt of NIRC offered the vote of thanks.

The Global Summit bulletin was released during the session.

Cost Governance and Integrated Reporting are Key Success Factors

The time has come to realise that cost is a real-time resource. Prudent deployment of resources and their optimum utilisation should be adopted on a regular basis. As far as integrated reporting is concerned, the need for boards to instil trust and confidence among its stakeholders is important, along with attaching high priority to economic stability.

The thoughts were expressed by speakers at a panel discussion on cost governance and integrated reporting on the second day of the two-day Global Summit.

President of IAA Research Foundation Prof. Bhabatosh Banerjee recalled that SAIL was one of the first companies to incorporate integrated reporting back in the mid-1980s.

ICAI Vice-President CMA Sanjay Gupta, said countries like Sri Lanka, Singapore, and Malaysia have made major strides in integrated reporting.

Shri Devesh Rapartiwar of Deloitte India, said that the 2008 financial meltdown caused several companies to wake up and think. The value of a company cannot be expressed in numbers alone. "Take the case of Facebook which is a $27.638 billion company but has only 40 percent in assets. Integrated reporting is very important for such companies," he added.

Shri Rapartiwar said that Cost Accountants are the best professionals to implement integrated reporting.

World over around 200 companies have adopted integrated reporting.

Nagpur-based veteran Cost and Management consultant, CMA Sreehari Chava, highlighted the importance of cost governance especially in the light of the company frauds that took place in the country.

The session was chaired by Prof. Bhabatosh Banerjee. CMA Amit Anand Apte, Council Member, ICAI delivered the welcome address, while CMA K Sanyasi Rao, Past Chairman, SIRC, ICAI offered the vote of thanks.

EASE OF DOING BUSINESS IN INDIA

A LAUNCH PAD FOR "MAKE IN INDIA"

"I tell the world, 'Make in India'. Sell anywhere but manufacture here. We have the skill and talent for it,"- These affirmative words are stated by Prime Minister of India, Mr. Narendra Modi during his maiden speech on the Independence Day 15th August 2014. Our Prime Minister supplicated to Indian manufacturers for staying in our nation and invited the world class manufacturers to make in India. The "Make in India" program has been devised to transform India into a manufacturing hub. The lion in the logo of Make in India is imperative of strength and power whereas the wheels are symbolic of development and progress. However, the dream of Make in India will fructify with the ease of doing business in India. This article throws light on India's footing on the ground of ease of doing business and comparative analysis with top five countries to guage the areas of improvements.

CMA Kalyani Karna
Kalyani & Co
Cost Accountant
Delhi

Position of India on World Bank's ease of doing Business Indices:

Ease of doing business index is the ranking system used by World Bank to measure the environment of doing business in a country. Economies are ranked by World Bank on the basis of several parameters. The higher numeral value of ranking refers to awful environment for regulating business in the country however, the lower numeral value of rank stands for congenial environment of operation for the firms. "Doing business" is the report of World Bank on ease of doing business for private companies in a country. The ease of doing business index captures ten indices for ranking the regulation of business in a country. The total numbers of countries selected for the purpose of ranking in the year 2016 were 190. These ten topics used for comparative ranking of ease of doing business by World Bank are as follows:

Ten dimensions for ranking Ease of doing business

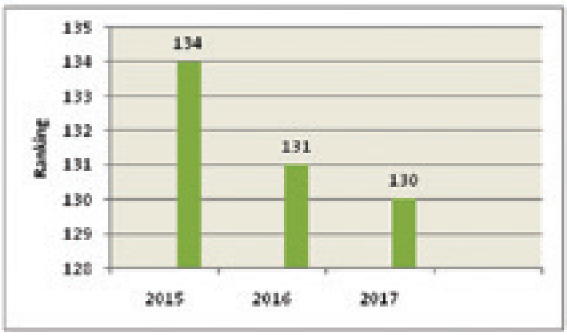
According to the World Bank report on Doing Business 2017, India stands at the position of 130 among 190 countries on the basis of above ten facets of ranking for ease of doing business. New Zealand captured the top position followed by Singapore.

Table 1: Ranking of economies for ease of doing business

Economy	Rank
New Zealand	1
Singapore	2
Denmark	3
Hong Kong	4
Korea	5
Norway	6
United Kingdom	7
United States	8
Sweden	9
Macedonia	10
India	130

Source: Doing business database (World Bank)

The ranking of India has climbed up still it is disconsolate for the country (lower numeral value of rank is favourable for doing business).



Ranking of India on ease of doing business index

India stood at 134th position in 2015 while it jumped to 130th position in the ranking made for the year 2016. Still, the position is not desirable and the country recalls looking out at the different facets and areas of improvement.

Comparative analysis with top five countries for ease of doing business:

According to the report of World Bank, India remained one of the toughest places to do business despite of various reforms. New Zealand has hit the list followed by Singapore. India stands at 130th position among 190 countries in the World Bank's ease of doing business rankings 2017. Why India sits lowly at the ranking? Let us have a comparative view with five countries at top level in the World Bank's ten facets for ease of doing business ranking 2017.

Table 2: Ranking of India in ease of doing business and top five countries

Topics	Doing Business Ranking 2017					
	India	New Zealand	Singapore	Denmark	Hong Kong	Korea
Overall	130	1	2	3	4	5
Starting a business	155	1	6	24	3	11
Dealing with construction permits	185	1	10	6	5	31
Getting electricity	26	34	10	14	3	1
Registering property	138	1	19	12	61	39
Getting credit	44	1	20	32	20	44
Protecting minority investors	13	1	1	19	3	13
Paying taxes	172	11	8	7	3	23
Trading across borders	143	55	41	1	42	32
Enforcing contracts	172	13	2	24	21	1
Resolving insolvency	136	34	29	8	28	4

Source: Doing business database (World Bank)

The ranking secured by India is not favourable for doing business. It stands at 130th position. The comparative study of ten facets of ease of doing business ranking with top countries will enable to find the avenues for improvement.

Comparative analysis of each factor, mesaures taken under MAKE IN INDIA PROGRAM, and areas for improvement

1. Starting business:

Starting a business measures the paid up capital requirement, number of procedures, days, and cost as percentage of per capita income required to register a firm for married men and women. The rank of India is 155 among 190 economies for starting a business in India. The condition is quite unfavourable for the dream of Make in India. However, the government has taken following measures under Make in India program to improve the ranking for starting a business.

- Company incorporation through SPICE (Simplified Proforma for Incorporating Company Electronically): SPICE is the simplification of registration process of company. This is simplified integrated process for incorporation of company in form INC-32, pre drafted Memorandum of Association in form INC-33, and INC-34 for Article of Association at the portal of Ministry of Corporate Affairs.
- Removal of common seal of company and minimum paid up capital requirement under Companies (Amendment) Act, 2015.
- Online registration for ESIC and EPFO has reduced the time and cost of registration.
- Online application for Industrial license and Industrial Entrepreneur Memorandum at eBiz website and the application form has been simplified.
- The validity period of Industrial license has been raised to three years from two years.
- Integration of twenty services at eBiz portal to obtain clearances from governments.

- Online application for Environment and Forest clearances at the Ministry of Environment and Forest and Climate change portal.

Still, the number of procedures and days required to start business in India is much higher as compared to other top ranked countries. The cost required per capita income should be lower.

Table 3: Comparison of ranking for starting of business

	Number of procedures	Time men days	Cost-men as % of income per capita
India	12.9	26	13.8
New Zealand	1	0.5	0.3
Singapore	3	2.5	0.6
Denmark	4	3	0.2
Hong Kong	2	1.5	0.6
Korea	2	4	14.6

Source: Doing business database (World Bank)

The ease of doing business ranking can be improved with reduction of cost per capita income, number of procedures, and requirement of days to start a business.

2. Dealing with construction permits:

Dealing with construction permits tracks the number of procedures, time and cost required to establish a warehouse in a country. India ranks at 185th position for dealing with construction permits. The number of days required to build a warehouse in India is more than 1.5 times the time required by the country at top.

Table 4: Comparison of ranking for dealing with construction permits

	Number of procedures required to build a warehouse	Time in days required to build a warehouse	Cost as % of warehouse value
India	35.1	190	25.9
New Zealand	10	93	2.2
Singapore	9	48	6.1
Denmark	7	64	1.8
Hong Kong	11	72	0.7
Korea	10	28	4.3

Source: Doing business database (World Bank)

The government has taken following measures for improvement under Make in India program:

- Fast track approval system: The Municipal Corporations of Delhi and Mumbai have introduced common application form for getting construction permits.
- Uniform Building Rules Bye Laws, 2016: The Uniform Building Rules Bye Laws provides deemed construction permit within 30 days.

3. Getting Electricity:

Getting electricity measures the number of days, procedures required, and cost incurred to get permanent electricity connection for newly established warehouse. It also measures the transparency of tariff, and reliability of electricity supply.

Table 5: Comparison of ranking for getting electricity

	Number of days required to get permanent electricity connection	Cost as a percentage of per capita income	Number of procedures
India	45.9	133.2	5
New Zealand	58	76	5
Singapore	30	25.8	4
Denmark	38	109.4	4
Hong Kong	27	1.4	3
Korea	18	38.3	3

Source: Doing business database (World Bank

The rank given to India for getting electricity is 26 whereas Korea topped the list. Central and state governments have taken the following measures to improve the ranking:

- The state governments have been directed to provide electricity connection within seven days under normal circumstances.
- Delhi and Mumbai Governments have reduced the number of documents required to obtain the electricity connection to two.
- Brihan Mumbai Electric Supply and Transport (BEST) has improved its SAIDI by 3% and SAIFI by 11% and Tata power has improved its SAIDI by 2.42 and SAIFI by 2.41. SAIDI and SAIFI

are indices used to measure the reliability of distribution system.

4. Registering properties:

This topic measures the number of procedures, days and cost incurred as percentage of per capita income to register a property (purchase of dispute free land and building by an entrepreneur). Total number of days required to register the property by an entrepreneur in India is 46.8 whereas it is only one day in New Zealand.

Table 6: Comparison of ranking for registering properties

	Number of procedures required to register properties	Time (number of days required for registration)	Cost as a % of per capita income
India	7	46.8	7.7
New Zealand	2	1	0.1
Singapore	6	4.5	2.9
Denmark	3	4	0.6
Hong Kong	5	27.5	7.7
Korea	7	5.5	5.1

Source: Doing business database (World Bank)

The government has taken the following measures for the improvement:

- Digitization of sub registrar offices: Delhi Government has digitized all the sub registrar offices. It will reduce the cost and time incurred to register the property.
- Integration of sub-registrar offices with Land Records department: Delhi Government has also integrated the records of sub registrar offices with Land Records department.
- Digitisation of all property tax records: Maharashtra government has digitized all the records related to the property. It will reduce the cost and time.

5. Getting credit:

Getting credit is a parameter to measure the degree of protection available to the borrower and lender under collateral and Bankruptcy law. It also measures the degree to which rules and practices affecting the accessibility, scope, coverage of credit information. New Zealand has been ranked at number one position on the basis of this parameter whereas India stood at 44th position.

Table 7: Comparison of ranking for getting credit

	Strength of legal right index [Degree to which collateral and Bankruptcy laws protect borrower and lender and facilitates lending] (total index is 0-12)	Depth of credit information index [Degree to which rules and practices affect the accessibility, and coverage of credit information] (total index is 0-8)
India	6	7
New Zealand	12	8
Singapore	8	7
Denmark	8	6
Hong Kong	8	7
Korea	5	8

Source: Doing business database (World Bank)

The government has taken the following steps to improve the ranking on basis of getting credit:

- Amendment of SARFAESI Rules, 2011: Rule 4 of the SARFAESI Rules, 2011 has included several additional charges as security interest in immovable property by mortgage other than deposit of title deeds, security interest in hypothecation of plant and machinery, stocks, debt including book debt or receivables, security interest in intangible assets, and security interest in any under construction residential or commercial building or a part thereof.

6. Protecting minority investors

Protecting minority investors tracks the degree of protections available to the minority shareholders against the misuse of corporate assets by directors. It also measures the transparency of business.

Table 8: Comparison of ranking for protecting

minority investors

	Minority interest protection index (0-10)	Extent of conflict of interest (0-10)	Extent of shareholder governance (0-10)
India	7.3	6.7	8
New Zealand	8.3	9.3	7.3
Singapore	8.3	9.3	7.3
Denmark	7.2	6.7	7.7
Hong Kong	8	9	7
Korea	7.3	7	7.7

Source: Doing business database (World Bank)

7. Paying taxes:

Paying taxes records the administration of tax payment by a medium sized firm in the country. It analyses the number of tax payments, time taken for preparation and payment of taxes and total tax paid during the second year of operation as percentage of profit. The tax rate as percentage of profit in India in higher than other countries. It will make the business less attractive for investors.

Table 9: Comparison of ranking for paying taxes

	Number of payments per year	Time in hours per year taken to prepare, file, and pay taxes	Total tax rate as % of profit
India	25	241	60.6
New Zealand	7	152	34.3
Singapore	5	66.5	19.1
Denmark	10	130	25
Hong Kong	3	74	22.9
Korea	12	188	33.1

Source: Doing business database (World Bank)

However, government has introduced several measures to improve the ranking of paying taxes:

- Online module for ESIC: The contribution towards ESIC can be made online and the returns will also be filed online. It will enable to reduce the time and cost associated with filing of ESIC returns.
- Introduction of Goods and Service Tax with effect from July 1, 2017: GST is a holistic approach to bring uniformity in the tax regime. It will empower the Indian tax structure in the following ways:
  - It will bring uniformity in computing taxes for goods and services.
  - It will help in elimination of cascading effect of tax.
  - Appropriate allocation of taxes to Central and State funds.
  - Simplification of accounting and taxation process.

8. Trading across borders:

Trading across border measures the cost associated with the import and exports made from a country. The time and cost (excluding tariff) associated with the import and export are measured on basis of border compliances, documentary compliances, and domestic transport. The time and cost of border compliance measures the time and cost incurred in preparing and submitting the documents during border handling, inspection charges, and custom clearances. The time and cost associated with the documentary compliance measures the time incurred and cost associated with the preparation, processing and submission of the documents for import and export. India has been ranked at 143 among 190 economies for trading across borders whereas Denmark hits the list.

Table 10: Comparison of ranking for trading across borders

	Time to export in hours: documentary compliances	Cost to export in USD: documentary compliances	Time to import in hours: documentary compliance	Cost to import in USD: documentary compliance
India	38	92	61	135
New Zealand	3	67	1	80
Singapore	2	37	3	40
Denmark	1	0	1	0
Hong Kong	1	57	1	57
Korea	1	11	1	27

Source: Doing business database (World Bank)

The crucial measures taken by the government for

ease of doing business regarding export and import are:

- Directorate General of Foreign Trade has limited the number of documents required for import and export to three.
- Up-gradation in the official website of CBEC: The ungraded version of the website of CBEC acts as one stop shop for easy access to the acts, rules, regulations, notifications and circulars related to indirect tax. It also provides duty calculator, allied acts of customs, grievance handling facility, and social media connectivity.
- 24x7 online filing of documents for custom clearances through EDI system.
- Adoption of digital signature for ACP clients with effect from 1 May, 2015.
- Establishment of Custom Clearance Facilitation Committee for identification and resolution of bottlenecks of custom clearances.

9. Enforcing contracts:

This indicator of ease of doing business measures the time and cost associated with resolving the commercial dispute and the quality of judicial process.

Table 11: Comparison of ranking for enforcing contracts

	Time taken to resolve disputes (in days)	Cost (court fees and attorney fees as % of debt value)	Quality of judicial processes index (0-18)
India	1,420	39.6	9
New Zealand	216	27.2	11
Singapore	164	25.8	15
Denmark	380	23.3	11
Hong Kong	360	21.2	11
Korea	290	12.7	14.5

Source: Doing business database (World Bank)

The following measures have been taken by the government to resolve the commercial dispute:

- Commercial Courts, Commercial Division, and Commercial Appellate division of High Court Act, 2015 has been enacted to provide for the constitution o Commercial Courts, Commercial Division and Commercial Appellate Division in the High Courts for adjudication of commercial disputes of specified value and matters. This Act came into force on 23 October, 2015.
- Establishment of National Judicial Data Grid (NJDG): National Judicial Data Grid has been established and opened to public on 19th September 2015. It provides state wise cases pending, judgment, and helps to track the position of status of a case.
- The Prime Minister and the Chief justice of India T S Thakur have appealed to promote arbitration for resolution of commercial disputes instead of regular court proceedings.

10. Resolving insolvency:

Resolving insolvency ranks the countries on basis of weaknesses and bottlenecks in administrative and procedural aspects of resolving insolvency processes. The recovery rate in India is much lower and time taken to resolve the insolvency cases are much higher as compared to other countries.

Table 12: Comparison of ranking for resolving insolvency

	Recovery rate (cents on dollar)	Time in years	Cost as % of estate
India	26	4.3	9
New Zealand	83.4	1.3	3.5
Singapore	88.7	0.8	4
Denmark	88	1	4
Hong Kong	87.2	0.8	5
Korea	84.5	1.5	3.5

Source: Doing business database (World Bank)

However, the central government has introduced a comprehensive legislation for resolving corporate insolvency. Insolvency and Bankruptcy Code 2016 will help to bring uniformity in resolving insolvency.

Conclusion

Country at top position in each dimension of ease of doing business:

Table13: Countries at top position for each dimension

Topic	Rank	Country
Starting a business	1	New Zealand
Dealing with construction permits	1	New Zealand
Getting electricity	1	Korea
Registering property	1	New Zealand
Getting credit	1	New Zealand
Protecting minority investors	1	New Zealand and Singapore
Paying taxes	1	United Arab Emirates
Trading across borders	1	Denmark
Enforcing contracts	1	Korea
Resolving insolvency	1	Finland

Source: Doing business database (World Bank)

Make in India program was launched when India was at the brink of economic failure. At that time, India was considered as fragile five among BRIC nations (Brazil, Russia, India, China and South Africa). Make in India is an unparalleled overhaul of policies and procedures. Whether it is Make in India or Make for India, the cost and ease of doing business is relevant. The foreign players will be attracted to make in India with ease of doing business. And, the low cost of business will enable the export to be competitive in the global market. Without the ease of doing business and lowering the cost of business the slogan of make in India will be a mere slogan. Improvement on different facets of ease of doing business will fructify the dreams of Make in India. The performance of the each country leading at the different parameters of ease of doing business can be analysed to learn the avenues of improvement. Why those countries are leading and India is lagging behind! The improvement will help to suffice the definition of FDI (First Develop India). The Prime Minister of India depicted while launching the Make in India on 25 September 2014, "I do not have to waste time to invite...I need to give the address. For the world, FDI is an opportunity. My definition of FDI for the people of India is First Develop India." MA

References:

1. *www.doingbusiness.org*
2. *www.india.com*
3. *www.makeinindia.com*
4. *www.financialexpress.com*
5. *www.indianexpress.com*
6. *www.wsj.com*

cwakalyani@gmail.com

Benchmarking & Economy Rankings

Benchmarking as we all know is a process of comparing one's own performance metrics to industry's bests and initiate best practices to achieve the desired goals and targets. The benchmarking can be at micro level or at corporate level or even at country economy level.

Economy is a geographical presence of a country. The country should have its own culture, social values, education system, political / governance structure, administration / judiciary mechanism and trade. Trade involves economic activities driven by demand and supply, open competition, legal currency and well organized marketing and financial systems.

Economy ranking is a process of comparing various economies around the globe and assign a rank for each economy based on its overall performance and productivity.

Ranking of an economy is very important because –

- it measures the size and health of an economy
- countries with high ranking enjoy more investment opportunities
- drives a positive competition between economies
- builds cooperation
- helps in sharing best practices by benchmarking with the right partner
- facilitates business houses and investors to make right expansion decisions

Methods of measuring an economy

The nominal ***GDP*** (Gross Domestic Product) of a country is the key factor in measuring an economy.

CMA Nimishakavi Rama Narasimham
Manager, GENPACT
Hyderabad

The GDP is the total monetary value of all goods and services a country produces during a particular period of time, mostly a year.

GDP based on ***Purchasing power parity*** (PPP) which is the exchange rate at which the currency of a country to be converted into that of another country in buying a similar good or service in each. This gives estimates of purchasing power.

Another way of measuring country's productivity is its ***GDP per capita***. This is simply dividing a country's GDP by its total population. This explains how productive on an average, each citizen is in an economy.

Happiness quotient measures the happiness of a citizen and his confidence on the progress of economy. Recently international institutes are emphasizing the concept of Gross National Happiness (GNH) apart from GDP numbers.

The ***size of the market or consumption*** which provides huge domestic and international opportunities. They have a huge potential and also able to recover the declining growth rate by few developed economies.

International Rating Agencies and Institutions

The top international rating agencies are Moody's, Standard & Poor's (S&P) and Fitch group.

India has been ranked almost a decade back by these three agencies. Fitch upgraded India raking to BBB in 2006 last and S&P in 2007. Moody's upgraded India's rank to 'Baa3' in 2004. These ratings are much lower than those of China. India has sent a representation to these agencies to modify its rank by considering its macroeconomic strength and recent reforms.

Ratings by	India	China
Fitch	BBB	A+
Moody's	Baa3	Aa3
S&P	BBB	AA-

*Ranks by top 3 Rating firms

'Easy of Doing Business Index' by World Bank Group benchmarks the 'regulations' across economies which are affecting the business. New Zealand ranked top in Easy of Doing Business (EoDB) and India ranked 130.

Country Rank in EoDB	2017	2016
New Zealand	1	2
Singapore	2	1
Denmark	3	3
Hong Kong	4	5
South Korea	5	4
U.K.	7	6
U.S.	8	7
Japan	34	34
China	78	84
India	130	130

*Rank list as per 'Doing Business 2017' Report

In the latest Economic Survey 2016-17, Chief Economic Advisor Arvind Subramanian has expressed his concern on the rankings given to India, which are far from ground reality and not modified for a long period. Also opinioned that various reforms taken by Government for last two years have been ignored.

However, growing attention now is on the size of an economy. India has been ranked seventh largest emerging economy as per IMF's World Economic Outlook database, October 2016.

Rank	Country	Nominal GDP	GDP by PPP per capita	Expected GDP Growth rate
1	U.S.	$18.5 trillion	$57,274	2.5
2	China	$11.21trillion	$15,399	6.5
3	Japan	$4.7. trillion	$38,893	0.5
4	Germany	$3.49 trillion	$48,189	1.5
5	U.K.	$2.65 trillion	$42,513	1.8
6	France	$2.48 trillion	$42,384	1.6
7	India	$2.25 trillion	$6,658	7.6

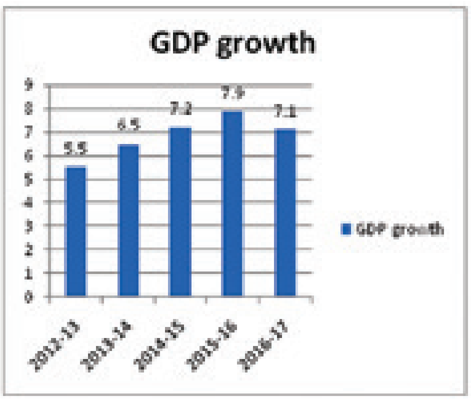
*Ranks by size of the economy

Analysts predicting that emerging economies are taking over the progress of advanced economies and also predicting that the ***top three economies by 2021 would be China, U.S. and India***. These economies have a great advantage of younger population that represents the purchasing power.

Efforts by Govt of India (GOI) to improve its Ranking

- Implementation of GST which streamlines tax structure and improves tax-net
- Bankruptcy code
- Liberalizing FDI norms
- Aadhaar Bill
- Many reforms on regulatory procedures, policies and practices spread around 12 major areas targeting to reach the rank in top 50 of EoDB
- GOI is sharing the responsibility with States and UTs. As per Business Reform Action Plan (BRAP) 2017, a feed-back will be taken from businesses on the quality of implementation of reforms which facilitates to rank the States / UTs on EoDB
- Latest ordinance to the Banking Regulation Act, 1949 empowers RBI for resolution of stressed assets
- Reforms to check black money like digital payments, demonetization etc. For past three years there is no major incidence of any scam or corruption

Country's GDP has been sturdily growing and a little shortfall in 2016 was expected due to demonetization but still projected around 7.8 percent.



Results

Dy. Managing Director of IMF Tao said IMF believes the progress of Indian economy and extremely impressed with the reforms initiated by Government. Asian Development Bank (ADB) expressed that Indian economy will grow at 7.6 per cent and GST and Bankruptcy laws will help in improving EoDB rank.

- As per Grant Thornton International Business Report (IBR) survey, India takes fourth place on global optimism index. Almost 56 percent of the respondents are optimistic and shows their confidence on the economic growth but where as in China it's 48 per cent.
- As per CARE ratings Indian economy is expected to grow at a 7.8% (world average GDP is 3.6%) and the implementation of GST contributes anther 0.50% to the GDP growth rate.
- Global property consultancy firm Knight Frank ranked India sixth place in terms of ultra high net worth individuals and projecting to reach third place in next few years
- Facebook recently find India is the Second biggest market with around 166 million monthly active users, which allows company to provide a large market base for selling
- India has been ranked Second after China (first place) as per Global Retail development Index according to AT Kearney a leading Global Management Consulting firm
- The Gini Index measures country's income distribution and low score represents perfect equality. India's Gini score is at 33.6 compares favorably with China (46.9) and few other countries. MA

References –

1. *www.wikipedia.org*
2. *www.investopedia.com*
3. *www.businessinsider.com/pwc-ranking-of-heggest-economies*
4. *www.businessline.in*
5. *www.economictimes.com*
6. *www.worldbank.org*
7. *www.imf.org*
8. *www.careratings.com*
9. *IMF's World Economic Outlook (WEO)*
10. *https://en.wikipedia.org/wiki/Ease_of_doing_business_index#Ranking*
11. *https://www.atkearney.com/consumer-products-retail/global-retail-development-index*

nimishakaviram@yahoo.com

BENCHMARKING RANKING - INDIAN

CMA Dr. Prafulla Kumar Swain
Professor
IBCS, Siksha 'O' Anusandhan University
Bhubaneswar

Dr. Manoranjan Dash
Asst. Professor
IBCS, Siksha 'O' Anusandhan University
Bhubaneswar

Arya Kumar
Research Scholar
IBCS, Siksha 'O' Anusandhan University
Bhubaneswar

& Economic Tyre Industry

Every company defines its own vision statement, mission statement, objectives and goals considering its strength, weakness, opportunity and threats. In the real life, when it operates by utilizing all its resources to achieve desired results, it has to use certain specific strategic performance evaluation and management tools. In the era of the highly competitive environment, various strategic performance evaluation and performance management tools such as Benchmarking, Business Process Re-Engineering, Value Chain Analysis, Target Costing, Activity Based Management, Life Cycle Costing and Lean Management are used to bring a high degree of performance for these companies. Since a particular company is a player in the industry, it evaluates its market share, financial performance and other non-financial performance such as customer base, product leadership etc. These results may be compared with other competitors in the industry. When we prepare a list showing the specific performance of all these companies such list may be called as economic rank. A company may identify its position from such economic rank and assess its strength and weakness in a particular field of performance. Optimistically, if its rank is one with respect to any economic indicator, it will consider as the benchmark. The other competitors in the industry will compare their own performance with the benchmark performance through a diagnostic study and find out the gap and deficiencies. With this comparison practices, these companies may implement strategic performance tools with an objective to bridge the gap or deficiency. This is an attempt of a win-win strategy.

If this practice will be followed by all these players in the industry, then all companies will grow, so that they bring ultimate growth to the entire industry. Thus economic ranking practices bring a positive change in the working performances of all companies in the industry. Finally, the individual contribution of the firm in form of sales, profits, optimum utilisation of resources etc., will bring the economic growth of a nation. In this study, the companies operating in tyre industries are selected. An attempt has made to identify the gaps in the performance levels of various companies in the tyre industry through benchmarking strategy and economic ranking methods.

Research Question for Benchmarking

- What is our performance level?
- How do we do it?
- What are others performance level?
- How did they get there?
- How we adapt creatively to do better by adopting benchmarking strategy?

Benchmarking- The Management Concepts

Benchmarking is the practice of being humble enough to admit that someone else is at something and wise enough to try and learn how to match surpass them at it-*American Productivity and quality Centre (1988)*

Benchmark: "A measure, "best- in- class" achievement; a reference or measurement standard for comparison, a performance level recognized as the standard of excellence for a specific practice".

Rank Xerox- A continuous systematic process of evaluating companies recognised as industry leaders, to determine business and work processes that represent "best practice and established rational performance goals".

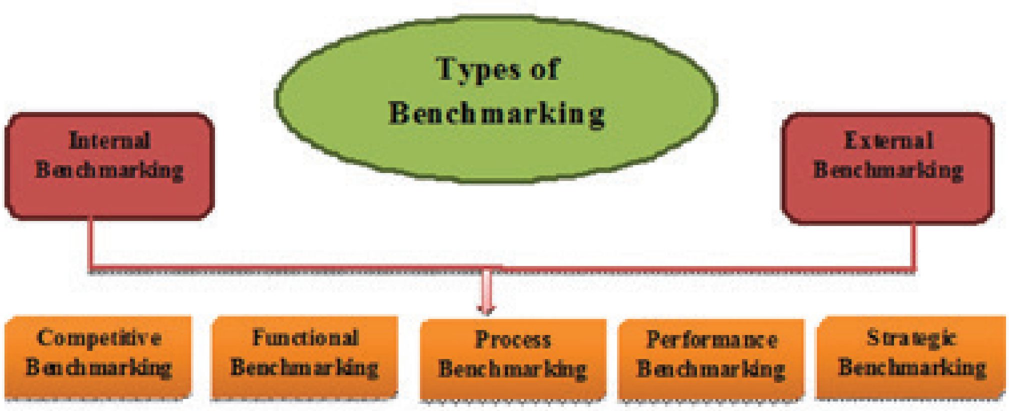
Benchmarking and Economic Ranking: The Genesis

In today's global business world, organisation are measuring their business performance against the best industry practices i.e. benchmarking as a systematic method for measuring performance with best practices done in the industry.

Objectives of Benchmarking Strategy:

- Identify opportunity to set realistic but aggressive goals
- Challenge internal paradigms on what is possible
- Understand the methods for improved processes
- Uncover strengths within the organisation
- Learn from leaders experiences

Types of Benchmarking-



- Competitive Benchmarking: Comparison between the companies of same industry across all function
- Functional Benchmarking: Comparison between all possible function of firms irrespective of industry.
- Performance Benchmark: Comparison on Key Performance Indicator or Critical Success Factor that helps the organisation to examine their overall performance
- Process Benchmark: Comparison is done considering the methods, technique or procedure.
- Strategic Benchmarking: Comparison in respect to best technology or practices used by competitors to convert it as the main function

Steps in Benchmarking:

There are ten steps in the benchmarking process clustered under the following three sub heads:

A. Planning and organisation

i. Identification of benchmark indicators with respect to quality, cost, productivity, output, process, sales and customer service, etc.

ii. Identification of the position of the best competitor in the economic rank

iii. Collection of various data relevant to compare with the best practices

iv. Determination of gap or deficiency in comparison with benchmark result.

v. Determination of forecasted result to improve performance level

B. Strategic Integration of functional goals and action plans.

vi. Establish functional goals, communication of data with respect to achievable targeted performance and integrate all functional goals towards organisation goals for achieving a higher level of performance.

vii. Preparation of action plans for each functional are as such as production, quality control, inventory, supply chain, procurement, marketing, finance, engineering and work study.

C. Implementation of integrated action plans.

viii. Implement specific actions for better result

ix. Monitors results or progress reports

x. Recalibrate benchmarks

Review of Literature

Edith Cowan University, 2011- A regular habit of comparison between products, services, processes and outcomes within same industry but with different companies and finding the practices to adopt for better performance.

Epper,(1999)- For better clarity, an organisation must try for self –analysis and have a clear view of its own processes

Henderson-Smart, Winning, Gerzina, King, & Hyde,(2006) -Setting a Quality Assurance Model with a minimum acceptable standard that is implemented by a manager or external inspection.

Kaplan & Norton(2003), Company's most important intangible assets are strategic human capital, strategic job families, the linkage to information capital and organisationalcapital are to be considered and measured.

Objective of Study

- To study the concept of benchmarking and economic ranking
- To analyse the key performance indicators (KPI) of selected companies in Tyre Industry in India.
- To identify the gap and deficiency of peer group companies through comparison with benchmark company in tyre industry
- To suggest for improving performance level through specific management tools

Indian Tyre Industry- An Overview

Indian Tyre Industry is showing a positive growth from its past trend, in its passenger and two-wheeler market. Due to the growth of modern technology, availability of raw materials and efficient supply chain management, the Indian tyre industry able to prosper innovative products like radial tyres, tubeless tyre, low aspect ratio tires, punctured resistant tyres etc. Several manufacturers are trying to develop by experimenting on a product named as 'green tyre". Few companies have successfully introduced self-inflation and run flat tyre (RFT) technique which attracts several investors to enter into this industry and make the industry to grow.

Benchmarking is one of the strategic performance evaluation tools for assessing one's own performance, making a comparison with the best level of performance, identifying the deficiencies and finally making concerted effort to improve and excel is the philosophy of benchmarking. Essentially, benchmarking brings the overall growth of an industry through the performance improvement of individual players. The present research focuses to examine the performance of individual companies in Indian Tyre Industry with performance indicators i.e. sales, net profits and market capitalisation taken into consideration. Economic ranking are done basing on performances of all these firms and explores the untapped area of improvement through Benchmarking. In conclusion the companies in the tyre industry can improve their specific performance by using strategic performance management tools.

Financial Performance (2016-17) of selected Companies in Tyre Industry:

Table-1

Companies A	Year of establish-ment B	Net Sales C	Net Profit D	Market Capital-isation E	Employee cost F	Total Asset Turnover Ratio Net sales Avg. total sales G	Net Profit Margin Net Income Sale Revenue H	Employee Over Net Sales Employee cost Net Sales I
MRF	*1946*	*20243.94*	*2327.72*	*26648.2*	*1283.27*	**231.054**	**11.498**	**6.339**
Apollo Tyres	*1976*	*8701.64*	*852.46*	*11183.27*	*566.49*	**192.449**	**9.796**	**6.510**
Balkrishna Ind.	*1995*	*3241.77*	*567.67*	*14375.07*	*209.1*	**79.432**	**17.511**	**6.450**
Ceat	*1958*	*5494.15*	*452.52*	*6956*	*367.17*	**148.142**	**8.236**	**6.682**
JK Tyre & Industries Ltd	*1974*	*5880.43*	*400.96*	*3706.13*	*534.05*	**2913.555**	**0.627**	**9.081**
TVS Srichakra	*1982*	*2059.87*	*197.21*	*2986.25*	*201.83*	**302.490**	**9.573**	**9.798**
Good Year	*1898*	*1747.13*	*123.1*	*1890.07*	*139.48*	**306.853**	**7.045**	**7.983**
PTL Enterprises	*1959*	*45.83*	*24.24*	*291.23*	*0.84*	**8.577**	**52.891**	**1.832**
Modi Rubber	*1971*	*5.39*	*5.23*	*235.38*	*4.42*	**4.214**	**97.031**	**82.003**
Krypton	*1990*	*38.4*	*0.39*	*18.89*	*6.48*	**38.353**	**1.015**	**16.875**
Govind Rubber	*1964*	*294.95*	*0.13*	*64.64*	*36.88*	**647.814**	**0.044**	**12.503**
Tirupati Tyres	*1988*	*9.12*	*0.1*	*3.26*	*0.03*	**410.810**	**1.096**	**0.328**

Source: Money Control

Economic Ranking of selected companies in Indian Tyre Industry

Table-2

Companies A	Net Sales B	Net Profit C	Market Capitalisation D	Total Asset Turn-over Ratio E	Net Profit Margin F	Employee Over Net Sales G
MRF	*1*	*1*	*1*	*6*	*4*	*3*
Apollo Tyres	*2*	*2*	*3*	*7*	*5*	*5*
Balkrishna Ind.	*5*	*3*	*2*	*9*	*3*	*4*

Ceat	*4*	*4*	*4*	*8*	*7*	*6*
JK Tyre & Ind.	*3*	*5*	*5*	*1*	*11*	*8*
TVS Srichakra	*6*	*6*	*6*	*5*	*6*	*9*
Good Year	*7*	*7*	*7*	*4*	*8*	*7*
PTL Enterprises	*9*	*8*	*8*	*11*	*2*	*2*
Modi Rubber	*12*	*9*	*9*	*12*	*1*	*12*
Krypton	*10*	*10*	*11*	*10*	*10*	*11*
Govind Rubber	*8*	*11*	*10*	*2*	*12*	*10*
Tirupati Tyres	*11*	*12*	*12*	*3*	*9*	*1*

Source: Money Control

Analysis of Economic Ranking:

To measure the association between two ranks Spearman's coefficient of correlation is computed and presented in the table-3

Coefficient of Rank Correlations Table-3

	Net Sales B	Net Profit C	Market Capitalisation D	Total Asset Turnover Ratio E	Net Profit Margin F	Employee Over Net Sales G
Net Sale B	1	0.9021	0.8951	0.3007	0	0.2797
Net profit C	0.9021	1	0.986	-0.0769	0.3916	0.2867
Market Capitalisation D	0.8951	0.986	1	-0.035	0.3916	0.3007
Total Asset Turnover ratio E	0.3007	-0.0769	-0.035	1	-0.7483	0.0699
Net Profit Margin F	0	0.3916	0.3916	-0.7483	1	0.2587
Employee over Net Sales G	0.2797	0.2867	0.3007	0.0699	0.2587	1

To measure more precisely the strength of Correlation that exists between two Ranks the Coefficients of Determination have been computed and presented in Table-4

Coefficient of Determinants Table-4

	Net Sales B	Net Profit C	Market Capital-isation D	Total Asset Turnover Ratio E	Net Profit Margin F	Employee Over Net Sales G
Net Sale B	1	0.8138	.8012	.0904	0	.0782
Net profit C	.8138	1	.9722	.0059	.1534	.0822
Market Capitalisation D	.8012	.9722	1	.0012	.1534	.0904
Total Asset Turnover ratio E	.0904	.0059	.0012	1	.56	.0049
Net Profit Margin F	0	.1534	.1534	.56	1	.0669
Employee over Net Sales G	.0782	.0822	.0904	.0049	.0669	1

Results and Discussion:

The coefficient of determinations between i. Net Sales and Net Profit and ii. Net sales and Market Capitalisation are found as 0.8138 and 0.8012 respectively. This result signifies that all the firms are making their concerted efforts to maximize Sales and Net Profit. Further, the coefficient of determination between Net profit and market shares is 0.9722 which shows an excellent endeavor of the tyre industry. But, other measures of association are found very low. This result indicates that the entire Tyre industry suffers from optimum utilisation of their total assets.

Recommendation

- Use of "NanoPro-Tech" (Nanostructure-Oriented Properties Control Technology).
- Concentric diversification strategy will help the companies to hold all range of tires i.e. heavy duty vehicles, SUV's, Small and luxury vehicles.
- Making a strong distribution channel- Divisional and regional.
- Strong and wide publicity.
- Depend on internal funds and reduce stakeholdings.
- The company should not try for backward integration i.e. supply of raw materials, rather they must stick on high production with high quality.
- Each company should adopt business process re-engineering for quality improvement.
- Each company should implement and put in practice Target costing Activity based management and life cycle costing.
- The introduction of lean management practice to reduce process waste and maximise the value of the product to the customer. To make lean management practice efficient, the techniques like flow charts, total
- productive maintenance, total quality management and workplace redesigning techniques are to be strictly followed.

Conclusion:

Benchmarking is a technique for assessing a firm's performance against the performance of other competitors. It provides a good learning opportunity and encourages companies to move towards the higher level of performances. Reengineering, improving and innovating upon existing practices are the essence of benchmarking. Thus benchmarking creates a competitive environment in the industry. To conclude, we may rightly say that benchmarking has immense utility in measuring the performance efficiency of a player in the industry and inspires to the work force to be more creative and commitment to change. Let us celebrate the practice of benchmarking and invite a better future in any field of business activity. MA

References

1. *Edith Cowan University. (2011). Benchmarking Policy. Retrieved from http://www.ecu.edu.au/GPPS/policies_db/tmp/ad075.pdf*
2. *Epper, R. M. (1999). Applying benchmarking to higher education: Some lessons from experience. Change, 31(6), 24-31*
3. *Henderson -Smart, C., Winning, T., Gerzina, T., King, S., & Hyde, S. (2006). Benchmarking learning and teaching: Developing a method. Quality Assurance in Education, 14(2), 143-155. doi: 10.1108/09684880610662024*
4. *Kaplan, R. S., and D.P. Norton (2003) Strategy Maps, Boston: HBS Press*
5. *Nolan Norton Institute (1991) "Measuring Performance in the Organization of the Future: A Research Study."*
6. *www.moneycontrol.com*
7. *www.nistads.res.in*
8. *www.rankingthebrands.com*

rafullaswain@soauniversity.ac.in

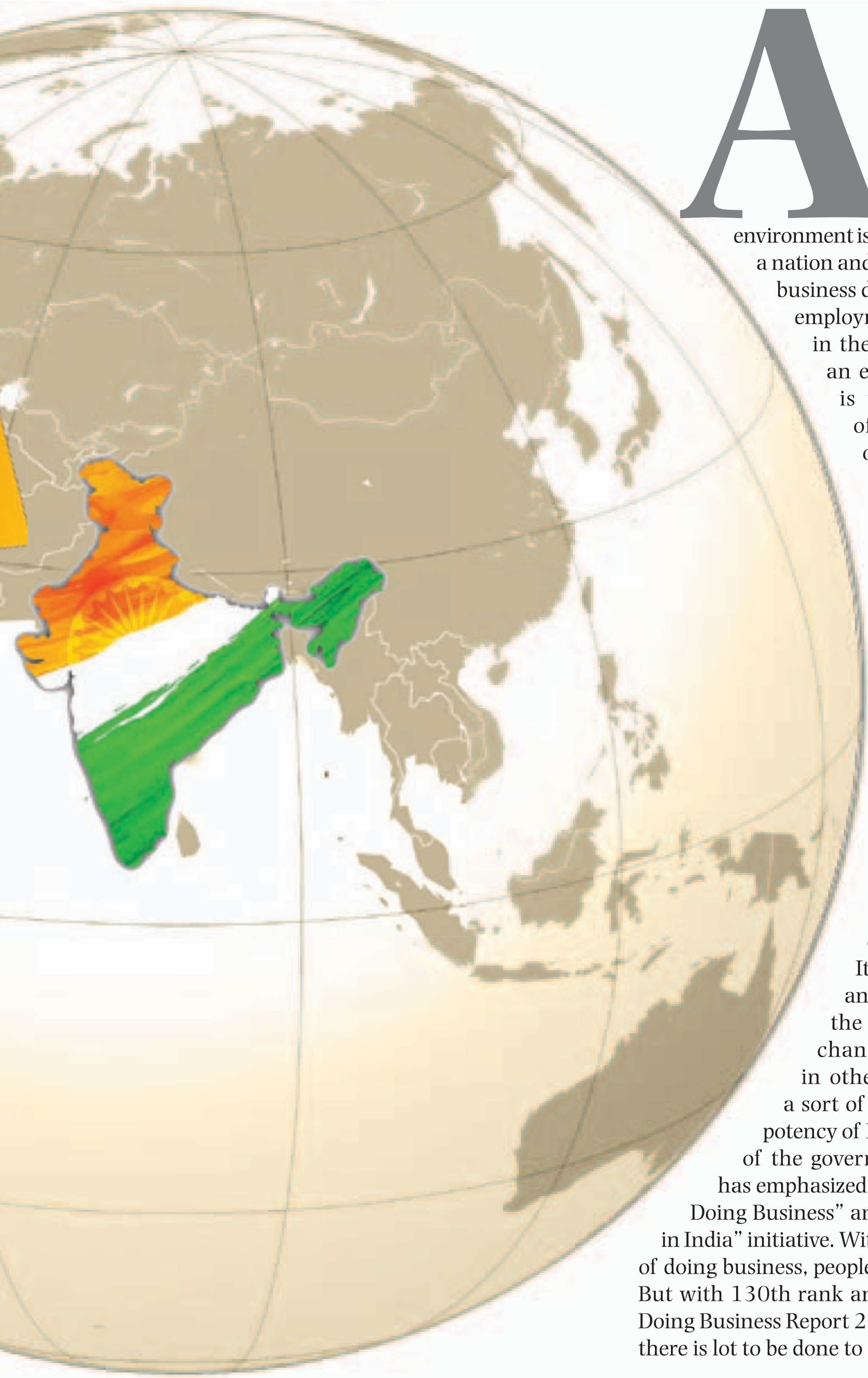
Shri Sandip Ghosh, Director of National Institute of Securities Markets (NISM) and former Chief of Human Resources at RBI, addressing the gathering at the Global Summit 2017, Kolkata.

Shri Suman Mukerjee, veteran Economist & Management Consultant, Director General of Bhawanipur Education Society College, addressing the gathering at the Global Summit 2017, Kolkata.

Dr. Abhirup Sarkar, Chairman of West Bengal Infrastructure Development Finance Corporation Ltd., addressing the gathering at the Global Summit 2017, Kolkata.

Companies Act 2013 & Ease of Doing Business in India

CMA Raghabendra Ray
Assistant Professor
Shree Agrasen Mahavidyalaya
Uttar Dinajpur



A business friendly environment is a prerequisite for the growth of a nation and it makes a country a favourite business destination. It not only leads to employment generation but also help in the growth and development of an economy. The Companies Act is the most important subset of law facilitating possibility of business and applicability of regulation with regard to the corporate sector, among all other things that are essential for making conducive environment for doing business in India. The Government of India attempts to improve the ease of doing business to get a prestigious ranking of our country in the world. Ease of doing business is a ranking system established by the World Bank Group based on various factors representing the ease with which a business can start, operate and exit from a country. It compares economies with one another and indicates how much the regulatory environment has changed relating to a parameter in other economies. It has become a sort of benchmark on the economic potency of India. It is the major focus area of the government. Government of India has emphasized on the importance of "Ease of Doing Business" and it is a major pillar of "Make in India" initiative. With the improvement in the ease of doing business, people will come and make in India. But with 130th rank among 190 nations, as per the Doing Business Report 2017 of the World Bank Group, there is lot to be done to improve in order to attract the domestic and foreign investors. The government has been very proactive and has announced drastic reforms to improve the ease of doing business. The Ministry of Corporate Affairs has suggested alteration in Companies Act in prospective of ease of doing business. The present paper will look into these alterations in the Companies Act, 2013.

Objectives of the Paper:

(1) To understand the failure of the Companies Act, 2013 so far as ease of doing business is concerned

(2) To examine the ease of doing business initiatives already taken in the Companies (Amendment) Act 2015

(3) To examine the ease of doing business initiatives proposed in the Companies (Amendment) Bill 2016

(4) To give suggestion and draw conclusion

Failure of the Companies Act 2013 to promote ease of doing business:

The Companies Act, 2013 (the Act) was enacted with a view to cope up with the changed national and international economic environment and to accelerate the expansion and growth of Indian economy. The main objective of the Act was to provide business friendly corporate regulations so as to promote self regulation, eradicate unwarranted regulatory approvals, vest shareholders with greater power and encourage greater transparency in the disclosures by corporate entities. As the Act was inspired by several corporate scandals of recent past (e.g. Satyam, Sahara and Sharada), the ultimate ruling came out to be highly interfering and based heavily on compliance. To make a critical review of the Act, it can be said that the Act is overregulated, overburdened through restrictions, unnecessary multiple annual submission, overloaded and overlapped disclosure mechanism, conflicting regulations against SEBI, multiplicity of audit and control, inconsistent requirements regarding key managerial personnel, no special privileges to small companies, delay in introducing company law judicial mechanism and delay in introducing major reforms. The administrative hurdles which the new Act targeted to improve are continuing. Ease of doing business demands urgent removal of the confusing and complex company law framework. That is why several amendments to the Act are required.

Ease of Doing Business initiatives already taken in the Companies (Amendment) Act 2015:

The Amendments of the Act were carried out through the Companies (Amendment) Act 2015 (the Amendment Act) to address the immediate difficulties, as mentioned above, arising out of the initial experience of the working of the Act, and to facilitate ease of doing business. The key changes carried in the Amendment Act to facilitate ease doing business are discussed below:

1. Elimination of minimum capital requirement

The Act provides that a Private Company means a company having a minimum paid-up share capital of one lakh rupees and Public Company means a company which is not a private company and which has a minimum paid-up share capital of five-lakh rupees. In the Amendment Act, these minimum capital requirements are omitted. So, now 'Private Company' means a company having a minimum paid-up share capital as may be prescribed and 'Public Company' means a company which is not a private company; has a minimum paid-up share capital as may be prescribed. [Sec. 2(68) & 2(71)]

2. Common seal is made optional - The Act states that from the date of incorporation the subscribers to the memorandum and all other persons who from time to time become members of the company, capable of exercising all the functions of an incorporated company under this Act and having perpetual succession and a common seal[Sec 9]. The requirement of common seal is eliminated in the Amendment Act. So it is now optional for companies to have common seal. Consequential changes for execution of documents are made in different sections. Every company shall have its name engraved in legible characters on its seal, if any. i.e. it is optional (Sec. 12). In case a company does not have common seal, any bill of exchange shall be executed either by two directors or by a director and the company secretary (Sec. 22). Similarly, share certificates are issued under the common seal, if any, of the company. So it is optional. In the absence of common seal, share certificates shall be issued on the basis of authorization by two directors or by a director and the company secretary (Sec. 46). Similarly the authentication of the inspection report by the seal of the company is made optional [Sec. 223].

3. Precondition for commencement of business withdrawn – As per the Act a company having a share capital shall not commence any business or exercise any borrowing power unless a declaration is filed by a director with the Registrar that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him and the paid up share capital of the company is not less than Rs. 5,00,000 in case of public company and not less than Rs. 1,00,000 in case of a private company on the date of making the declaration. This stipulation is withdrawn by the Amendment Act. Now there is no precondition for commencement of business. Consequential changes, in section 248(1) relating to Power of the Registrar to Remove Name of Company from the register of company, have been made. But section 248 is awaiting implementation. [Sec. 11]

***4. Punishment initiated in case of failure to repay deposit or interest* –** The Act provides that despite the prohibition on acceptance of deposits from public, a public company with a prescribed net worth or turnover, may accept deposits from persons other than its members subject to compliance with the requirements provided in the Act and subject to such rules as the Central Government may, in consultation with the RBI, prescribe. The Amendment Act introduces a new section 76A for protection of depositors' interest, which provides that where a company accepts any deposit in contravention of the provisions of the Act or fails to repay the deposit or any interest due thereon within the specified time, the company shall, in addition to the payment of deposit and the interest due, be punishable with fine of at least one crore rupees to a maximum of ten crore rupees; and every officer of the company who is in default shall be punishable with imprisonment up to seven years or with fine of at least twenty-five lakh rupees to two crore rupees or with both. If it is proved that the officer of the company, who is in default, has contravened such provisions knowingly or willfully with the intention to deceive the company, its shareholders, depositors, creditors or tax authorities, he shall be liable for action under section 447 relating to punishment for fraud. [Sec. 73 & 76]

***5. Prohibition on inspection or obtain copies of Board's Resolution* –** A copy of every resolution specified in the Act shall be filed with the Registrar within thirty days of passing the resolution. The Amendment Act states that no person shall be entitled under section 399 (relating to Inspection, production and evidence of documents kept by Registrar), to inspect or obtain copies of the Board resolution passed in pursuance of sub-section (3) of section 179 (relating to Powers of the Board to make specified resolutions on behalf of the company). The Amendment Act has prohibited

A business friendly environment makes a country a favourite business destination. The Companies Act is the most important subset of law among all other things that are essential for making conducive environment for doing business in India. "Ease of Doing Business" is a major pillar of "Make in India" initiative. India is holding 130th rank among 190 nations, as per the Doing Business Report 2017. So, there is lot to be done to attract the domestic and foreign investors. The government has announced drastic reforms and has suggested alteration in Companies Act with a view to improve ease of doing business.

inspecting and obtaining copies of flings of specified Board resolutions made to Registrar. So, it limits exposure of critical business matters in public. [Sec. 117(3)].

6. Auditor to report fraud on the basis of thresholds of fraud - The Act states that if an auditor of a company has reason to believe that an offence involving fraud is being committed against the company by officers or employees of the company, he shall immediately report the matter to the Central Government within the prescribed time and manner. The Amendment Act provides that in case of fraud involving the prescribed amount, the auditor shall report the matter to the Central Government within the prescribed time and manner. In case of fraud involving lesser than the specified amount, the auditor shall report the matter to the audit committee or to the Board within the prescribed time and manner. The Auditors of companies, who have reported frauds to the audit committee or the Board but not reported to the Central Government, shall disclose the details about such frauds in the Board's report. So this is an enabling provision to prescribe thresholds beyond which fraud shall be reported to the Central Government. [Sec. 143(12)]

7. Audit committee to make omnibus approval for related party transactions – The Act states that every audit committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include approval or any subsequent modification of transactions of the company with related parties. The Amendment Act provides that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to prescribed conditions. [Sec. 177(4)(iv)]

8. Loan given by holding company to its subsidiary is exempted – The Act requires that no company shall directly or indirectly advance any loan to any of its directors or to any other person in whom the director is interested. This provision shall not apply if the loan is given to the managing director or whole-time director or, to a company giving loan in the ordinary course of its business. The Amendment Act added that this provision shall not apply to any loan made by a holding company to its wholly owned subsidiary; or any guarantee given by a holding company in respect of loan made by any bank or financial institution to its subsidiary company. Moreover, these loans are to be utilized by the subsidiary company for its principal business activities. [Sec. 185(1)]

9. Special resolution is replaced by resolution in case of related party transactions – The Act stipulates that no contract or arrangement with a related party shall be entered into, by a prescribed class of company, with the prior approval of the company by a special resolution. No member of the company, who is a related party, shall vote on such special resolution. The Amendment Act prescribes for a resolution only, instead of special resolution. The resolution shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. The Act also requires that where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, such contract or arrangement shall be voidable at the option of the Board. In this case also, the Amendment Act requires a resolution to get approval in the general meeting, instead of special resolution. So, approval of the related party transactions becomes easier by passing only an ordinary resolution. [Sec. 188]

10.Linking offences with punishment for fraud in case of investigation by SFIO – The Amendment Act links offences under specified sections of the Act that attract the punishment for fraud and consolidates the requirement of bail under various sections. The precondition for bail is that the public prosecutor shall be given opportunity to oppose the bail. By virtue of the amendment, the precondition for bail will apply to all offences which attract punishment for fraud under section 447 whether or not covered by the specified sections.[Sec. 212(6)]

11. Limited trial in Special Courts – The Act stipulates that the Central Government may for the purpose of providing speedy trial of offences under this Act, by notification, establish or designate as many Special Courts as may be necessary. But the Amendment Act provides that Special Courts are necessary for trial of offences punishable under this Act with imprisonment of two years or more. Therefore, cases to be trialed in Special Courts have been reduced substantially. [Sec. 435]

12. Faster process of giving exemption to class or classes of companies – The Act states that the Central Government may in the public interest, by notification direct that any of the provisions of this Act shall not apply or shall apply with exceptions. The Amendment Act rationalizes the procedures for laying draft notification granting exemption to various classes of companies modifying provision of the Act in Parliament in order to ensure speedier issue of final notification. This is a faster process of giving exemption to class of companies. [Sec. 462]

Ease of Doing Business initiatives proposed in the Companies (Amendment) Bill 2016:

The proposed changes in the Companies (Amendment) Bill 2016 (the Bill) are broadly aimed at addressing in implementation owing to stringency of compliance requirements, facilitating ease of doing business in order to promote growth with employment, harmonisation with the SEBI Act 1992 and RBI Act 1934 and regulations made thereunder, rectifying omissions and inconsistencies in the Act. The Finance Minister stated that the Bill would remove the difficulties and impediments to ease of doing business, improve the enabling environment for start-ups and registration of companies would also be done in one day. The Bill proposes the following key changes with respect to ease of doing business:

(1) Increase in thresholds for small companies - Small companies under the Act get several exemptions, e.g. exemption from preparation of cash flow statement, exemption as regards conducting Board meeting only twice a financial year with a time gap of 90 days, exemption from signing annual report by a company secretary and exemption from audit rotation. To promote start-ups and make the Start-up India Programme a success, the Bill gives appropriate exemptions via increase in thresholds of business volume or turnover of small companies. As a result the maximum thresholds of paid-up share capital is increased from Rs 5 crore to Rs. 10 crore and the maximum thresholds for turnover is increased from Rs. 20 crore to Rs. 100 crore. This would enable smaller players to do their business easily and smoothly. [Sec. 2(85)]

(2) Removal of restrictions on layers of subsidiaries - As per the Act, prescribed class or classes of holding companies shall not have layers of subsidiaries beyond a prescribed number. But the Bill removes such restrictions on layers of subsidiaries and investment companies. [Sec. 2(87)]

(3) Liability of members for running business with less than the required number of persons - The Act states that seven or more persons are required to form a public company, two or more persons are required to form a private company and one person is required to form a one person company. The Bill provides for liability of members. It states that, if at any time the number of members of a company is reduced, in case of a public company, below seven, in case of a private company, below two, and the company carries on business for more than six months while the number of members is so reduced, every member of the company knowingly carries on business after those six months, shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be severally sued therefor. [Sec. 3 & 3A]

(4) Unrestricted object clause - The Act stipulates that the Memorandum of Association of a company must state the objects behind incorporating a company. But the Bill removes this requirement, and only requires companies to state that it will engage in lawful activities or businesses. So, the Bill allows unrestricted object clause in Memorandum of Association dispensing with detailed listing of objects. Now the Registrar can reserve the name of the proposed company for 60 days from the date of application but the Bill proposes to reserve the name for 20 days from the date of the approval of the name. It is done to avoid misuse of the name reservation. A company may adopt the model memorandum applicable to such a company. [Sec. 4(1)(c)]

(5) Self declaration instead of affidavit - In the Act an affidavit is required, from each of the subscribers of memorandum and first directors that they are not convicted of any offence, to file with the Registrar as a document for registration. The Bill introduces a self declaration instead of such affidavit. A self declaration is sufficient because a wrong declaration carries stiff punishment under the Act. [Sec. 7(1)]

(6) More days are allowed to open the registered office of the company - Currently, a company shall have a registered office on and from the 15th day of its incorporation and thereafter. The Bill changed this provision and requires that a company shall have a registered office within 30 days of its incorporation. The Bill also requires that the notice of every change of the registered office shall be given to the registrar within 30 days of the change instead of within 15 days of change. In both the cases more days are allowed to have a registered office of the company. [Sec. 12]

(7) Simplification of private placement procedure - The Act introduces a new provision regarding private placement of securities to a select group of persons by a company (other than by way of public offer). A company can issue securities in the private placement mode by issuing private placement offer letter (as compared to public issue through prospectus). It is permitted to invite or make offer to maximum 200 persons in a financial year. The Bill simplified the private placement process by discontinuing the issue of Private Placement Offer Letter and filing thereof. Private placement shall be made only to select group of persons, called identified persons, who have been identified by the Board whose number shall not exceed 50 or such higher number prescribed, excluding the qualified institutional buyers and employees being offered Employees Stock Option Scheme. A company shall issue Private Placement Offer and Application in the prescribed form to the identified persons. A company shall file with the Registrar a return of allotment within 15 days from the date of allotment (instead of 30 days from the issue of offer letter), including a complete list of all allottees, with their names, addresses and number of securities allotted. Otherwise stringent penalty is prescribed in the Bill. So the Bill makes filing of details or records of applicants to be part of return of allotment only, and reduces number of filings to Registrar. [Sec. 42]

(8) Lesser amount to be kept in the Deposit Repayment Reserve Account - The Act stipulates that a company may accept deposit from its members by passing a resolution in general meeting. For this purpose at least 15% of the deposits maturing in the current financial year and next following shall be kept in a scheduled bank in a separate bank account called Deposit Repayment Reserve Account. The Bill reduces the amount to be kept in the Deposit Repayment Reserve Account. It requires depositing on or before the 30th day of April each year, at least 20% of the amount of its deposits maturing during the following financial year and for calculating deposit to be made to Deposit Repayment Reserve Account, excludes the deposits of current financial year. [Sec. 73]

(9) Amount of deposit accepted is linked with the minimum penalty - The Act provides that the company shall, in addition to the payment of the amount of deposit or part thereof and the interest due, be punishable with fine which shall not be less than one crore rupees but which may extend to ten crore rupees. But the Bill amends the minimum fine of Rs. one crore to one crore rupees and twice the amount of deposit accepted by the company, whichever is lower. So the Bill relates the amount of minimum fine with the amount of deposit accepted to give benefit to the small companies accepting deposits up to one crore rupees. [Sec. 76A]

(10) Web link of annual return instead of extract of annual return – Presently, the Act requires that every company shall prepare annual return, which discloses the particulars of company's registered office, principal business activities, its indebtedness, its promoters, directors, remuneration to directors or key managerial personnel, details of shares held by Foreign Institutional Investors with their names, addresses, countries, etc. An extract of annual return shall form part of the Board's Report. But the Bill omits the requirement of disclosing the indebtedness of the company and whereabouts of Foreign Institutional Investors. Every company shall place a copy of the annual return on the website of the company, if any', and the web link of such annual return shall be disclosed in the Board's Report instead of extract of annual return forming part of Board's Report. Moreover, the Central Government may prescribe abridged form of annual return for One Person Company and Small Company. [Sec. 92]

(11) Annual General Meeting at any place in India – The Act states that AGM shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated. The Bill allows unlisted companies to convene AGM at any place in India, subject to approval of 100% shareholder. [Sec. 96]

(12) CSR committee to include directors where independent director is not required –An unlisted public company or a private company which is not required to appoint independent director shall have its CSR committee without such director. But the Bill requires that in such cases a company shall have two or more directors in the Corporate Social Responsibility Committee. Condition of minimum net worth, turnover or net profit for compliance of CSR provision should be considered for the 'immediately preceding financial year', instead of 'any financial year' in the Act. These provisions are made to bring greater clarity. [Sec. 135]

(13) Notice of shorter period for circulation of the copy of financial

statements permitted - The Act states that a copy of the financial statements, which are to be laid before a company in its general meeting, shall be sent to every member of the company, not less than 21 days before the date of meeting. With a view to protect the interests of minority shareholders, the Bill prescribes that if the copies of the documents are sent less than 21 days before the meeting, despite that, they shall be deemed to have been duly sent if it is so agreed by 95% of the members entitled to vote at the meeting. [Sec. 136(1)]

(14) Unaudited financial statement acceptable for subsidiaries incorporated outside India - A copy of the financial statements, duly adopted in the annual general meeting of the company, shall be filed with the Registrar within 30 days of the date of annual general meeting along with requisite fees. A company shall along with its financial statement attach the accounts of subsidiaries which have been incorporated outside India and which have not established their place of business in India. The Bill added that in case of a subsidiary incorporated outside India, not required to get its financial statements audited under any law of the country of its incorporation and which does not get such financial statements audited, the requirement of the relevant old proviso shall be met if the holding Indian listed company files such unaudited financial statement along with a declaration to this effect and where such financial statement is in any language other than English, along with a translated copy of financial statement in English. [Sec. 137]

(15) Ratification of appointment of auditor is removed - The Act provides that every company shall, at the first annual general meeting, appoint an auditor for a five year term but such appointment is to be ratified by members in every annual general meeting. The Bill removes such requirement and states that the appointment of auditor is not required to be ratified at every annual general meeting.[Sec. 139]

(16) Auditor's remuneration is linked with the fine - The Bill relates the fine for contravention of provisions relating to Audit and Auditors with remuneration of auditors to bring consistency and give safeguard to auditors from unnecessary harassment. The Bill fixes the minimum fine at Rs 25,000 and maximum fine up to Rs. 5,00,000 or four times the remuneration of the auditor, whichever is less. [Sec. 147(2)]

(17) Proportionate days for resident director in case of newly incorporated company - The Act stipulates that every company shall have at least one resident director who stayed in India for a total period of at least 182 days in the previous calendar year. The Bill requires a total stay of at least 182 days during the financial year. In case of a newly incorporated company the days are to be calculated proportionately at the end of the financial year in which it is incorporated.[Sec. 149(3)]

(18) Soften provisions relating to pecuniary relationship of independent director - The Act states that an independent director is a director who has no pecuniary relationship with the company during the two immediately preceding financial years or during the current financial year. As there is a shortage of independent directors, the makers of the Bill played a pro-active role to develop the data bank of independent directors by allowing few pecuniary relationships. The Bill excludes remuneration of independent directors, transaction not exceeding 10% of the total income of independent director, etc. from the purview of pecuniary relationship. The Bill also states that no relative of independent director is holding any security or interest in the company of face value exceeding Rs. 50 lakh or 2% of the paid-up share capital of the company, is indebted to the company or has given a guarantee during the two immediately preceding financial years or during the current financial year. As per the Act independent director or his relative cannot hold the position of key managerial personnel or employee of the company in any of the three immediately preceding financial years in which he is proposed to be appointed. The Bill withdraws this restriction on the employment of relative employee during the preceding three financial years. [Sec.149(6)(c) and (e)]

(19) Any identification number in place of DIN - Every individual intending to be appointed as a director of a company shall have to make an application to the Central Government. The Central Government shall allot a Director Identification Number (DIN) within one month from the receipt of the application. The Bill states that the Central Government may prescribe any identification number for this purpose and in case any individual has such identification number, it will be treated as Directors Identification Number. [Sec. 153 & 154]

(20) Directorship of dormant companies excluded in calculating number of directorship - The Act provides that the maximum number of directorships that an individual can hold including alternate directorships is 20, of which not more than 10 can be of public companies. The Bill requires that for reckoning the limit of directorships of twenty companies, the directorship in a dormant company shall not be included. [Sec. 165]

(21) Loan to directors by special resolution - The Act provides that no company shall advance loan to any director or any other person in whom the director is interested. The Bill states that a company may give loans to entities in which directors are interested after passing special resolution in the general meeting, the loan is to be utilised by the borrower for its principal business activities and the company to disclose the full particulars of the loan given in the explanatory statement to the notice for the relevant general meeting. [Sec.185]

(22) Related parties can vote on the special resolution - Presently no contract or arrangement in a company, having paid-up share capital within a prescribed sum or transactions exceeding a prescribed sum, shall be entered into except with the prior approval of the company by a special resolution. No member of a company who is a related party shall vote on such special resolution, but the Bill requires that this shall not apply to a company in which 90% or more members are related parties. The Act stipulates that where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by a special resolution in the general meeting, such contract or arrangement shall be voidable at the option of the Board. The Bill states that such contract or arrangement shall be voidable, not only at the option of the Board but also at the option of the shareholders, wherever necessary. [Sec. 188]

(23) Managerial remuneration without Central Government approval - The Act requires that if the managerial remuneration exceeds the prescribed maximum limit (11% of the net profit), the approval of the Central Government is necessary. But the Bill withdraws this approval of the Central Government; instead the approval is required by a special resolution in the general meeting of shareholders. [Sec. 197]

(24) Reduction in number of members required for registration - Currently, the companies capable of being registered with seven or more members as an unlimited company, company limited by shares or company limited by guarantee in the prescribed manner. But the Bill reduces the required number of members for registration to two or more members. It also adds that a company with less than seven members shall register as private company. [Sec. 366]

(25) Exemption to foreign companies - Presently, the act stipulates that if 50% or more of the paid-up share capital of a foreign company is held by one or more citizens of India or, by one or more companies or body corporates incorporated in India, such company shall comply with the provisions relating to "Companies Incorporated outside India". The Bill states that the Central Government may, by order published in the Official Gazette, exempt any class of foreign companies, from any of the provisions applicable to foreign companies regarding registration, accounts and other compliance requirement. [Sec. 379]

(26) Thresholds of fraud prescribed - Any person who is found to be guilty of fraud, shall be punishable with imprisonment for at least 6 months to a maximum of 10 years, and with a minimum fine of the amount involved in fraud to a maximum of three times of the amount involved in fraud. Where the fraud is against public interest, the minimum period of imprisonment is 3 years. This provision has a potential of being misused and may also have negative impact on attracting professionals in the post of directors etc. Accordingly the Bill specifies the amount involved in the fraud. It requires that the fraud shall involve an amount of at least 10 lakh rupees or 1% of the turnover of the company, whichever is lower. Where the fraud involves this specified amount and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to 5 years or with fine which may extend to twenty lakh rupees or with both. [Sec. 447]

(27) Harmonisation with the SEBI Act - It is noticed that certain provisions of the Act have differences with the regulations of Securities and Exchange Board of India. Such differences have led to practical difficulties in following compliance requirements. As a result the bill proposes to harmonise the regulatory requirements with the Companies Act 2013 and SEBI Act, 1992. The Bill has brought several amendments along the same line. Amendment in Sec 26 is brought to align disclosure requirements in prospectus under the Companies Act and SEBI Act and regulations made by omitting prescriptions in the Companies Act and allowing these prescriptions to be made by SEBI in consultation with the Central Government. The Bill proposes to omit section 194 and 195 relating to forward dealing in securities of company by director or key managerial personnel and insider trading of securities by any person including director or key managerial personnel, as these are regulated under the SEBI Act 1992. The Bill seeks to bring harmony between provisions under Companies Act 2013 and RBI Act 1934 and Banking Regulation Act 1949 with regard to issue of debentures, issue of shares at discount in certain cases and registration of charges respectively. The Bill also seeks to omit section 93 with respect to return to be filed in case of change in stakes of promoters and top ten shareholders since this requirement is covered under SEBI Act.

Suggestion and conclusion:

India is often being criticised for uneasy business environment and red tapism, especially for setting up a business in the country. In our country the bureaucrats are generally better at making laws and procedures than changing them. Regulation is not only costly for a business to comply with but also for government to frame it and check its compliance. We don't know whether the Finance Minister would live up to his promise of facilitating registration of a new company in one day; whether the aim of Prime Minister, to take India in top 50 in global ease of doing business ranking by 2019, would be accomplished. Actually, it is difficult to change the scenario overnight and argue on a particular rank for India to achieve in the short run. But, in order to achieve the target of the Government, better to say – to achieve an improved rank, all the departments or agencies concerned have to come forward and implement the reforms in the right earnest. Government machinery seldom works like a single organism. A red carpet by one department and red tape by another is not ease of doing business. So there is a need for coordination between central and states, and department to department. The entire process of doing business can be made user friendly and conducive for businesses. Both the Central and State Governments should proactively reach out to companies to understand their pain points and to create that space for them to complain freely. Every company should know why it is getting inspected in the first place, and what it needs to do to reduce government interventions. There should be centralized and uniform Registrars of commerce across States to fasten the process of registration of companies. The Government should link automatically Incorporation of Companies with tax authorities and with customs authorities. If the Government effectively communicates the regulations to the consumers, the companies become more sensitive to regulation. The Government needs to realise that regulation is not just its liability. MA

References:

1. *Doing Business 2017, World Bank Group Flagship Report 2017, 14th Edition, ISBN: 978-1-4648-0948-4, www.doingbusiness.org*
2. *Ghosh, T. P., Companies Act 2013, Taxmann, New Delhi, 2016, ISBN: 978-93-5071-847-6*
3. *Gupta Honey, Kapoor Tunisha, Jitin Asudani, "[Un] Ease of Doing Business in India – A Review of Major Pain Points and Possible Lessons", CUTS Institute of Regulation & Competition, April-2015*
4. *Nandi Aurodeep, "Ease of Doing Business: Red Carpet, Not Red Tape", The Economic Times, Kolkata, 21.03.2017*
5. *Ravichandran, K. S., "Ease of Doing Business – A Company Law Perspective", Chartered Secretary, December-2015, Vol-XLV, No. 12, ISSN: 0972-1983*
6. *Standing Committee Report on Companies (Amendment) Bill, 2016, Standing Committee of Finance (2016-17), Sixteenth Lok Sabha, Ministry of Corporate Affairs*
7. *Survey on Ease of Doing Business in India, Team-PHD Research Bureau, PHD Chamber of Commerce and Industry, New Delhi, 2016, www.phdcci.in*
8. *The Companies Act, 2013, retrieved from www.mca.gov.in/Ministry/pdf/Companies Act 2013.pdf*
9. *The Companies (Amendment) Act, 2015, the Gazette of India, Extraordinary, part-II section-1, dated 26th May, 2015 retrieved from www.mca.gov.in/Ministry/pdf/Amendment Act_2015.pdf*
10. *The Companies (Amendment) Bill, 2016, Bill Number 73 of 2016, retrieved from www.mca.gov.in/Ministry/pdf/Company Amendment Bill_2016.pdf*

ray.raghabendra@gmail.com

Goods and Services Tax – A Tool for Ease of Doing Business in India

While being the second largest democracy in the world, India is also categorized as a Newly Industrialized Country, being a member of the elite G8+ 5 Group of countries. Already, at the start of this decade, the 'International Yearbook of Industrial Statistics-2011' Report by the UNIDO had declared India to be among the top 10 industrial nations in the world.[1] But, the biggest challenge facing the twenty-first century Indian business is to build a competitive global business environment which facilitates ease of doing business in India. In this regard one of the most important tools is the Goods and Service Tax (GST) which is going to be implemented in the country on July 1, 2017.[2] Following the federal structure of delegating the power to collect tax simultaneously on the central and state governments, the GST also follows the federal structure. [3]

Already, in around 160 countries the GST or the Value Added Tax (VAT) has already been implemented (though GST and VAT are not sme).[4] It is being thought that the GST models being followed in different countries are going to have a long-term effect on the world business. So, it can be said without any hesitation that the GST Bill, 2016 is going to chart a path-breaking trajectory in the Indian taxation scenario that will ultimately convert the whole country into a single market and largely help in paving the way for ease of doing business in India.

Table 1
A list of various regions/countries where GST or VAT is prevalent (2015)

Serial No.	Regions	No. of Countries
1	ASEAN	1
2	Asia	19
3	Europe	53
4	Oceania	7
5	Africa	44
6	South America	11
7	Central and North America with Carrabin islands	19

Source: www.gst.customs.gov.my [5]

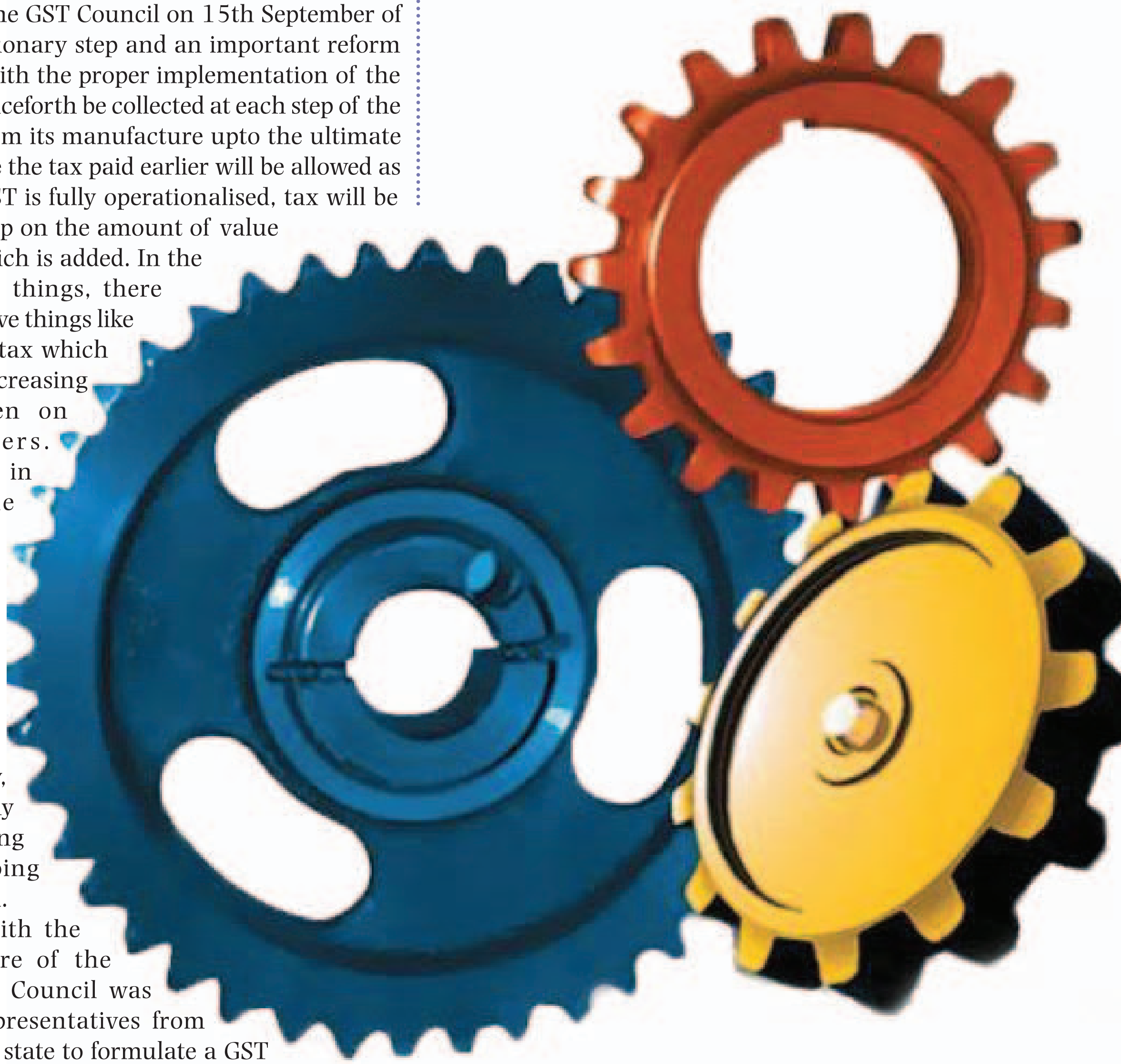
CMA Dr. Surya Narayan Ray
Assistant Professor, Dinhata College
Cooch Behar

The GST System

Since the change of guard at the centre in 2014, a lot of major reforms has been orchestrated. For example, Voluntary Income Declaration Scheme of 2016, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act of 2015, Benami Transactions (Prohibition) Amended Acts of 2016 and so on. Among all of these reforms, the GST is considered one of the most important. The GST is an important step as it will decrease the cost of capital in the long run, will attract foreign investors, will generate employment, will increase the collection of tax and in an overall way, will lead to the development of the Indian economy. [6]

After the 101st amendment to the Indian Constitution on the 8th of September, 2016 and the notification of the GST Council on 15th September of 2016, a revolutionary step and an important reform was initiated. With the proper implementation of the GST, tax will henceforth be collected at each step of the process right from its manufacture upto the ultimate consumer where the tax paid earlier will be allowed as credit. When GST is fully operationalised, tax will be paid at every step on the amount of value where value which is added. In the GST scheme of things, there will be no negative things like tax charged on tax which will result in decreasing the tax burden on the consumers. This will result in increasing the competitiveness of goods and services and at the same time increase the tax base and improve tax incidence. Needless to say, all this will greatly help in increasing the ease of doing business in India.

In keeping with the federal structure of the country, a GST Council was set up with representatives from both centre and state to formulate a GST structure where both the central and state governments will have the power of levying and collecting tax in the GST regime. The Central Finance Minister, the Central Revenue Minister (State) and the Finance Ministers of the various state governments constitute the GST Council which is giving important suggestions based on which the rate of GCT tax will ultimately be decided. According to the 101st amendment to the Constitution in 2016, at least 3/4th majority is required for any decision making the GST Council. In the meeting of the GST Council, the value of the Central Government vote is 1/3rd of the total vote cast and the value of the votes of the State governments is 2/3rd of the total votes cast. Needless to say, the GST system is nicely balanced and equitably oriented.



Among all the reforms in India in the last few years, the Goods and Services Tax (GST) is one that has generated much interest in recent times and has the potential to help in increasing the ease of doing business in the country. In keeping with the federal structure of the country, a GST Council was set up with representatives from both centre and state to formulate a GST structure where both the central and state governments will have the power of levying and collecting tax in the GST regime. International experience has shown that GST helps in improving the economy in the long run. Important stakeholders like the business, government and consumer sectors stand to gain under the GST regime. The Cost and Management Accountants also are poised to play leading roles in the GST system, both in pre- and post-GST eras and thus helping in increasing the ease of doing business in India.

The International Experience and the GST Tax Rate

The GST tax rate is an important determinant in building business confidence and helping in easing the way in doing business in the country. In this regard, one can take confidence from developments in other countries worldwide. Looking at the world scenario, it is seen that in most cases the GST tax rate is relatively less. To gain a clear picture of the GST tax rate in the international scenario, the following Table 2 has been prepared to present the GST tax rates in some countries.

Table 2
GST tax rates in some countries

Countries	GST tax rate
Japan	5%
Canada	5%
Singapore	7%
Australia	10%
Newzeland	15%
Germany	1%
France	19.6%
Sweden	25%

Source: Akhansya Khurana & Astha Sharma (2016) [7]

The GST tax rate is going to be determining factor in the Indian economy as the GST regime will have impact on the people residing below the poverty line. [8] Drawing lessons from international experience, India has rightfully focused on constructing a flexible and inclusive GST structure in the country where the inputs of the different states will be given due weightage.

Table 3
The GST tax rate structure in India

The percentage of GST	The GST tax rate
7%	3%
14%	5%
17%	12%
43%	18%
19%	28%

Source: The Telegraph (2017) [9]

Benefits of Ease of Doing Business under GST Regime

'The introduction of GST at the Central level will not only include comprehensively more indirect Central taxes and integrate goods and service taxes for the purpose of set-off relief, but may also lead to revenue gain for the Centre through widening of the dealer base by capturing value addition in the distributive trade and increased compliance. In the GST, both the cascading effects of CENVAT and service tax are removed with set-off, and a constant chain of set-off from the original producer's point and service provider's point up to the retailer's level is established which reduces the burden of all cascading effects. This is the real meaning of GST, and this is why GST is not simply VAT plus service tax but an improvement over the previous system of VAT and disjointed service tax. Moreover, with the introduction of GST, burden of Central Sales Tax (CST) will also be removed.' [10]

There are numerous stakeholders in the soon-to-be operationalised GST regime in India. The principal three stakeholders among them are the business sector, the government (centre and state) sector and the consumers. The Department of Revenue of the Central Government had drawn up a white paper highlighting these advantages and benefits derived by the three important stakeholders in the GST regime, which has been shown below in Table 4 in a concise form. [11]

Table 4
Benefits of GST

Sectors	Benefits
Business	Easy Compliance
	Uniformity of tax rates and structures
	Removal of cascading effect
	Improved competitiveness
	Gain to manufacturers and exporters
Government (Centre and State)	Simple and easy to administer
	Better control on leakages
	Higher revenue efficiency
Consumer	Single and transparent tax proportionate to the value of goods and services
	Relief in overall tax burden

India is well advanced and equipped in Information Technology which will be one of the pillars of GST regime. Online registrations, returns, payments, refunds and penalties will help ineasy compliance of business sector with the legal provisions. There will be no tax n tax, in other words the negative side of cascading effect has been removed under GST. Together with this, the subsuming of major central and state taxes in the GST regime, the complete and comprehensive set-off of input goods and services and the phasing out of Central Sales Tax (CST) would help in reducing the cost of locally manufactured goods and services and improving the competitiveness of Indian business. Since the GST will help in better tax compliance and plugging of leakages, there will be higher revenue efficiency which will help the government. Due to the efficiency gains and prevention of leakages and payment of tax proportionate to value, the consumers will ultimately stand to gain. All this will help in building confidence, trust, transparency and volume of business in India.

Role of Cost and Management Accountants

'CMAs would be a major facilitator to spread GST awareness amongst the mass besides transforming them to be GST compliant.' [12]

The Cost and Management Accountants (CMA) have a very great role to play, both in the pre- and post- GST regime. Indeed, the Tax Research Department under the able guidance of the Taxation Committee of the Institute of Cost Accountants of India (ICAI) have played a stellar role towards building up a positive atmosphere in the pre-GST era and in publishing research papers like the 'An insight of Goods and Services Tax (GST) in India' which has defined the importance of CMAs under the GST regime.

In the post-GST era, the CMAs are primarily to facilitate tax payers towards becoming GST compliant and helping the tax administrators in continually addressing issues relating to certainty, uniformity and effectiveness. In an informal interaction with the President of ICAI, CMA Manas Thakur had stressed on areas like inventory management where CMAs are perceived to be key persons as they are responsible for cost audits and overlooking the maintenance of cost records by business units. [13]

Table 5
Role of CMAs in GST

GST Phase	Role of CMAs
Pre-GST Implementation Phase	Making ready for GST under existing Central taxation statutes
	Making ready for GST under existing State taxation statutes

GST Phase	Role of CMAs
GST Implementation Phase	Helping policy makers in transitional and implementation issues
Pre-GST Implementation Phase	Helping tax administrators in execution and addressing issues relating to certainty, uniformity and effective compliance
	Facilitating tax payers in becoming GST compliant

Conclusion

'GST is one of the most crucial tax reforms in India which has been long pending. It was supposed to be implemented from April 2010, but due to political issues and conflicting interests of various stakeholders it is still pending. It is a comprehensive tax system that will subsume all indirect taxes of states and central governments and unified economy into a seamless national market. It is expected to iron out wrinkles of existing indirect tax system and play a vital role in growth of India.' [14]

GST is arguably one of the potentially most important tools for improving Indian business scenario in terms of ease of doing business. The GST tax rates has already been categorised. In one of the previous GST Council Meeting held on 18-19 May, 2017 at Srinagar in Jammu and Kashmir, the GST tax rates to be implemented from July 2017 onwards had been decided in five different categories , namely 3%, 5%, 12%, 18% and 28%., where the luxury items have attracted the highest GST tax rate, which is 28%. Also, efforts are underway to help in more equitable distribution of goods and services coming under the different tax brackets. In the GST Council's 16th Meeting on June 10, 2017, out of 166 representations made to it, the tax rates of 66 items were reduced, including important and essential day-to-day items like insulin, school bags, agarbattis and printers which became much cheaper.[15] Interestingly, in the GST Council's previous 15th Meeting on June 3, 2017 a consensus was reached for rolling out the GST regime on July 1, 2017. [16] So, it can safely be said that the GST regime is going to roll out in a very precise, structured and inclusive manner which will go a long way in improving the ease of doing business in a diverse country like India. MA

References

1 *Business Standard (2011), India among top 10 industrial nations, International Yearbook of Industrial Statistics-2011, March 30, New Delhi.*

2 *Government of India (2017), The Central and Services Tax Bill, 2017, accessed at icmai.in/icmai/Taxation/upload/Bills2017/CGST-bill-e.pdf on 11 May, 2017*

3 *M. Govind Rao & R. Kavita Rao (2005), Trends and Issues in Tax Policy and Reform in India, NIPFP, New Delhi, pp. 55-56.*

4 *Prasant Despande & Mousumi saikia(2016), Goods and Services Tax in India: Taking stock and setting expectations, Delloite Touché Tomashu India Private Limited, Mumbai, p. 2.*

5 *www. gst.customs.gov.my/en/gst/pages/gst_ci.aspx, accessed on May 15. 2017.*

6 *T.N. Ashok (2016), Kar sansthay Panya o Parisheba Kar anibarjya?, Yojona, November, p.8..*

7 *Akhansya Khurana & Astha Sharma (2016), Goods and Services Taxes in India – A Positive Reform for Indirect Tax System, International Journal of Advanced Tax Research, 4(3), p. 501..*

8 *Taxation Committee (2015), Insight of GST in India, The Institute of Cost Accountants of India, New Delhi, p. 215.*

9 *The Telegraph (2017), Food Grain cheaper under GST, 19 May, Siliguri edition.*

10 *Girish Garg (2014), Basis Concepts and Features of Good and Service Tax in India, International Journal of Scientific Research and Management, 2(2), p. 545.*

11 *Government of India (2017), Goods and Services Tax – One Country, One Tax, One Market, accessed at http://dor.gov.in/sites/default/files/GST_FAQ.pdf on May 15, 2017.*

12 *CMA Ashok B Nawal (2015), Preface, Insight of GST in India, Taxation Committee, The Institute of Cost Accountants of India, New Delhi, p. 4.*

13 *CMA Manas Thakur (2017), Informal interaction on the sidelines of signing Memorandum of Understanding between ICAI and Dinhata College, June 9, Dinhata, Cooch Behar.*

14 *Monika Sehrawat & Upasana Dhanda (2015), GST in India: A Key Tax Reform, International Journal of Research-Granthaalayah, 3(12), p.133.*

15 *Times of India (2017), GST Council revises tax rates of 66 items; insulin, agarbattis to get cheaper, 11 June, Mumbai edition.*

16 *Business Standard (2017), GST Council meet: New tax regime set for July1 rollout as all states agree, June 3, 15.06 pm, net edition.*

surya_tqm@gmail.com

Entrepreneurship and Skill Development

CMA V. Sowmya
Sr. Analyst, Ford Motor Company
Chennai

The word 'Entrepreneur' was once a very difficult term on the English dictionary, but now this is the most used & favorite terminology people look for, and bag it for themselves one day.

From a definition stand point all of us know that Entrepreneur means a person who takes the utmost risk and is entitled to earn the most reward on success, and bears the losses on any bad outcome. It is like those high risk stocks & shares which come with high returns, when you are ready to invest.

People say it's similar to a rope walker, but I say it's beyond, because a rope walker walks on a set path & time and always has a long stick on his hand to balance his move any time and to safe guard himself from falling down, but an entrepreneur walks between mountains with aninvisible stick i.e. the money he already invested and is waiting to land safe but doesn't know if he will fall on a hard rocks or a flower bed (fails or succeeds?)

Why is entrepreneurship so difficult?

Entrepreneurship is your sole proprietorship business where you are the owner of your venture, and the stability of your business is parallel to your hopes and ability to carry your business, you decide on your own finances and you there is always a Damocles sword hanging on top of your head!

Why innovation for entrepreneurship?

Entrepreneurship and Innovation are like a pair of shoe, where you don't have the option to buy just one for the price paid. And yes, it is a difficult and one of toughest games because in today's world there are many scenarios and options, and there is no monopoly game in business to choose on. You have your rivalries adding pressure to you, and customers are up to the speed on each product in the market, and if you don't innovate your business you are put beyond in the race.

It is similar to the bulb theory, where light glows when the electricity passes to the filament of the bulb, and only when innovative ideas arouse in the brain, your entrepreneurship sparkles.

Here comes Skill Development:

Skill development is necessary in any walk of life to show what you are capable at and fine tuning it better so you reap success. Honing a skill is always necessary to entrepreneurship, and our government of India is already doing this though the Ministry of Skill Development and Entrepreneurship which is an initiative of the Government of India which has been launched to empower the youth of the country with skill sets which make them more employable and more productive in their work environment. Our National Skill Mission is chaired by the Hon'ble Prime Minister, Shri Narendra Modi himself.

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, has given its approval for the India's first integrated National Policy for Skill Development (NPSD) and Entrepreneurship 2015. The Policy acknowledges the need for an effective roadmap for promotion of entrepreneurship as the key to a successful skills strategy.The Vision of the Policy is ***"to create an ecosystem of empowerment by Skilling on a large Scale at Speed with high Standards and to promote a culture of innovation based entrepreneurship which can generate wealth and employment so as to ensure Sustainable livelihoods for all citizens in the country".***

N·S·D·C
National
Skill Development
Corporation
Transforming the skill landscape

The mission targets skilling opportunities for socially/ geographically marginalized and disadvantaged groups. Skill development and entrepreneurship programs for women are a specific focus of the Policy. In this domain, the Policy seeks to educate and equip potential entrepreneurs, both within and outside the formal education system. It also seeks to connect entrepreneurs to mentors, incubators and credit markets, foster innovation and entrepreneurial culture, improve ease of doing business and promote a focus on social entrepreneurship.

The proposed scheme is designed around the below elements to:

- Educate and equip potential and early stage entrepreneurs across India
- Connect entrepreneurs to peers, mentors, incubators
- Support entrepreneurs through Entrepreneurship Hubs (E-Hubs)
- Catalyze a culture shift to encourage entrepreneurship
- Encourage entrepreneurship among underrepresented groups
- Promote Entrepreneurship amongst Women
- Foster social entrepreneurship and grassroots innovations

WorldSkills India is an initiative of the National Skill Development Corporation (NSDC) under the Ministry of Skill Development and Entrepreneurship. NSDC, through its WorldSkills India initiative, has been leading the country's participation at WorldSkills International competitions since 2011.

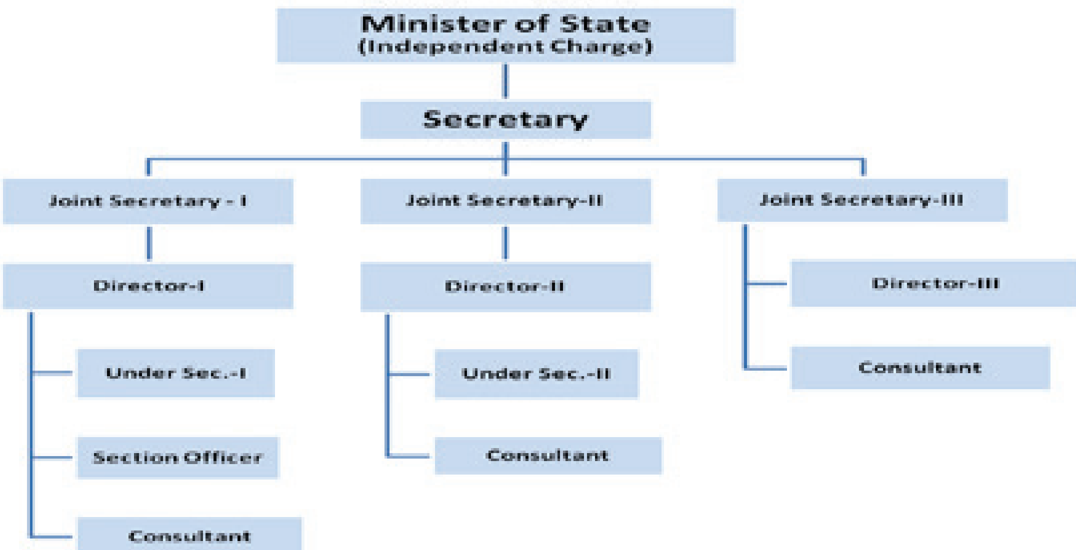
The key objectives of WorldSkills India are to:

- Promulgate skills in the society and motivate the youth to pursue vocational education.
- Champion skills and learning for work through local, regional, national and international skills competition and contribute to the society.
- Invite sponsorships to organize the local, regional, national and international skills competitions and also host international competitions.
- Establish links and a long-term association with many awareness bodies.

Role of NSDC

- Establish linkages and contacts with various stakeholders of the industry to promote the association.
- Provide support and synergy for efforts of WorldSkills India through its Skills Development initiatives.
- Provide administrative and technical support to the participants and experts for the WorldSkills Competitions.

MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP – ORGANIZATIONAL CHART



Details of the scheme and how to get benefitted by such good opportunities created by the government of India can be accessed on the website - http://www.skilldevelopment.gov.in/proposed-scheme.html

Entrepreneurship in Developed vs Developing Nations – a prespective

Let's take a prologue of entrepreneurship in Developed and developing countries:

When it comes to entrepreneurship, the developed nations like America, Europe stand ahead of the other developing countries around the world. One such reason for this is the adequate capital and funding available in these countries, and advancement in technologies available with them.

For example, if we take automakers around the world, countries like US, Germany and Britain have started manufacturing vehicle models beginning 1900s, whereas the revolution of the auto making industry in the developing nations started blooming only 50 years later. Examples of this will include Ford, Audi, Porsche, Mercedes-Benz, Volkswagen under foreign automakers vs Maruti-Suzuki, Honda, Hyundai in the developing countries.

This shows foreign countries are often the risk takers, and adventure into any business models, and try stepping into other countries for growing their business, through Foreign Direct Investments (FDI). Through this the companies take advantage of the cheap labour and resources available and by creating new jobs in these countries. This is ideal for the foreign countries because the currency rates work profitable for them in the poor countries, though which they get benefitted.

Countries like Japan, Philippines, Taiwan, Korea and India depend on employments and pick up most of the blue collar jobs, in many of the industries. The government in these countries depends on the FDIs for their infrastructural developments, through which many basic amenities are available in these countries.

Off-late, the situation has changed, and Indian businesses have started to bloom and have started creating jobs in our own countries, thus making a significant contribution to the GDP of India.

Start-ups which evolved and making success in India include Finomena, CanvasFlip, Ola cabs, Oyo, CavinKare and many more on the list. The business mindset has started growing in many of us, and this is also a reason that many of us don't want to work under others, and try to have their own business.

By more and more business coming from countries like ours, we can eradicate unemployment, and make best use of our labour and skills, and put right people at work, and thereby generate more revenue for the nation and its growth.

Above study shows a pictorial representation of how the unemployment problems have gradually reduced over the years and it is true that we are showing signs of improvement.

Conclusion:

With the amount of educational institutions, and young student talents, India can be a great place for many business ventures, as we see many IIT and IIM professionals have already started their own, and the financial systems too have now come forward by providing seed capital for good business proposals. Soft bank have been granting many loans on the business projects submitted, and many banks have come forward & government is striving in creating successful individuals by supporting many on this.

So now it's our time, and why WAIT??? Gear up to be an early bird!! MA

Website References:

1. *https://yourstory.com/*
2. *http://www.forbesindia.com/article/spjimr/entrepreneurship-in-india-then-and-now/46701/1*
3. *Motivate yourself and your future generation to be an entrepreneur:*
4. *https://www.ted.com/talks/cameron_herold_let_s_raise_kids_to_be_entrepreneurs*

vsowmya02@gmail.com

NTPC`s maiden issue of Euro Denominated Bonds

Exploring possibilities in uncharted territories

CMA K. Biswal
Director (Finance)
NTPC Limited
Delhi

NTPC Limited (NTPC), *India's largest power generating company, raised* EUR500 million *through its first ever issue of* 'Eurodenominated Bonds' *from the offshore markets on* 1st February, 2017.

Why borrow in Euro denomination?

During the period 2008-2009, the time when the global financial crisis was at its peak, investors from the developed nations kept themselves away from risky asset classes. Over the period as the global financial situation improved their risk appetite also improved. Consequently they started looking for high yield investment opportunities in the backdrop of low interest rate environment prevailing domestically. This demand scenario prompted institutions from developing countries to meet their capital requirements through issue of bonds in the international markets.

Majority of these bonds having investment / sub-investment grade ratings, were US dollar-denominated with a fixed-coupon and a bullet repayment structure, and tenor ranging from 5 to 10 years.In December 2016 US Federal Reserve announced a 0.25% increase in the benchmark rate and predicted three further rate increases in 2017. This was the second interest rate hike by the Federal Reserve since 2008 financial crisis. Impact of this interest rates hike in the US will lead to flow of dollars away from emerging and other markets to US bonds markets and consequent it is very likely that US $ will appreciate vis-a-vis other currencies. In Euro zone, the interest rates on the main refinancing operations (MRO), which provide the bulk of liquidity to the banking system is in the negative territory since 2014 and is expected to remain within that range during 2017 also. The prevalent negative interest rate scenario in the European countries coupled with the likely hardening of US interest rates, provides an opportunity to the companies from emerging markets to raise capital at a cheaper rate by way of issuing bonds denominated in EUR currency as compared to the USD denominated bonds. Among the emerging markets, India is at a comparatively advantageous position today given the fact that we are the fastest growing economy in the world today with a huge investment potential. India's stable sovereign ratings, which are the government is working upon for an upgrade, also creates favourable climate for issuance of Indian papers in European Bond market.

Euro denominated bond issuances by Indian Corporate

There have been very few issues of Euro denominated bond. During 2014, Bharti Airtel International Netherlands BV issued EUR 750 million 7 years tenor bonds at a coupon of 3.375% p.a. This issue was guaranteed by Bharti Airtel Limited. Subsequently, in 2015 ONGC Videsh Limited priced EUR 525 million 6 years Bonds at a coupon of 2.75% p.a guaranteed by Oil & Natural Gas Corporation Limited.

Rationale for issuance of 'Euro Denominated Bonds' – a new opportunity

As per RBI's External Commercial Borrowings (ECB) Policy – Revised framework, companies in infrastructure sector are eligible to raise ECB under Track I of the framework with minimum average maturity period of 5 years, subject to 100 per cent hedging and under Track II of the framework with minimum average maturity period of 10 years (without 100 percent hedging).

In syndicated loan market, banks are not willing to take large exposures for longer tenures and preferred maturities are 3 to 5 years and few banks are willing to underwrite transactions for maturities beyond 7 years. Syndicated loans are usually available on floating rate basis linked to LIBOR and it is difficult to raise loans on fixed rate basis. Further 100 percent hedging requirement will substantially increase the all in cost of syndicated loans. Similarly, loans from multilateral agencies have to be tied for specific projects and have limitation due to issues relating to procurement, environment, rehabilitation and resettlement etc. Such loans are not available easily, particularly for coal based projects, and have stringent requirements about environment and other issues such as financial covenants, creation of charge or government guarantee etc. ECA financing is available mainly to finance import of equipment and a small component of associated local expenditure is also eligible for financing. Considering the above, international bond market provides an opportunity to raise large volume of fixed rate debt for longer maturities. Bonds can be raised from international market for maturity of 5 years, 7 years, 10 years or even more. As per NTPC's requirement, bonds having maturity of 10-15 years will be more suitable as its projects have long construction schedules and for this maturity, 100 percent hedging requirement shall not be applicable.

There are many other reasons which provide an impetus for exploring the possibilities for issuance of Bonds denominated in EUR:

a. Quest for higher yield investment opportunities by investors in European countries.
b. Provides access to ample international liquidity to borrowers at a lower cost.
c. Favourable interest rate environment.
d. Portfolio diversification is an added advantage for the borrower.
e. Absence of funding in the domestic markets for large volume necessary for financing large infrastructure projects due to various limits imposed on funding.
f. Relatively undeveloped domestic bond markets, in India the domestic bond market is only 10% of GDP as against ~ 40% for China and Brazil.
g. Significant development needs along with decline in concessional multilateral financing, made international bonds an attractive financing alternative
h. Sometimes Banks, themselves are also under stress so they are unable to lend. Further, there are sectoral Limits also for lending to industries.
i. Enough liquidity / appetite with overseas investors. This instrument also attracts the new set of investors who look for investment in Euro only.
j. Some investors also find higher returns through these instruments in the era of zero or negative yields.

Thus, India being one of the most promising emerging markets with a stable credit rating, issuance of Euro denominated bonds provide an alternative opportunity to Indian corporate to meets their demand of large capital for financing its large scale infrastructure projects.

Pricing consideration for Euro denominated bonds

It has been observed that pricing of Euro denominated bonds is based generally on the following considerations:

a. Prevalent global Interest rate scenario and future expectations.
b. Credit ratings, both of the sovereign and the Issuer
c. Tenor of the paper
d. Investors' diversification strategy for their portfolio
e. Benchmark Yields.
f. Premium expectation for the borrower's credit profile
g. Exchange rate costs associated with Hedging of the exposure and currency movements
h. Applicable Regulations
i. Transaction costs
j. Supply of currency
k. Reputation and leverage status
l. Investor demand

In addition to the above, following macro economic factors play a considerable role in the bond pricing:

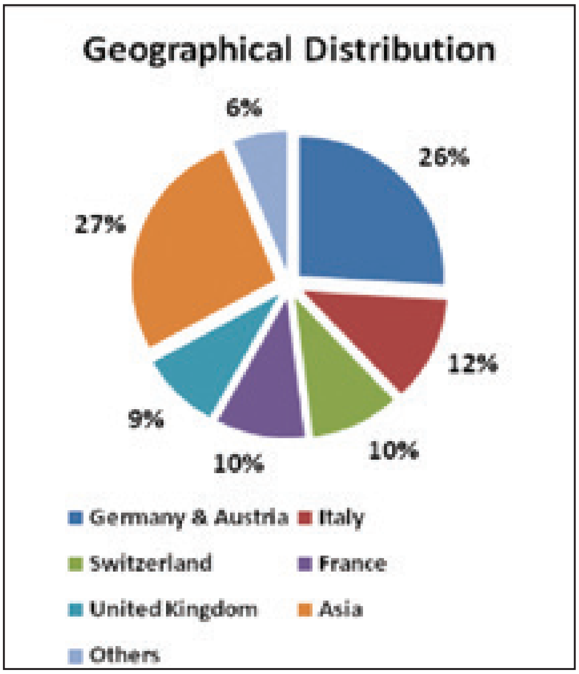
a. Higher economic growth creates more favourable conditions for safe and less costly borrowings.
b. Quality of institutionand stable credit ratings decreases the associated risk perception among the investors.
c. Better financial situation of the borrower decreases the probability of default, hence decreasing spreads
d. Increased macroeconomic uncertainties of the borrower domicile country such as higher debt-to-GDP ratio, higher current account deficits, higher inflation, unstable government etc. might raise concerns over financing and leads to an increase in sovereign risk for the investor making bonds less attractive and results a rise in spreads.
e. Liquidity and interest rate scenario in the investor's country have a bearing on the demand and spreads of the bonds

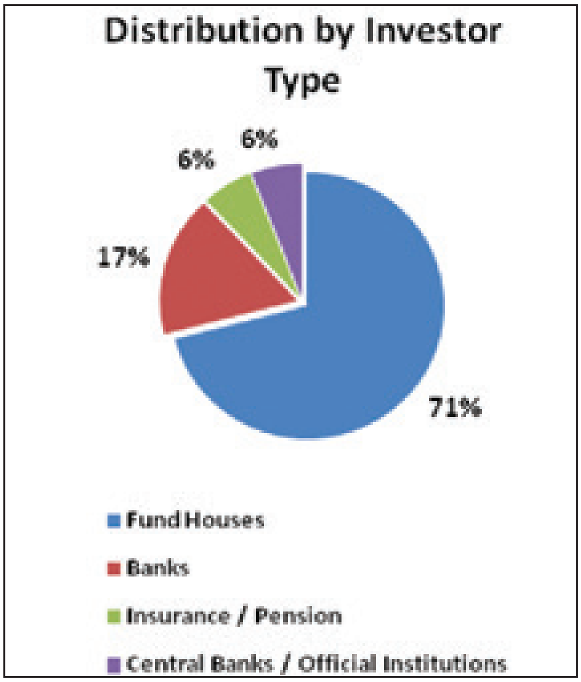
NTPC's journey for issuance of Euro denominated bonds

NTPC Limited (NTPC), has been continuously accessing the international bond markets and has been issuing US Dollar denominated bonds since 2004.The company established its Medium term Note (MTN) programme in year 2006 for USD 1 billion which was upsized to USD 2 billion in 2012, and further upsized to USD 4 billion in 2015. The MTN programme has continuously been updated by NTPC since its establishment and last update was done during November 2016. In August 2016, NTPC issued Rs 2000 crore (equivalent USD 300 Million) of Green Masala Bonds with global investors at a coupon of 7.375%. These bonds had 'Green Bond ' certification by Climate Bonds Initiative with third party assurance.

NTPC priced a EUR 500 million 10 Y bond transaction under its US $ 4 billion Medium Term Note programme in the international markets on 25th January 2017. This is the seventh offering under the company's US$ 4 billion Medium Term Note MTN programme since it was set up in 2006, taking the cumulative amount raised under the programme to US $ 3.2 billion (approx.).

Having updated the MTN programme in November 2016, NTPC mandated Axis Bank, Barclays Bank, Citigroup, MUFG, SBICAP and Standard Chartered Bank to act as bookrunners and Lead Mangers for its inaugural offering of Euro denominated bonds. Subsequently, NTPC conducted targeted roadshows for its inaugural Euro denominated Reg S transaction meeting investors across Europe (London, Frankfurt, Zurich, Geneva, Amsterdam & Paris) from Jan 16th – 19th, 2017. NTPC positioned to take advantage of a supportive primary debt market and lower interest rates in the European markets, launched a benchmark size, senior, unsecured, fixed rate 10 year bond transaction with an initial price guidance of EUR 10 Y Mid Swap plus 225 bps area on 25th January 2017. The offering was met with extremely strong demand and the transaction was oversubscribed. The guidance was subsequently revised to EUR 10 Year Mid Swap + 210 to 215 bps area. The final order book stood around EUR 2.2 billion, oversubscribed nearly 4.4 times, with orders from 196 accounts. On the strength of a large and strong order book, NTPCwas able price the bonds at EUR 10 Year Mid Swap + 200 bps with the coupon fixed at 2.75% p.a. which is the lowest coupon ever achieved by the





Company for its international bonds.

With a robust portfolio of projects under execution, the Company intends to use the proceeds of the issue to finance its ongoing and new power projects.

Listing at Frankfurt& Singapore Stock Exchanges

In order to attract better participation globally particularly among the investors from European union, NTPC decided to go for dual listing at Frankfurt and Singapore. NTPC's Euro denominated bonds were listed under "open market quotation board" of Frankfurt Stock Exchange &at Singapore Stock Exchange 2nd February 2017.

With this issuance, NTPC has become the flag bearer for issuance of 10 YEuro denominated paper, bringing in a whole new set of investors who are willing to ride the Indian growth story and simultaneously opened a window of opportunity for the Indian corporate to fulfil their financing needs by accessing a new set of investors having huge resources.

Transaction Highlights:

Issuer	NTPC Limited
Issue Type	Benchmark size, Senior Unsecured fixed rate Notes denominated in EUR
Issue Size	EUR 500 million
Lead Managers	Axis Bank, Barclays, Citibank, MUFG, SBICAPS, Standard Chartered Bank,
Issue Rating	Rated 'BBB-/Stable' by S&P and 'BBB-/Stable' by Fitch.
Documentation	Drawdown under USD 4 billion MTN Programme (Reg S)
Tenor	10 Years
Coupon	2.750% p.a (payable annually)
Yield	2.814% p.a
Issue Price	99.449%
Maturity Date	1st February 2027
Listing	Frankfurt Stock Exchange and Singapore Stock Exchange
Governing Law	English Law

Salient features of NTPC's Euro denominated bonds are:

- Inaugural Euro denominated bond offering by NTPC.
- First 10 Year bond issuance by an Asian utility issuer.
- First 10 year Euro bond by an Indian issuer.
- Longest tenor achieved by BBB- rated non sovereign issuer from Emerging markets.
- First 10 year EURO bond by BBB- rated non sovereign issuer from Asia (Ex Japan)
- EUR bonds with lowest coupon from India
- Bonds were oversubscribed by 4.4 times -The order book built to over EUR 2.2 billion with participation from more than 196 accounts.
- Significant price tightening of 25bps from the initial price guidance to the final pricing.
- Diversifies international sources of financing.

A comparison of USD and EUR denominated Bond Issuances

A brief comparison of NTPC's USD 500 Million Bond issuance during Feb 2016 & EUR 500 Million during Feb 2017 is given hereunder:

Particulars	USD denominated Issuance	USD denominated Issuance
Issue Size	USD 500 Million	EUR 500 Million
Date of Issue	26th February 2016	1st February 2017
Tenure	10 Year	10 Year
Benchmark	10 Y UST Yield	EUR 10 Y Mid Swap
Benchmark on date of Pricing	1.766%	0.8143%
Spread Over Benchmark	2.550%	2.0000%
Yield	4.316%	2.8143%

Coupon	4.250%	2.7500%
Interest Payment Frequency	Semi Annual	Annual
Geographical Distribution:		
Asia	68%	27%
Europe	31%	67%
Others	1%	6%
Investor Type:		
Funds	57%	71%
Insurance/Pension	22%	6%
Banks	10%	23%
Others	11%	-

Bonds denominated in other currencies: The way forward

In the present Indian financial scenario, there is a strong need to encourage and seek alternative sources of financing in addition to the traditional sourcesto cater the growing financing requirements corporate sector. Large corporate with large borrowing plans should be encouraged to tap the bond / loan market in different currencies for financing their long term and working capital requirements. Bond issuances denominated in currencies other than traditional USDshall help in diversification and rebalancing the debt portfolio of the corporate through reduction of excessive concentration of USD denominated borrowings. Potential for such borrowings is likely to remain strong in future due to following reasons:

- International demand for high-quality emerging market assets is likely to remains strong.
- Domestic Bond market is nearly 10% of country's GDP as against ~ 40% in China and Brazil.
- Government's emphasis on infrastructure will lead to increase in borrowing requirements of Indian corporate in future.
- Continuity of lower interest rates scenario in the European markets will lead to greater demand for Euro denominated bonds.
- Success of NTPC's inaugural 10 Y Euro denominated bank offering shall act as booster for other corporate to go in for such bond issuance.
- The magnitude of Indian paper in the European and other offshore markets would need a leg up from the government.
- Government needs to rationalise the tax implication on interest payments on foreign currency borrowings vis-a-vis domestic borrowings thereby reducing the cost of financing and giving a boost to more issuances.
- Secondary market liquidity for bonds denominated in currencies other than USD remains a major concern among investors. Increase in number of issuances in currencies other than USD will increase liquidity and strengthen the secondary market.
- India needs to work in the direction of improving the sovereign credit ratings thereby reducing the cost of overseas borrowing.
- In order to create a more attractive environment for investments, the credit rating industry must adhere to international best practices. By doing so, investors can take advantage of an international standardized ratings, which, in turn, will make the market more transparent and reliable that will attract both domestic and foreign investors.

Similar options of issuances of bonds in different currencies such as Samurai Bonds, Panda Bonds, Bulldog Bonds,Kangaroo Bonds, Maple Bondsetc. needs to be explored further by Indian Corporate. MA

kbiswal61@gmail.com

COSTING PLANTATION PRODUCTS:
NUMEROUS PROBLEMS HAVE REMAINED UNTOUCHED

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

Plantation: A Generic Nomenclature

Plantation has been defined by the FAO as one which stands on the field or anywhere else for a period of more than six months. Thus, pineapples even when these are cultivated, are not crops because the plants stand on the field, where these are cultivated like any other crop, for a period of three years, or so. It is said that the best results ensue in the second year in comparison with the products of the first and the third. The following paragraphs seek to present a conspectus of a few major plantation products that figure on our consumption list in different ways. The costs and prices do not generally make for a sound reasoning process. To know the costs of a variety of such products is to unravel a whole world of complications unknowingly created by the cultivators, by the consumers and also by the competitors, even by the substitutes, wherever there are such substitutes. The general view of things about these items underscores what the market can bear. Whether there is even a semblance of such reasoning comes under all kinds of questions. Beginning at the beginning, it needs to be stressed that a whole world of plantations, and the variety of products they yield, directly and indirectly, have remained outside the purview of cost and management accountants in general, albeit the fact that many a CMA has been in close connection therewith for a long time, but most of them have remained mum over the rationale of the practices followed. Trade secrecy, quality differentials and pricing have varied, not merely as between plantation products but also within each. Inexactitude in various crucial aspects of cost and management accounting practices has ruled the scene all this while. Cost-price relationships of different plantation products have remained largely a matter of conjecture all along the line, though most of such products figure in our daily life in very many ways. The tragic part of the whole story is that we have hardly attempted even to enlist the plantation products which figure in our daily consumption list for various uses, either for eating or drinking or even as industrial and medicinal usage. Cost determination is a sine qua non with reference to the typicality of each, on one hand, and the multiple uses to which these are put, on the other. Several cost and management accountants who are engaged in these industries have followed the old practices even without raising their eyebrows with regard to what is their cost and what should be their logical price with, at the very least, some relationships with their costs. Throwing stones in the dark has not added even a wee-bit of knowledge as to how to deal with the typical features of each. Some of the plantation products are for purposes of drinking, some are for eating and some others are for various industrial uses. Many of them are also meant for multiple uses. The objective of this paper is to enlist different such products and the uses to which these are put, also hinting at the multiple uses of some of them and the costing and pricing problems that remain typical of them especially for bespeaking both costing and pricing issues. The traditional approaches of cost and management accounting having been tangible products, the profession received a jerk when a variety of tradable services appeared on the scene calling for professional attention with regard to determining their quality, quantum especially with reference to their technicality, sophistication and, significantly, the difficulty levels indicated and the overt immesurability of several crucial issues concerning cost-price relationships both generally and specifically. Technically, all this comprises a rather barren area at present, awaiting appropriate focus by the CMAs in general. The analytical terrains in this field are far too numerous to reckon, calling for sorting out one by one, so that proper costing systems could be introduced.

Exclusivity of Plantation Products

It is relevant to stress that marketing of plantation products has remained atrophied by a sort of lengthy exposure to dead stereotypes. Albeit rather late in the day, a few words about injection of rational considerations may not, hopefully, be considered irrelevant. The present discussion, however, relates to plantation alone, seeking to highlight the problems related thereto, underlining that problem-definition itself may lead to finding the pathways to solution. Inter-plantation items have varied features within themselves, and among themselves, that call for tracing and identification, for determining the ways in which the typicality of each, for purposes of costing and pricing, could be determined. The climatic conditions, rainfall, sunrays and shades, water supply, the plucking of leaves and fruits and the attendant processing of them into products, and such other factors, do differ among one another; in several cases, more than one products are derived out of the same plants, which require discrete processing for different uses throwing up challenges of various kinds. Examples are not far to seek, which are referred to later at appropriate places in the discussion. For each of the selected plantation items, their characteristic features are detailed with particular reference to costing and pricing. This is significant because the producer and seller must have an idea as to whether the prices charged have recovered the costs fully and yielded some positive margin. In competitive conditions many different complications get added with reference to various tenets of market segmentation, dealing with substitutes and several other pressing requirements. This is impossible unless the producer-trader has definite ideas about both; a mere nodding acquaintance with the technicalities would not do, more so because of the large scale and quite rapid changes are initiated by competitors and substitutes. The age-old practices followed in different cases have simply added to the complications. Ways out of this rigmarole are not easy because of the fact that in each of the cases the ruling typicality of each has come in the way of deciphering what is what! This relates particularly to enunciation of a set of general rules and methodology from which principles could evolve. The alterity among the plantation items has not come under analytical focus in general, which is one of the reasons for bypassing even some of the major issues, not only remaining sidetracked for a long time, but also deliberately underplayed. Seeking to unravel the so-called hidden features is thus a sine qua non for evolving sets of rules and principles, towards scientificity of outlook and practice. The following paragraphs seek to present the typical problems of some of the plantation products selected at random but with an eye towards their usefulness. Cost accounting may get into play only after the preliminaries have been dealt with properly and at some depth. By the prevalent counts, this may yet be considered a far cry.

Coconuts

Coconuts are used for a large

variety of purposes, right from their initial stages of growth to when they have fully grown up. Baby coconuts are considered auspicious and figures of good omen in the context of invoking goddesses and gods. Green coconuts are widely welcomed for the pure water inside, with multitude of qualities and excellent taste. Pricing of each of them depends on the seasonal factors and the attendant demand. How much each of them costs vis-a-vis the price charged is anybody's guess. The problems with coconuts are that their farming practices are not well-organized except in some places like the state of Kerala. In most other places coconuts figure as stray attempts to nurture the plants as part of kitchen gardens comprising only a few trees. However, in Kerala coconut farming is practised on a larger scale and all the trees and fruits are considered as industrial products with large scale production and most of the uses of the trees and the fruits ramify as primarily farm products, worthy of the definition found in the latest edition of the Oxford English Dictionary (Cf.p.276). OED underlines that coconut is the large oval brown seed of a tropical palm. It consists of a hard woody husk surrounded by fibre, lined with edible white flesh and containing a clear liquid called coconut milk. Apart from this, the flesh of a coconut is often shredded for use as food. Both the tree and the fruit yield a variety of products like copra and coir utilized for a variety of purposes such as door mats, pressure-resistant ropes used for tying up boats, vessels and steamers. Even the leaves of coconut trees are put into different domestic uses such as the frail sticks from the leaves are widely used as broomsticks while the leafy part is also widely used as protection from rains. In the Kerala state of India, a large number of people are engaged in this industry dealing with different products for multifarious uses. In the said circumstances, knowing the eigen cost of each of the products has remained rather complicated, if not entirely unknown, which knowledge on this front could have yielded much better results at each stage of utilization for various purposes. In 2012-13, Coconut production occupied an area of 21,37,000 hectares and the production was 156,09,000 tonnes and in 2013-14 it rose to 21,43,000 hectares and 1,52,00,000 tonnes respectively. Preservation of inputs and their most cost-effective utilization could have lifted the industry from its obtaining 'house-hold industry' status to an organized one, in terms of investment, employment, proper preservation of inputs, high quality product-mix and more sophisticated marketing, both within the country and abroad. Disaggregation of different inputs and outputs with particular reference to lifting these products from the prevalent baser uses to more sophisticated levels, based primarily on the existing levels of expertise but, and a big but at that, raising the productivity levels on one hand, and uplifting the quality of the products turned out, for yielding higher returns from the efforts made, on the other. A reference to the area and production of coconut in the country would be relevant at this stage. The total area under coconut cultivation in 2012-13 was 21,37,000 hectares and the production was 1, 56,09,000 tonnes. In 2013-14 the figures of area were 21,43,000 hectares and production was 152,00,000 tonnes (Grateful acknowledgement is due to Dr Sujit k. Roy of Goenka College of Commerce, Kolkata for downloading the statistics). All this may in fact have to begin de novo, but not ignoring the obtaining state altogether. Selectivity is the point at issue both with respect area and productivity. All these issues and the supporting statistics comprise the preliminaries for introducing proper costing systems. Management accountants may come in handy, for indicating an appropriate line of assessment and application for proper measures of action, for reaping the series of benefits including the main products and numerous by-products.

Tea

The morning cup of tea has known no bounds, irrespective of class or creed, ladies or gentlemen, for effective invigoration of spirits, for the rest of the day. Its origin is, however, as clumsy as anything. Especially, the whole gamut of activities behind the ultimate figuring as the cup of tea is knotty, beginning from the hand-plucking of leaves from the gardens, depositing them for classifying, roasting, mixing, grading, tasting, classifying and, at the end, packaging with the relevant corporate stamps. Between the lip and cup, however, a good number of steps figure, even as slippages. A detailed, congruent series of stages would make an interesting story, to say the least. Topographical features of a tea garden involve beginning at the beginning, some man-made and others natural as elaborated hereunder. For high quality tea, the gardens should be slanting top-down so that rainfall or irrigation water should drench the field but should not face water-logging. Plants grown on the plains require irrigation water but careful attention has to be given to ensure that water either dries up in time or drained away before long. Tea plantations of Darjeeling are typified by these features, particularly fields as Makaibari and several other well-known tea gardens of Darjeeling. There are many tea gardens in Darjeeling going by this brand name, of which Makaibari is just one. Known for its flavour,

Darjeelimg tea has had a name known to the worldwide markets for its flavour. Mostly, good Darjeeling tea is available as marketed by tea companies in packages. As one comes down the hills to the plains, tea gardens produce tea which are not so reach in flavour as in colour. Same with the leaves of Assam tea which are good in colour, even in taste, but not so much in flavour as in liquor. Assam tea is also known for belonging to the same category as those culled from the plains, the gardens of Jalpaiguri and adjacent areas. Tea is generally classified into three categories namely, leaf, broken and dust, used in households, hotels, tea shops and restaurants. Tea tasters, expert and experienced, taste all these varieties and grade them according to their taste and colour before these are packaged or loose teas are also duly packaged for sale in the market. Restaurants generally sell tea of the latter categories, mainly dust. It is interesting to note that one usually finds large trees within the tea gardens casting their shadows on the tea plants. Normally, a tea plant remains productive for a period between twelve and fifteen years after which old plants are replaced by new ones. The adage, two leaves and a bud, relates more to the new plants, may be one year old or more. Leaves are plucked manually by the workers and deposited to designated leaf-collectors for processing mechanically, tea-tasting for right mixing and gradation. It is relevant to mention in the aforesaid context that Nilgiri tea is produced in conditions very similar to Darjeeling but its marketing phenomena are different from those prevalent in the case of Darjeeling and other varieties of packaged tea. In reality, there are several stages through green tea plucked from the plants manually passes through several stages before packaging, meaning ready for consumption. 'Two leaves and a bud are not mere words; this is what the workers in the gardens pluck from the field for processing. The story does not end here. It only begins, for at this stage onwards, tea auction starts, mixes take place on the basis of tasting, and packaging on the basis of quality stamps by the auctioneers and the prices determined on the basis of cost plus profit from the points of view of the prices paid plus profit. Both packaged and loose tea are separately priced by the tea companies. Loose tea of different varieties is packed in wooden boxes and sold by weight while packaged tea of different weights are sold separately. Systems of auctioning, tasting, packaging and pricing have followed age-old practices, more so the process of auctioning, which together do not seem to have followed the cult of what is considered the rational pricing process. This is but natural, considering that eigen costs of tea of different varieties are not known. The prevalence of the age-old systems, denying scientificity of the practices followed, is at the root of arbitrary costing and pricing processes. At present, the price paid by the buyer becomes his cost. Rationale of the cost remains unexplained as the prevalent practice while the price differences as between one set of sellers and another, as also one set of buyers and another, continue unabated. The search for sound rationale thus remains an unending process. 'What the market can bear', as the adage goes, continues to be without a sound basis, while wholesalers and retailers continue to play their unfair game all along the line.

Cashew Nuts

Cashew nut is described as an edible kidney –shaped nut, rich in oil and protein(Cf. OED, p.218). Cashew apple is, in addition, described as the swollen edible fruit of the cashew tree, from which the cashew nut hangs. In 2012-13, cashew nuts occupied 9,92,000 hectares of area and production was 7,53,000 tonnes while in 2013-14, the figures were 10,09,000 hectares and 757,000 tonnes respectively. From the point of view of costing, both the nut and the fruit are of significance though the fruit, from the point of view of significance, the nut which figures as an appendix, commands more attention than the fruit itself because of its food value, its export potential and the multiple uses such as: (i) its use as a dried complement to the staple food; (ii) powdered complement to the elements used for adding taste to the food preparations; (iii) fried and salted nuts for use as complements to the drinks; and (iv) its use as a major foreign exchange earner for which India imports superior varieties for processing and packaging for exports. India produces cashew nuts, both for internal consumption and exports. For respecting export commitments, India also imports cashew nuts of superior varieties for exports after processing. On the other hand, the fruits are used for manufacturing Feni, a labelled drink manufactured in Goa. The bottled drink looks almost like Vodka. Cashew fruits and nuts thus perform dual tasks. For assessing costs of either or both, one has to go the roots for identifying the cost elements including the uses to which these are put. Each of the elements that goes in for counting costs, apportionment of the total to either would call for weighing the significance of both, expenses related to either, or other incidentals such as bottling the wine, or packaging both the processed and unprocessed nuts, differentiated according to their nature and labelled prices in both cases. The

kind of attention that either, or both, of them get would depend on prices ruling in the market, tastes and state of competition within the country and abroad. All the varieties of the nuts in particular, would call for attention and appropriate equipping of the sellers in the internal markets and export markets with regard to the sensitivities of the consumers abroad. Cashew nuts packaging, in particular, would have to care for protection of the contents, attractiveness of the packages and the characteristic features of the customers addressed; product personality is a big factor in pricing because the customers addressed in fact belong to a social stratum that looks for product personality more than what the price tags indicate, especially for fried and processed nuts. Sensitive marketing requires stamps of product personality and protection from exposure. Feni, on the other hand, would require either tinning or bottling depending on the time and distance between that of despatch and dates of possible consumption. All the relevant dates suitable for consumption and storage are stated on the packages themselves, subscribing to the adage that the first indicator of the product personality is the quality of the package itself. Acquiring full knowledge of the cashew nuts and cashew apples is a sine qua non for introducing proper costing systems that would effectively respond to the requirements for introduction of a proper and sensitive system of pricing in conditions of keen competition. Knowing and absorbing the tit-bits of the cashew apples and cashew nuts may, in fact, be the primary requirements for making the costing and pricing systems responsive to requirements, considering the externalities involved in the domestic and international markets. Assessment of quality and highly competitive sales processes make innovative marketing systems a long-felt, yet a primary need. Here again, one has to distinguish marketing from selling in that, while selling in fact underlines waiting for the customer, marketing implies reaching out to him. Product personality established by the marketer, spells the distinction, not always appreciated. In the pre-partition days many tea sellers in village markets used to supply tea freely with band parties beating the tune of movie-songs, for popularizing tea. Those days are forgotten now, as those brands of tea are household names now. Our point remains that the entire processes of plucking tea leaves, sorting, storing, manufacturing and selling, both jointly and severally, require a close look for a rational approach towards cultivation, plucking and processing of tea so that the costing and pricing of tea get the stamp of some cognizable rationality, while underlining that competition in this sphere has been getting tougher and tougher. All this is despite the poor conditions prevailing in many of the tea gardens under the control of well-known companies, having remained overtly sick for a considerable period, mainly for lack of care, renovation and replantation. The problem here is that joint stock companies are under the overall control of the Centre while agriculture and horticulture are controlled by the states according as provided for in the Constitution.

Mangoes

Mangoes produced in different states in this country are both for internal consumption and exports. The variety of sizes, shapes and tastes has been typical of the country as such. Several states have large scale plantations providing succour to both internal and foreign consumers. Fruits being seasonal, careful attention is called for preservation, prevention of mishandling and scientific packaging, before reaching the hands of the ultimate consumer. Preservation of freshness, flavour and readying for consumption are headaches for the producers and both within the country and abroad. Umpteen middlemen figure between the mangoes hanging from the trees in the garden and the consumer – via wholesale and retail markets – at each stage the original price gets boosted by the wholesalers' and retailers' margins. The official statistics of the areas in (ooo' hectares) under mangoes and production (in '000' tonnes) related to mangoes are: 2012-13 – 2500 and 18,002 respectively, while the provisional figures related to them are: 2528 and 17,938 for the year 2013-14 respectively. Figures for 2013-14 are provisional.(grateful acknowledgement is due to Dr Sujit Kumar Roy of Goenka College of Commerce, Kolkata for downloading the information). While the official information is definitely better than nothing, it does not tell the whole story in so far as no indication is offered regarding the quality of the mangoes, their market demand internally and their export potential, apart from the number of uses to which they are put such as Amshi of green mangoes, Amsatta of ripe, sweet mangoes and several other daily household uses . These are all examples of the types of

headaches that confront CMAs in assigning values to different varieties of mangoes. Almost every state in India has its own typical mango variety; in many a case, more than one. Alfanso mangoes of Maharashtra are famous for their taste and smell; so are the Dusseri and Chousa of U.P in North India, Fazli, Himsagar, Gulab Khas of Murshidabad, just to name a few. Of the many varieties, only some are at present exported; others are consumed within the country. While the high foreign exchange earning potential remains relatively unexplored, the CMAs can come forward with their expertise and vision for not only bringing them to book but also for pricing them scientifically to ensure not only full recovery of costs but also profit by way of better exploring the export potential to EU countries, U.K, USA and Canada as also the South American countries. Naturally, formula-based pricing may not work in all cases but the CMAs have the capacity to suggest innovation. Indeed, the huge potential in this regard has remained rather unexplored all this while. Time, something was done. Initial measures in this respect may have to list out the measures considered appropriate and then, to formulate policies for disciplined action. Perhaps enunciation of standards could usher in an era of unified action programmes in this behalf. Perhaps, CMAs may start with just identifying the stages starting with Mango Gardens and keeping them fighting fit for bearing fruits, tending the trees and keeping the free from attacks by insects and other hazards like excessive rains and storms. Proper care in this behalf can save many of the fruits now spoiled because of lack of proper attention. Thus, the starting cost programme may be with that incurred for maintenance of the trees and keeping the gardens in shape. The longevity of the trees in the gardens and the quality of the products yielded demand constant vigilance and application of correctives so the trees retain good health, while their products remain up to the mark. Regular yet unsystematic use of insecticides and pesticides, though may be quite handy for immediate effect, but is not recommended, while there are indigenous varieties like margosa or neem for use with similar results, maybe taking a little more time but with little or no undesirable consequences. Chemicals may have several undesirable consequences that call for studied avoidance. Unfortunately, due precautions are seldom taken that result in unacceptable outcomes. Artificial coloration, unacceptable preservatives and their unregulated application may not only affect the taste of the mangoes, but also eventually create a whole series of unwanted consequences, requiring aetiological inquiries concerning different diseases, not germane to the fruits themselves. Rounding Up

The foregoing paragraphs deal with the nature of problems in knowing and judging the multifarious problems in introducing costing methods that may be considered appropriate in each case dealt with. Knowing and judging costs play a highly significant part in determining whether the expenses incurred by the producer are fully recovered or not. We argued earlier that without a good knowledge of the costs, producers are not in a position to determine whether there is actually a loss. Ignorance of cost is in many a case responsible for creating an aura of disaster leading to farmers' suicides. Lowering of prices in the context of bumper crops, does not necessarily mean loss to the farmer, if he knows what the cost of production of the particular crop was. Average pricing in the context of bumper production leads ignorant farmers to believe that they are ruined even when the reduced price due to over production would land them in profit, not loss. The problem created by the phenomenon of over-production thus needs closer study. The spoiling of mangoes by the storm and the heavy rains in North Bengal recently thus may not be as damaging as is feared; precise, knowledgeable calculation of profit or loss, is required in this respect. MA

chattopadhyay.p@lycos.com

obituary

The Institute and its members deeply mourn the demise of CMA B. D. Bose, Fellow member and Past President (year 1993-94) of the Institute who left for heavenly abode on July 3, 2017. He was also the President of Birla Eastern Limited, the think-tank outfit of S. K. Birla Group of Industries. During his lifetime, he had held several positions of repute; such as Managing Director of Chloride Industries Ltd., Executive Committee Member of FICCI, Bengal Chamber of Commerce & Industry, Chairman of Confederation of Engineering Industry (Eastern Region), member of Company Law Advisory Committee, Department of Company Affairs, Ministry of Industry, Govt. of India. CMA Bose had also received Special Achievement Award as a part of the Senior Management Team of Chloride Industries Limited for corporate performance instituted by The Economic Times and Harvard Business School association of India in January 1987.

CMA Bose was also Chairman of the Eastern India Regional Council of the Institute. He had been serving the Central Council of the Institute as its member since 1989. He was the Vice President and Chairman of the Examination Committee of the Institute in the year 1992.

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

Towards a Green Economy

Green economy represents the economy where every stakeholder becomes aware of environmental issues and adopts measures that contribute to the better quality of life. It aims to transition the economy into a low carbon economy through facilitating green business and hence green jobs. The job-seekers should have the desirable background. So, among other things, green education and green training should also be part of the education system. The World Bank reports/surveys[1] give some background for seriously examining the issues relating to green economy. They can be summarised below:

✔ India's remarkable growth record has been clouded by a degrading environment and growing scarcity of natural resources.

✔ In a study of 178 countries whose environments were surveyed, India ranked 155th overall and almost last in air pollution exposure. The survey also concluded that India's environmental quality is even far below all BRICK countries [South Africa (72), Russia (73), (Brazil 77) and China (118)].

✔ According to another recent WHO survey, across the G-20 economies, 13 of the 20 most polluted cities are in India.

✔ Poverty remains both a cause and a consequence of resource degradation: agricultural yields are lower on degraded lands, and forests and grasslands are depleted as livelihood resources decline.

✔ Environmental degradation costs India $80 billion per year or 5.7% of its economy.

What may be the possible solutions to the environmental problems? The survey reports also made a few important points:

✔ Environmental sustainability could become the next major challenge as India surges along its projected growth trajectory. It is important to note that India is the fastest growing economy in the world – its present

CMA Dr. Bhabatosh Banerjee
Former Professor of Commerce and
Dean of Commerce & Management
University of Calcutta

(2016-17) growth rate is 6.8% which is likely to improve in 2017-18. World Bank [2] pegs India's economy growth at 7.2% in 2017-18. It is projected to gradually increase to 7.7% in 2019-20. So, India is likely to overtake China in the matter of GDP growth rate.

✔ A low-emission, resource-efficient greening of the economy should be possible at a very low cost in terms of GDP growth.

✔ Lastly, for an environmentally sustainable future, India needs to value its natural resources and eco-system services to better inform policy and decision making.

In view of the above, this paper delves on some of the important polluting activities of the stakeholders and suggests measures which can bring about some improvement in the situation with a view to enhancing the quality of life.

Identifying the stakeholders and their activities

The important question is: who are the stakeholders and how do they pollute environment?

Among a large number of the stakeholders, we identify the following three groups:

1. The public in general
2. The transport system (both public and private)
3. The corporate sector.

The impact of various activities of the corporate sector is huge. There are many dimensions also e.g. green growth, green economy and sustainable development, impact, if any, on poverty eradication in a developing country like India, etc. Therefore, in view of its nature, importance and volume[3], we deal with the corporate sector separately elsewhere. After addressing the first two, we also touch upon global warming, some of its impact and the Paris Accord as a possible remedy.

1..The public in general

General public in every country can contribute significantly towards the quality of life by self-regulating their behaviour. Even in a developing country an overwhelming majority of the people has concern about the environment and it is the minority who vitiates it. Such activities are committing nuisance in the public place or road, using and throwing plastic-carry bags below the standard specified by local authorities, cutting off trees, etc. But good sense and awareness can cure these evils. The first photo taken in front of a building in a good locality in Kolkata shows that local citizens have come forward to stop the practice of committing nuisance on the road or on the wall by the side of a main road by adopting a unique method i.e. implanting photo of mighty Hanumanji on the wall. Photos of many other Gods and Goddesses implanted on the wall in many other areas in the City can also be seen. This is in spite of the fact there is no dearth of public toilets usable on a nominal charge in each area.. The use of sub-standard plastic carry bags is another menace not only to the environment but also to the drainage system which gets chocked very often due to heavy rain when plastic bags are found lying all around. This is a common scenario in many cities in spite of some measures taken by the municipalities. Can local municipalities impose fine on selling of goods along with sub-standard plastic carry bags? Of course, the awareness of the people concerned is more important.

Another important issue is preventing cutting of trees and planting new trees in each area. Happily, there are many environmental-activists who very often fight it out. There are Green Benches in High Courts and Supreme Court to take action on the erring public. Most importantly, the awareness of the public has to be enhanced. It is generally said that one tree can give oxygen to 30 persons in that locality. The Hyderabad Urban Development Authority (HUDA) planting many

trees around Hussain Sayar has come out with a slogan for public awareness: "Plant a Tree and Get Oxygen Free." The Japanese citizens are very environment friendly. When a person dies, members of the deceased family plant a tree as a ritual. So, it has become part of their culture.

Plantation in any city can be enforced by the local authority which sanctions plan for housing construction. It should be incumbent on the part of the builder to plant trees systematically in compliance with rules, if any. An example can be drawn from a small newly built township, namely, Bethlehem in Pennsylvania in the USA, wherein a builder is required to plant trees whenever a new house is built. Zoning laws here mandate the builder to plant a tree every 50 ft with at least 10 ft from the road. Photo above shows the beautiful scenario of a part of this locality which

is 20+ years old and shows matured trees. Can we not build up such practices in India whenever new areas are developed or new townships are built?

2. The transport system

Vehicles run by petrol and diesel are one of the major contributing agents to pollute the level of air quality. An example of environmental friendly transport system is the tram or bus run by overhead electrical lines to operate in specified routes within the city. The City of Kolkata is one of the oldest examples when in British India Calcutta Tramways Company used to operate its fleet of trams in the corporation area as the main public transport system, There are some other good examples in this regard viz. Melbourne City (Australia), Hong Kong (having double-decker trams). Even after nationalisation of tram services, over time, Koltaka has been witnessing gradual withdrawal of tram services from many routes in the name of town-planning and faster transport service. But was environmental issue given any serious consideration by the decision making authorities? Interestingly, we find a reverse trend elsewhere. For example, in Paris, the city municipal authorities are experimenting running of trucks within the city by electrical overhead lines. In Nepal, we also find that buses do run by the same system. Although the initial cost of arranging the overhead wiring is high, its operating costs is low because of consumption of low-cost electricity instead of using high-cost petrol or diesel. On the top of everything, it is tremendously environment-friendly. Thus, while considering planning of new towns in the country, should we not seriously give consideration to operation of environmental friendly public transport system? Let us now come to the issue of operation of transport system by mini-bus, bus, private and public cars which normally run using petrol or diesel, a non-renewable resource.

India is now the world's third largest producer of motor cars. Major cities are showing signs of increasing number of use of motor cars, thanks to the changing pattern of life styles among the upper and middle class families. This is contributing significantly to not only "air pollution" but also "noise pollution" which are addressed below.

(i) Air Quality Index (AQI)

The Pollution Board in India notifies AQI for the public about the declining air quality level and the possible associated health hazards. AQI is the only tool that provides the correct information about air quality to people. An expert group comprising medical professionals, air quality experts, academics, advocacy groups, and state pollution control boards has been constituted and the authority of technical study is awarded to IIT-Kanpur.

The AQI considers eight pollutants (PM10, PM2.5, NO2, SO2, CO, O3, NH3 and PB) for which short-term (up to 24-hourly averaging period) national ambient air quality standards are prescribed. The AQI has six sub-categories of AQI values, namely, good (0-50), satisfactory (51-100), moderately polluted (101-200), poor (201-300), very poor (301-400) and severe (401-500). Based on the particulate matter count in the air, side effects of air pollution are also suggested. For example, while good represents minimum impact on health, severe stands for respiratory impact even on healthy people, serious health impacts on people with lung/heart disease, might feel exhausted even during light physical activity.

According to world health organization study, as stated earlier, 13 Indian cities are among the top 20 in the world as far as fine particulate matter (PM2.5) is considered. The position in four metropolitan cities is given below:

AQI (PM2.5) as on Dec. 23, 2015

Delhi	442	severe
Kolkata	264	poor
Mumbai	245	poor
Chennai	50	good

The position is very alarming and local governments need to introduce measures that will bring down pollution in air quality. There is no doubt that change in technology is the best option although it will require huge investment and time by the automobile industries around the world. Accordingly, some countries are taking ad hoc short- cut conservative method to fight the pollution in air quality.

China declared war against pollution by introducing "odd-even" traffic curbs along with closing down of pollution factors in the Beijing city for three days from 8th to 10th December, 2015. This was followed by Government of Delhi in 2016. The details of the latter are given here.

Odd-even traffic curbs introduced in Delhi

The Government of Delhi introduced the "odd-even" traffic scheme from New Year's Day (January 1, 2016) from 8.00 a.m. to 8 p.m. as a trial for 15 days[4]. It was reviewed after 15days' experience.

- To start with two-wheelers (over 50 lakh of 92 lakh vehicles registered in Delhi) and woman-drivers were excluded. Although, the scheme is on a trial basis, a fine of Rs. 2,000/- was payable by a violator.
- On the first day of trial, about 1 lakh less vehicle was on the road. To ease the pressure on public transport, the Government introduced 3,000 additional buses.

The Chief Justice of India and a few top political leaders supported the scheme. The scheme will lead to behavioral change of people because there will be more car pooling, more travel by metro, walking short-distance for marketing, etc.

To sum up, the operation of the "odd-even" scheme for a period of 15 days in Delhi led to some good result in improving the level of air quality. May be in future, some other cities in India will follow this ad hoc measure from time to time at least to give some temporary respite to the public in general.

(ii) Sound pollution: blowing horns while driving vehicles

Like varieties of cars, there are many varieties of motor horns – some loud and clear, some sounding anguished or in deep pain. Many mini and private buses use loud electrical horns. So, we have to live to hear a continuous honking of horns and, thanks to God, we have learnt to live with it.

One professor from the Massey University (New Zealand) came to attend an international conference in Kolkata a few years ago. She was amused to know that nothing happens if someone blows horns unnecessarily and continuously. With laughter she gave the name of the City as the "City of Horns". Such behaviour on the part of driving community is hard to be found in many advanced countries like Singapore, Australia, EU countries, England, Canada and North America, to mention a few.

There are good examples also. In Aizawl, capital of Mizoram, drivers do not blow horns while driving their vehicles no matter how much time it takes for a journey. Police does not have to intervene because hardly there will be any offender. The system operates very well because it has become part of the culture of the drivers Mizoram.

What are then the possible remedies? First, stringent law is to be enacted and implemented efficiently and objectively. In Singapore, for offence beyond certain points, even licence of an offending driver is cancelled and he or she has to undergo training afresh for getting a new licence[5]. It involves additional cost and also loss of earnings. Similarly, laws in many other countries are stringent and there is proper implementation of the laws. What is our experience in India?

We inherited many things from the British including many laws – so there may not be dearth of laws but our experience shows that implementation is weak or very poor. This is one area where we need improvement. Second, there should be orientation course for the drivers periodically given the average background of them so that compliance of traffic rules and regulations becomes part of their normal behaviour and, over time, a part of their culture as we find in Aizawl. It is no doubt a huge task. The Police Department on behalf of the Government may also introduce scheme for giving award (both cash and certificate) which will act as further motivating factor to comply with traffic rules.

3. Global warming and historic Paris Accord

Global warming occurs when carbon dioxide ($CO2$) and other air pollutants and greenhouse gasses collect in the atmosphere and absorb sunlight and solar radiation that have bounced off the earth's surface. Normally, this radiation would escape into space—but these pollutants, which can last for years to centuries in the atmosphere, trap the heat and cause the planet to get hotter. That's what's known as the greenhouse effect[6] The burning of fossil fuels to make electricity is the largest source of heat-trapping pollution, producing huge quantity of $CO2$ every year. Coal-burning power plants are by far the biggest polluters. The other source of carbon pollution is the transportation sector which generates tons of $CO2$ emissions a year in a country. Curbing dangerous climate requires very deep cuts in emissions as well as the use of alternatives to fossil fuels worldwide.

What are the likely effects of global warming? Global warming has many effects in the physical world, such as:

- ✪ More heat waves
- ✪ Heavier rainstorms,
- ✪ High sea level, etc.

Thus, the important question is: what will climate change mean for human welfare? Scientific papers have predicted effects as varied as a greater spread of tropical diseases, more death from hot weather than on cold weather, bumpier rides in the flights. Interestingly, another prediction enters in the literature, i.e., people will get lesser sleep in the night because of hotter world[7] . In a paper published recently by the Journal Science Advances, Dr. Nick Obradovich[8] predicted more restless nights especially in the summer, as global temperature rises. Poor people, not having air-condition systems, and elderly ones will be hit hard as they will face more difficulty in regulating their body temperature. "As world worms up, people will stay awake six nights a month by 2050", claims the Scientist.

In view of the devastating impact of global warming, both developed and developing countries had been negotiating to find out workable solutions to the problem. This at last resulted in historic global climate deal mentioned below.

On 12th December, 2015, a historic climate deal with 198 countries approving the Paris text that aims to transform fossil fuel-driven economies within decades and slow global warming. The deal was signed by 195 countries (including China and North Korea) on April 22, 2016, at UNO office in New York.

According to Paris agreement[9] the global warming is to be kept well below 2oc, 1.5o if possible. India's key concerns, viz. developed countries will take 'enhanced action' on mitigation, adaptation, climate finance, tech transfer, capacity building and transparency, have been met. The deal will take place in 2020. Developed countries will review actions in 2023 and then every 5 years. Developing countries will do so voluntarily.

India has already submitted its action targets till 2030. Regarding "climate finance", the developed countries will provide $100 billion by 2020 and potentially scale it up later but this point is not legally binding. "India has always espoused the case of sustainable development and climate justice .... both these have been found mentioned in the text. That is an important achievement for India" – says the environment scientists.

But on June 1, 2017, by a Presidential Order, the U.S. pulled out of the Paris Accord on the premise that "climate change goals by reducing its carbon foot-print is detrimental to the US economy and will affect job creation." Experts feel that now onus will be on China, EU and India to carry the accord forward. Growth of renewal energy in India and China will drive the deal. India may not cut raise her emission-cut targets keeping development goals in mind[10].

Concluding observations

We have already suggested remedies to the problems in different sections. Some of the measures can be taken immediately to fight against pollution, while others need a time frame for implementation. All said and done, changing our behaviour and building awareness among us is the key. Both State and Central Governments have been relentlessly campaigning in favour of many schemes introduced to fight against pollution to enhance the quality of life. Happily, at the school and college levels, short courses on environment have been introduced and this makes the younger generation more conscious about protection of environment. So, we can dream for a better future. MA

Foot Note

** Based on author's oral presentation at a UGC Seminar on "Greening Business: Steps towards Greener Economy" held on 29th April, 2017 at Rabin Mukherjee College, Kolkata.*

[1] www.worldbank.org/en/news/features/2014

[2] According to India Development Update Report released in New Delhi on 29.05.17 (vide Indian Express, dated 30th May, 2017, p.14).

[3] See, for example, Bhabatosh Banerjee, Corporate Environmental Management – A Study with Reference to India, PHI, 2009.

[4] In a Public Interest Litigation, the Delhi High Court refused to grant a stay order with the observations "the scheme may have caused hardship to a section of society but courts were not experts in deciding if a policy decision was correct or the best available option."

[5] The Kolkata Police Department introduced a 3-month licence ban for flouting road rules. License may be cancelled for repeat offence. This action follows the Supreme Court order. According to rules laid down by the Supreme Court, driving licence to be suspended for flouting road rules (for details see TOI, Kolkata, March 8, 2017, p.2).

[6] www.nrdc.org/stories/globalwarming-101

[7] Times of India, Kolkata, May 28, 2017, p.15.

[8] Dr. Obradovich is a political Scientist researching both on the politics of climate hane and its likely human impacts, having link with Harvard and MIT in the States (for further details see TOI, ibid.).

[9] TOI, Kolkata, Dec. 13, 2015, pp. 1&13. (for full report log on to www.timesofindia.com)

[10] TOI, Kolkata, June 2, 2017, p.

bhabatosh.commerce@gmail.com

SWAPS

Specialised Tool in Financial Management

CMA Parthasarathy R
Asst. General Manager/Internal Audits
Eversendai Construction Private Limited
Chennai

Swap is an agreement between two parties to exchange sequences of cash flows for a set period of time. Cash flows is based on many uncertainties viz., interest rate, foreign exchange rate, equity price or commodity price. Swap is either a portfolio of forward contracts, or as a long position in one bond coupled with a short position in another bond. Cost Accountant, being a person authorized under Section 138(1), to act as an Internal Auditor, is expected to have a working knowledge of the various nuances of the Financial Management.

Swap is an over-the-counter agreement, which defines the dates when the cash flows are to be paidand the way in which they are to be calculated, involving the future value of an interest rate, an exchange rate, or other market variable, between two parties to exchange cashflows in the future.

An extremely simple form of swap is the forward contract, a contract between two parties to buy or sell an asset at a specified future price and a specific future time. At the appointed time and date, the parties swap the assets viz., the goods to be sold/purchased and the equivalent value of money. As said earlier, forward contract is the simple form of swap in as much the resultant cash flow happens in just one future date.

Interest rate swaps:

Involves the party paying interest at a pre-determined fixed rate on a notional principal for a pre-determined number of years and in return, receives interest at a floating rate on the same notional principal for the same period of time.

The floating rate in interest rate swap agreements is the Mumbai Interbank Offered Rate (MIBOR), which is the interest rate at which the banks can borrow funds, in marketable size, from other banks in the Indian interbank market. MIBOR is calculated everyday by the National Stock Exchange of India Limited (NSEIL) as a weighted average of lending rates of groups of banks, or funds lent to first class borrowers.[1]

Illustration: [2] A limited enters into a 3 year swap initiated on October 1, 2016 with B Limited. A Limited has an interest liability at the rate of 6% per annum on a borrowing of Rs.100 crores. In return, B Limited agrees to pay at the 6 months MIBOR rate on the same principal and the interest rate is compounded semi-annually i.e., on 30th Sept. and 31st March.

MIBOR rates are given in the Table 1.

Schematic representation of the transactions is thus as under:

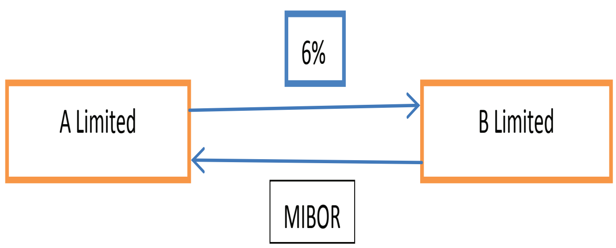


Table – 1

Date	MIBOR	Date	MIBOR
October 1, 2016	6.25	September 30, 2018	5.65
March 31, 2017	6.45	March 31, 2019	5.75
September 30, 2017	6.55	September 30, 2019	5.95
March 31, 2018	6.50		

Pattern of Cash flows would be as under:

A Limited – On 31st March 2017 – Cash out flow @ 6% for 6 months on Rs.100 crores which is Rs.3.00 crores.

B Limited – On 31st March – 2017 – Cash outflow @ 6.25% MIBOR for 6 months on Rs.100 crores which is Rs.3.125 crores

Table – 2

Cash flows (crores of Rupees) to A Limited in aRs.100 crores 3-yearinterest rate swap when a fixed rate of 6 % is paid and MIBOR is received.

Date	6 months MIBOR (%)	Fixed cash flow received (Rs. In crores)	Floating cash flow paid (Rs. In crores)	Net cash flow (Rs. In crores)
Oct. 1, 2016	6.25			
Mar. 31, 2017	6.45	+ 3.125	- 3.00	+ 0.125
Sep. 30,2017	6.55	+ 3.225	- 3.00	+ 0.225
Mar. 31, 2018	6.50	+ 3.275	- 3.00	+ 0.275
Sept.30, 2018	5.65	+ 3.250	- 3.00	+ 0.250
Mar. 31, 2019	5.75	+ 2.825	- 3.00	- 0.175
Sept.30, 2019		+ 2.875	- 3.00	- 0.125

The cash flows in the thirdcolumn of this table are the cash flows from a long position in a floating-rate bond and those in the fourth column of the table are the cash flows from a short position in afixed-rate bond.

Table – 3

Cash flows (crores of Rupees) to B Limited in aRs.100 crores 3-yearinterest rate swap when a fixed rate of 6 % is received and MIBOR is paid.

Date	6 months MIBOR (%)	Fixed cash flow received (Rs. In crores)	Floating cash flow paid (Rs. In crores)	Net cash flow (Rs. In crores)
Oct. 1, 2016	6.25			
Mar. 31, 2017	6.45	+ 3.00	- 3.125	-0.125
Sep. 30,2017	6.55	+ 3.00 -	- 3.225	-0.225
Mar. 31, 2018	6.50	+ 3.00	- 3.275	-0.275
Sept.30, 2018	5.65	+ 3.00	- 3.250	-0.250
Mar. 31, 2019	5.75	+ 3.00	- 2.825	+ 0.175
Sept.30, 2019		+ 3.00	- 2.875	+ 0.125

The cash flows in the thirdcolumn of this table are the cash flows from a long position in a fixed-rate bond and those in the fourth column of the table are the cash flows from a short position in a floating-rate bond.

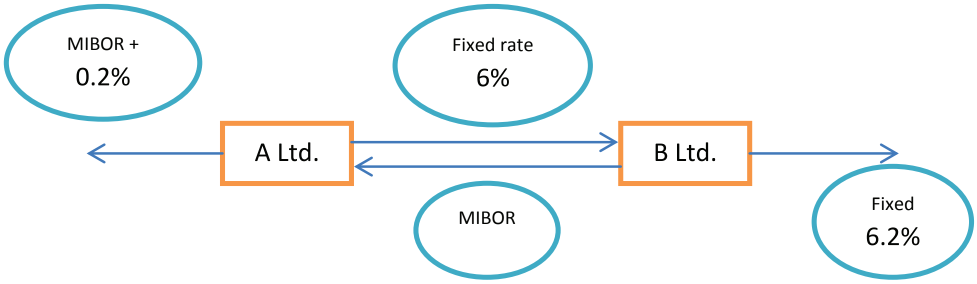
Transformation of Liability:

Swap process mentioned above can also be used to transform a liability from floating rate to fixed rate and vice versa.

Let us assume this hypothetical case. A Limited wants to borrow Rs.100 crores at the floating rate of MIBOR plus 20 base points and wants to convert the same to a fixed rate. Assume that the tenure of the borrowing is three years and interest is paid annually. Similarly, B Limited has the same liability of Rs.100 crores at the fixed rate of 6.2%, which it intends to convert to loan with floating rate of interest.

Base point is defined as 1/100th of 1% which is 0.01% and 20 base pointsequals to 0.2%.

Activities involved is depicted as under:



For A Limited:
1) It pays MIBOR plus 0.2% to outsiders.
2) It receives MIBOR under the terms of swap.
3) It pays 6% under the terms of the swap.

For B Limited:
1) It pays 6.2% to outsiders.
2) It pays MIBOR under the terms of the swap
3) It receives 6% under the terms of the swap.

Table – 3

Cash flows (crores of Rupees) to A Limited in a loan commitment of Rs.100 crores with a floating rate of MIBOR plus 20 base points with a Swap.

Date	MIBOR	MIBOR + 0.2%	Floating Cash paid	Floating cash received	Fixed Cash paid	Net cash
1-Oct-16	6.00	6.20				
30-Sep-17	5.90	6.10	- 6.00	6.00	- 6.00	- 6.00
30-Sep-18	6.10	6.30	- 5.90	5.90	- 6.00	- 6.00
30-Sep-19	5.80	6.00	- 6.10	6.10	- 6.00	- 6.00

Table – 4

Cash flows (crores of Rupees) to B Limited in aRs.100 crores 3-yearinterest rate swap when a fixed rate of 6 % is paid and MIBOR is received.

Date	MIBOR	MIBOR + 0.2%	Floating Cash paid	Floating cash received	Fixed Cash paid	Net cash
1-Oct-16	6.00	6.20				
30-Sep-17	5.90	6.10	- 6.00	6.00	- 6.20	- 6.20
30-Sep-18	6.10	6.30	- 5.90	6.00	- 6.20	- 6.10
30-Sep-19	5.80	6.00	- 6.10	6.00	- 6.20	- 6.30

Transfer of Asset

Same example as above. A Limited Rs.100 crores worth investments fetching a return of 5% over the next three years. It enters into an agreement with B Limited having the same Rs.100 crores worth investments fetching a return of MIBOR plus 10 base points. Agreed rate under swap is 5%.

After A Limited enters into swap, it has the following cash flows:

1) It receives 5% on investments
2) It receives MIBOR under the Swap.
3) It pays 5% under Swap.

Cash flows (crores of Rupees) to A Limited in a transfer of assets of Rs.100 crores.

Date	MIBOR	MIBOR + 0.2%	Fixed receipt	Floating receipt	Payment under swap	Net cash
1-Oct-16	6.00	6.10				
30-Sep-17	5.90	6.00	5.00	6.00	- 5.00	6.00
30-Sep-18	6.10	6.20	5.00	5.90	- 5.00	5.90
30-Sep-19	5.80	5.90	5.00	6.10	- 5.00	6.10

For B Limited, the cash flows would be:

1) Receives MIBOR plus 10 base points
2) It pays MIBOR under the Swap
3) It receives 5% under Swap.

Cash flows (crores of Rupees) to B Limited in a transfer of assets of Rs.100 crores.

Date	MIBOR	MIBOR + 0.2%	Floating receipt	Floating payment	Receipt under swap	Net cash
1-Oct-16	6.00	6.10				
30-Sep-17	5.90	6.00	6.10	- 6.00	5.00	5.10
30-Sep-18	6.10	6.20	6.00	- 5.90	5.00	5.10
30-Sep-19	5.80	5.90	6.20	- 6.10	5.00	5.10

Role of Financial intermediary:

Bank or a financial institution often acts an intermediary between two persons entering into swap agreement. Financial intermediary charges an agreed percentage, often called spread, on a pair of off-setting transactions. The financial intermediaryenters into two separate contracts - one with A Limited and the other with B Limited. Thus, it is evident that not all transactions can be off-set. A Limitedmay not even know that the financial intermediary has entered into an o setting swap with B Limited, and vice versa. If one of the companies defaults, the financial institution still has to honor its agreement with the other company. The agreed percentage spread,earned by the financial institution is partly to compensate it for the risk that one of the two companies will default on the swap payments.

Financial intermediary as Market makers:

There are practical constraints wherein, it is unlikely that the financial intermediary find two companies at the same time intending to take opposite positions in exactly the same swap. In fact, many large financial intermediaries act as market makers for swaps. In other words, they enter into a swap without having an o setting swap. In such scenario, the financial intermediaries must carefully quantify and hedge the risks they are taking. Bonds, forward rate agreements, and interest rate futures are examples of the instruments that can be used for hedging by swap market makers. The difference between the bid and o er fixed rates is known as the swap rate.

Valuation of Interest Rate Swaps

Valuation of swaps in terms of Bond prices is calculated as under:

For a floating rate payer, a swap is a long position in the fixed rate bond and short position in the floating rate bond.

$V_{swap} = B_{fix} - B_{float}$

Where V_{swap} is the value of swap, B_{fix} is the value of fixed rate bond and B_{float} is the value of the floating rate bond.

For a fixed rate payer, a swap is a long position in the floating rate bond and short position in the fixed rate bond.

$V_{swap} = B_{float} - B_{fix}$

How to find out the value of the Fixed rate bond:

Theoretical price of a fixed rate bond isequal to the present value of all the cash flows that will be received by the owner of the bond.

n

Theoretical price of a fixed rate bond = ∑(Cash flow at period i) ÷ (1 + r)i

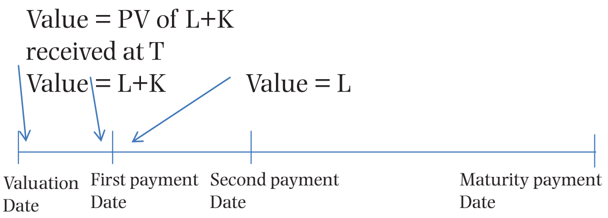
i = 1

where r = discount rate applied for arriving at the present value and i = periods 1,2,3,...

How to find out the value of the Floating rate bond:

Bond is worth the notional principal immediately after an interest payment. Suppose that the notional principal is L, the next exchange of payments is at time T, and the floating payment that will be made at time T, is K. Immediately after the payment $B_{floating}$ = L. It follows that immediately before the payment $B_{floating}$ = L + K. The floating-rate bond can therefore be regarded as an instrument providing a single cash flow of L + K at time T. Applying the discounting technique to arrive at the present value, the value of the floating-rate bond today is (L + K) * e^{RT}, where R is the MIBOR/swap zero rate for a maturity of T.

Diagrammatic representation of the above argument is as under:[3]



Currency Swap

Currency swap involves exchanging principal and interest payments in one currency for principal and interest payments in another requiring the principal to be specified in each of the two currencies. The principal amounts are usually exchanged at the beginning and at the end of the life of the swap, the values may be different.

Based on the structure of the interest rates, currency swap is classified into following groups:

1) Where interest under both the currencies are fixed – “Fixed-for-Fixed”
2) Where interest under one currency is fixed and other one is floating – “Fixed-for-Floating”
3) Where interest under both currencies are floating – “Floating-for-Floating”

The simplest form is Fixed-for-Fixed which is explained as a illustration:[4]

IBM and British Petroleum enters into currency swap agreement at for an amount of USD 18 million and GBP 10 million respectively. Interest rates agreed is 5% in GBP and 6% in USD payable by IBM and British Petroleum respectively. At the outset IBM pays USD 18 million and receives GBP 10 million. Agreement is for a period of 5 years commencing from January 1, 2017.

Cash flows to IBM would be as under:

Date	USD cash flow (in millions)	GBP cash flow (in millions)
January 1, 2017	- 18.00	+ 10.00
January 1, 2018	+ 1.08	- 0.50
January 1, 2019	+ 1.08	- 0.50
January 1, 2020	+ 1.08	- 0.50
January 1, 2021	+ 1.08	- 0.50
January 1, 2022	+19.08	- 10.50

Net cash inflow is USD 23.40 million and net cash outflow is GBP 12.50 million. Gain or losses arising out of currency swaps is dependent on the fluctuation in exchange value between the two currencies. Stronger the USD, the more would be the gain.

Valuation of currency swaps in terms of Bond Prices

Value of the currency swap would be as under:

i. If the Foreign currency is paid and the Domestic currency is received

$V_{swap} = B_D - S_O B_F$

ii. If the foreign currency is received and the Domestic currency is paid

$V_{swap} = S_O B_F - B_D$

V_{swap} = Value of the outstanding swap in the Domestic currency

B_F = Value of the Bond in Foreign cash flows measured in foreign currency

B_D = Value of the Bond in Domestic cash flows measured in Domestic currency

S_O = Spot Exchange of the Foreign currency in terms of Domestic currency

Conclusion:

Swap has become an important tool in Financial Management and the knowledge of the same is very much essential both from the managerial as well as professional point of view. Company secretary by virtue of his positioning as Key Managerial Personnel, is often required to assist the Board relating to various facets of management which inter alia includes Financial Management aspects also. Thus a thorough knowledge of rudiments of the Swaps, one of the highly specialized Financial Management tools, assumes importance. MA

Foot Note

[1] *Investopedia*

[2] *Options, Futures and Other derivatives – John C Hull – Eighth Edition – Illustration at Page 149 (Adapted)*

[3] *Options, Futures and Other derivatives – John C Hull – Eighth Edition – Illustration at Page 161 Figure – 7.8*

[4] *Options, Futures and Other derivatives – John C Hull – Eighth Edition – Illustration at Page 165*

rpsarathy3568@gmail.com

Dr. Bhabatosh Banerjee, President, IAA Research Foundation, former Professor of Commerce and Dean of Commerce & Management, University of Calcutta, addressing the gathering at the Global Summit 2017, Kolkata

Dr. Kunal Sarkar, renowned Cardiothoracic Surgeon, addressing the gathering at the Global Summit 2017, Kolkata

The soon to be implemented Goods and Services Tax (GST) is expected to harmonize indirect taxes and build a unified Indian indirect tax structure. Currently there are myriad indirect taxes that are levied and collected by the union and state governments. Since each state government has the power to decide its own indirect tax policy (rates, exemption limits, etc.), each state taxes different commodities differently. A commodity, thus, is priced differently across states. This is seen to be inconvenient for traders involved in inter-state transactions and business concerns based across multiple states. GST shall harmonize all these indirect taxes and replace them with a uniform GST rate. With GST, similar commodities shall be

Aparajito Sen
Jindal Global Law School
NCR of Delhi

Indian Federalism

taxed identically across states.

Federalism in India

A federation, simply defined, implies a division in sovereign power between the union and constituent provincial governments. Very often, the nature of a federalism practiced by a country is understood in terms of its resemblance to the American system of federalism. Although India does not possess a perfect federal system of government (when compared to the classical western understanding of federalism), it is basically a federation "marked by the traditional characteristics of a federal system, namely, supremacy of the Constitution, division of power between the Union and States and existence of an independent judiciary."-Ganga Ram Moolchandani v. State of Rajasthan (2001). India is, thus, often understood to be 'quasi federal' in nature with a union government more powerful than the states.

Nevertheless, the Supreme Court understands federalism to be an important constitutional principle. In the much famed Kesavananda Bharti v. Union of India (1973) case, Justice Sikri held that federalism was a part of 'the basic structure' of the Indian constitution, implying that a constitutional amendment cannot violatethe principles of federalism. Also, in S.R. Bommai v. Union of India (1991) the supreme court held the importance of Indian federalism, ruling that a state emergency would fall under the ambit of Judicial review. More recently, in the NabamRebia v Deputy Speaker(2016) case, the Supreme court quashed the state emergency in Andhra Pradesh upholding federalism.

The implications of GST on Indian federalism

The power of a state government to decide its indirect tax policy independently is a federal power which it derives from the constitution. With implementation of GST, this power of deciding the indirect tax policy would lie with the newly formed constitutional body-Goods and Services Tax Council (GST Council).

The council consists of representatives of the elected union and state governments. For a proposal to be passed by the council, it requires the approval of 3/4th (75%) of the total votes (of those present and voting). The union government possesses 1/3rd of the votes (33.33%), while all the 31 state governments (the elected governments of all 29 states and the union territories of Delhi and Puducherry that are members of the GST Council) collectively possess 2/3rd of the votes (66.67%). Given that the votes are equally divided amongst all member states, each state possesses (approx.) 2.15% of the total votes.

There is an obvious imbalance in the share of votes between the union and state governments. The union can veto any proposition of the states, even if hypothetically all 31 states agree to it. The union government, on the other hand, requires at most, the assent of 20 states alongside its own to pass a decision. Given that the national political party/ coalition in power at the centre is generally expected to be in power in a significant number of states, the voices of the states led by regional parties (which are not allies of the national political party / coalition in power at the centre) may be ignored in the decision-making process of the council.

It is evident from this imbalance in the share of votes, that the elected state governments are set to lose considerable federal powers with regards to indirect taxation. Some have contended conversely, arguing that GST, instead of impinging on Indian federalism, shall promote the spirit of 'cooperative federalism'- that the states and the union shall 'co-operate' for a larger cause. The incumbent union assumes that the GST Council requires the states and the union to engage in positive discourse, to cooperate, and arrive at a mutual consensus, thus furthering a cooperative spirit. However, given the imbalance in the voting structure, it is hard to assume that the decision- making of the council may entertain 'mutual consensus'.

The importance of Indian federalism in the context of indirect taxes

The question remains, however, how serious might the practical implications of such a contraction of federal powers be. Some suggest that an abstract constitutional principle like federalism should not ideally hinder the potential, far more practical economic prospects of any policy. To say so, however, would be to ignore the potential real implications of the so called abstract principle in question.

A state decides its policy based on its unique circumstances and ambitions. To acknowledge the mere existence of such federal units itself is to acknowledge these inherent differences in circumstances and ambitions.Each separate state government possesses unique circumstances (credited to the state's uniqueness geographically, demographically, politically, economically, or otherwise) and consequent unique ambitions that drive its unique policy. The fact that India possesses 31 elected state governments is indicative of the fact that it acknowledges this diversity.

It is important to note here that indirect taxes make up a considerable share of the states' own tax revenue. Therefore, the initiatives of the individual state governments depend heavily on their indirect tax revenue. It has often been argued by the incumbent union that the indirect tax revenues of state governments would increase post the implementation of GST and that the union government has anyhow assured to compensate the state governments for any shortfall in their indirect tax revenues for a five-year period.

Although, the actual effect of GST on state government revenues can only be known post implementation of GST, it may not be out of place to mention here that manufacturing states (states that produce more than they consume-Gujarat, Tamil Nadu) are likely to lose out considerable indirect tax revenues post the implementation of GST. Besides, the union compensation is only for a five-year period, following which, states may find it difficult to independentlycontrol their revenue inflow attuned to their expenditure.

More importantly, one must appreciate indirect taxes as a mode of directing policy than solely as a source of government revenue. By directing its indirect tax policy, states can control the consumption of specific commodities by taxing merit goods at lower tax rates, taxing luxuries at higher rates etc. For instance, the Kerala state government in 2016 introduced a 'fat-tax' on oily consumables to reduce the consumption of fattening food items based on the elected state government's goals and aspirations.

A state decides its tax policy based on its unique circumstances and ambitions. To acknowledge the mere existence of such federal units itself is to acknowledge these inherent differences in circumstances and ambitions. Given that the demographics, income among other circumstances are not similar across states, a state government may define a unique indirect tax policy as per its unique circumstance. Given that each different state possesses unique characteristics, it is essential that the elected state governments have the flexibility to determine their own tax policy independently.

Which way should we ideally be headed?

Currently, India is experiencing a slow yet evident trend towards centralization. The BharatiyaJanata Party in power at the centre, by itself holds a simple majority in the lower house of parliament-not requiring the support of any of its regional allies. There have been several attempts by the union to undermine the sovereignty of the federal state governments- the attempts of the Union to impose President's rule in the states of Arunachal Pradesh (2015) and Uttarakhand (2016) are reflective of this trend. Also, the latest state legislative elections in UP see national political parties becoming key contenders, often overtaking regional parties. Although it is unlikely that the objective behind GST was to curb state powers, one may validly suggest that the policy fits into the current centralizing trend we are experiencing.

Historically, in India, the two extremes of centralized and decentralized regimes have not produced desirable results. The Indira Gandhi regime (during the emergency of 1975) established an absolutist, unitary, executive-dissolving the powers of all state governments. Although the policies of the government were unidirectional, they were left poorly implemented. The government was unable to meet either its growth or social prospects – The famed 'GaribiHatao' initiative is today largely understood to be a failure, the liberalisation of 1991 having believed to have lifted more people out of poverty at a comparatively much faster rate.

The UPA-I and UPA-II regimes of 2004 and 2009 posed polar opposites to the centralized government of 1975. The incumbent union government, then, was a weak coalition heavily dependent on the support of regional parties in the parliament. Resultantly, regional politics heavily influenced national policy making, often undermining national interest. For instance, India jeopardized its economic ties with Sri Lanka due to the hostility of a regional coalition partner (DMK party of Tamil Nadu) while significant policy decisions were hindered on account of ideological differences with another regional coalition partner (Trinamool Congress party of West Bengal).

Experience, therefore, points to the need for striking a sound balance between a centralization and decentralization- giving the union and state governments adequate independence to frame policies within their own sphere, while coordinating and cooperating in issues of national interest.

One must also appreciate that the state legislative Assemblies in India enjoy more democratic legitimacy than the Union parliament- it has been observed, over the years, that state legislative elections have consistently entertained higher voter turnouts than the union parliamentary elections. The principle of federalism, therefore, should ideally be protected.

Concluding remarks

Given that post implementation of GST- the freedom of the states to determine their own indirect tax policy shall be compromised and that the union can (already) override the states in the GST council, one may validly conclude that the states shall lose considerable federal powers.

GST promises apparent economic gains – increased private investment, spur in economic growth apart from a much- needed economic unity among Indian states. Much like the Indian constitution which being a living, breathing document, adapts to the ever- changing times and circumstances, the understanding of federalism too should adapt to make room for a more cooperative understanding. For true cooperative federalism to prevail, however, there is a need to strike a balance between the powers of the union and the states and regard the elected state governments as rightful equal partners in deciding policy direction. MA

parama_sen@hotmail.com

CASE STUDY

Cost Reduction in Sugar Mill

"Cost reduction in sugar industry is need of time in uncertainty of situation. Here we focus on formula method of analyzing final manufacturing report in terms of rupees by making comparative study of manufacturing performance and its financial implications on cost. Cost cutting is no longer the solution to sustainable profitability, the key to success is finding creative ways to prevent cost"

Dilip S. Patil
Finance Manager
Padmabhushan Krantiveer Dr. Nagnathanna Naikawadi Hutatma Kisan Ahir S. S. K. Ltd., Walva

There are only two ways to maximize profit of any organization: either to increase sale of price of product, to reduce cost of product by taking appropriate action. Both cases may result into generation of profit. As we see today, most of the undertakings are facing tough competitive market situation where increase in sale price may result in reduced sale value. Increasing sale price is possible only in case of those products where the company is a monopoly producer or acute shortage of goods ultimately increases market price as per demand supply theory and such a situation cannot long period for any company and its products. Therefore, cost reduction is only one scientific way to deal with this situation; provided it is real and permanent. Cost reduction should not be the result of any temporary decrement in cost of raw material, change in government polices etc. and most importantly, reduction of cost should not be at the cost of quality of the product. Cost reduction deals with internal economic discipline of the undertaking. Now we elaborate in detail.

What is Cost Reduction?

Cost reduction is defined as the achievement of real and permanent reduction in the unit cost of goods manufactured or services rendered without impairing their suitability for the use intended or diminution in the quality of product

Cost Reduction in Sugar Industry

As sugar industry is a seasonal industry, the best way of effective cost reduction is to set the standards / norms and improve the actual with reference to the norm, analyze the variance and adopt corrective measure to negative variances. Also to aachieve the goal of cost reduction, sugar mills have to reduce the cost per unit, measures to be taken for increase their productivity & operational efficiency, and quality of sugar.

Comparison of Physical Parameters for Cost Reduction

It is not easy to accept an advice given by anyone to enhance the physical process performance; instead, we ourselves have to analyze the final manufacturing report of our own mill. By analyzing final manufacturing report we ourselves can calculate actual cost incurred based on performance of a mill. If we have not analyzed the final manufacturing report then we will not be able to understand our performance and its financial implications. For analyzing the final performance to your own mill, the specimen is given as under.

Crushing and Downtime

Particulars	This Season 2016-2017	Last Season 2015-2016	Difference
Gross Season Days	154	169	(15.00)
Total hours of actual crushing	3433.25	3870.33	(437.08)
Cane Crushed (M. T.)	**647418.18**	**734976.48**	**(87558.30)**
Sugar Production (Qtls.)	**842300**	**976100**	**(133800)**
Recovery%	**13.01**	**13.28**	**(0.27)**
Crushing Rate / 24 hrs. (M.T.)	4204.014	4348.973	(144.96)

Interpretation

The table shows the reasons of less crushing in season 2016-17 as compared to sugar year 2015-16.

Reasons of less crushing in season 2016-17 are:

Sr. No.	Particulars	Crushing MT
1	Season short by 15 days due shortage of sugar cane (15 days (x) 4348.973)	65234.500
2	Average daily crushing less due to less avg. crushing rate (154 days (x) 144.96)	22323.800
	Total Less Crushing	**87558.300**

Computation Loss due to Less Crushing

Total Loss due Less Crushing= Total Less Crushing (x) Last year's contribution 87558.300 Mt crushing (x) Last year's *contribution (last year's contribution of this mill is Rs.336.14PMT) = Loss of Rs. 294.31 Lakhs

*Contribution means Income per ton in rupee (-) Variable cost per ton in rupee

Loss Due to Downtime:

The continuous crushing of cane throughout crushing period is one of the important factors for any sugar factory to achieve optimum technical performance. In sugar factory, stoppages mainly occur due to 1) Cane Shortage. 2) Mechanical and electrical failure. 3) Process 4) General cleaning. 5) Miscellaneous 6) Cane shortage due to rain etc. With proper planning and timely action and adopting preventive maintenance, level of stoppages can be kept at minimum. The preventive maintenance of machinery and equipment during off-season can reduce the mechanical and electrical stoppages. An efficient cane harvesting and its transportation with minimum time for crushing can minimize down time due to cane shortage. The following table shows their time lost % to available hours.

Particulars	**This Season 2016-2017**	**Last Season 2015-2016**	**Difference Hours**
Total Downtime due to: (Hours)			
a) Cane shortage	26.83	42.33	15.50
b) Mechanical & Electrical	107.67	55.83	(51.84)
c) Process	0	0	0.00
e) Cleaning	86	40.5	(45.50)
d) Miscellaneous	18.58	29	10.42
e) Cane Shortage Due to Rain	4.67	0	(4.67)
Total Downtime	**243.75**	**167.66**	**76.09**

Interpretation

The table shows the hours lost due to downtime in 2016-17 are more than 76.09 hours as compared to sugar year 2015-16. Hence computation of loss due to increase in downtime will calculate as under:

Sr. No.	Particulars	Crushing MT
1	Average daily less crushing due to downtime (76.09hrs/24 (x) 4348.973 Mt/day)	13788.056

Loss due to downtime = Average daily less crushing due to downtime (x) last year's contribution 13788.056 (x) 336.14= Rs. 46.34 Lakhs.

How to reduce cost in down time

1) Repair Cost should be compiled, allocated accurately to different machines to explore possibilities of cost reduction in repair of different machines, which are repair prone.
2) Maintenance should be done perfect during off-season.
3) Record of the actual time taken for repair vise-a-vise standard time fixed is examined for reversal action of delays.
4) Buy spare parts of machines from the original manufacturer to ensure originality and alsotohave economy, results zero wear & tear automatically breakdown of machinery stops.
5) Possibilities can be explored allotting annual maintenance contracts for non- critical machines.
6) Maintenance staff should be trained periodically to upgrade their knowledge skills so that maintenance cost is reduced and also downtime.
7) Preventive measures should be laid down providing maintenance of different machineries with different preferences to cut down downtime.
8) Particular machinery should be replaced without repairing saved huge cost of down time
9) While annual overhauling of machineries, compare the shut down costs with the crushing costs by using techniques of CPM/PERT comparison of crushing cost with reduction of loss should be done.
10) To avoid down time in procuring spares of certain machinery due to frequent wear & tear. After targeted crushing spares should be kept or standby arrangement should done.
11) The concept of centralized store for certain spares e.g. bearing low motors in specific zone by sugar mills should be implemented with joint mutual consent; automatically division of expenditure cuts the cost control by reducing down time.
12) Engineers may identify the downtime on hours, shift basis and the problems in maintenance must be attended immediately.
13) Results reduction of downtime, higher cost reduction and more savings

Sugar recovery % Cane

Sugar recovery is the most vital economic indicator of any sugar factory. The sugar recovery mainly depends on the quality of cane which also includes types of cane varieties, their maturity at the time of harvest and total sugar losses during processing. The following table provides sugar recovery % cane of a sugar mill.

Particulars	This Season	Last Season	Difference
Sugar Recovery%	13.14	13.41	(0.27)

Interpretation

During 2016-17 Seasons, the average sugar recovery was 13.14 % which decreased by 0.27 units as compared to the previous season's recovery of 13.41 %. The computation of loss due to less sugar recovery can be calculated as under:

1	Loss due to low sugar recovery %	Sugar Recovery in 2016-17 (%)(A)	Sugar Recovery in 2015-16 (%) (B)	Recovery Loss in (%)C= (B)-(A)
		13.14	13.41	0.27
2	Less Sugar Production due to low sugar recovery	Cane Crushing in Yr. 16-17 (in MT) (A)	Recovery Loss in % (B)	Sugar Production in Qtls (C) C=(A)*(B)/10
		647418.180	-0.27	17480
3	Loss due to decrease in sugar recovery in Rs.	Less Sugar Production (Qtls) (A)	Avg. Sugar price per Qtl in 2016-17 (Rs.) (B)	Amount In Lakhs C=(A)*(B)
		17480	3219	**562.68**

How to Achieve Highest Sugar Recovery

1) After starting of season maturity wise H & T programme should be implemented. Which includes cane sample survey in detail, from the area of operation as well as out-station invariably should be undertaken from August to October to assess the percentage of sucrose contained in cane and its trend? This survey is to be completed on the data available at the records of

Agri. Dept of factory, such as details of plantation and harvesting records of cane should tally with field survey done by field staff. This primary survey is not considered to be final, but it is useful to design final programme of actual harvesting purely on maturity basis. Scientific cane development programme should be implemented with percentage wise plantation to have matured cane for whole season automatically raises targeted sugar recovery.

2) From November onwards, maturity of cane get high recovery, day by day and because of this, crushing operations of factory commence in the month of November the beginning, the harvesting of cane for crush is to be planned / implemented on maturity from maximum to minimum on the base of recovery fixed as per plantation and rising trend of maturity sucrose content in cane.

3) To create awareness amongst harvesting transport labours, the joint meeting is to be organised at factory site in which prone and cons of harvesting of cane from bottom portion of cane are to be explained. The sucrose percentage in cane is high in its bottom portion. To get maximum sugar, the harvesting from bottom portion of cane is must. To supply fresh clean and scientifically cut cane by H & T labours. Some incentive in form of money will automatically results in harvesting of cane from its bottom.

4) Specific efforts are to be made to keep time lag between cane harvested and its crush as minimum as possible and cane should be crushed within 8 to 12 hours from its harvesting. In the event of late crush of cane from the time of its harvesting in the fields, proportionate loss in weight of cane as well as sugar recovery would be inevitable.

Statement showing Recovery and Weight loss of sugarcane

Time lag between harvesting and crushing	Weight loss per ton of cane in kg	Sugar loss per ton of cane in kg	Recovery loss per ton of cane in units.
8 Hr.	14.00	1.95	0.145
16 Hr.	17.50	2.90	0.290
24 Hr.	29.00	3.99	0.399
32 Hr.	39.80	5.66	0.566
40 Hr.	57.50	7.73	0.773
48 Hr	64.70	8.65	0.865
56 Hr	73.80	11.45	1.145
64 Hr	77.00	13.52	1.352
72 Hr	83.00	15.16	1.516

5) Due precaution is to be taken to minimise stock of harvested cane in cane yard. In particular, the stock of harvested cane for crush is to be minimised to zero level at 12.00 noon. Taking into consideration, the requirement of cane for each hour, harvesting and transport programme of bullock carts and vehicles is to be arranged in a manner, and strictly followed.

6) To avoid the loss of cane juice through bagasse, good cane preparation at maximum is influential factor for which the unit of fibrizer is to be installed. Also the mill setting with correct alignment should be adjusted in such a manner to extract maximum juice more and to maintain rate of crush with efficiency. The result of it is maximum utilisation of installed capacity of the plant & machinery and possibility to crush more quantity of cane within minimum duration of season. To bring down sugar loss through molasses to minimum as possible, three and half to four Massecuite boiling is to be done. Technically advanced machinery with adequate capacity is to be installed to achieve remarkable results. Ultimately, it will help proportionately to reduce sugar loss through molasses.

7) For better sugar recovery extraction imbibition water% fibre to be maintained not less than 225 to 250. Adequate capacity of evaporator & boiler capacity to be consider. It may be limitation to attend imbibition water% fibre at 250%.

8) To control sugar loss through filter cake, overhauling and maintenance of Oliver filter during off-season is to be carried out with due care and even during season concentrated attention is too needed in its operation with a view to minimise loss of sugar through filter cake.

9) To control unknown sugar losses at various points

in the factory, weighment of cane, juice and sugar etc. are to be correctly recorded. Overflow of juice and massecuite, leakages through pump glands and spillages are to be invariably avoided. To achieve this though it is negligible, overhauling and maintenance of each station of machinery is to be undertaken and completed with an idea to run trouble free.

10) Cane growers in the area of operation are to be motivated and encouraged to plant the variety of Co-86032, Co-671 and Co-740 cane which contains and preserves high percentage of sucrose constant continuously for longer period.

11) Form special Squad of Management to cross check of harvesting programme and control the harvesting programme. This plays an important role to achieve the highest recovery % cane. The detailed work procedure of squad is to be as summarised below.

12) From the starting of crushing season, the check samples of cane are to be drawn from cane yard from various vehicles & bullock carts in every shift and are to be checked for recovery % cane. If it is found below the stipulated in level, then special cane samples are to be drawn from this field. If it is again found less than the cane harvesting programme base, then the cane harvesting is to be stopped for a period of one or two week for maturity of cane. After maturity, the cane samples are to be drawn from same field, if found as per programme range then cane harvesting is restarted, otherwise same procedure is followed for further week & same procedure is continued. Separate staffs are to be arranged to control the harvesting programme. Percentage of sucrose in cane is found higher at bottom side special efforts have been made to increase sugar recovery % cane by adopting the technique of harvesting from bottom side.

Cost Reduction through Use of Store

We can derive standard use of process chemical, oil grease, lime etc. to avoid unnecessary expenditure? It is good to compare the data published in RT (8) C of own sugar factory and then compare the same with last season's data such as use of Lime, Sulphur, Phosphoric acid, Washing soda, Caustic soda, antiscalant, flocculants, Biocides, viscosity reducer, oil and grease etc. After comparing the use of store we ourselves may set standard of store consumption. Cost reduction program should be run by purchasing economical and more useful material. Economic Order Quantity (EOQ) technique should be used. Inventory should be kept low. Proper check on inward material, control over warehouse and proper issuance of material, and effective material yield should be done

Store Used as per RT (8) C

Particulars	2016-17	2015-16	Variance
Fire Wood % cane	0.002	0.024	(0.022)
Bagasse % cane (Trial)	0.440	0.114	0.326
Lime % cane			
a) Process	0.123	0.117	0.006
b) (Spray & E. T. P.)	0.052	0.050	0.002
Sulphur % cane	0.047	0.045	0.002
Lubrication Oils Litres / 100 Qtls. cane	0.182	0.357	(0.175)
Grease Kgs. / 100 Qtls. cane	0.061	0.002	0.059
Phosphoric Acid Kgs./100 Qtls. cane	0.102	0.109	(0.007)
Hydrogen peroxide (H_2o_2) Kgs./100 Qtls. cane	0.074	0.047	0.027
Bacteriocides Kgs./100 Qtls. cane	0.108	0.089	0.019
Filter Aids Kgs./100 Qtls. cane	0.018	0.010	0.008
Scalex I. A. P Kgs./100 Qtls. cane	0.154	0.136	0.018
Penetrol B Kgs./100 Qtls. cane	0.401	0.217	0.184
Antiscalant-kgs/100 Qtls Cane	0.139	0.115	0.024

Interpretation

Above figures indicates that, rise in store is due to less crushing.

Total Losses

The loss in production should be kept as low as possible. The permitted norm for the total loss of sugar is 1.80%.

Particulars	2016-17	Standard	Variance
Sugar in Bagasse	0.663	0.600	0.063
Sugar in Filter cake	0.082	0.050	0.032
Sugar in Final Molasses	1.126	1.100	0.026
Sugar Undetermined	0.031	0.050	(0.019)
Total Losses	1.902	1.800	0.102

Interpretation

The table shows that total loss of sugar in bagasse, filter cake, molasses and undermined item is more than the standard by 0.102%. Suppose sugar factory succeed in maintaining loss as per standard norms, the sugar production will be more by 6604 Qtls. worth Rs. 212.58 Lakhs (6604 Qtls (x) 3219 Per Qtls)

Crushing In Peak Recovery Period

In Maharashtra, recovery is peak, during the crushing period of December, January, February, and March. Crushing beyond May leads to poor recovery. This is applicable to all mills in Maharashtra since the climate conditions, matured cane are available only in this period and beyond April, May climate also not favourable and over matured cane arrives the factory which results in poor sugar recovery. Similarly, during November, there is monsoon, which affects the commencing of crushing and this period also not favourable to get maximum recovery. So the mills must crush maximum quantity of cane between December to March and must close the crushing by April. Beyond April means by crushing mills will incur heavy loss and if there is no crushing means we can say mills may earn profit. The difference between the peak period recovery and average recovery is a best indicator of performance. If the difference is 0.5% means, there is optimum level of crushing and recovery also going in steady trend. The schedule for crushing should be fixed in such a way that at least 80% of the cane is crushed during the effective duration i.e. Peak Period of Recovery (Dec-Mar). Rate of crushing should be ensured at least at the installed capacity. In the season 2016-17 factory has crushed 647418.180 Mt of sugarcane and his peak recovery period (Dec-Mar17) crushing is 515774.390 Mt and production is 687296 Qtls. with average recovery of 13.32%. If the factory crushes entire 647418.180 Mt sugarcane in the month of Dec-Mar17 i.e. peak recovery period the production sugar is more by 20,061 Qtls. If we convert this gain into rupee, it will come to Rs.645.76 Lakhs (20061(x) 3219 Per Qtls) and per ton gain is Rs. 99.75 PMT. MA

Conclusion

Analysis of final manufacturing report helps to gauge the performance and condition of a sugar factory in financial terms. A thorough analysis of final manufacturing report a sugar factory can examine its efficiency to put its assets and men have to work for its profitability.

dilip.patil4@gmail.com

COST AND PROFITABILITY ASPECTS OF FLORICULTURE – A Study on Gerbera Cultivation by Self- Help Groups

Dr. Samirendra Nath Dhar
Professor, North Bengal University
Siliguri

Prabir Tarafder
Assistant Professor
Sir Gurudas Mahavidyalaya
North Bengal University
Siliguri

Due to a continual increase in demand for cut flowers, the Government of India has identified floriculture as a sunrise industry and accorded it 100% export oriented status. Commercial floriculture has surfaced as hi-tech activity carried out under controlled climatic conditions in greenhouses. Floriculture in India, is being viewed as a high growth industry. The Agricultural and Processed Food Export Development Authority has found that commercial floriculture has higher potential per unit area than most of the field crops and is therefore a lucrative business. Das (2012), made an evaluation of the commercial prospects of floriculture in West Bengal to compare the cost and returns of floriculture with other traditional crops. His study revealed that that floriculture has been improving the earning capacity and quality of life of farmers and clearly represented that growing cut flowers, especially roses, is a very profitable business if done properly on commercial basis. Majumdar and Lahiri (2012), carried out an assessment on Cost-Benefit and Sensitivity analysis with the objectives to determine the profitability of cut flower roses cultivated in open field and compare them with hibiscus, jasmine and observed that production and net income from rose cultivation is higher than other floricultural crops. Khan and Fazili (2015), revealed the points of opportunities like- high demand of cut flowers in local, national and international market, favourable climatic conditions, availability of fertile land and trained labour, proximity to markets, high returns for floriculture products have encouraged people to invest in floriculture and the products from Kashmir have garnered attention from international market.

Indian floriculture industry has been shifting from traditional flowers to cut flowers for export purposes. Commercial floriculture is becoming important from the export angle. The liberalization of industrial and trade policies paved the way for development of export-oriented production of cut flowers. The following table shows the growth of exports of floriculture in India.

Table I
India's Floricultural Exports

2013-14		2014-15		2015-16	
Quantity in Metric Tonnes	Value in Rs Lakhs	Quantity in Metric Tonnes	Value in Rs Lakhs	Quantity in Metric Tonnes	Value in Rs Lakhs
22485.21	45,590.63	22,947.23	46,077.23	22,518.57	47,942.07

Source: Export Statistics, Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce, GOI.

In spite of these developments , not much has been done to measure the costs and profitability from commercial floriculture activities and spell out their viability . This study is an attempt act as a gap-filler and delve into these aspects for a specific commercial flower , Gerbera. The genus Gerbera was founded by the botanist, Gronovius, a botanist and was named in honour of German naturalist, Traugott Gerber. About 7 species can be found in India, distributed in the temperate Himalayas from Kashmir to Nepal at altitudes of 1,300 to 3,200 meters. Gerbera is a very gorgeous, commercial cut flower crop and traded in the International florists trade in large quantities.

Objective and Scope of the Study

Though a large number of Self Help Groups and Activity Clusters under National Rural Livelihood Mission (NRLM) and State Rural Livelihood Mission (SRLM) have been set up in West Bengal, not much effort has been put to observe and study the activities, costs, viability and problems of these bodies. Since the aim of establishing these bodies are to foster effective livelihood and thereby ensure sustainable financial inclusion, it is necessary that grass root studies be conducted to examine activities, costs, viability and problems of these micro level bodies. This study is therefore aimed at examining floriculture as a viable activity for a Self help Groups attached to Activity Clusters formed under SRLM.

The study specifically aims to Examine the cost and profit aspects of commercial Gerbera cultivation in green houses by SHGs and find out whether this activity is financially viable for sustainable for sustainable livelihood of rural people.

Method of Investigation

This research is based mainly on both primary and secondary data. Primary data have been collected by using direct interviews with the SHG members, field surveys, group-discussions and observation in the plantation area. Secondary data were taken from the financial documents preserved in the Activity Cluster related to this SHG. Calculation of fixed cost and variable cost has done by using the Cost sheet and comparative analysis has been made to find out the sales avenues

Six Self Help Groups of an Activity Cluster - 'Evergreen Horticulture Sangha' of Naxal Bari block of Darjeeling district, having 41 SHGs, is commercially cultivating Gerbera flower. They are producing the gerbera in a green-house or poly-house to control the rain and temperature as per the requirements of cultivating gerbera, as it is situated in the sub-tropical area. The suitable temperature for Gerbera cultivation is 22-25^{0}C at day and an average of 12-16^{0}C at night. The District Rural Livelihood Cell (DRDC), under the 'Anandadhara' project of State Rural Livelihoods Mission (SRLM) of National Rural Livelihood Mission (NRLM), has taken the initiatives to train some of the SHG members regarding techniques, processes, management and scope of cultivation of Gerbera flower. The 41 SHGs of the Activity Cluster are engaged in different activities; where some SHGs are engaged in plantation activities, some are producing vermi-compost, some are in floriculture producing Gerbera and other commercial and traditional flowers. The uniqueness of this cluster is that SHGs engaged in floriculture can easily purchase the required quantities of vermin-compost from other SHGs within the Activity Cluster at prices comparatively lower than market prices and save on costs. Gerbera cultivation requires substantial quantities of manure and use of vermin-compost adds to the quality of the flowers as they can be labeled as organically farmed.

Description of the Activities

A five years project, started by the SHGs an year ago by taking a land on lease of 360 sq. mtr . They have bought 1,700 good quality hybrid-Gerbera plants from KV Bio-Plant of Pune to get better quality and sufficient yield. A well-drained, rich, light, slightly alkaline soil is most suitable for Gerbera cultivation and production and before plantation, disinfection of the soil is highly essential to safe the plants and crops from dangerous diseases like- Phytophthora, Fusarium and Pythium. Soil should be highly porous to have better root growth as the roots of Gerbera go as deep as 50-70 cm. They have prepared the bed with a height of 30 cm and width of 1.0-1.2 mtr leaving 30-35 cm space between two-beds, which improve drainage and aerationand can accommodate 8-10 plants/m2. The green-house is fully made on contractual basis, prepared by some expert green-house erectors. Manual irrigation system rather drip irrigation system is used to save on capital costs of installing drip irrigation system. First 15 days of plantation, only water is used and water is regularly used at the morning throughout the year. Gerbera plants require plenty of organic matter and ample of nutrients for proper growth and production. Application of 75 kg of Vermi- Compost or Farm Yard Manure (FYM) per m2per month gives better results. During the first three months of planting application of 10:15:20 gm (Nitrogen, Phosporus and Pottasiun (NPK)/m2/month and 15:10:30 gm NPK/m2/month from fourth month when flowering starts, at a regular intervals are desirable for better growth and production. Various organic fungicides and pesticides are used regularly to protect the plants and flowers from harmful insects or from other diseases. Barbed-wire is used around the green house to protect it from cows or other trespassers.

Cost and Financial Aspects of Gerbera Cultivation.

This section deals with the cost and financial aspects of cultivation and marketing of Gerbera. The calculations show the details of the fixed and variable costs according to different levels of productions in different years of the project. Commercial production of Gerbera is usually a five year project and the viability of the project depends on the spread between unit selling price and unit cost multiplied by the volume of sales. The computations of different elements of cost are given in the following tables

Table 2
Fixed Costs of Gerbera Cultivation in Green house.

Parlars	Amount (Rs)
i. Cost of Green house	3,40,000
ii. Cost of lease-hold land	20,000
iii. Cost of preparing soil-bed:	
--labour charges with soil =16,000	
--vermi-compost =26,000	
(26,000 kg @ Rs 10/kg)	42,000
iv. Barbed-wire:	
--pillar and wire =7,000	
--labour =3,000	
v. Cost of plant: 1,700 plants @ Rs 42 each vi. Spray-Machines: 2 pcs.@ Rs 2,000 each	
vii. Cost of plastics: around the Green house due to low land	
viii. Cost of locker-box (trunk 1 pc.)	10,000
ix. Bucket, Mug and Bag	71,400
Total Fixed Costs	4,000
Less: Government subsidy (40% of the Fixed cost)—4,90,125*40%	2,000
Total Fixed Cost After Subsidy	350
	375
	4,90,125
	1,96,050
	2,94,075

Therefore, Total Fixed cost for a year is = (2,94,075/5) = Rs 58,815.

Variable Cost

In connection with cultivation of Gerbera in a greenhouse, variable costs do not change proportionately with the changes in productions. Under different level of productions variable costs excluding the packing and carrying costs are same. Changes in the variable cost occurs specially only because of the packing and carrying cost. In case of the 1st year, for the 1st 2

months (60 days) there is no packing and carrying cost due to absence of production. Again, during 3rd month (61 to 90 days) production is (around 200 units on every alternate day) less compared to full-fledged production periods, which start from 4th month (91days) onwards, as it is the starting period of flowering. From 91 days onwards productions remain same up to the end of the project period. Packing cost is Re. 0.20 per unit and carrying cost is only Rs. 40 for every alternate day, starting from the 3rd month (61 days)of the 1st year. The production of Gerbera depends upon the quality of treatment and its management. Cultivators may pluck 300 to 400 units of Gerbera from the project on every alternate day during its full-fledged periods. To pluck more flowers one has to produce more number of flowers from a plant. A plant can produce yearly on an average of 35 to 55 flowers, depending upon the quality of management. For the 1st year, average production is comparatively less than the 2nd and subsequent years .

Calculation of Variable Cost under Different Level of Productions

The following tables are showing the calculation ofVariable costs for 1st year, 2nd and other subsequent years, taking into considerations that-- if 300 units, 350 units or 400 units are produced and plucked on every alternate day during its full-fledged productions period.

Table 3

Variable cost (excluding Packing and carrying cost):

Particulars	Amount (Rs)
i. Labour (one throughout the year for regular works): 365*1*200	73,000
ii. Labour (for 1st 15 days of plantation, an extra labour is required): 15*1*200	3,000
iii. Labour (required one throughout the year on every alternate day from the end of the 2nd month for plucking, packing, carrying and selling):(365-60)/2*1*200	30,500
iv. Repairing of Spray-machines (Rs 100/month): 12*100	1,200
v. pesticides, Fungicides and Fertilizers (Rs 2,500/month): 12*2,500	30,000
Total variable cost (excluding the Packing and carrying cost)	1,37,700

Table 4

Variable costs for the 1st year, if 300 units, 350 units or 400 units are plucked on every alternate day:

Particulars	Amount (Rs) For 300 units	Amount (Rs) For 350 units	Amount (Rs) For 400 units
For 1st 2 months: variable cost (excluding Packin and Carrying cost)	22,950	22,950	22,950
For 3rd month: variable cost (including Packing and Carrying cost)	12,675	12,675	12,675
From 4th months onward: variable cost (including Packing and Carrying cost)	1,16,775	1,18,125	1,19,475
Total (see appendix 1)	1,52400	1,53,750	1,55,100

Table 5

Variable costs for the 2nd and subsequent years, if 300 units, 350 units or 400 units are plucked on every alternate day:

If 300 units are plucked=1,37,700+{300*0.20*365/2}+{365/2 *40}	Rs 1,55,950
If 350 units are plucked=1,37,700+{350*0.20*365/2}+{365/2 *40}	Rs 1,57,775
If 400 units are plucked=1,37,700+{400*0.20*365/2}+{365/2 *40}	Rs 1,59,600

Calculation of Total Costs (under different level of productions):

Table 6

Total costs for the 1st year, if 300 units, 350 units or 400 units are plucked on every alternate day:

Particulars	Amount (Rs) For 300 units	Amount (Rs) For 350 units	Amount (Rs) For 400 units
Fixed/capital Cost	58,815	58,815	58,815
Add: Total Variable Cost	1,52,400	1,53,750	1,55,100
Total Cost	2,11,215	2,12,565	2,13,915

Table 7
Total costs for the 2nd and subsequent years, if 300 units, 350 units or 400 units are plucked on every alternate day:

Particulars	Amount (Rs) For 300 units	Amount (Rs) For 350 units	Amount (Rs) For 400 units
Fixed/capital Cost	58,815	58,815	58,815
Add: Total Variable Cost	1,55,950	1,57,775	1,59,600
Total Cost	2,14,765	2,16,590	2,18,415

Table 8
Estimated production of Gerbera for the 1st year, based on the average plucking on every alternate day under different level of productions:

Particulars	Production (Units)	Production (Units)
I. When plucking of gerbera is 300 units on every alternate day:		
a. For 1st 60 days	Nil	
b. For 3rd month i.e. from 61-90 days (200*30/2)	3,000	
c. For 4th months onward [300*(365-90)/2]	41,250	
Total		44,250
II. When plucking of gerbera is 350 units on every alternate day:		
a. For 1st 60 days	Nil	
b. For 3rd month i.e. from 61-90 days (200*30/2)	3,000	
c. For 4th months onward [350*(365-90)/2]	48,125	
Total		51,125
III. When plucking of gerbera is 400 units on every alternate day:		
a. For 1st 60 days	Nil	
b. For 3rd month i.e. from 61-90 days (200*30/2)	3,000	
c. For 4th months onward [400*(365-90)/2]	55,000	
Total		58,000

For the 2nd and subsequent years production is same throughout the years.

Table 9
Estimated production of Gerbera for the 2nd and subsequent years, based on the average plucking on every alternate day under different level of productions:

Particulars	Production (Units)
a) If 300 units are plucked on every alternate day: (300*365/2)	54,750
b) If 350 units are plucked on every alternate day: (350*365/2)	63,875
c) If 400 units are plucked on every alternate day: (400*365/2)	73,000

Table 10

Cost per unit of Gerbera:

Cost of production per Gerbera=Total Cost/Total units produced in a year.

Particulars	Amount Rs	Amount Rs	Amount Rs
For the 1st year: When Productions are 44,250, 51,125 and 58,000 units respectively	(2,11,215/44,250)=4.77	(2,12,565/51,125)=4.16	(2,13,915/58,000)=3.69
For 2nd and subsequent years: When Production 54,750, 63,875 and 73,000 units respectively	(2,14,765/54,750)=3.92	(2,16,590/63,875)=3.39	(2,18,415/73,000)=2.99

Selling Prices and Profit:

These flowers are generally sold to some fixed wholesaler of Siliguri, a nearby market throughout the year, at an average price of Rs 4.00 to 7.00 per unit.

Flowers are sold for Rs 4.00/unit in the dull-season, say for two months in a year, again these are sold for Rs 5.00 each in the average season, say for four months and in the remaining periods i.e. in the peak season a flower is sold for Rs 7.00 each.

So, **Weighted Average selling price per unit**: [(4.00*2/12)+(5.00*4/12)+(7.00*6/12)]= Rs 5.83

Profit per unit and total Profit for the 1st year:

Particulars	Amount (Rs) 44,250 Units		Amount (Rs) 51,125 Units		Amount (Rs) 58,000 Units	
	Per Unit	Total	Per Unit	Total	Per Unit	Total
SellinPrice	5.83	2,57,978	5.83	2,98,059	5.83	3,38,140
Less: Cost	4.77	2,11,073	4.16	2,12,680	3.69	2,14,020
Profit	1.06	46,905	1.67	85,379	2.14	1,24,120

Table 11

Profit per unit and total Profit for 2nd and subsequent years:

Particulars	Amount (Rs) 54,750 Units		Amount (Rs) 63,875 Units		Amount (Rs) 73,000 Units	
	Per Unit	Total	Per Unit	Total	Per Unit	Total
Selling Price	5.83	3,19,193	5.83	3,72,391	5.83	4,25,590
Less: Cost	3.92	2,14,620	3.39	2,16,536	2.99	2,18,270
Profit	1.91	1,04,573	2.44	1,55,855	2.84	2,07,320

During the 1st year of the project, production is less as compared to the 2nd and subsequent years and henceforth the sales revenue and profit is also less. If the SHG can produce the minimum quantity of Gerbera in the 1st year, they can earn a profit of Rs 46,905 with a cost of Rs 2,11,073, which is 22.22% of the cost. They can earn a profit of Rs 1,24,120 if they can produce 58,000 units of gerbera, where the cost is only Rs 2,14,020 i.e. a profit of 57.99% on cost in the 1st year. Again in the 2nd and subsequent years, per unit cost is comparatively lower, due to heavy production. If they can produce a minimum of 54,750 units, they are able to earn a profit of Rs 1,04,573 which is 48.72% on the cost. Again they can earn a profit of Rs 2,07,320 by producing 73,000 units, which is around 95% f costs. However, though the financial aspects are bright there are a number of problems which hinder this profitable venture.

Conclusion:

Despite being a very lucrative and profitable commercial flower, Gerbera cultivation is not so much popular people are not so much interested to cultivate the same due to some problems. The following are the major problems in connection with cultivation of Gerbera:

a. Land: One of the major problems is the availability of land. It requires high-land to avoid stagnation of water in the cultivation area. People having available land are not interested to diversify their tradition rather cultivating the traditional crops, whereas the interested people suffer from lack of land and they are to take land on lease, which cost higher to cultivate the commercial crops.

b. Unavailability of Labour: commercial cultivation of Gerbera is new in this area, which requires high skilled labour. Cultivation and management of Gerbera highly depend upon the skills and abilities of the labour and to get the suitable one is very difficult.

c. Lack of Market: Gerbera cultivators also suffer when selling the flowers, due to lack of wholesale market. They have to sell their products to some fixed or permanent wholesalers, who purchase their flowers throughout the year. As the market is comparatively smaller, despite having good size and quality, flowers are sold at a low price which may demotivate the cultivators.

d. Lack of marketing/publicity: Government of West Bengal under the 'Anandadhara' scheme of SRLM has taken the initiatives to train the interested cultivators in relation to cultivate Gerbera and for which government is trying to promote the same among people through various DRDCs of different districts. But there is no such remarkable or noticeable promotional; activities to make such a beautiful and profitable flower popular. Inspite of having a heavy demand of other traditional and commercial flowers in the local markets, Gerbera is suffering for lack of demand in the district due to lack of publicity, where the hotels or other needy houses are importing roses from outside to meet their needs.

e. Lack of Storage Facility: hybrid Gerbera is cultivated commercially and it blossoms through the year and there are lot ups and downs of demand and price in the market. Cultivators are to sale their flowers at a lower price during dull-season due to its perishable nature. It would have been more profitable if there was any high-tech storage facility to store the flowers in the dull-season and sale them at higher prices in the peak-season.

If necessary steps are taken by the appropriate authorities to attend to these problems and if other Self Help Groups are made aware of the financial viability of this activity, probably a large number of people below the poverty line can adopt floriculture as a sustainable livelihood option. MA

Appendix:

1. Calculation of total Variable cost for the 1st year, under different level of productions:

I. If 300 units are plucked on every alternate day:

Particulars	Amount(Rs)	Amount(Rs)
a) For 1st 2 months (1,37,700*2/12)		22,950
b) For 3rd month (1,37,700*1/12) Add:	11,475	
Packing cost= (200*.20*30/2)	600	
Carrying cost= (40*30/2)	600	
		12,675
c) For the period of 91 days onwards (1,37,700*9/12) Add: Packing	1,03,275	
cost (300*0.20*270/2)	8,100	
Carrying cost (270/22*40)	5,400	
		1,16,775
Total		**1,52400**

II. If 350 units are plucked on every alternate day:		
a) For 1st 2 months (1,37,700*2/12)		22,950
b) For 3rd month (1,37,700*1/12)	11,475	
Add: Packing cost= (200*.20*30/2)	600	
Carrying cost= (40*15)	600	12,675
c) For the period of 91 days onwards (1,37,700*9/12) Add: Packing cost =(350*0.20*270/2)	1,03,275 9,450	
Carrying cost (270/2*40)	5,400	1,18,125
		1,53,750

III. If 400 units are plucked on every alternate day:		
a) For 1st 2 months (1,37,700*2/12)		22,950
b) For 3rd month (1,37,700*1/12)	11,475	
Add: Packing cost= (200*.20*30/2)	600	
Carrying cost= (40*15)	600	12,675
c) For the period of 91 days onwards (1,37,700*9/12) Add: Packing cost (400*0.20*270/2)	1,03,275 10,800	0
Carrying cost (270/22*40)	5,400	1,19,475
Total		**1,55,100**

References

1.Das, S. K., (2012), Commercial Prospects of Floriculture: A Study on Purba MedinipurDistrict of West Bengal, Business Spectrum, Vol. II, No. 2, July- December, ISSN – 2249-4804.

2.Khan, D and Fazili, A. I., (2015), A SWOT Analysis of Floriculture Industry in Kashmir, Abhinav International Monthly Refereed Journal of Research in Management & Technology, Volume 4, Issue 12 (December), Online ISSN-2320-0073.

3. Majumdar, S. and Lahiri D., (2012), Cost-Benefit and Sensitivity Analysis of Cut Flower Roses and Comparison with other Floricultural Crops, Agricultural Situation in India, February

4. http://www.wbprd.nic.in/NRLM_HTHLPage/Introduction.aspx, 5:41 pm, September 23,2016

5. http://www.apeda.gov.in/apedawebsite Agricultural and Processed Food Export Development Authority, Ministry of Commerce and Industry, GOI.

6. www.dgciskol.nic.in/foreign_trade_statistics.asp, Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce, GOI.

dharsnd@gmail.com

Role of Self Help Group in Women Empowerment

Dr. Kajalbaran Jana
Assistant Professor,
Tamralipta Mahavidyalaya
Purba Medinipur

Poverty and unemployment are major concerns of any developing economy like India . Dr. Mohammad Yunus in Bangladesh came up with an idea of micro financing through Self Help Groups as a major tool for poverty alleviation and rural development. Most of the underdeveloped economies are dominated by male. Women have always been considered a weaker section in every sphere of life. Financial inclusion through SHG helps in shaping the future of women by giving the economic power in their hands. Self help group is formed by 10-20 people especially women meeting weekly/fortnightly/ monthly who pools in the money for some productive purpose, open bank account in the name of group, arrange loans, conduct savings etc. These loans may be used in entrepreneurial activities which help in transforming the lives of women which leads to lesser dependence on men. According to World Bank, half of world population does not have any formal accounts in any financial institution through which they can be accessed with any financial transaction as well as avail benefits of government welfare schemes. In India during 2015-16 self help group mobilize more than 40% increase in rural credit to the tune of Rs. 30,000 crore despite acute drought, poor agricultural production in the country. Financial inclusion is important for growth and reducing inequality and poverty. On an aggregate basis, access to financial services in India seems strong. However, the aggregate picture masks significant inequalities in access. In part, financial inclusion reflects the duality of the Indian economy.

1.1 Literature Survey

1.1.1 Woman Empowerment:

- "If you want something said, ask a man; if you want something done, ask a woman." — Margaret Thatcher (Former British Prime Minister)
- "I raise up my voice—not so I can shout, but so that those without a voice can be heard...we cannot succeed when half of us are held back." Malala Yousafzai (Nobel Piece Laureate)

According to **Important India, Discover India.Com -Women Empowerment** refers to increasing and improving the social, economic, political and legal strength of the women, to ensure equal-right to women, and to make them confident enough to claim their rights, such as:

- freely live their life with a sense of self-worth, respect and dignity,
- have complete control of their life, both within and outside of their home and workplace,
- to make their own choices and decisions,
- have equal rights to participate in social, religious and public activities,
- have equal social status in the society,
- have equal rights for social and economic justice,
- determine financial and economic choices,
- get equal opportunity for education,
- get equal employment opportunity without any gender bias,
- get safe and comfortable working environment,

According to **Women's Economic Opportunities Index: Rankings by region (EIU.Com, The Economist)** which revealed that during 2010 India ranked 22 was well behind to south asian countries like Sri Lanka, Vietnam, Philippines, Malaysia, Thailand and Indonesia. Even middle-east Muslim dominated countries like Baharin, UAE, Kuwait, Oman, Jordan are much ahead than India in terms women's economic opportunities index ranking as shown in the table1.

Table1: Women's Economic Opportunities Index: Rankings by Region (overall score)(2010)

Asia		
Rank	**Country**	**Score**
1	Hong Kong, China	72.9
2	Israel	70.2
3	Japan	68.2
4	Singapore	66.7
5	Korea, Rep.	66.2
6	Thailand	56.8
7	Malaysia	55.3
8	Kazakhstan	52.1
9	Armenia	51.6
10	Philippines	50.4
11	China	49.4
12	Bahrain	49.3
13	Georgia	49.2
14	Turkey	49.2
15	United Arab Emirates	48.6
16	Sri Lanka	47.5
17	Kuwait	46.4
18	Vietnam	43.7

19	Oman	43.7
20	Jordan	43.5
21	Indonesia	43.1
22	**India**	**42.7**
23	Azerbaijan	42.5
24	Kyrgyz Republic	42.2
25	Lebanon	41.9
26	Cambodia	39.2
27	Saudi Arabia	35.9
28	Laos	35.7
29	Iran	33.0
30	Bangladesh	32.6
31	Syria	31.7
32	Pakistan	29.9
33	Yemen	19.2

Source: (EIU.Com, The Economist)

1.1.2 Financial Inclusion:

Financial Inclusion is delivery of basic banking service at an affordable cost to the vast section of disadvantaged class of the society. It includes formal access to financial system such as financial institution, markets and instruments like savings, loans, remittances and insurance services at an affordable cost.(S.S.Sangwan,2008)

Financial Inclusion can be thought of in two ways: One is exclusion from the payments system –i.e. not having access to a bank account. The second type of exclusion is from formal credit markets, requiring the excluded to approach informal and exploitative markets. Access to formal banking services has been available through the use of intermediaries such as Self Help Groups (SHGs) and Microfinance Institutions (MFIs). SHGs are usually groups of women who get together and pool their savings and give loans to members. Usually NGOs and National Bank for Agriculture and Rural Development (NABARD) promote and nurture these groups. The recovery experience has been very good from SHGs and there are currently 2.6 million SHGs linked to public sector banks reaching almost 40 million households through its members. (Rekha Rathore,Manika Garg,2015)

1.1.3 The Concept of Self Help Group

The concept of SHG is governing by the principle, 'by the women, of the women and for the women'. Self-help groups are voluntary associations of people with common interests formed to achieve collective social and economic goals. Such groups are organised for mutual help and benefit. It is formed democratically without any political affiliations. They may comprise of 15–20 women and/ or men, although they generally consist exclusively of women members. In India, more than 90 per cent groups are formed by women is done at micro or group level. The initial operations of SHGs start with collecting savings from members. These groups inculcate the habit of thrift among the members. By collecting small saving huge amount can be raised. These groups advance loans to the needy members. The total funds owned by the group are thus circulated in the form of loan among the members. Over the decades of planned development, the shift of emphasis of women's programmes from purely welfare oriented approach to a more pragmatic and development oriented one has recognized woman as a productive worker and contributor to the economy. The formal financial institutions have failed to perform their role of supplying institutional credit to the women folk in our country for undertaking the income generating activities. As a result, a large segment of poverty stricken people and particularly the women who constitute a significant number still remain outside need for the emergence of a new institution to tackle the situation.(Das, Baruah,2013)

1.1.4 Financial Inclusion & Self Help Group

SHGs are playing a vital role in the rural empowerment and dominated by women i.e. of the total SHGs women groups are 86% and the scenario of SHGs in West Bengal is not at all satisfactory in comparison to Southern and Western States. (Sajjal Kumar Maiti et.al(2012)

Micro-Savings is a proxy to micro-insurance and SHGs is a channel to Financial Inclusion which is a real hope for inclusive growth. Inclusion of the disadvantaged sections of the society into the formal financial system is the key to sustainable development.(P.K.Bandgar,2012)

1.2 SHG & Women Empowerment

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Groups (SHGs) especially among women. "Women self-help groups are increasingly being used as tool for various developmental interventions. Credit and its delivery through self-help groups have also been taken as a means for empowerment of rural women. The SHG approach has proved successful not only in improving the economic conditions through income generation but in creating awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response for development schemes. (S. Chitra Devi,2012)

1.3 The Advantages of SHG in Financial Inclusion:

According to **Wikipedia**, the advantages of SHG in financial inclusion will be as follows-

- An economically poor individual gains strength as part of a group.
- Besides, financing through SHGs reduces transaction costs for both lenders and borrowers.
- While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of an SHG cut down expenses on travel (to and from the branch and other places) for completing paper work and on the loss of workdays in canvassing for loans.
- Where successful, SHGs have significantly empowered poor people, especially women, in rural areas.

1.4 Impact of SHG – Bank Linkage Programme:

1. The SHG movement has been instrumental in mainstreaming women by-passed banking system. 90 percent of members of SHGs are woman and most of them are poor and landless
2. SHG has reduced the incidence of poverty through increase in income and enabled the poor to build assets, also has enabled households to have access to it to spend more on education.
3. Empowered woman by enhancing their contribution to households income increasing the value of their assets and giving them decision making ability
4. SHGs have played a vital role in reducing children mortality – improved material health and ability of the poor to combat disease through better nutrition, housing and health especially among woman and children
5. SHGs have reduced people's dependency on informal money lenders
6. Facilitated significant reach to the provision of financial services for the poor, helped in building capacity at the SHG level.
7. It has offered a space for different stake holders to innovate, learn and replicate successful schemes and add micro insurance products to their portfolio (Pathak, Singla, 2015)

1.5 The SHG in Purba Medinipur District;

The district of Purba Medinipur is formed dividing erstwhile Midnapur district, one of the largest districts in the country, in 1st January, 2002.Tamluk is the district headquarters. There are 21 police stations, 25 development blocks, 5 municipalities and 223 gram panchayats in this district.The area of the distict is 4,713.00 sq. Kilometre and the population during 2011 census was 5,095,875. The population of rural people were 91.71% and urban people were 8.29%.

The historical pedigree earned by undivided Midanapore is also bestowed upon the Purba Medinipur district. After fourteen years of formation a lot of constructive activities is going on under state government and central government policies and schemes. One of such schemes was Self Help Group (SHG) which promotes women to the core of societal activities and thus empowered themselves. The SHGs unlike other parts of country are performing since 2006. Primarily it was under central scheme namely Swarnajyanti Gram Swarojgar Yojana (SGSY) till 2013, then it is operating under another central scheme National Rural Livelihood Mission (NRLM). Both the schemes as the name suggest are connected with rural area of district, where mainly economically weaker and downtrodden women are living. Apparently it is found that lot many SHGs are registered but only very few of them are associated in any economic activities. During 2016 the registered SHGs were more than twenty nine thousand where only more than nine percent were operating economic activities.

1.6 Objectives of the Study

On the basis of above literatures and observations there in this study aims to identify the close proximity of Self Help Group with Financial Inclusion and thus empowered the women in the light -

1. The Physical Progress of Self Help Groups in Purba Medinipur district under two Sub-period [Sub period 1(2006-07 to 2012-13 under SGSY) and sub-period 2(2013-14 to 2015-160 under NRLM)];
2. The Financial Progress of Self Help Group in Purba Medinipur district under two Sub-period [Sub period 1(2006-07 to 2012-13 under SGSY) and sub-period 2(2013-14 to 2015-160 under NRLM)];
3. The Financial Inclusion in the Self Help Groups in the Purba Medinipur district under two Sub-period of Sub period 1(2006-07 to 2012-13 under SGSY) and sub-period 2(2013-14 to 2015-160 under NRLM);
4. To offer Conclusion.

2. The Data base and Methodology

2.1 Data base

In human civilization women empowerment is a basic necessity for societal balance. At the same time this empowerment meant for political and economic empowerment of the women. But controversy between political and economical empowerment are of nothing. Economically and financially empowered person always rules the society. So Economic or financial empowerment is utmost necessity for women to sustain in the society. Financial inclusion creates primary scope to be economically empowered. According to World Bank, half of world population does not have any formal accounts in any financial institution through which they can be accessed with any financial transaction as well as avail benefits of government welfare schemes. In India during 2015-16 self help group mobilize more than 40% increase in rural credit to the tune of Rs. 30,000 crore despite acute drought, poor agricultural production in the country. The self Help Group (SHG) is profoundly governed by women in India.

The data are collected mainly through secondary sources from DRDC central data processing centre in the district head quarter at Tamluk, Purba Medinipur. A few data also collected directly (primary) from some specified SHGs in the district who are working very successfully. The qualitative data are collected through various web pages. The study has been conducted for ten years starting from 2006-07 to 2015-16.

2.2 Methodology

In view to identify the impact upon physical progress, financial progress of SHGs in Purba Medinipur district and ultimately the extent of financial inclusion through this programme, it has been tried to find out simple time series movement of selected parameters which were collected from different sources by using simple arithmetic mean for whole study period(Ovl. Av) and created two sub-periods, one from 2006-07 to 2012-13(seven years)as sub-period 1(simple arithmetic mean for the period was as Av.1) and other from 2013-14 to 2015-16(three years)as sub-period 2(simple arithmetic mean for the period was as Av.2) The sub-periods were categorise following the programme under the head of '**Swarnajayanti Gram Swarazgar Yojana**'**(Sub-Period1)** and '**National Rural livlihood Mission**'**(Sub-Period2).** An overall trend growth was also observed on the movement of different parameters using a simple trend equation $y_t=a+bX_{t-1}$

3. Findings

3.1 Physical Progress of Self Help groups in Purba Medinipur district

The physical progress of of Self Help Groupf in Purba Medinipur district is very satisfactory in terms of number of units under operation over the period. In the Table 1, it has been shown the over the period data movement under seven parameters i.e. total no. Of SHGs formed, No. of SHGs passed Gr.I, No. SHGs passed Gr. II No. Of SHGs taken Economic Activities in GrI, No. Of SHGs taken Economic Activities in Gr II, No of Women SHGs Formed, No of Women SHGs taken Economic Activities in the current year as indicators of physical progress of SHGs. It is evident from the table 1 that during second sub- period i.e. since 2013-2016 when National Rural Livelihood Mission has undertaken the activities of SHGs, the physical progress in terms of No. Of SHGs formed and other parameter under observations are dominantly increased as average for the second period (Av.2) are found much bigger in comparison to average figures of first period(AV.1). The simple growth for overall period also depicted ovl. Growth in the table also confirms the same tendency of the movement of the parameters under observations. However, the simple trend of the parameters in terms of economic activities taken by the SHGs are found negative, otherwise all are found positive. Interestingly if found that no. Of SHGs formed over the period are mostly operated by Women. The percentage SHGs constituted by women are found more than 90% on an average for the whole period and it is found overall increased over the period under study. But in terms of percentage of economic activities taken by the women SHGs to total women SHGs only more than 9% on an average for the period in comparison to 18.42% and 23.26% respectively on an average for economic activities taken for grade I and grade II cases of SHGs for the study period and all these were increased during the second study period under consideration.

Table1: Physical Progress of Self Help groups in Purba Medinipur District (2007-2016)

Year	Total No. Of SHGs Formed	No. Of SHGs Passed Gr.I	No. Of SHGs Passed Gr. II	No. Of SHGs Taken Econ. Activities (Grade I)	% Econ. Activities Taken	No. Of SHGs Taken Econ. Activities (Grade II)	% Econ. Activities Taken	No. Women SHGs Formed	% of Women SHGs to the Total SHGs	No. Women SHGs Taken Econ. Activities during the current Year	%. Women SHGs Taken Econ. To Total Women SHGs
2006-07	13629	11379	4429	547	4.81	547	12.35	11895	87.28	468	3.93
2007-08	14924	12773	4872	581	4.55	581	11.93	13190	88.38	1475	11.18
2008-09	17692	14662	5278	663	4.52	663	12.56	15958	90.2	1499	9.39
2009-10	19854	17082	6346	723	4.23	723	11.39	18904	95.22	2402	12.71
2010-11	20552	18367	7116	757	4.12	757	10.64	19602	95.38	1441	7.35
2011-12	22356	20257	10735	1014	5.01	1014	9.45	21406	95.75	2135	9.97
2012-13	23906	22052	16379	1541	6.99	1541	9.41	23111	96.67	1464	6.33
2013-14	26062	24645	17317	1545	6.27	1545	8.92	25267	96.95	3906	15.46
2014-15	27812	25814	17931	1643	6.36	1643	9.16	27017	97.14	1311	4.85
2015-16	29467	27593	18816	26841	97.27	16386	87.09	29287	99.39	1915	6.54
Ovl. AV	21625.40	19462.40	10921.90	3585.50	14.41	2540.00	18.29	20563.70	94.24	1801.60	8.77
AV1	18987.57	16653.14	7879.29	832.29	4.89	832.29	11.10	17723.71	92.70	1554.86	8.69
Av2	27780.33	26017.33	18021.33	10009.67	36.63	6524.67	35.06	27190.33	97.83	2377.33	8.95
Ov.Growth	1583.8	1621.4	1438.7	2629.4	9.246	1583.9	7.474	1739.2	1.211	144.7	0.261
Growth1	1468.14	1524.71	1707.14	142.00	0.31	142.00	-0.42	1602.29	1.34	142.29	0.34
Growth2	1135.00	982.67	499.67	8432.00	30.33	4947.00	26.06	1340.00	0.81	-663.67	-2.97

3.2 Financial Progress of Self Help Group in Purba Medinipur District.

The financial progress of SHGs in Purba Medinipur district as shown in Table 2 was on an average Rs 902.82 lacs in terms of total fund deployed during 2007 to 2016.

The parameters like subsidy, revolving fund, infrastructure development, marketing, B.O.P, skill training, NGOs/ facilitator, Risk Fund, Federation, others constitute the indicators of finacial progress of the SHGs.The overal growth and trend were also very much positive. The indicators were in most cases on an average remained increasing in the second period (Av.2) under study than the first period under Swarnajyanti Swarojagar Yojana.The subsidy, infrastructure dev. Fund were found interestingly decreasing in the second period,.

Table2: Financial Progress of Self Help Group in Purba Medinipur District (2007-2016) (Rs. 'lacs)

Year	Subsidy	Re-volving Fund	Infra. Dev	Market-ing	B.O.P	Skill Training	NGOs/ Facilita-tor	Risk Fund	Fede ra-tion	Others	Total
2006-07	43.024	128.457	107.596	0	21.02	150.841	8.411	0	0	0.341	459.69
2007-08	34.44	147.593	151.117	4.722	107.339	156.632	14.832	0	12.405	1.605	630.685
2008-09	81.7	225.75	197.242	6.252	165.815	120.369	1.725	0	5.805	0	804.658
2009-10	60.4	605.807	85.766	19.706	97.868	102.377	0	0	0	47.272	1019.196
2010-11	34.125	339.928	137.119	15.881	226.421	58.817	0	0	0	6.361	818.652
2011-12	189.25	684.577	142.642	102.704	102.704	36.814	0	0	18.937	4.335	1194.147
2012-13	358.3	351.576	130.518	10.289	10.661	63.265	0	0	94.134	1.925	1020.668
2013-14	2.8	942	0.809	0.809	0.385	0.786	16.422	8.882	2.65	0	985.489
2014-15	70.2	247.55	108.406	5.184	5.184	122.542	130.098	64.349	411.75	66	1248.058
2015-16	110.32	254.4	5.574	18.513	64.146	86.181	111.116	262.124	36.2	8.75	847.004
Ovl. Av	98.46	392.76	106.68	18.41	80.15	89.86	28.26	33.54	58.19	13.66	902.82
Av.1	114.46	354.81	136.00	22.79	104.55	98.45	3.57	0.00	18.75	8.83	849.67
Av.2	61.11	481.32	38.26	8.17	23.24	69.84	85.88	111.79	150.20	24.92	1026.85
Growth	91.52	231.64	57.92	26.55	67.46	44.00	46.27	75.71	114.10	20.44	213.39
Growth1	6.7296	12.5943	-10.2022	1.8513	4.3126	-6.466	10.2705	26.2124	3.62	0.8409	38.7314
Growth2	45.04	31.87	3.27	1.47	-1.48	-12.51	-1.20	0.00	13.45	0.23	80.14

Source: DRDC

It was interestingly found out that the allocation for infrastructural development and skill training were reduced during the second sub-period than in the earlier period while allocation to NGO/facillators was increased during the period. A fund for risk allocation was made newly during this second sub-period. The allocation for federation also increased sharply. The overall activities has been found increasing as revolving fund increased during the second sub-period than the earlier sub-period but marketing allocation and B.O.P were found very declining in the second sub-period.

3.3 Level of Financial Inclusion in the Self Help Groups in the Purba Medinipur District (Bank-Linkage)

In Table 3 , an attempt to identify the extent of financial inclusion was tried in terms of bank linkages with SHGs in the district. It was found that huge growth in terms of simple and trend were found in case of SHGs saving A/C linked.Though ironically it was found that during the second sub-period overall trend in term savings A/C linked increased but amount in the a/c was found declined. The no. SHGs for which R/F released were declined during second sub-period but the amount of fund was significantly increased. In terms of SHGs C.C A/C the trend and simple growth found strongly positive but in terms of fund the trend growth was negative. The sub-period allocation for the second one was higher in both the case. But disbursement for C.C. A/C the total amount in the second sub-period was found declined. Even average no. Of member involved was also sharply declined in the second sub-period. Although scheme submitted for Gr.II was interestingly increased in the second sub period, but percentage of sanction was declined in the second sub-period.

Table3: Level of Financial Inclusion in the Self Help Groups in the Purba Medinipur district (Bank-Linkage) (2007-2016)

Year	SHGs Savings A/C Linked		No. Of SHGs for which R/F released		SHGs C.C A/C Sanctioned		Disbursement from C.C A/C		No. Of members involved	Scheme Submitted to Bank for Gr.II		Amount Sanctioned
	No.	Amt. (Rs.'lacs)	No.	Amt. (Rs.'lacs)	No.	Amt. (Rs.'lacs)	No.	Amt. (Rs.'lacs)		No.	Amt. (Rs.'lacs)	Amt.(Rs.'lacs)
2006-07	12997	1457.54	10733	1198.307	9122	4159.25	9122	2362.47	100342	46	96.879	96.879
2007-08	14451	1802.52	12174	1345.900	10665	4421.20	10655	2989.90	117205	35	77.265	77.265
2008-09	17492	2789.57	13591	1571.650	12156	6067.30	12156	4381.77	133716	85	263.262	253.662
2009-10	19369	40184.19	15933	2154.067	14574	8277.65	14574	7232.49	160314	97	302.735	188.115
2010-11	20144	5806.82	17327	2493.995	16316	11006.50	16316	11153.06	179476	131	416.180	107.007
2011-12	22112	7767.88	19210	3178.572	18191	18181.50	18191	25033.96	2000101	444	1358.656	788.480
2012-13	23654	8792.65	20144	3467.348	19317	21920.33	19317	34927.75	212487	683	2250.104	1667.708
2013-14	25729	10880.94	11842	10802.85	21246	45617.1	11842	10802.85	256321	789	2569.321	1789.325
2014-15	27341	12801.41	15223	18697.90	23046	64315	15223	18697.90	263542	896	2698.214	1823.398
2015-16	27524	1498.32	16543	21365.65	25698	69873	16321	847.004	275247	932	2987.125	1698.219
Ovl. Av	21081.30	9378.18	15272.00	6627.62	17033.10	25383.88	14371.70	11842.92	369875.10	413.80	1301.97	849.01
Av.1	18602.71	9800.17	15587.43	2201.41	14334.43	10576.25	14333.00	12583.06	414805.86	217.29	680.73	454.16
Av.2	26864.67	8393.56	14536.00	16955.47	23330.00	59935.03	14462.00	10115.92	265036.67	872.33	2751.55	1770.31
Growth	1452.7	4.078	581	2016.7343	1657.6	6571.375	719.9	-151.5466	17490.5	88.6	289.0246	160.134
Trend	1522.43	1047.87	1344.43	324.15	1456.43	2537.30	1456.43	4652.18	16020.71	91.00	307.60	224.40
	598.33	-3127.54	1567.00	3520.93	1484.00	8085.30	1493.00	-3318.62	6308.67	47.67	139.27	-30.37

Source: DRDC

This very feature creates a point of attraction how self help group can motivate the activities of financial inclusion as well as economic inclusion of downtrodden people in India. The SHG with bank linkage model particularly helped rural women population to be financially inclusive. The other activities of SHG also create a general economic inclusiveness to the general people.

3.4 Conclusions:

The activities of SHGs in the district were increased more or less during period is the indication of good feeling. But the sub-period analyses have shown a mixed interpretation. The physical progress and financial progress during the second sub-period were although shown better but in terms of financial inclusion this has been turned gloomy. Although the access of A/C to SHGs increased but amount of transactions have been reduced. Not only that no. of persons involved in the SHGs were also declined in the second sub-period was clear indication of less involvement of people. This may be indication of failure of SHGs. Otherwise it can be said that 'National Rural livelihood Mission' which was started during 2013 is functioning less worthy than the 'Swarnajayanti Gram Swarozgar Yojana' which was remained as the foothold in terms of SHGs. In view to the findings it can be said that the financial inclusion through SHGs in the Purba Medinipur district, though quantitatively increased over the period but qualitatively decreased in terms of fund and persons involved. There was a clear finding of policy lacunae in the' National Rural Livelihood Mission' where fund allocation on infrastructure development and skill training and marketing were reduced. Thus Govt. should take proper action that SHGs can perform better in term of financial inclusion and also in terms of social inclusion. In this way women empowerment may ensure rural development and societal development. MA

References:

1. *ACG Inc. Research*
2. *Arora R.C. (1990), "Integrated Rural Development", S Chand and Company, New Delhi.*
3. *Asso.Prof. Wale V.S. and Prof. Deshmukh A.M, May 2011, Women Empowerment through Self-help Group, Indian Streams Research Journal, Vol 1, Issue IV*
4. *Bera S.K. (2011), "A study of SHG-Microfinance Initiative in Purbo Midnapore District ofWest Bengal", Economic Affairs, Vol. 56, No. 2, June, pp. 107-116.*
5. *Fisher ,Lauren Alexis 'Quotation on Women Empowerment' May 30, 2016*
6. *Important India, Discover India.Com(http://www.importantindia.com/19050/essay-on-women-empowerment/)on 11.01.17*
7. *Kannan K. P. and Pillai N. Vijayamohanan, (2009), "Basic Socio-economic security inrural India and China-a comparative study of selected villages", Indian Journal of Human Development, vol. 3, no. 2, July, pp.239-263. Accounting Business & Finance Journal, Vol. 2, No.2, June, pp. 19-33.*
8. *K. G. Karmakar. Microfinance in India A Financial System for India's poor, SAGE Publications, 19-32.*
9. *Mansuri B.B. (2010), "Microfinancing through Self-Help-Groups- a case study of Bank Linkage Programme of NABARD", APJRBM, Sri Krishna International Research & Educational Consortium, Vol. 1, issue. 3, December, pp. 141-150.*
10. *Mohd. Najmul Islam,(2012), "The microfinance guarantee for financial inclusion: Evidence to support in India", Indian Journal of Commerce & Management Studies,Volume III Issue 1, Jan., pp. 130-134.*
11. *Wikipedia, the free encyclopedia retrieved from Google.com on 12.03.17*
12. *Women's Economic Opportunities Index: Rankings by region(EIU.Com, The Economist)*

jkajalbaran@yahoo.com

CUSTOMS

Notifications:

Tariff:

➠ Seeks to amend Notification No. 230/1986-Customs dated 03.04.1986 so as to notify 11 concerned Metro/ Mono Railway Administration as sponsoring authority for respective Metro/Mono Rail project

[Notification No. 24/2017-Cus,dt. 23-06-2017]

➠ In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 12/2012-Customs, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 185(E), dated the 17th March, 2012, namely :- In the said notification, in the Table, after serial number 333E and the entries relating thereto, the following serial number and entries shall be inserted

[Notification No. 23/2017-Cus,dt. 12-06-2017]

➠ Seek to further amend Notification No. 73/2006-Customs dated 10th July, 2006 which exempts import against Duty Credit Certificate issued under Target Plus Scheme

[Notification No. 22/2017-Cus,dt. 31-05-2017]

Non-Tariff:

➠ Seeks to amend Notification No. 61/94(NT) - Customs, dated the 21st November, 1994 to declare Kannur International Airport as Customs Airport under sub-section (2) of section 7 of the Customs Act, 1962

[Notification No. 56/2017-Cus (NT),dt. 23-06-2017]

➠ Seeks to notify the India - Malaysia Comprehensive Economic Cooperation Agreement (Bilateral Safeguard Measures) Rules, 2017

[Notification No. 55/2017-Cus (NT),dt. 21-06-2017]

➠ Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Sliver

[Notification No. 54/2017-Cus (NT),dt. 15-06-2017]

➠ Rate of exchange of conversion of the foreign currency with effect from 16th June, 2017

[Notification No. 53/2017-Cus (NT),dt. 15-06-2017]

➠ Rate of exchange of conversion of the foreign currency with effect from 2nd June, 2017

[Notification No. 52/2017-Cus (NT),dt. 01-06-2017]

➠ Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Sliver

[Notification No. 51/2017-Cus (NT),dt. 31-05-2017]

Anti Dumping Duty:

➠ Seeks to impose anti-dumping duty on imports of sewing machine needles originating in or exported from China PR

[Notification No. 31/2017-Cus (ADD), dt. 22-06-2017]

(a)Seeks to impose anti-dumping duty on "Clear Float Glass of nominal thickness ranging from 4mm to 12 mm (both inclusiveproduced and exported by M/s Tariq Glass Industries Ltd, Pakistan, originating in or exported from the Pakistan. (b)seeks to rescind the Notification No. 53/2015-Customs (ADD), dated the 30th October, 2015

[Notification No. 30/2017-Cus (ADD), dt. 16-06-2017]

➠ Seeks to impose anti-dumping duty on "Soluble Salt Double Charge, GVT and PGVT, Porcelain/ Vitrified Tiles with less than 3% water absorption and All sizes"originating in or exported from the China PR for a period of five years (unless revoked, amended or superseded earlier) from the date of imposition of the provisional anti-dumping duty, that is, the 29th March,2016, imposed vide Notification number 12/2016 dated the 29th March, 2016

[Notification No. 29/2017-Cus (ADD), dt. 14-06-2017]

➠ Seeks to impose ADD on the imports of "Hydrogen Peroxide" originating in or exported from Bangladesh, Taiwan, Korea RP, Pakistan and Thailand for a period of five years.

[Notification No. 28/2017-Cus (ADD), dt. 14-06-2017]

➠ Seeks to impose provisional ADD on the imports of "ceramic tableware and kitchenware, excluding knives and toilet items", originating in or exported from China PR for a period not exceeding six months(unless revoked, amended or superseded earlier) from the date of publication of this notification in the Gazette of India.

[Notification No. 27/2017-Cus (ADD), dt. 12-06-2017]

➠ Seeks to extend the ADD imposed on the imports of "Plain Gypsum Plaster Boards" originating in or exported from China PR, Indonesia, Thailand and UAE for a period of one year upto and inclusive of 06.06.2018.

[Notification No. 26/2017-Cus (ADD), dt. 07-06-2017]

➠ Seeks to levy provisional anti-dumping duty, on 'Toluene Di-Isocyanate' (TDI) originating in or exported from China PR, Japan and Korea RP for a period of six months (unless revoked, superseded or amended earlier) from the date of imposition of the provisional anti-dumping duty, that is, 5th June, 2017

[Notification No. 25/2017-Cus (ADD), dt. 05-06-2017]

CENTRAL EXCISE

Notifications:

Non-Tariff:

➠ Notifying the date by which the Notification No.14/2017 CE (NT) dated the 9th June 2017 shall come into force.

[Notification No. 18/2017-CENT dt. 19-06-2017]

➠ Notifying the date by which the Notification No.13/2017 CE (NT) dated the 9th June 2017 shall come into force.

[Notification No. 17/2017-CENT dt. 19-06-2017]

Notifying the date by which the Notification No.12/2017 CE (NT) dated the 9th June 2017 shall come into force.

[Notification No. 16/2017-CENT dt. 19-06-2017]

➠ Seeks to amend Cenvat Credit Rules,2004 to allow un-availed CENVAT Credit in respect of services provided by the Government, local authority or any other person by way of assignment of the right to use of any natural resource.

[Notification No. 15/2017-CENT dt. 12-06-2017]

➠ Delegation of powers for the purpose of assignment of adjudication of show cause notices

[Notification No. 14/2017-CENT dt. 09-06-2017]

➠ Territorial Jurisdiction of Principal Chief Commissioners/Chief Commissioners, Principal Commissioners/Commissioners, Commissioner (Appeals), Commissioner (Audit)

[Notification No. 13/2017-CENT dt. 09-06-2017]

➠ Appointment of Central Excise officers and vesting them with powers under Central Excise Act 1944 and under Chapter V of Finance Act 1994

[Notification No. 12/2017-CENT dt. 09-06-2017]

SERVICE TAX

➠ Seeks to amend the Rule 7 and & 7B of the Service Tax Rules 1994 so that the return for the period from 01.04.2017 to 30.06.2017 shall be submitted by 15.08.2017

[Notification No. 18/2017-Service Tax dt. 22-06-2017]

INCOME TAX

Notification:

➠ In exercise of the pov conferred by section 29 read with sub-section (9) of section 92CC of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:___

(1) These rules may be called the Income-tax (16th Amendment)

Rules, 2017.

(2) They shall come into force from the date of their publication in the Official Gazette.

In the Income-tax Rules, 1962, in Appendix II, in Form No. 3CED, under sub-heading "General", - for item 3, following item shall be substituted.

[Notification No. 53 /2017/ F. No. 370142/34/2016-TPL]

➠ In exercise of the powers conferred by sub-section (2) to section 92CE and section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes, hereby, makes the following rules further to amend the Income-tax Rules, 1962, namely:-

(1) These rules may be called the Income-tax (15th Amendment) Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

In the Income-tax Rules, 1962, after rule 10CA, the following rule shall be inserted.

Notification No. 52/2017, F.No.370142/12/2017 -TPL]

➠ In exercise of the powers conferred by section 139A and section 285BA, read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

(1) These rules may be called the Income –tax (14th Amendment) Rules, 2017.

(2) They shall come into force from the date of their publication in Official Gazette.

In the Income-tax Rules, 1962, in rule 114B, in the second proviso, after the words, "giving therein the particulars of such transaction" the words "either in paper form or electronically under the electronic verification code in accordance with the procedures, data structures, and standards specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems)"

shall be inserted.

[Notification No. 51/2017/F. No. 370142/13/2017-TPL]

➠ In exercise of the powers conferred by the third proviso to sub-section (2) of section 92C of the Income-tax Act, 1961 (43 of 1961)(hereinafter referred to as the 'Act'), read with proviso to sub-rule (7) of rule 10CA of the Income-tax Rules, 1962, the Central Government hereby notifies that where the variation between the arm's length price determined under section 92C of the Act and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed one per cent. of the latter in respect of wholesale trading and three per cent. of the latter in all other cases, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for assessment year 2017-18 and assessment year 2018-19.

[Notification No. 50/2017/F. No. 500/1/2014-APA-II]

➠ In exercise of the powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act (43 of 1961), the Central Board of Direct Taxes hereby make the following amendments in the notification of the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, vide number S.O.2914(E) dated the 13th November, 2014, published in the Gazette of India Extraordinary, Part II, Section 3, Sub-section (ii), dated the 13th November, 2014.

[Notification No. 49/2017/F. No. 187/37/2014-ITA-I]

➠ In exercise of the powers conferred by section 295 read with section 194-IB of the Incometax Act, 1961, the Central Board of Direct Taxes, hereby, makes the following rules further to amend the Income-tax Rules, 1962, namely:-

(1) These rules may be called the Income-tax (13 th Amendment) Rules, 2017.

(2) They shall come into force from the date of their publication in the Official Gazette.

[Notification No. 48/2017/F. No. 370 142/16/2017-TPL]

➠ In exercise of the powers conferred by clause (ba) of Explanation to section 54EC of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that any bond redeemable after three years and issued on or after the 15th day of June, 2017 by the Power Finance Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956) as 'long-term specified asset' for the purposes of the said section.

[Notification No. 47/2017/ F. No. 370142/18/2017-TPL]

In exercise of the powers conferred by section 295 read with sub-section (2) of section 92CB of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:___

(1) These rules may be called the Income-tax (12th Amendment) Rules, 2017.

(2) They shall come into force and shall be deemed to have come into force from the 1st day of April, 2017.

In the Income-tax Rules, 1962, ___

in rule 10TA, for clause "(a) "accountant" clause shall be substituted.

[Notification No. 46/2017/ F. No. 370142/6/2017-TPL]

In exercise of powers conferred by section 295 of the Income Tax Act, 1961 (43 of 1961) (hereinafter referred to as the 'Act'), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

(1) These rules may be called the Income-tax (11th Amendment) Rules, 2017.

(2) They shall come into force on the date of their publication in the official Gazette.

In the Income Tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 31A, in sub-rule (3A), after the words "under digital signature", the words "or verified through an electronic process" shall be inserted.

[Notification No. 45/2017/F. No. 370142/39/2016-TPL]

In exercise of the powers conferred by clause (v) of the Explanation to section 48 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the Cost Inflation Index as mentioned in column (3) of the Table for the Financial Years mentioned in the corresponding entry in column (2) of the said Table.

[Notification No. 44/2017/F.No.370142/11/2017-TPL]

In exercise of the powers conferred by third proviso to the clause (38) of section 10 of the Income-tax Act, 1961 (43 of 1961) hereinafter referred to as the Income-tax Act, the Central Government hereby notifies all transactions of acquisition of equity share entered into on or after the 1st day of October, 2004 which are not chargeable to securities transaction tax under Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004). Exceptions are there.

[Notification No. 43/2017/F. No. 370142/09/2017-TPL]

In exercise of the powers conferred by section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes, hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax (10th Amendment) Rules, 2017.

(2) They shall come into force from the date of their publication in the Official Gazette.

[Notification No. 42/2017, F.No.370 142/1712017-TPL]

In the exercise of the powers conferred by clause (b) of sub-section (2) of section 80G of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies "Ariyakudi Sri Srinivasa Perumal Temple, Kottivakkam, Chennai," to be place of historic importance and a place of public worship of renown throughout the state of Tamil Nadu for the purposes of the said section.

[Notification No. 41/2017/F. No. 176/8/2017-ITA-I]

Contributed by
Taxation Committee
Institute of Cost Accountants of India

Role of CMAs in Ease of Doing Business in India

✤ *Entrepreneurship & Skill Development:*

There are unprecedented opportunities in India which needs to be cultivated and the government is proactive enough to make considerable youths in India well trained to achieve its mission and make India the biggest human capital force by 2020. Prioritizing the rural areas and especially the women in the backward places of the country, the government has projected a strong intent to provide one-stop convergence support system for skilled employment. As such The Institute of Cost Accountants of India had taken the initiative as a part of our professional social responsibility drive to introduce National Skill & Entrepreneurship Development Programme for creating self-employment through enterprise creation pan India basis with increased participation of youth from College/University and thus narrowing down the gap between employment and unemployment position of the nation; hence providing assistance to the Government for accomplishing 'Skill India' mission. The Institute signed MOUs with National Skill Development Agency (NSDA), an autonomous body of the Ministry of Skill Development & Entrepreneurship, Government of India, and with Entrepreneurship Development Institute of India (EDI), Gujarat for promoting the cause of Entrepreneurship and Skill development through education, teaching, training, research, publications and knowledge generation, conducting workshops, seminars and managing MSME development projects.

✤ *Foreign Direct Investment (FDI):*

Apart from being a critical driver of economic growth, foreign direct investment (FDI) is a major source of non-debt financial resource for the economic development of India. Foreign companies invest in India to take advantage of relatively lower wages, special investment privileges such as tax exemptions, etc. For a country where foreign investments are being made, it also means achieving technical know-how and generating employment. The Indian government's favourable policy regime and robust business environment have ensured that foreign capital keeps flowing into the country. The government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defence, PSU oil refineries, telecom, power exchanges, and stock exchanges, among others. India's growth rate, along with competitive location in terms of wages and policies like Stand up India, is expected to boost FDI in the coming future. Thus CMAs through Resource mapping, Risk Mapping and Capital Rationing can improve cost competitiveness and project viability, consequently enhance FDI attractiveness among investors.

✤ *Startups:*

Out of the 190 countries in the list, India Ranks 130 overall in the World Bank Ease of Doing Business Report and ranks 155 in terms of starting a business. Startup India is a flagship initiative of the Government of

India, intended to build a strong ecosystem for nurturing innovation and Startups in the country. In 2016, India made starting a business easier by eliminating the minimum capital requirement and the need to obtain a certificate to commence business operations. Venture capital financing from abroad and angel investors are proving to be a big boon for Indian startup story. Various rounds of funding also help these firms to hire more talent into the company. This helps the company to grow strategically and also add some more experienced people in the firm. This type of investing inherently carries a high degree of risk. In this context, the CMAs can carry out Risk Mapping procedures and due diligence on the Startup including looking in great detail. If at the completion of due diligence the venture fund remains interested, then he can suggest the management for investment. The terms of an investment are usually based on company performance, which help provide benefits to the small business while minimizing risks for the venture fund.

✤ *Insolvency and bankruptcy Code (IBC)-2016:*

: The Insolvency and Bankruptcy Code is a key economic reform that will facilitate the ease of doing business. The code provides for a market determined, time-bound mechanism for orderly resolution of insolvency, wherever possible, and ease of exit, wherever required. The advent of IBC, 2016 also widened the scope for professionals like us. The Institute of Cost Accountants of India (ICAI) formed The Insolvency Professional Agency, a section 8 company incorporated under the Companies Act 2013 to enroll and regulate Insolvency Professionals (IPs) as its members in accordance with the provisions of the Insolvency & Bankruptcy Code 2016, Rules, Regulations and Guidelines. The CMA professionals are proficient enough to be appointed as Insolvency Professionals, to deal with matters of insolvency, liquidation and bankruptcy and assist to reduce sufferings of banks overburdened by Non Performing Assets (NPA).

✤ *Introduction of Goods & Service Tax (GST):*

Amidst economic prospects across the globe, India has posed as a beacon of hope with ambitious growth targets, supported by strategic concepts like 'Make in India', 'Digital India', etc. Contributing to this is also the proposed indirect tax reform i.e. Goods and Services Tax ('GST') which is expected to provide the much needed stimulant for economic growth by transforming the existing basis of indirect taxation in the process enabling free flow of goods within the economy and also eliminating the cascading effect of tax. The overall reduction of cascading effect of taxes, especially on the post-manufacture stage of the supply chain should have a positive effect on the cost of manufactured products in the hands of consumers. The one nation, one tax theory GST is expected to benefit Micro, Small and Medium Enterprises (MSME) in long run too. The professionals like CMAs have immense role to play in this arena like in improving tax literacy, financial inclusion, transparency and governance. CMAs are recognized to make representations before the Appellate Tribunals under the Indirect Taxation statutes in India. They would continue to represent even in post-implementation of GST for Dispute Resolution. CMA with his academic knowledge and professional expertise can play a crucial role as a Consultant and a catalyst for due compliances of law relating to goods and services tax to the general business community and spread tax-literacy and GST awareness.

Eastern India Regional Council

The Institute of Cost Accountants of India-Durgapur Chapter

On May 29, 2017, the Chapter organised a half day programme on 'GST and Investment in Commodity Market'. Mr. Diptendu Moulik, Senior Executive, Multi Commodity Exchange of India Ltd discussed on the investment in commodity market. At the end of session, both the speakers replied to queries of the members. The programme was chaired by CMA Avijit Goswami, council member of the Institute.

Northern India Regional Council

The Region organised a Three Days Certificate Course on 'Hands on GST' from May 12, 2017 till May 14, 2017 at CMA Bhawan, New Delhi. The course was designed in such a way that it can cater the professional needs of CMAs. CMA Ravi Kr. Sahni, CMA Anil Sharma, Mr. Navya Malhotra, Mr. R.K. Khurana, Mr. Aditya Agarwal, CMA Sankalp Wadhwa, CMA Mukesh Pandey, CMA Navneet Kr. Jain were the speakers of the programme who spoke on different themes at different dates of May 2017. During the course, members interacted with Shri Saurabh Bansal, Asst. Director, Cost Audit Branch who talked about the role of CMAs in GST. Shri Upender Gupta, Commissioner- GST was also present and discussed about different provisions in GST.

Southern India Regional Council

The Institute of Cost Accountants of India-Cochin Chapter

The Chapter in association with Federation of Indian Chambers of Commerce & Industry

(FICCI), conducted a one day seminar on 'GST – Transition and way forward', with support of KPMG, on June 15, 2017 at Kochi. Shri Pullela Nageswara Rao, Chief Commissioner of Central Excise, Customs

and Service Tax, Kerala said that CBEC and Service Tax along with Commercial Tax Department,

Govt. of Kerala should work in unison for smooth implementation of GST regime in the state. Shri Ramanarayana Kathik, Deputy Commissioner, Commercial Taxes, Central Zone, Ernakulam stated

that Kerala is one among the first states in the county to complete 70% enrolment to GST regime. Shri Sachin Menon, Partner and Head, Indirect Tax, KPMG in

India said that Kerala is seen as one of the most vocal states in the GST council today and by taking the lead in spreading awareness of GST, it reiterates its commitment to implement GST. The Chapter celebrated

the 58th Foundation Day of the Institute at Cochin by distributing saplings among the representatives of the Local Resident Association, students, staff and CMA members and also donated Blood in association with IMA Cochin. CMA Madhusudhanan, E. P., Chairman of the chapter inaugurated the 58th Foundation Day celebration by handing over the first sapling to Smt. Nisha Dinesh, Councilor, Cochin Corporation. The Chapter observed 3rd International Yoga Day on June 21, 2017 at CMA Bhawan, Center for Excellence, Cochin under the guidance of Shri Sanjeev, Yoga Master, Karma Yoga Research and Training Institute, Cochin.

The Institute of Cost Accountants of India-Visakhapatnam Chapter

The Chapter organized a Professional Development Meet on 'Improving CMA Productivity by Manufacturing of Time' and inaugurated the Modernised Library by CMA S. Papa Rao, Council Member on May 27, 2017. Speaker CMA Dr T.C.A. Srinivas Prasad, Council Member discussed on the concerned theme and gave details of various Apps like Auto SMS app, WALNUT app etc.

The Institute of Cost Accountants of India-Coimbatore Chapter

On May 27, 2017, the Chapter conducted a PD program on 'Recent Developments in GST' and the speaker Sri Durairaj. S of The Indian Tax Advisors, Coimbatore provided a vivid lecture on the topic. The classes for the 84th session of oral coaching commenced from 22nd May, 2017. Chairperson of the chapter, CMA Meena Ramji inaugurated the classes.

The Institute of Cost Accountants of India-Mettur Salem Chapter

The Chapter organized a seminar on 'Ushering GST' on May 15, 2017 and CMA RV Thiagarajan, Former AGM (Finance), Steel Authority of India Ltd., Salem Steel Plant addressed that the GST is a destination based tax on the consumption of goods and services. The speaker also mentioned that alcohol for human consumption, five petroleum products viz. Petroleum Crude, motor spirit (Petrol), High Speed Diesel, Natural gas and Aviation turbine fuel in addition to electricity are kept outside the purview of GST. Members and students participated in large number at the seminar.

The Institute of Cost Accountants of India-Hyderabad Chapter

On May 6, 2017 a programme on 'GST Era-Transitional Provisions' was conducted at CMA Bhavan. A three day seminar on 'Chapterwise discussions on GST' was held at Hyderabad Center of Excellence, Nanakramguda, Hyderabad. CA Radhika Verma, Partner - Indirect Taxes, Laxminivas & Co., CA Bhupendra Agarwal, Tax Head of Karvy Group, CA S. Thirumalai, Former National Director – Indirect

Tax, Deloitte Haskins & Sells, CA VS Sudhir, Partner, Hiregange & Associates, CMA B. Mallikarjuna Gupta,

subject matter expert, author and speaker on GST were

the speakers of the seminar. On May 28, 2017, as per the direction of head quarter, the chapter celebrated the 58th Foundation Day of the Institute by distributing

saplings to morning walkers, CMA members and staff. On the same day, CMA Dr P.V.S. Jagan Mohan Rao, CCM, CMA A.V.N.S. Nageswara Rao, Past Chairman, SIRC, CMA D. Zitendra Rao, Member, SIRC, CMA B.L. Kumar, Past Chairman of the Chapter, CMA P. Chandra Sekhara Reddy, Member and CMA TSN. Raja, Deputy General Manager, A.P. State Finance Corporation met with Sri CH. Malla Reddy, Member of Parliament from Malkajgiri.

Western India Regional Council

The Region celebrated 58th Foundation Day as per the direction received from H.Q. by arranging noble endeavors like blood donation camp and tree plantation. A Workshop on Comprehensive Management Analysis of GST was organised. CMA Padma Ganesh, Practising Cost Accountant was the faculty of the programme. A CEP on SAP FICO Module Overview had been organized at Borivali SMFC and CMA Pramod Kumar, SAP Solution Architect, IBM was the faculty of the programme. Another CEP on Impact of GST on Cement Industry was organized at Thane SMFC and CMA Pratyush Chattopadhyay, Head

Indirect Tax, ACC & Ambuja Cement was the faculty of the programme. WIRC celebrated International Yoga

Day on 21st June 2017 at its office. Ms Rajashree Vora, Founder member and Trustee of 'Rajashree Kartavya

Yoga Sansthan' conducted the session. Many members,

students and staff members attended the session.

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

The Chapter on May 5, 2017 organized a seminar on 'Overview of GST' and speaker CMA L D Pawar, RCM & secretary, WIRC started from concept of GST and said that all goods and services, barring a

few exceptions will be brought into the GST base. There will be no distinction between goods and services. He focused on benefit of GST, Existing and Proposed Tax Structure of GST, Tax Levy under GST, Valuation in GST. CMA Mahendra Bhombe, vice-chairman of the chapter focused on registration process of GST and also on framework of GST in India, GST Credit and Landed cost (inside & outside) to PCMC of local and inter-state purchase. On May 24, 2017 the chapter organized an interactive session with CMA students at CMA Bhawan, Pimpri, Pune. Mr Vikas Adawade, sr officer introduced CMA Ashish Deshmukh, chairman of the chapter and speaker CMA Dakshina Murthy, Fellow member of the Institute from Hyderabad Chapter and senior manager, Royal Dutch Shell Group, MI, Planning and Analysis, Chennai. CMA Murthy is also an Associate Member of Chartered Institute of Management Accountants (CIMA), UK and a member of CMA-IMA, USA. On May

28, 2017 the chapter celebrated the 58th Foundation day of the Institute at CMA Bhawan. On the same day, the chapter organized a CEP on 'Discussions on GST' and CMA LD Pawar said there are good opportunities for CMAs in GST area. He focused on how to generate E-Waybill and discussed the issues related under GST.

The Institute of Cost Accountants of India -Bhopal Chapter

The Chapter held a seminar on GST dated May 6, 2017 inaugurated by Shri R S Maheshwari, IRS, Additional Commissioner of Central Excise, Bhopal who was also the key speaker of the seminar and he explained all the provisions of GST covering transition provisions, registration provisions, valuation rules, input tax credit, returns, assessment, appeals etc. CMA Laxmikant Vijayvargiya, chairman of the chapter highlighted the role of the Cost Accountants in the smooth implementation of GST across the country from 1st July, 2017.

The Institute of Cost Accountants of India -Pune Chapter

A CEP on the theme 'Opportunity to CMAs in Management Consultancy' was organized by the Chapter on 26th May 2017. Faculty for the programme was CMA Dr. Girish Jakhotiya and he explained various areas where Cost and Management Accountants could play a vital role with illustrations of various cases. Council Member, CMA Amit Apte and Mr. Sanjay Gosavi, Registrar, BMCC were also present on the dais. The Chapter arranged a CEP on the theme 'GST Way Forward' and faculties for the subject were CMA N K Nimkar & Mr Mahesh Bhagwat. CMA N K Nimakar spoke about various GST Rules where as Mr Mahesh Bhagwat explained the registration and other processes. A full day interactive session on GST was organized by the chapter jointly with service tax department on 26th April, 2017.Chief Guest for the programme was Mr. N Shridhar, Commissioner, Service Tax Dept. He explained in brief about the theme of the outreach program. Mr. K Ramesh RamaRao, Deputy Commissioner the faculty discussed on GST related queries & issues from basic to advance with members. Mr. Sachin Ghagare, Assistant Commissioner, Mr. R R Kedge, Assistant Commissioner were also present for the session. Formation Day of the Institute was celebrated by the chapter on 28th May 2017 at its premises. Managing Committee members of the chapter, members, students and staff members of chapter were all present on this occasion. CMA Anant Dhavale, chairman of the chapter spoke about the importance of tree plantation for human life and environment. The Chapter consecutively won the Best Chapter Award for the year 2015-16, under 'A' category from Western Region. The Chapter published Law Reference Book for Foundation & Intermediate level students on 20th April 2017 at its premises. The Book was published at the hands of CS Arun Barve & CS Ravindra Kulkarni who were the authors of the book.

The Institute of Cost Accountants of India-Navi Mumbai Chapter

The Chapter organized a CEP programme on the theme 'Impact of GST on Chemical Companies' on 28th May, 2017 at Karmaveer Bhaurao Patil College Vashi. Speakers for this event were CMA B. N. Sapkal,

Chief Manager, Finance & Accounts, Lubrizol India Pvt Ltd (Ex. Chairman of the chapter) and CMA Sushant Ghadge, Deputy Manager, Finance & Accounts, Lubrizol India Pvt Ltd. Speakers explained how the GST will be a beginning of a new regime as 'One Nation One Tax' and game-changing reform in the Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. They also explained how it would impact

the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting leading to a complete overhaul of the current indirect tax system.

The Institute of Cost Accountants of India-Surat South Gujarat Chapter

On May 14, 2017, CMA Manas Kumar Thakur, President of the Institute visited the Chapter at its auditorium on the eve of conclusion of the silver jubilee function of the Chapter. CMA Manas Kumar Thakur awarded the meritorious students for final exams.

Interaction meeting with the members and students was also arranged where there were lively discussions. On the same day a Press Meet was organized by the Chapter and CMA Manas Kumar Thakur, President of the Institute replied all the queries about future aspects of CMAs, upcoming Goods and Service Tax and many other professional areas. Again a seminar on 'GST' was also arranged at its auditorium and the faculties were CMA Mukund Chauhan and Shri Rohan Rane, Local Indirect Practitioner. CMA Mukund Chauhan explained on Input Tax Credit. He explained in a very lucid manner while Shri Rohan Rane gave the information about overview and returns of GST. On May 27, 2017 the Chapter organized a CEP on Goods and Service Tax at its hall and the learned faculty on indirect taxes, and past chairman of the chapter, CMA Shailendra Saxena

shared his in-depth knowledge about GST. He also explained the comparison of GST with other countries and how the CMAs would help the industries & traders through compliance of GST. CMA Shailendra Saxena and participants present over there, decided to have intensive workshop on practical aspects of GST during June 2017. The Chapter celebrated on May 28, 2017 the foundation day at its office and CMA Manubhai Desai, chairman of the chapter gave the outline of the achievements of the earlier days of the chapter and the meritorious and dedicated work by the founder members of the profession. The Chapter on 19th, 20th & 21st June 2017 celebrated International Yoga Day at its conference hall. CMA Manubhai K Desai, chairman of the chapter welcomed yoga teachers of "Satyam Yoga Institute", Surat Unit, who explained the concept of Yoga giving reference to the philosophy of "Satyam Yoga Institute" and showed various postures of meditation, asanas and pranayam and all participants practiced the same.

The Institute of Cost Accountants of India-Ahmedabad Chapter

The Chapter celebrated 58th Foundation day of the Institute on 28th May 2017. A Blood Donation Camp and a CEP Program on 'Role of Cost

Accountants under GST – Goods & Service Tax Act'

were also organized. Speaker of the programme, CMA D S Mahajani, GM, Taxation & CS of TSIPS Vadodara highlighted and discussed GSTR Returns under GST Act – Anti profiteering provision under the Act. The Chapter organized 3rd batch of ten days' evening workshop on GST Act and Rules for members that aimed of profound understanding of GST Act and Rules

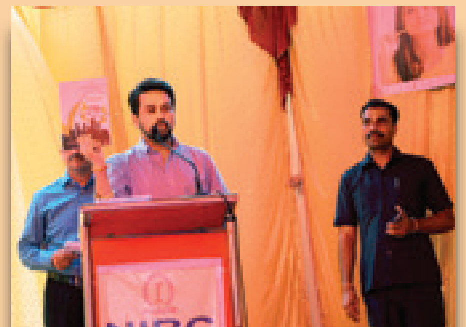
ready to deal with game changer law. CMA AG Dalwadi, CMA Ashish Bhavsar, CMA VH Savaliya and CMA Alok Sharma were the moderators of the program. A GST outreach program was organized by VAT, Excise and Commercial Deptt in various locations of Ahmedabad, Kheda, Anand, Gandhinagar, Mehsana, Sabarkanta, Rajkot, Junagadh and Vadodara districts of Gujarat

during April 21, 2017 till May 14, 2017. CMA members actively interacted and provided information regarding filing, various forms and returns under GST Act.

The Institute of Cost Accountants of India- Bharuch Ankleshwar Chapter

The Chapter celebrated the Foundation Day and organized career counselling programme on May 28, 2017. CMA S.N Mundra, Chairman of the Chapter explained about the course in details. Also there was a question answer session, which were discussed in details.

"Session on Role of CMA in Nation Building - Career Counselling & GST" at Bilaspur (HP) on May 27, 2017



Registered RNI 12032/66, Postal Regd. No. KOL RMS/139/2016-18
Publication Date: 10 July 2017