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STARTUPS AND ENTREPRENEURSHIP



Journal of
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
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- ⊙ **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was 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

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Institute Motto

असतोमा सदगमय
तमसोमा ज्योतिर्गमय
मृत्योर्मा मृतं गमय
ॐ शान्ति शान्ति शान्ति:

From ignorance, lead me to truth
From darkness, lead me to light
From death, lead me to immortality
Peace, Peace, Peace

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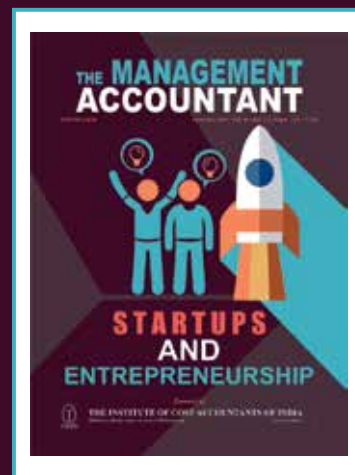
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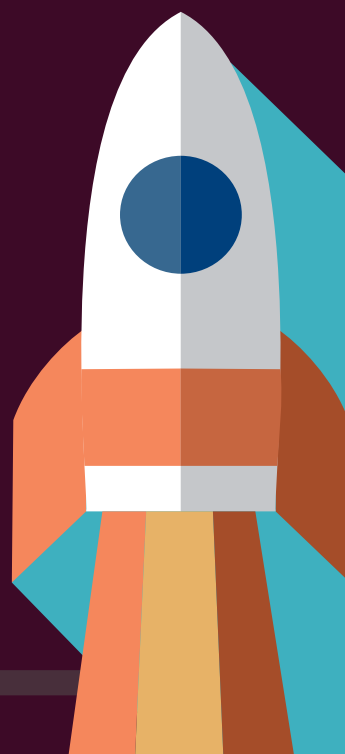
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We have expanded our Readership from 1 to 94 Countries

Afghanistan, Algeria, Argentina, Australia, Azerbaijan, Bahrain, Bangladesh, Belgium, Benin, Botswana, Brazil, British Indian Ocean Territory, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Colombia, Croatia, Czech Republic, Djibouti, Egypt, France, Gambia, Germany, Ghana, Great Britain, Greece, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Liberia, Lithuania, Malawi, Malaysia, Mauritius, Mexico, Morocco, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Oman, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Syria, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States of America, Vietnam, Zaire, Zimbabwe.

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EDITORIAL

Greetings!!!

While ‘entrepreneurship’ has been the buzzword for quite some time now; includes very much hardship and dedication to make it successful. A lot has been said and published about entrepreneurship and start-ups; however with each passing year; these buzzwords continue to bring in new dimensions for the business world. Much like raising a child, entrepreneurs carry their infant ideas and see them through, gathering the right team and talent, raising capital, slowly growing their companies with years of diligence and devotion.

India is filled with creative startup energy, driven by technological innovations in healthcare, IT, fintech, fashion, and several other sectors. This growth has produced entrepreneurial icons that succeeded in their goal, reaping in several benefits. Startup India, the flagship initiative of the Government, launched in January 2016, with intent to build a strong ecosystem for the growth of startup businesses, to drive sustainable economic growth and generate employment opportunities. This motivation has inspired a lot of young minds to explore the entrepreneurial world and transform their ‘out-of-the-box’ ideas into flourishing business concepts. While established startup brands like *Ola*, *Paytm*, *Flipkart*, *Practo*, *Make My Trip* – to name a few have cemented their market space and are the trendsetters, new ventures continue to pop in at a constant pace.

Taking a closer look at the Indian business ecosystem, the year 2019 unfurled innovative business models as business leaders conglomerate and the Government is coming together to embrace new thoughts. Simplifying reforms, affordable smartphones, heightened awareness about education are few of the prominent factors leading the ‘new-age’ revolution. The Commerce and Industry Ministry, GOI has proposed a host of measures such as tax incentives to promote budding entrepreneurs as part of the ‘Startup India Vision 2024’. It aims

at facilitating setting up of 50,000 new start-ups in the country by 2024 to create 20 lakh direct and indirect employment opportunities.

With the latest additions, India now hosts 24 unicorns, the third-highest number of unicorns in a single country in the world. Around 71% of 2019’s unicorns are business-to-business (B2B) focused, while 57% are from emerging and nascent sectors such as gaming, automotive and supply chain/logistics, according to the report. The volume of investments in startups also grew, touching \$4.4 billion for January-September across 450 startups up 5% from the year-ago period. Early-stage funding too saw a 45% spike, with \$1.6 billion being recorded in 2019. Startups created 60,000 direct jobs in 2019 alone, compared with 40,000 jobs in 2018.

The potential of the start-ups is amplifying professional scope for CMAs. With immense potential, a lot of constraints also need to be addressed properly. CMAs with their knowledge, expertise and versatility can prove to be the most equipped professional to resolve emerging challenges. The CMAs can apply cost management techniques to carry out in-depth review of a company’s expenditures and make recommendations where costs can be better managed in order to boost innovation and sustainability. Also CMAs can facilitate in ensuring that the start-ups are able to comply and adhere to the norms laid down by the Companies Act, assist in taxation issues and also raise awareness about start-up schemes of the Government to ensure dream vision of making India a start-up hub of the world.

This issue presents a good number of articles on the cover story theme ‘*Startups and Entrepreneurship*’ 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 MANAGEMENT ACCOUNTANT

PAPERS INVITED

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

January 2020	Theme	Steering Transformation in Banking	Subtopics	<ul style="list-style-type: none"> Leveraging the power of Artificial Intelligence Mega Bank Merger Drive: Most preferred technique for attainment of Competitiveness, Growth and Sustainability Interest Rate Risk Management The Digitalisation of SME Financing: Expanding the Rewards and Assessing the Risks Digital Lending: Driving the Next Wave of Loan Innovation Data & Cyber Security in Banking Investment opportunities in stressed assets Corporate Insolvency Resolution Procedure Challenges and roadblocks for the New-Age Banking: Catalytic role of CMAs to rise above the barriers
February 2020	Theme	Arbitration and Conciliation: Challenges and Prospects	Subtopics	<ul style="list-style-type: none"> Arbitration and Conciliation (amendment) Act, 2019: Expansion of scope for the CMAs Arbitral Award: Challenge & Enforcement Institutional, Statutory and Ad-hoc Arbitration Legal issues that arise in the context of Online Dispute Resolution Arbitration of Intellectual Property Disputes Recent Developments in International Commercial Arbitration Arbitration: Significantly Important Supplement to Enhance Ease of Doing Business Making India an Arbitration Hub
March 2020	Theme	The Next Gen Women: Equal Rights, Opportunities and Participation	Subtopics	<ul style="list-style-type: none"> Removing Structural Barriers towards Gender Equality and Women's Empowerment Women Empowerment - the key to achieve Social & Economic growth of the country Women in Business Decision-making Role of Judiciary in Empowering Women in India Crimes against women- a blot on Gender Equality and Women Empowerment Challenges of Women Entrepreneurship Impact of Globalization on Women Entrepreneurship Women Entrepreneurship in the Tech-driven era Challenges and Hurdles in the Journey of Women Empowerment Women & Economy: The Indian Perspective
April 2020	Theme	Internal Audit: The Way Forward	Subtopics	<ul style="list-style-type: none"> The Fundamentals of Effective Internal Audit Intelligent Automation in Audit Auditing Cyber: Operational Risks Role of Internal Audit in Mergers, Acquisitions and Divestitures Internal Audit and Enterprise Risk Management (ERM) Board Effectiveness: Expanding Scope of Internal Audit Conquering the Cloud: How Internal Audit can help Internal Audit: Assessing Risk in today's Disruptive Environment Internal Audit-future trends and innovation and emerging scope for 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 anywhere else.

Please send your articles by e-mail to editor@icmai.in latest by the 1st week of the previous month.



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PRESIDENT'S COMMUNIQUÉ

CMA Balwinder Singh

President

The Institute of Cost Accountants of India

November 2019 at Chennai. The theme of the Convention was “Challenging Economic Landscape – Driving Performance Dimensions of Governance”. The convention was attended by my council colleagues, Past Presidents and a large number of delegates. The event has witnessed speakers from various companies including Apollo, ITC, Oracle, BEML, Sankara Netralaya. CMAs from various organizations in the position of Director Finance, CFO, and CEO have presented their views on varied topics.

To appraise all the members of the activities / initiatives undertaken by the Departments/ Directorates of the Institute during last month, I now present a brief summary of the activities:

BANKING & INSURANCE COMMITTEE

The Insurance Regulatory Development Authority of India has come out with Exposure Draft of IRDAI (Insurance Surveyors and Loss assessors) (Amendment) Regulations, 2019. The Banking & Insurance Committee of the Institute immediately sought comments/suggestions on Exposure Draft from the Members and deliberated various provisions and the comments/suggestions received with the experts. The suggestions on such Draft were submitted to Insurance Regulatory Development Authority of India on 21st November, 2019.

I along with CMA Chittaranjan Chattopadhyay, Chairman of Banking & Insurance Committee met Dr. Subhash C. Khuntia, Chairman, Insurance Regulatory and Development Authority of India on 2nd December, 2019 at New Delhi and discussed the role of CMAs in Insurance Sector and various professionals avenues of CMAs in the insurance Sector. The Chairman appreciated the timely submission of the suggestions by the Institute on IRDAI (Insurance Surveyors and Loss assessors) (Amendment) Regulations, 2019.

I along with CMA Biswarup Basu, Vice President, CMA Dr. A S Durgaprasad, Past President of the Institute, CMA Dr. K Ch A V S N Murthy, Council Member, CMA P Raju Iyer, Council Member met Shri J Packirisamy, Managing Director and CEO, Andhra Bank at Hyderabad on 4th December, 2019 and discussed the role of CMAs in Banking Sector and recruitment of CMAs in Banks.

“Education is not the learning of facts, but the training of the mind to think”

– Albert Einstein

My Dear Professional Colleagues,

Global Summit 2020

As you all are aware that the Institute is organising **Global Summit** on the theme “**Mission 5 Trillion – CMA as a Cryogenic Force**” on **9th -11th January 2020** at New Delhi, I earnestly request all the members to attend this Global Summit in large numbers to show the strength of CMA profession. The Global Summit will be addressed by eminent persons holding high positions in the Government, Industry leaders and management experts. Many professional Gurus from USA, UK, Australia, China, Germany, Japan, South Africa, South Korea, & Singapore have consented to share their knowledge & experience at the Summit.

Symposium on Cost Audit

The Technical Cell of the Institute is organising a National Level **Symposium on Cost Audit** on 20th December 2019 at YB Chavan Auditorium, Mumbai. The Symposium will be addressed by regulators, industry representatives and other eminent speakers. The participants will be eligible for 4 CEP hours. I urge the members of the Institute to attend the Symposium in large numbers and showcase the strength of the Profession. Necessary details are available on the website of the Institute.

Regional CMA Convention of SIRC

I am delighted to share that I had an opportunity to inaugurate the Regional Cost Convention organized by the Southern India Regional Council (SIRC) of the Institute held on 23rd & 24th

The Institute has associated with ASSOCHAM for organizing 12th Global Insurance Summit-‘Making India a Fully Insured Society’ on 6th December, 2019 at Mumbai. Members from the profession and industry at large shall participate in the summit.

CMA Chitranjan Chattopadhyay, Chairman of Banking & Insurance Committee along with CMA Biswarup Basu, Vice President met Shri Jaimin Bhatt, President & Group CFO and Member, Group Management Council of Kotak Mahindra Bank and discussed the role of CMAs in Banking Sector and recruitment of CMAs in Banks. They also met Shri Rajkiran Rai G, MD & CEO, Union Bank of India to discuss on various professionals avenues of CMAs in the Banks and recruitment of CMAs in Banks.

DIRECTORATE OF ADVANCED STUDIES

I am happy to inform that the Inauguration of SAP-FICO Power User Course batch took place on 9th November 2019 at Kolkata. CMA Debasish Mitra, Chairman, Board of Advanced Studies along with CMA Biswarup Basu, Vice President, CMA Chitranjan Chattopadhyay, Council Member, CMA Arundhati Basu, Regional Council Member – EIRC graced the occasion. The program was also attended by experts from Industries, Mr. Soumya Bhattacharya, Program Manager, SAP-FICO, Capgemini and Mr Ravi Kotha, Senior Project Manager, SAP, ITC Infotech India Limited.

DIRECTORATE OF STUDIES

I am pleased to convey that the Institute has organized a Mega Career Awareness Programme on “Commerce Education & Beyond: Reinforcing Young Minds” in association with the University of Calcutta on 22nd November, 2019 at Mahajati Sadan, Kolkata.

Prof. Ashoke Ranjan Thakur, Vice Chancellor, Sister Nivedita University, CMA Biswarup Basu, Vice President, ICAI, CMA Amit A. Apte, Immediate Past President, ICAI, CMA Amal Kumar Das, Past President, ICAI, CMA Dr. V. Murali, Council Member, ICAI, CMA Chitranjan Chattopadhyay, Council Member, ICAI, Prof. CMA Dhruba Ranjan Dandapat, Dean, Calcutta University, Prof. Dr. Ashish Kumar Sana, Head of Commerce Department, Calcutta University, CMA Pallab Bhattacharyya, Chairman, EIRC, ICAI and CMA Dr. Debaprosanna Nandy, Sr. Director, ICAI marked this 3rd edition of Mega Career Awareness Programme by their auspicious presence in the inaugural session. Eminent Industry experts including CMA Santosh Sharma and Shri Mohit Shaw enlightened the students with sharing their expert knowledge to shape professional career in the right direction. Around 1000 students and faculty members from more than 50 Colleges and Universities participated in this programme. Participants were highly enriched with the deliberations of the experts.

DIRECTORATE OF CAT

CAT Sample Question Papers

The last date for the receipt of CAT examination application form was 30th November, 2019. The window was open for a month and I am sure that all the aspirants have filled up their examination form. While examinations are one and a half

month away, Directorate of CAT, for its students has prepared sample question papers for practice. These sample question papers would be helpful for the aspirants in their preparation for the examination. These sample question papers are available at the Institute’s website and have also been shared with the students and ROCCs through their registered email ids.

CAT Course under SHE Skills-2019 scheme of Government of Kerala

I have pleasure in sharing that CMA H Padmanabhan, Chairman CAT had signed on behalf of the Institute the SHE SKILL Project MoU between Government of Kerala, ASAP BFSI and ICAI. I had the pleasure in gifting it to the Chapters and ROCCs in Kerala the scheme wherein 16 batches of 30 girl students per batch are pursuing the CAT Course which is the first time ever in India among all States. The Honourable Minister of Government of Tamil Nadu Sri. Kadambur Raju, Minister for Information and Publicity was witness to the august event.

CAT Course for Poor through Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) in Karnataka and Bihar

As you may be aware, the Ministry of Rural Development (MoRD) announced the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) Antyodaya Diwas on 25th September 2014. DDU-GKY is a part of the National Rural Livelihood Mission (NRLM), tasked with the dual objectives of adding diversity to the incomes of rural poor families and cater to the career aspirations of rural youth. DDU-GKY is uniquely focused on rural youth between the ages of 15 and 35 years from poor families. To be an active part of this scheme, the Institute has applied for imparting the CAT course in the states of Karnataka and Bihar. I am sure that the Directorate of CAT would be successful in tapping the thus far untamed opportunity for India to train and place the potential youth from the poor families.

New ROCCs

The Directorate of CAT under the Chairmanship of CMA H. Padmanabhan has approved two new ROCCs in New Delhi (N-239 & N-240). The establishment of these new ROCCs shall be a matter to cheer for the aspirants of CAT course living in these cities and nearby cities and towns.

State Level ROCCs Meet

Under the able chairmanship of CMA H Padmanabhan, Regional Council and Chapters Coordination Committee (RC&CC) of the Institute is working to take the Profession at different level with extended cooperation & support of Chapters, ROCCs and CMA Support Centres PAN India. Accordingly, for the north-eastern states, a meeting at Guwahati was held on 17th November 2019 and for the southern Indian states on 23rd & 24th November, 2019. I am glad that my colleague CMA Padmanabhan has been deftly using the synergies of the CAT & R&CC Committees while leveraging the single platform for taking up the matters pertaining to both of them.

• Meeting with the key Government officials and Ministers

Chairman CAT and team met Honourable Chief Minister of Government of Tamil Nadu and appraised about the Skill Development Project and in turn the Government is eager to have our proposal for implementation in the State.

To discuss the contemporary issues related to the profession, my council colleague CMA H Padmanabhan has been meeting regularly with the key Government officials and Ministers in the States of Kerala, Tamil Nadu and Odisha encouraging others to meet the officials in other parts of the Country.

INTERNAL AUDITING AND ASSURANCE STANDARDS BOARD

It is my pleasure to inform that “The Internal Auditing and Assurance Standards Board” has conducted the 2nd meeting on 16th November, 2019 at CMA Bhawan, New Delhi under the Chairmanship of CMA P. Raju Iyer. The Board will soon launch a dedicated web portal so that all the Members and Stakeholders can have an access to the initiatives of the Board and important information, guidance related, technical guides, etc., to Internal Audit.

The Board decided that webinars on different topics on Internal Audit will be arranged. The Board has planned to conduct workshops with industry to highlight the significant contribution and value addition to corporate by CMAs conducting internal audit. The Board has discussed the draft Guidance Note on Petroleum and Education sector, which will be exposed to members’ comments in due course after modifications and upgrading. The Board has planned to bring Guidance Notes on various industries in due course.

The Board has planned the month of April 2020 as “month of internal audit” and proposed to conduct various programs on PAN India basis. The Management Accountant Journal for the month of April shall be on the theme Internal Audit. I request the members and experts to contribute articles, case studies, research materials, etc., for publication.

I extend my best wishes to the Members of the Board and also expect that the newly formed Board can fulfill the potential need in the area of Internal Audit through its wide range of activities.

INTERNATIONAL AFFAIRS DEPARTMENT

I am pleased to share that I had a meeting with the representatives of Kenya Accountants and Secretaries National Examination Board (KASNEB) during their study visit to India on 5th November 2019 at CMA Bhawan, New Delhi. The meeting had deliberations on educational and examination systems prevalent in both countries.

• CAPA and IFAC meetings

The Confederation of Asian and Pacific Accountants held its Members Meeting, Assembly of Delegates (AOD) during 10th to 12th November 2019 in Vancouver, Canada. During the members meeting, CAPA launched the first case study publication showcasing the work of the Institute of Cost Accountants of India aimed at supporting ‘PAO’s – Engaging with the Public Sector’ about the comprehensive study of the existing costing system in the Indian Railways

and propose upgrades to the existing system to allow for improved managerial analysis of costing data and hence efficiency improvements in key performance areas. I attended the Assembly of Delegates (AOD) of CAPA as voting representative and CMA Neeraj D. Joshi, Council member as designated advisor on 11th November 2019.

On 12th November 2019, Memorandum of Understanding (MoU) was signed between CAPA and the South Asian Federation of Accountants (SAFA). The ceremony involved both organisations’ leadership and was witnessed by the IFAC President, Prof. In Ki Joo. I along with CMA Neeraj D. Joshi, Council Member attended the IFAC Council Meeting on 13th & 14th November 2019 at Vancouver, Canada.

• Meeting with ACCA, UK and CPA Canada officials

I wish to inform the members that I along with CMA Neeraj D. Joshi Council Member met ACCA, UK officials in Vancouver, Canada on the sidelines of CAPA and IFAC meetings to discuss about possibilities of further strengthening the relationship between both the Institutes and in another meeting, we met Ms Tashia Batstone, Senior Vice President-CPA Canada in Toronto, Canada on 14th November 2019 to take forward our discussions about possibilities of mutual recognition of the professional qualifications and professional development programmes offered by both Institutes.

• Members Meet in Toronto

I along with CMA Neeraj D. Joshi, Council member also had the opportunity to meet the members of the Institute in Canada and deliberated on the various issues & matters of their concern related to the profession during the Members Meet organised by the Toronto Overseas Centre of Cost Accountants of India (TOCCAI) at Ontario, Canada on 17th November 2019.

• London Global Convention 2019 by IOD

Institute of Directors (IOD) has organized its 19th edition of the Annual London Global Convention on the theme “Corporate Governance and Sustainability” during 13-16 November 2019 at London (UK). The Institute was the Associate Partner for this Convention. CMA Dr. Ashish P. Thatte Chairman, International Affairs Committee and CMA Vijender Sharma, Chairman, Professional Development & CPD Committee represented the Institute at the Convention.

• SAFA meeting and events in Dhaka, Bangladesh

CMA Dr. P.V.S. Jagan Mohan Rao, President SAFA, CMA Dr. Ashish P. Thatte, Chairman, International Affairs Committee, CMA Dr. V. Murali and CMA Rakesh Bhalla, Council Member attended the SAFA Committee meetings, SAFA International Conference, 19th ICAB National Award for Best Presented Annual Reports 2018 and ‘SAFA Best Presented Annual Reports Award & SAARC Anniversary Award for Corporate Governance Disclosures 2018 and 60th SAFA Board meeting held in Dhaka, Bangladesh during 29th November 2019 to 1st December 2019 hosted by the Institute of Chartered Accountants of Bangladesh (ICAB).

We are proud to inform you that CMA (Dr.) P V S Jagan Mohan Rao, President SAFA received memento from His Excellency Hon’ble President of Bangladesh, Mohammad

Abdul Hamid during the SAFA International Conference organized by ICAB on 30th November 2019 in Dhaka, Bangladesh.

MEMBERS IN INDUSTRY COMMITTEE

Members in Industry Committee organised a program on 'GST – Recent Developments & New Return System' on 27th of November, 2019 at the Institute Headquarters. The program was a thorough Panel Discussion that was graced by CMA Harijiban Banerjee Past President of the Institute, CMA Amal Kumar Das Past President of the Institute, CMA Biswarup Basu Vice President and CMA Chittaranjan Chattopadhyay Council Member. Expert speakers from the Industries: CMA Debasis Ghosh - Vice President (Group Indirect Tax), Peerless General Finance & Investment Company Ltd., CMA Subrata Mitra Assistant Director, National Academy of Customs Indirect Tax and Narcotics, Govt. of India, and CMA Susanta Kumar Saha, Tax & Management Consultant discussed on various developments in GST and the New Return System. All the member delegates present in the audience showed their utmost eagerness to listen to the expert speakers on the valuable topic. The program was followed by Question and Answer session, wherein many of the listeners discussed their queries with the expert speakers.

I am happy to share that CMA Biswarup Basu Vice President & Chairman of Members in Industry Committee along with CMA Chittaranjan Chattopadhyay Council Member met Shri S. Venkatramani, Additional Commissioner of Income Tax on 1st November, 2019 in Kolkata and discussed the role of CMAs in Income Tax Act. On 4th November 2019, both exchanged greetings with Shri Bishwanath Jha Principal Chief Commissioner of Income Tax and discussed the role of CMAs in Income Tax Act.

CMA Biswarup Basu, Vice President & Chairman of Members in Industry Committee along with CMA Chittaranjan Chattopadhyay and CMA Dr. Ashish P. Thatte, Council Members met Shri Satish Kumar Gupta, Principal Chief Commissioner, Income Tax, Mumbai Circle to discuss matters pertaining to inclusion of CMAs in the Accountant definition of Income Tax Act. They also met and exchanged greeting to Shri Manmohan Juneja, Regional Director MCA, Western Region, Shri Manoranjan Das, Registrar of Companies, Western Region and CMA Mrs Harjeet K Joshi, Chairman & Managing Director of The Shipping Corporation of India Ltd.

PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

I am pleased to inform that CMA Vijender Sharma, Chairman, Professional Development & CPD Committee took initiatives for further propagating the CMA Profession during his visit to London (UK). He met Senior Analyst, International Projects Group (IPG), UK-NARIC and submitted the proposal for Benchmarking of Cost Accountant (CMA) qualification by the Institute with an objective to get global recognition in relation to UK education system. He also met the CEO and President of Insolvency Practitioners Association UK for building association between IPA ICAI and IPA UK to work jointly in the domain of international research on insolvency and professional development initiatives for insolvency practitioners of both the countries, met with Director

Regulations, ACCA UK for building association between IPA ICAI and ACCA to work jointly in the domain of international research on insolvency and professional development initiatives for both Insolvency and ACCA professionals of both the countries.

• Representations with Government, PSUs, Banks and Other Organizations

PD Directorate is regularly sending representations to various organizations for inclusion of cost accountants for providing professional services. Rajasthan State Mines & Minerals Limited, Nigam Limited, Airport Authority of India, Delhi State Industrial & Infrastructure Development Corporation (DSIIDC) Ltd., The Odisha State Police Housing & Welfare Corporation Brahmaputra Cracker and Polymer Limited (BCPL), Garden Reach Shipbuilders & Engineers Limited (GRSE), Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co. Ltd., Central Coalfields Limited (CCL), Union Bank of India, Assam State Transport Corporation, Jharkhand Urja Sancharan, M.P. Power Generating Company Limited etc. have included Cost Accountants in their Tenders/EOIs during the month of November 2019.

Further, on the Institute's representation, the Odisha State Police Housing & Welfare Corporation included Cost Accountants for conducting Internal Audit.

The Institute associated with Confederation of Indian Industry for Annual Roadshow on Competition Law and Practice on 30th November 2019 held at Mumbai.

During the month, our Regional Councils and Chapters organized 46 programs, seminars and discussions on the topics of professional relevance and importance for the members such as Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019, Credit Appraisal by banks- CMAs Role & Overview of IBC & Opportunities, GST - Recent Developments and New Return System, Recent Amendments in Cost Audit & Returns, Risk Management and Valuation of Assets, Transfer Pricing, Direct Benefit Transfer to Farmers, Income Computation and disclosure standards & Recent amendments under Income Tax, Prohibition of Benami Property Transaction Act 1988 and so on.

I am sure the members were immensely benefited with these programmes.

TAXATION COMMITTEE

The last one month has been quite an eventful month for Team – TRD. Number of seminars & events have been organized by the Committee during the month. On 14th November, a seminar was conducted on Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 at New Delhi where, Mr. Zhaik Khader Rahman - IRS, Commissioner (IT & Compliance Verification) was the Chief Guest and Mr. Rajnish Goenka - Chairman, MSME Development Forum was the Guest of Honour. On 16th November, a seminar was conducted on Direct and Indirect Tax at Mysore, where Mr. S. Rakesh - IRS, Assistant Commissioner, Income Tax graced the occasion. On 29th November another seminar was conducted on the theme GST - Moving Forward and Sabka Vishwas - A Ray of Hope at Madurai, where Mr. V Pandiaraja IRS, Joint Commissioner, CGST Madurai and Mr. S. Renthinavelu, Sr.

President, T N Chamber of Commerce graced the occasion. In the courses, crash course for colleges and universities, the course has started in SBRR Mahajana First Grade College, Mysore in November and MOU has been signed. Apart from this course is also running successfully at Umeschandra College, Kolkata. Webinars have been conducted on the topics "Import & Export Procedure - Practical Approach" on Customs by CMA Amit Dey on 07.11.2019, on IT amendments effective from 01-09-2019 by CMA Abhijit Khasnobis on 15.11.2019 and on Scrutiny of monthly & annual returns under GST (By dept) by CMA Vishwanath Bhat on 26.11.2019. Notifications and Recent amendments (Both Direct & Indirect Tax) are being uploaded in website time to time for the benefit of stakeholders & members.

During the month, CMA Niranjana Mishra, Chairman, Indirect Taxation Committee met Dr. John Joseph, Spl Secretary and Member, CBIC, Shri Yogendra Garg, Principal Commissioner, GST Policy, CBIC and Shri L Satya Srinivas, Joint Secretary (Customs), Department of Revenue, Ministry of Finance, Government of India and discussed about various recent initiatives and future road map of the Institute on Indirect Taxation related matters.

REGIONAL COUNCIL AND CHAPTER COORDINATION COMMITTEE

I have pleasure to inform that this committee under the chairmanship of CMA H Padmanabhan organised for the first time Webinar Series on specific theme on five topics during the month which have received overwhelming response among the membership. I had the pleasure of attending the Regional Cost Convention of SIRC and disbursed Best Performing Chapter/s Award for the year 2K19 arrived at by this committee under various categories of Chapters falling under A, B, C and D categories, the best two in all categories along with Chairman of the Committee to the recipients. I congratulate the award winner's viz., Hyderabad & Coimbatore Chapters under "A" Category, Vijayawada & Visakhapatnam Chapters under "B" Category, Thrissur & Mysore Chapters under "C" Category and Nellore & Erode Chapters under "D" Category and appreciate other Chapters for their services too.

The Chairman CMA H Padmanabhan on behalf of myself and Institute was instrumental in organizing one day seminar jointly by Tamil Nadu Chamber of Commerce and Institute in Madurai which witnessed more than six hundred participants. We appreciate the active role played by the Madurai Chapter and TRD with this committee.

TRAINING & PLACEMENT DIRECTORATE

I am pleased to share that the Institute has started conducting CMA Extended Campus Placements Programme for June 2019 batch of qualified CMAs at various Regions and Chapters including at Kolkata, Ahmedabad, Bangalore and Jaipur. Reputed companies including Consero Solutions India Private Limited, NH Group India (Narayana Health), Capgemini Technology Services India Limited, McNally Bharat Engineering Company Ltd, Befree, Astral Polytechnik Ltd, Khimji Ramdas India Pvt. Ltd, Highly Electrical Appliances Pvt. Ltd, Genpact and AU Small Bank participated in the Extended Campus Placement Programmes in the month of November 2019. We will continue organising the Extended

Campus Placement Programme in the month of December in different locations.

The Institute has also conducted Campus Recruitment Programmes for Qualified Intermediates of June 2019 Batch at Pune, Kolkata and Howrah. Reputed companies including Western Carrier India Ltd., ITC Limited participated in this Campus Recruitment Drive. Also many reputed companies including NMDC Limited, Bharat Heavy Electricals Ltd., Shipping Corporation of India Ltd., Garware Bestretch Limited, Novac Technology Solutions (Shriram Groups), Jumbotail Technologies Pvt Ltd, TM Solutions Private Limited (Taxmantra), The Indian Statistical Institute, NTPC limited and many other organisations are also offering Practical Training opportunities to the Qualified Intermediates to join as Cost and Management Trainees on fixed term basis.

I wish all the newly qualified CMAs and Qualified Intermediates of June 2019 term for their successful professional career.

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

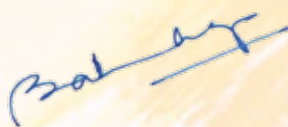
The Insolvency Professional Agency of the Institute organized various Round table Interactions, workshops and webinars during the month on:

- Orientation Program on IBC in Ludhiana on 2nd November 2019
- Colloquium with IP's on Liquidation under IBC, 2016 in Delhi on 8th November 2019
- Workshop on Group Insolvency in Kolkata on 9th November 2019
- Colloquium with IP's on Liquidation under IBC, 2016 in Bengaluru on 11th November 2019
- Colloquium with IP's on Liquidation under IBC, 2016 in Hyderabad on 11th November 2019
- Colloquium with IP's on CIRP under IBC, 2016 in Mumbai on 13th November 2019
- Certificate Course on IBC – 15th November 2019 – 18th November 2019
- Certificate Course on Valuation – 16th November 2019
- Webinar on Personal Insolvency and Bankruptcy of Guarantors to Corporate Debtors – 22 November 2019
- Awareness Program on IBC in Cuttack on 24th November 2019
- Colloquium with IP's on CIRP under IBC, 2016 in Delhi on 26th November 2019

I wish prosperity and happiness to members, students and their family on the occasion of Christmas & Season's Greetings and wish them success in all of their endeavours.

Thanking you,

Warm Regards,



CMA Balwinder Singh
December 5, 2019



CHAIRMAN'S COMMUNIQUÉ

CMA (Dr.) K Ch A V S N Murthy

Chairman

Journal & Publications Committee
The Institute of Cost Accountants of India

“शक्ति के अभाव में विश्वास व्यर्थ है।
विश्वास और शक्ति, दोनों किसी महान काम को करने
के लिए आवश्यक हैं।” ~ सरदार वल्लभ भाई पटेल

*“Faith is of no avail in absence of strength.
Faith and strength, both are essential to
accomplish any great work.”
~ Sardar Vallabhbhai Patel*

I am thankful to the Council of the Institute for having faith in my capabilities and assigning me the responsibility to serve the Institute as Chairman of the Journal & Publications Committee (2019-2020). I convey my sincere gratitude to everyone, who supported the activities of the Journal and Publications department and is committed to work relentlessly to meet the expectations of the members, students and other stakeholders.

The following publications are being published regularly by the Directorate of Journal and Publications:

- The monthly journal ‘The Management Accountant’
- Quarterly ‘Research Bulletin’

The monthly journal The Management Accountant with its modern layout as well as rich and informative contents is highly commendable and the quality of articles has also improved immensely over the past few months. The basic focus is to make The Management Accountant a global brand on its own. It is needless to mention that the concerned department has progressed towards design improvement, and the present professional design has received accolades from all quarters and members of the Institute.

Distinguished experts and authors contribute relevant and path-breaking articles and case studies for the journal that not only enhance the quality of the publications, but also give new dimensions and directions towards socio-economic research and policy making.

We are incorporating new features like Down the Memory Lane, Statutory Updates, Interviews of eminent industry stalwarts and relevant cover stories of national and global importance in our journal and giving our best efforts to reach the unreachable through persistent value addition. To make

the issue more informative and stimulating, we have included Special Article related to a significant event of recent times.

Our mission is to establish this department as a premier research body in the country to raise public awareness about policy issues in business, trade, society and economy and to facilitate solutions that will contribute to national development.

December 2019 of the Journal “The Management Accountant” is based on the theme “Startups and Entrepreneurship” where Entrepreneurs need to understand how well they are using assets to generate services and the costs of inventory are compared with the company’s profit margin. *Startup India* will help boost entrepreneurship and economic development – by ensuring that people who have the potential to innovate and start their own business are encouraged – with proactive support and incentives at multiple levels.

I request continuous support from every corner in the quest for value creation through the activities of this department. I am also very much confident that the office bearers of the department will provide their assistance and best efforts undoubtedly and commit for its betterment.

I am in high spirits to proclaim that the Institute are organizing **Symposium on “Cost Audit – Stakeholders’ Value Proposition”** on 20th December 2019, YB Chavan Auditorium, Mumbai and **Global Summit 2020 on the theme “Mission 5 Trillion-CMA As a Cryogenic Force”** on January 9-11, 2020 at The Ashoke Hotel, New Delhi.

The goal of USD 5 Trillion can be achieved through a clear strategic thinking by the Captains in the Government, Business and Management Leadership. The Global Summit would be addressed by eminent persons holding high positions in the Government and Industry leaders that would create a national platform for deliberation and knowledge transformation. Cost Audit offers significant value addition to various stakeholders. It is a continuous endeavour of the Institute to get feedback from various stakeholders regarding their expectations, which guides and shapes the future developments in this mechanism. I would earnestly request all our members to actively join both the events to evaluate the efficacy and highlight further expectations for making India \$5 Trillion Economy.

We solicit your feedback, suggestions and concerns for the overall development of the Journal and Publications Department. Please send us mails at editor@icmai.in / journal@icmai.in for various issues relating to journal and publications.

CMA (Dr.) K Ch A V S N Murthy

December 5, 2019



CMA Balwinder Singh, President of the Institute welcomes Mr. Benrodders M. Milaih, Board Member of Kenya Accountants and Secretaries National Examination Board (KASNEB) on 5th November 2019 at CMA Bhawan, New Delhi



Vice President CMA Biswarup Basu, Central Council Member CMA Chittaranjan Chattopadhyay Chairman, Banking & Insurance Committee along with CMA Kishore Bhatia exchanged greetings to Shri Jaimin Bhatt, President & Group CFO and Member, Group Management Council of Kotak Mahindra Bank on 8th November 2019



Vice President CMA Biswarup Basu and Council Member CMA Chittaranjan Chattopadhyay exchanged greetings with Principal Chief Commissioner of Income Tax, Shri Bishwanath Jha on 4th November, 2019 in Kolkata and discussed role of CMAs in Income Tax Act



Vice President CMA Biswarup Basu and Council Member CMA Chittaranjan Chattopadhyay met Additional Commissioner of Income Tax, Shri S. Venkatramani on 1st November, 2019 in Kolkata and discussed role of CMAs in Income Tax Act



Vice President CMA Biswarup Basu and Council Members CMA Dr. Ashish Prakash Thatte and CMA Chittaranjan Chattopadhyay felicitating CMA Mrs Harjeet K. Joshi, Chairman and Managing Director of Shipping Corporation of India Ltd. on 21st November, 2019



Vice President CMA Biswarup Basu and Council Members CMA Dr. Ashish Prakash Thatte and CMA Chittaranjan Chattopadhyay felicitating Shri Satish Kumar Gupta, Principal Chief Commissioner Mumbai Region on 20th November, 2019 in Mumbai



Shri Rajkiran Rai G, MD and CEO, Union Bank of India was greeted by CMA Biswarup Basu, Vice President and CCM of ICAI, CMA Chittaranjan Chattopadhyay, Chairman Banking and Insurance Committee of ICAI and CMA Dr. Ashish Thatte, CCM of ICAI on 20th November 2019



Vice President CMA Biswarup Basu and Council Members CMA Dr. Ashish Prakash Thatte and CMA Chittaranjan Chattopadhyay felicitating Shri Manmohan Juneja, Regional Director of MCA Western Region on 21st November, 2019



2nd Meeting of "Internal Auditing and Assurance Standards Board" held on 16th November, 2019 at CMA Bhawan, New Delhi - CMA Raju Iyer, Chairman of the Board & CMA Biswarup Basu, Vice President along with the Members of the Board CMA J K Budhiraja, CMA Mrityunjay Acharjee, CMA Dr. A.G. Aggarwal, CMA M B Eswaran, CMA Ashwinkumar G Dalwadi (CCM), CMA Dr. V Murali (CCM), CMA Debasish Mitra (CCM), CMA Dr. K CH A V S N Murthy (CCM), CMA Chittaranjan Chattopadhyay (CCM), CMA Rakesh Shankar, CMA Shyam Sundar Sonthalia, CMA Kushal Sen Gupta, Secretary to the Board



Glimpses of the Seminar on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 organised by the Tax Research Department in association with NIRC of the Institute on 14th November 2019 at New Delhi



CMA Balwinder Singh, President and CMA Chittaranjan Chattopadhyay felicitating Shri Subhash Chandra Khuntia, Chairman, Insurance Regulatory Development Authority of India



Inauguration of SAP-FICO Power User Course on 9th November 2019 at Kolkata. CMA Debasish Mitra, Chairman, Board of Advanced Studies lighting the lamp along with CMA Biswarup Basu, Vice President, CMA Chittaranjan Chattopadhyay, Central Council Member, CMA Arundhati Basu, Regional Council Member - EIRC, CMA Dr. D P Nandy, Sr. Director of the Institute, Experts from Industries - Mr Soumya Bhattacharya, Program Manager, SAP-FICO, Capgemini and Mr Ravi Kotha, Senior Project Manager, SAP, ITC Infotech India Ltd



CMA Debasish Bandopadhyay, Regional Director, Eastern Region, Ministry of Corporate Affairs, Government of India delivering his address on Ease of Doing Business in India in the Seminar on 'Ease of Doing Business in India for the year 2019-Reforms' held on 30th October 2019 at J.N. Bose Auditorium, CMA Bhawan, The Institute of Cost Accountants of India, Kolkata



Career Awareness Programme on "Commerce Education & Beyond: Reinforcing Young Minds" organised by Directorate of Studies in association with Calcutta University on 22nd November, 2019 at Mahajati Sadan, Kolkata. Prof. Ashoke Ranjan Thakur, Vice Chancellor, Sister Nivedita University, CMA Biswarup Basu, Vice President along with CMA Amit Anand Apte, Immediate Past President, CMA Amal Kumar Das, Past President, CMA Dr. V. Murali, CCM, Prof. CMA D. R. Dandapat, Dean, Calcutta University, CMA Chittaranjan Chattopadhyay, CCM, Prof. A. K. Sana, HOD, Commerce Department, Calcutta University, CMA Pallab Bhattacharyya, Chairman, EIRC and CMA Dr. D.P. Nandy, Sr. Director of the Institute graced the programme

'GST – Recent Developments & New Return System'

A Programme Organized by
The Members in Industry Committee



Members in Industry Committee organised a program on 'GST – Recent Developments & New Return System' on 27th of November, 2019 at the Institute Headquarters. The program was a thorough Panel Discussion that was graced by former Presidents of the Institute CMA Harijiban Banerjee and CMA Amal Kr. Das, Vice President CMA Biswarup Basu and Council Member CMA Chittaranjan Chattopadhyay. Expert speakers from the Industries: CMA Debasish Ghosh - Vice President (Group Indirect Tax), Peerless General Finance & Investment Company Ltd., CMA Subrata Mitra Assistant Director, National Academy of Customs Indirect Tax and Narcotics, Govt. of India, and CMA Susanta Kumar Saha, Tax & Management Consultant discussed on various developments in GST and the New Return System. All the member delegates present in the audience showed their utmost eagerness to listen to the expert speakers on the valuable topic. The program was followed by Question and Answer session, wherein many of the listeners discussed their queries with the expert speakers.



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**COMMERCE EDUCATION & BEYOND:
REINFORCING YOUNG MINDS**

3rd EDITION - CAREER AWARENESS PROGRAMME
Friday, November 22, 2019 Mahajati Sadan, Kolkata

Organised by
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
Statutory Body under an Act of Parliament

In association with
**DEPARTMENT OF COMMERCE
UNIVERSITY OF CALCUTTA**

Behind Every Successful Business Decision, there is always a **CMA**

Directorate of Studies of the Institute had organized **3rd Edition of Mega Career Awareness Programme on “Commerce Education & Beyond: Reinforcing Young Minds”** in association with **Calcutta University on 22nd November, 2019 at Mahajati Sadan, Kolkata.** Around 1000 students and eminent faculties from more than 50 colleges and universities participated in this programme.

Prof. Ashoke Ranjan Thakur, Vice Chancellor, Sister Nivedita University, Kolkata graced the programme as the Chief Guest. He highlighted the rare quality to have flexibilities in understanding the subjects and being able to move on with time which can immensely help one to be steady and make progress in life.

CMA Biswarup Basu, Vice President, ICAI enlightened the students with his motivational speech. He said that to be a successful professional, one must take up an idea and convert that particular idea into action. As a student one must stay positive and motivated. Purity, Patience and Perseverance are the three essences to build a successful career. Knowledge gives idea, idea leads to creativity; when learning is purposeful, creativity blossoms and positive thinking grows. He also highlighted the strength of the Institute and the immense growth prospect of Cost and Management Accountants in the industries such as GST Audit, Valuation, Insolvency and Bankruptcy along with other areas of professional avenues besides huge employment opportunities.

CMA Amit Anand Apte, Immediate Past President, ICAI delivered the Key Note address and shared his vast knowledge and experiences. He highlighted the need for dedicated efforts to crack any professional course like Cost and Management Accountancy Course and to get success in life.

CMA Amal Kumar Das, Past President, ICAI inspired

the students by sharing his own journey in the professional field and boosted the students to stay focused, determined and work hard along with positive attitude to overcome the difficulties in life and to achieve success in career. He also touched upon the great role of CMAs in various PSUs and turning the organizational fortune around.

CMA Chittaranjan Chattopadhyay, Central Council Member, ICAI said that we should focus on quality life for the next generation and it can be achieved by acquiring 21st century skills like expanding literacy, competencies and character qualities. Knowledge utilization is the main way to create value in digital life. He emphasized on migrating from industry 4.0 Society to 5.0 Society stating the importance of internet of things, artificial intelligence, big data and robotics. He also said that multi skill proficiency is required in our life to survive in the changing times and CMA Profession is ready for that.

CMA Dr. V. Murali, Central Council Member, ICAI enlightened the students with his inspirational words. He shared the key elements for Success that is: Knowledge, Skill Sets, Attitude and Ethics & Values. Fertile and sustainable idea is required which can be converted into a commercial proposition. The idea should initiate the hunger and fire within us to achieve the goals and objectives in our lives. He stated that knowledge is the key to achieve all the wealth in life; one can achieve the desired results once he or she possesses the required knowledge and skill sets, one must never give up the positive attitude in the face of adversities. A person must be aware, beware, share, care, dare and should be fair. One need to be aware about the professional avenues to know the changes in the ever evolving world to make himself or herself to be aware of the impact of such changes and must take ample care to implement such changes in life; one must have the ability to share such knowledge and changes with sufficient dare to absorb such changes and let the world know of the same. All this process can only be

achieved if one remains fair and thorough in his or her stride. Self-confidence and faith in own ability along with hard work are required to come out of the challenging situations in life. He touched upon the role of CMAs emphasizing on management reporting and ethics. He also said that in this world of global recession one must have the ability to analyse and answer to what extent one can manage the cost with various Management Accounting tools to take the correct decisions. He ended his speech with the Golden words: Observation, Absorption, Assimilation, and Application. Observation and patience are required immensely in our professional field to have better understanding to absorb, accumulate and apply the knowledge we gathered throughout the journey of our life.

Grow constructive thoughts, emotions and create strategies to unlock value and aim for the bull's eye. The qualified professionals of the Institute should have confidence to live, grow, create and act like a leader who has the ability to reach out to the unreachable. He also highlighted the prospects of a CMA in the fields of entrepreneurship, academics and research. CMA qualification coupled with knowledge in Data Analytics is a growing prospect in the modern Industry and one has the ample opportunity to become the CFO or CEO in the future in this process.

Shri Mohit Shaw addressed a very important issue that being a commerce student one should understand the value of money. Expectations are huge but are we working enough to achieve it? He also pointed out the fact that during the

three years of our under graduation course we are all riding the fun ride but real challenges begin after we leave our colleges without any proper direction to move forward. The six main parameters while deciding a career option should be scope, time required, investment, pay package, growth prospect and value added propositions. Proper career planning and decision to choose the right Career path is highly required to be successful in every aspects of professional life.

CMA Dr. Debaprosanna Nandy, Sr. Director, ICAI had delivered the welcome address and stated the importance of this type of awareness programme on regular basis. **CMA**

Pallab Bhattacharyya, Chairman, EIRC, ICAI highlighted the ample scope and opportunities of Cost & Management Accountants as a practitioner with increasing professional avenues and delivered the vote of thanks of the programme.

Professor CMA Dhruba Ranjan Dandapat, Dean, Calcutta University highlighted the need for collaboration between the University and the Institute and how such programme guide the students and make them aware of various career prospects. Learning in any avenue of life, be it studies or job, one must have the zeal to devote themselves completely. He also highlighted the ever growing need of cost analysis and decision making by pointing out it's significance in our daily life. Focus on sustainable development and a better society was the main emphasis of his speech.

Prof. Dr. A. K. Sana, Head of Commerce Department, Calcutta University enlightened the students with his motivational words and also touched upon the scope and opportunities of CMA Course and Profession.

Eminent Industry experts and Consultants like CMA Santosh Sharma and Shri Mohit Shaw enlightened the students with their expert knowledge and experience.

CMA Santosh Sharma stated that in the face of obstruction one has to find a way out. People will laugh, fight and discourage you till you create a successful platform.



Mahajati Sadan, Kolkata, 22 November, 2019

TRD in association with NIRC conducted a Seminar on 14.11.2019



Theme of Seminar - Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 and Practical Issues of Annual Return

Chief Guest - Mr. SHAIK KHADER RAHMAN - IRS, Commissioner (IT & Compliance Verification)

Guest of Honor - Mr. RAJNISH GOENKA - Chairman, MSME Development Forum

CMA Biswarup Basu - Vice President of The Institute of Cost Accountants of India, **CMA Niranjan Mishra** - Chairman Indirect Taxation Committee, **CMA Rakesh Bhalla** - Chairman Direct Taxation Committee, **CMA Anil Sharma** - Chairman, NIRC, **CMA P. Raju Iyer** - Chairman, Internal Audit Standards Board, **CMA (Dr.) Sanjay Bhargave** - Practicing Cost Accountant graced the seminar

Tax Research Department conducted a Seminar on Direct Tax and Indirect Tax in association with Mysore Chapter on 16.11.2019



Chief Guest – Mr. S. Rakesh - IRS, Assistant Commissioner, Income Tax

CMA Niranjan Mishra - Chairman, Indirect Taxation Committee, **CMA Vishwanath Bhat** - RCM, SIRC, **CMA Ashok Kumar** - Chairman, Mysore Chapter and other dignitaries graced the seminar

Inauguration of Crash Course on GST in Pooja Bhagavat Memorial Mahajana Post Graduation Centre, Mysore conducted by Tax Research Department in association with Mysore Chapter on 16.11.2019

Lighting of the lamp in the Inauguration and MOU exchange Programme





2 - Day National Seminar on Taxation

Organized by

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

TAX RESEARCH DEPARTMENT

&

BHUBANESWAR CHAPTER

Theme

“Conductive Tax Laws - Challenges & Opportunities”

Date : 21st & 22nd December, 2019

Venue : KIMS Auditorium, Campus-5,
KIIT Deemed University
Bhubaneswar, Odisha



“Behind Every Successful Business Decision, there is always a CMA”



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

GLOBAL SUMMIT-2020
Mission 5 Trillion - CMA as a Cryogenic Force



Chief Patron:

CMA Balwinder Singh
President

Patron:

CMA Biswarup Basu
Vice President

Chairman, Technical Committee:

CMA Ashwin G Dalwadi
Council Member

Chairman, Organising Committee:

CMA Vijender Sharma
Council Member

Members:

CMA Dr. Ashish P Thatte
Council Member
CMA Chittaranjan Chattopadhyay
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CMA Akshay P Shah
Practicing Cost Accountant
CMA (Dr.) Vimal Kumar Aggarwal
Practicing Cost Accountant
CMA Sankalp Wadhwa
Practicing Cost Accountant

Dear Professional Colleague,

Greetings from the Institute of Cost Accountants of India!!!

I am happy to inform that the Institute is organizing **Global Summit 2020** from **9th -11th January 2020** at Hotel Ashok, New Delhi. The theme of the summit is **"Mission 5 Trillion – CMA as a Cryogenic Force"** that aligns with the goal set by **Hon'ble Prime Minister of India** to achieve USD 5 Trillion Economy by 2024. In today's globally competitive business environment, all the constituents' economy have to work in sync with each other and play an active and cryogenic role to propel various engines of the economy and generate sustainable momentum for the progressively faster economic growth of the country. The Management Accountants act as a cryogenic force who are very highly productive and show super performance even in extremely cold and stagnant situations so as to generate adequate force that is required to give a big push to the economy.

The above will not only help India to become cost competitive to achieve global scales; but will also catalyse wider employment generation and GDP growth with simultaneous advancement towards our achievements in sustainable development.

Most likely Hon'ble Prime Minister of India will be the Chief Guest of the Global Summit. Dr. K. Sivan, Chairman, Indian Space Research Organisation (ISRO) & Secretary, Department of Space and Union Ministers, Secretaries of Government of India shall address the Summit in the Inaugural / Plenary sessions.

The Summit will also be addressed by eminent speakers holding high positions in the Government, Industry leaders and management experts. Many professional Gurus from USA, UK, Australia, China, Germany, Japan, South Africa, South Korea, & Singapore have consented to share their knowledge & experience at the Summit. I earnestly request all the members of the Institute to attend this Global Summit in large numbers to show the strength of CMA profession.

I am looking forward to welcome you at New Delhi for the Global Summit 2020 on 9th January 2020.



CMA Balwinder Singh
President

Headquarters:- CMA Bhawan, 12, Sudder Street, Kolkata-700016, Ph. +91-33-22521031/34/35

Delhi Office:- CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi-110003, Ph. +91-11-24666100, 24622156/57/58



GLOBAL SUMMIT 2020

MISSION 5 TRILLION CMA AS A CRYOGENIC FORCE

Organised by:
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of Parliament)

January 9-11, 2020
The Ashok Hotel, New Delhi



ABOUT THE THEME

USD 5 Trillion Goal for 2024 set by Honourable Prime Minister of India requires a huge burst of energy to propel various engines of the economy. The goal of USD 5 Trillion can be achieved through a clear strategic thinking by the Captains in the Government, Business and Management Leadership.

The companies and business entities need to reorient their processes for executing the strategies of the new economy sustainably. This requires the corporate and non-corporate entities to align themselves with the new visions such as Switching Governance Mechanisms in the Board Rooms from a Compliance oriented to a Value Creating approach; Adapting Sustainable Development Goals in Medium, Small and Micro Enterprises; Reorienting the Management Systems towards Sustainable Strategies; and Implementing Sustainable Strategies both in the Private and Public Sector.

The Summit would be addressed by eminent persons holding high positions in the Government and Industry leaders. Many professional Gurus cutting across continents will also join them.

The immediate takeaway for the members and Government is going to be with the implementation of strategies towards the super goal which cannot be with the business as usual approach. Therefore, there is a need for the new levers which can geometrically escalate the strategic outcomes to reach the last mile in the Indian demography.

The summit will benefit CEOs, CFOs, Management Accountants and top management team members of all enterprises operating globally, particularly in Asia.

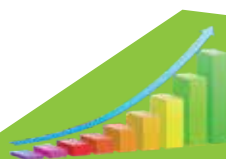
GLOBAL SUMMIT 2020

MISSION 5 TRILLION CMA AS A CRYOGENIC FORCE

9th January, 2020



9:30AM - 11:00AM	Mission 5 Trillion – CMA as a Cryogenic Force	
Inaugural Session	<p>USD 5 Trillion Goal for 2024 set by our Honorable Prime Minister requires a huge burst of energy to propel various engines of the economy. Viewed in the context of space technology, a cryogenic material despite being cold in property produces the burst of energy and acts as a Cryogenic Force in the journey towards a tall order. Referring to this as an allegory, Cost and Management Accountants (CMAs) can become the source of Cryogenic energy for the economic growth. This is fundamentally due to the properties (competencies) of CMA oriented towards decision making to drive the future with economic evaluation skills.</p> <p>India's Cost leadership in space is now well known. The keynote speaker, Head of ISRO, will discuss the success story of Cost Management in Space through various drivers of Technological Efficiencies.</p>	
	Welcome Address	Chairman, Global Summit
	Theme Introduction	President, Institute of Cost Accountants of India
	Special Address	Deputy President, International Federation of Accountants (IFAC)
	Key Note address "Conquering Space through Cost and Technological Efficiencies"	Chairman, ISRO and Secretary, Department of Space
	Special Address	Hon'ble Minister of Finance & Corporate Affairs*
	Inauguration by	Hon'ble Prime Minister of India*
	Vote of Thanks	Vice-President, Institute of Cost Accountants of India
11:00AM-11:15AM	Health Break	
11:15AM-1:30PM	Mission 5 Trillion –Strategies	
Plenary Session	<p>The goal of USD 5 Trillion can be achieved only through a clear strategic thinking by the Captains in the Government, Business and Management Leadership. In this plenary session eminent speakers from NITI Aayog, Chambers of Commerce, Business Houses and Management Schools will reflect on the roadmaps towards the vision. These roadmaps will serve as the Guiding Post for setting the context of CMAs to channelize their cryogenic calories.</p>	
1:30PM-2:30PM	Summit Lunch	
2:30PM-4:00PM	Mission 5 Trillion – Levers	
Technical Session-I	<p>The implementation of strategies towards the super goal cannot be with the business as usual approach. We need new levers which can geometrically escalate the strategic outcomes. This is important as the outcomes of economic policies should reach the last mile in the Indian demography. This session will therefore talk about new levers of economic growth such as Disruptive Technologies, Digital Banking and Startup India Ventures.</p>	
	Topics:	
	Disruptive Technologies/Artificial Intelligence	
	Digital Banking	
	Start-up India	
7PM-onwards	Cultural evening followed by dinner	


10th January, 2020

9:45AM-11:00AM	Mission 5 Trillion – Driving SDG thru’ CMA
Technical Session-II	Driving Economic Growth at a blistering pace should also be sustainable achieving SDG targets as agreed by India in the UN Charter. This would need holistic view of balancing the non financial outcomes with that of financial results. This being the core of CMA competency framework, this session would examine different pathways to economic growth by balancing with societal parameters in the following sectors - Health For All at Affordable Price; Discarding Single Use Plastic Cost Effectively; and Accounting Framework for Sustainability.
	Topics:
	Health for All
	Environment – Single use Plastic
	Accounting for Sustainability
11:00AM-11:15AM	Health Break
11:15AM-1:30PM	Mission 5 Trillion – Driving Value Creation thru’ Governance
Technical Session-III	The business entities need to reorient their processes for executing the strategies of the new economy sustainably. This would happen only if the corporate and non-corporate entities align themselves with the new vision. This session would discuss the action required in the following streams - Switching Governance Mechanisms in the Board Rooms from a Compliance oriented to a Value Creating approach; Adapting Sustainable Development Goals in Medium, Small and Micro Enterprises; Reorienting the Management Systems towards Sustainable Strategies; and Implementing Sustainable Strategies in the Public Sector.
	Topics:
	Boardroom Governance for Value Creation
	SDG in MSMEs
	Management Systems for Sustainable Strategy
	Sustainable strategies in Public Sector
1:30PM-2:30PM	Summit Lunch
2:30PM-3:45PM	Mission 5 Trillion – Cost Management Strategies/ Tools
Technical Session-IV	The Cost and Management Accounting practices now need extensive deployment as a Cryogenic force for the challenging times. The need for firing on all cylinders with the CMA energy will be examined through the following Streams - Model for Cost Effective Development of Sustainable Products with Disruptive Life Cycles; Executing Cost Competitive Strategies and Create Value through new CMA frameworks; Evolving Business Model view of Sustainable Cost Structure as a new CMA Imperative; and Embedding Performance Appraisal through an External agency into the Governance Mechanism.
	Topics:
	Designing Cost Effective Sustainable Products
	Strategy Execution Excellence through CMA
	Importance of Sustainable Business Model thru CMA
	Performance Appraisal – A Tool for Success
3:45PM-4:00PM	Health Break



4:00PM-5:15PM	Mission 5 Trillion – Global Cost Management Practices
Technical Session-V	Globally, Economies which have crossed US Dollar 5 Trillion Targets or are on the Threshold of Crossing offer a fertile ground for us to learn new ideas and also unlearn the past wherever they are not relevant for the current order. This Session will have Speakers from such logistics offering us a fresh thinking - Japanese Costing practices; German Costing Practices; Chinese Costing Practices; and Korean Costing Practices.
	Topics:
	Japanese Costing Practices
	Canadian Costing Practices
	Chinese Costing Practices
	Korean Cost Practices



9:45AM-11:00AM	Mission 5 Trillion – Sector Specific CMA Cryogenic Roles	
Technical Session-VI	In achieving the Super goal, certain sectors of the Economy are very critical and need to achieve manifold outcomes. These sectors will require a more focused pumping-in of the CMA energy to fuel the processes. This will pose a challenge of how to do it. Such sector specific critical challenges will be discussed in the following Streams - Agriculture to achieve doubling of farm Income and Profits; Infrastructure with the focus on Housing for All at affordable prices; and Effectively deploy Make in India in the Defence Sector with suitable Costing Tools.	
	Topics:	
	Agriculture	
	Infrastructure – Housing for All	
	Defence	
11:00AM-11:15AM	Health Break	
11:15AM-1:30PM	Mission 5 Trillion by 2024	
Valedictory Session	The Cost and Management Accounting practices now need extensive deployment as a Cryogenic force for the challenging times. The need for firing on all cylinders with the CMA energy will be examined through the following Streams - Model for Cost Effective Development of Sustainable Products with Disruptive Life Cycles; Executing Cost Competitive Strategies and Create Value through new CMA frameworks; Evolving Business Model view of Sustainable Cost Structure as a new CMA Imperative; and Embedding Performance Appraisal through an External agency into the Governance Mechanism.	
	Closing Address	President, FICCI / ASSOCHAM*
	Special Address	Secretary, Ministry of Corporate Affairs*
	Valedictory Address	Hon'ble Minister of State for Finance & Corporate Affairs*
	Vote of Thanks	Chairman, Organising Committee of Global Summit
1:30PM-onwards	Summit Lunch	

*confirmation awaited



Sponsorship Details

Categories

PLATINUM SPONSOR (Rs 25,00,000/-)

Delegates fee (non-residential) exemption for 12 delegates Prominent Display on the Summit Backdrop as Platinum Sponsor and all other prominent places Sponsor logo in badges and all Summit Material.

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**SPONSOR FOR
HIGH TEA
(Rs 2,00,000/-)**

Delegates fee (non-residential) exemption for 2 delegates
Display name at the Venue of High Tea

Advertisement Tariff

Advertisement Space	Tariff (in Rs)
Back Cover	Rs.1,50,000/-
Front/Back Cover Inside	Rs.1,25,000/-
Color Full Page	Rs. 1,00,000/-
Color Half Page	Rs. 60,000/-
Black & White Full page	Rs. 50,000/-
Black & White Half Page	Rs. 40,000/-

Add: GST @ 18% on the advertising amount being paid.

MODE OF PAYMENT

The Cheque / Demand Draft to be drawn in favour of "The Institute of Cost Accountants of India – Global Summit 2020" payable at NEW DELHI, Alternatively, details for NEFT / RTGS payment:

Name of Bank - State Bank of India

Branch Address - 82-83, Mihir Chand Market, Lodhi Road, New Delhi – 110003

Bank Account Number - 38908312770

Swift Code - SBININBB382

IFSC Code - SBIN0060321

PAN No. AAATT9744L



Global Summit Committee

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CMA Balwinder Singh, President

Patron:

CMA Biswarup Basu, Vice President

Chairman, Technical Committee:

CMA Ashwin G Dalwadi, Council Member

Chairman, Organising Committee:

CMA Vijender Sharma, Council Member

Members:

CMA Dr. Ashish P Thatte, Council Member
 CMA Chittaranjan Chattopadhyay, Council Member
 CMA Debasish Mitra, Council Member
 CMA H. Padmanabhan, Council Member
 CMA (Dr) K Ch A V S N Murthy, Council Member
 CMA Neeraj D Joshi, Council Member
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 CMA Dr. A S Durga Prasad, Past President
 CMA Rakesh Singh, Past President
 CMA A.N. Raman, Past President SAFA
 CMA Hari Goel, Former Council Member
 CMA Anil Sharma, Chairman, NIRC
 CMA Jyothi Satish, Chairperson, SIRC
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The Institute of Cost Accountants of India
 (Statutory body under an Act of Parliament)

Delhi Office: CMA Bhawan, 3, Institutional Area,
 Lodhi Road, New Delhi – 110 003

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The Institute of Cost Accountants of India

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Global Summit 2020

“MISSION 5 TRILLION – CMA AS A CRYOGENIC FORCE”

January 9-11, 2020 at New Delhi


SPONSORSHIP FORM

The Chairman,
Organizing Committee of Global Summit 2020
The Institute of Cost Accountants of India
CMA Bhawan, 3, Institutional Area, Lodhi Road,
New Delhi-110003

Dear Sir,

I/We wish to Sponsor for.....in
connection with the Global Summit 2020 to be held on 9th-11th January 2020 at New Delhi. A crossed
Cheque/DD bearing No. Dated for Rs.
drawn on Bank in favour of “The Institute of Cost
Accountants of India - Global Summit 2020” is enclosed.

Name of the Organization Signature
Address
Name
Designation
Tel. No. Mobile Fax No.
E-Mail.....

RATES FOR SPONSORSHIP

Particulars	Amounts (Rs)	Particulars	Amounts (Rs)
Platinum	25,00,000	Gold	10,00,000
Silver	7,00,000	Dinner	5,00,000
Lunch	5,00,000	Convention Kit	5,00,000
Mementoes	2,00,000	Cultural Event	2,00,000
High Tea	2,00,000		

DETAILS FOR NEFT/RTGS PAYMENT

The cheque / Demand Draft to be drawn in favour of “The Institute of Cost Accountants of India – Global Summit 2020” payable at NEW DELHI, Details for NEFT / RTGS payment: Name of Bank: State Bank of India, 82-83, Mehar Chand Market, Lodhi Road, New Delhi - 110003; Bank A/c No.: 38908312770; IFSC Code: SBIN0060321; Swift Code - SBININBB382; PAN No. AAATT9744L

Behind Every Successful Business Decision, There is Always a CMA



The Institute of Cost Accountants of India

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Global Summit 2020

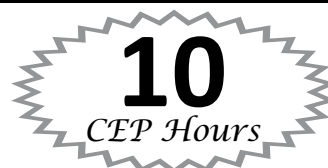
“MISSION 5 TRILLION – CMA AS A CRYOGENIC FORCE”

January 9-11, 2020 at New Delhi



DELEGATE REGISTRATION FORM

The Chairman,
Delegate Committee of Global Summit 2020
The Institute of Cost Accountants of India
CMA Bhawan, 3, Institutional Area, Lodhi Road,
New Delhi-110003



Dear Sir,

Please register the following delegates for attending the Global Summit to be held on 9th-11th January 2020 at New Delhi. The particulars of the delegates are as under:

Name of the Delegate	Designation	Address of the Delegate

Membership No./ Student Regn. No.	Practicing/Non Practicing	Tel. No.	Mobile No.	E-mail

DELEGATE FEE			
Particulars	Fees (Rs)	Particulars	Fees (Rs)
Corporate Delegate	5,000	Spouse	2,000
Cost Accountant-in-Practice/ Self Sponsored Member	3,500	Foreign Delegate	US \$ 300
Students	1,000	SAARC Countries Delegate	US \$ 200
Add: GST @ 18% on the above fees except by Foreign Delegate fee being paid in US \$			

A crossed Cheque/DD bearing No. Dated for Rs./US \$ drawn on
..... Bank in favour of “The Institute of Cost Accountants of India – Global Summit 2020” is enclosed.

Name of the Organization
Address
Tel. No.
Fax No.

Signature
Name
Designation
Mobile
E-Mail

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Delegate fee can be paid on-line from Institute’s website

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Global Summit 2020

"MISSION 5 TRILLION – CMA AS A CRYOGENIC FORCE"

January 9-11, 2020 at New Delhi



SOUVENIR ADVERTISEMENT FORM

The Chairman,
Souvenir Committee of Global Summit 2020
The Institute of Cost Accountants of India
CMA Bhawan, 3, Institutional Area, Lodhi Road,
New Delhi-110003

Dear Sir,

We are pleased to release the following advertisement for the Souvenir to be brought out at Global Summit 2020 to be held during 9th – 11th January 2020 at New Delhi.

Advertisement in	Size	Tariff (Rs)	Please Tick
Back Cover	18 cm * 24 cm	1,50,000	
Front / Back Cover Inside	18 cm * 24 cm	1,25,000	
Colour Full Page	18 cm * 24 cm	1,00,000	
Colour Half Page	18 cm * 12 cm	60,000	
Black & White Full Page	18 cm * 24 cm	50,000	
Black & White Half Page	18 cm * 12 cm	40,000	
Add: GST @ 18% on the Advertising Amount being paid			

A crossed Cheque/DD bearing No. Dated for Rs. drawn on Bank in favour of "The Institute of Cost Accountants of India – Global Summit 2020" is enclosed.

Name of the Organization

Address

Tel. No.

Fax No.

Signature

Name

Designation

Mobile

E-Mail

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Behind Every Successful Business Decision, There is Always a CMA

COSTING PRINCIPLES FOR STARTUPS



CMA Soumendranath Mukherjee
Deputy General Manager (Accounts)
Sumitomo Chemical India Limited, Gujarat



CMA Kishore Ajitshi Bhatia
Practicing Cost Accountant, Mumbai

Abstract

Traditionally, costing tools have been associated with established businesses. In this era of startups, where scaling up is foremost priority, costing often gets back seat. However, costing should be an integral part of this ecosystem, as survival as also, growth, both can be better managed through judicious use of costing tools.

We must know cost of product/service being offered since this is extremely useful information about our business. Many do not realise how useful costing can be, and only turn to costing techniques when trouble is on the horizon. By understanding the importance of costing before you run into trouble, you can use these techniques to do more than just set a normal sales price; costing can help you make other data-driven decisions about your business process.

Startups generally are strapped for funds and the first thoughts about costing which come to the mind are:

1. I need to start my organisation with low cost as I have limited funds to set up the organisation

2. Have I provided enough for contingencies
3. As business grows, my cost will fall – costs can move up intermittently
4. As I try to build-up scale, my costs are also going up – have I enough cash to burn up?

Another way to look at it is – **VALUE MAXIMISATION**
What is value maximisation??

Providing perception of maximum benefit for a given set of resources or providing same quantum of benefit for lesser resources. In simple business terms:

$$\text{VALUE} = \text{SALES} - \text{COST}$$

If my cost is Rs. 8 and I sell it for Rs. 12, value = Rs. 4

I can maximise by selling for Rs. 13, or cutting cost to Rs. 7 or sell for Rs. 15 & buy for Rs. 9

We, as inhabitants of this planet are also facing the same situation – nature’s resources are not infinite.

Generally, in today’s competitive world, the selling price is a “given” and we need to find ways to reduce costs – to survive & prosper. Other option is to offer “something different” at a different price – like APPLE. It is taking the BLUE OCEAN route.

While it looks very rosy to jump in the Blue Ocean, it is very easy to sink, if the idea does not take-off or is overtaken by technology/new developments. Red ocean can offer some safety, but competition can be fierce.

Without going into merits and demerits of both, let’s look at how costing can help.

Costing can be useful at all levels in organisation and we all use costing techniques, at times without realising. When we buy stationery, we tend to find out what is optimum quantity to buy, keeping in mind price reduction v/s normal usage.

All of us have seen rise of China as low cost manufacturer. A significant part of this can be attributed to economies of scale and marginal costing.

If we look at AMAZON, it is pricing at lowest cost and gaining by volumes and cutting supply chain costs.

We have also seen how JIO’s entry and pricing strategies have resulted in ramping 35+ crore subscribers.

Businesses can leverage scale to reduce impact of fixed costs, which tend to be high as technology takes centre stage.

At the same time many startups can grow by taking exactly the opposite route – minimising fixed costs and converting most of these into variable through outsourcing and tieups.

A startup company is a potentially fast growing form of new business aiming to fill the gap in market place by offering a new and unique product, process or service which will be driven by the boon of technology.

Of late we have also seen that startups which are solely focused on revenue model may not be able to attract investors and can run out of cash. This has also led to ouster of founder from CEO post. Profit & cash generation are also important and if these are not visible even in distant future, investors turn risk averse.

This makes it crucial to practise costing and work out visibility of profit through scaling up of revenue and consequent cost reduction.

Trends in Startup Business Models:

- Technology Based: These are largely in digital space and often have huge upfront investments which need to be recouped through scaling up to recover fixed costs.
- Outsourcing based: These focus on product uniqueness and/or customer base. The product is often outsourced as also many other service functions.

Many of startups fall between these two. As we move into future, the share of technology and intangible assets will keep on rising. In all cases, control through costing holds

the key for survival, value addition and attracting investors.

Broadly Costing can be split into 2:

Costing for strategic decisions:

Strategic Cost Management is the cost management technique that aims at reducing costs while strengthening the position of the business. It is a process of combining the decision-making structure with the cost information, in order to reinforce the business strategy as a whole. It measures and manages costs to align the same with the company’s business strategy.

It may be noted that what cost decisions we take as strategy can have long term impact as also will be determining operational costs.

This can be further split into:

Cost of funds - capital, borrowing, supplier credit. This can be a big topic by itself and is not part of this ppt.

Cost of resources – what we pay for various assets & services acquired for the business.

This can be further bifurcated into:

Costing for operational decisions: This is more to do with decisions which have short term impact on operating costs of the organisation.

Bottomline for both is to improve Value and consequently competitiveness.

Whatever techniques/applications of costing which we will be discussing can be applied for maximising gains by judicious use of resources.

Resource:

Rapid growth is a major focus area for most startups. To receive various types of funding in order to manage the rapid growth and evaluate them is a major task which can make or mar the future of a startup.

An economic or productive factor required to accomplish an activity, or as means to undertake an enterprise and achieve desired outcome. Three most basic resources are land, labour, and capital; other resources include energy, entrepreneurship, information, expertise, management, etc.

Resources can be tangible or intangible

An organisation can become competitive through efficient utilisation of resources

Unlike past, Capital is now chasing entrepreneurs and ideas. Also Technology is disrupting existing businesses& throwing up new opportunities. A combination of Technology & Capital is leading to automation & disintermediation.

Competitive Advantage arises through:

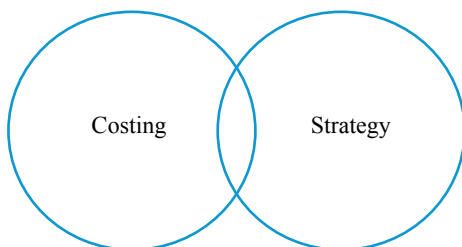
- Better Resources;
- Better utilisation of Resources

Types of Costs - Fixed & Variable, Sunk, Incremental, Opportunity Cost, Replacement Cost

Costing Tools:

Activity Based Costing
Budgetary Control & Variance Analysis
Marginal Costing
Key Limiting Factor
Cost Volume Profit Analysis
Make or Buy / Consume or Sell
Economic Order Quantity
Benchmarking
COPQ
Target Costing
Product Lifecycle Costing
Competitive Intelligence

These tools need to be understood and synergised with business strategy and processes.



Both are interlinked as each determines the other.

In a competitive business environment the cost of poor business decision is huge. To continue with a competitive advantage the practice of business analytics is moving quickly from hindsight to insight to foresight. Particularly the ability to predict what will likely happen by using relevant data to peep in to the future of business is highly correlated with the domain of management accounts.

Decision analysis is used to evaluate various service/production scenarios given the likelihood of sales, production/service shutdown and quality of expenses.

Forecasting is useful in making long term and short term business decisions. The decision on quality control is extremely important to a firm because its reputation, costs and market shares and legal responsibilities are at risk. The costing principles and its prudent practice will help the entity to face the dynamic challenging situations that require foresight, analysis and solution on daily basis. It is an intriguing field that combines quantitative procedures, hypothesis formulation and reasoning to analyse such complex problems with the goal of improving operations and optimizing efficiency for the resources used in the firm. In fact cost accounting is a managerial tool for business strategy and its implementation. **MA**

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The Institute of Cost Accountants of India

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- * Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- * Each paper should be preferably within 5000 words including all.
- * An abstract of not more than 150 words should be attached.
- * The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address.

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- * Future workforce in the age of Artificial Intelligence (AI)
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- * Tech Startups in India
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- * Mega Bank Merger Drive

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MOOC'S BASED LEARNING - CREATING AN ECOSYSTEM OF ADAPTIVE LEARNING IN A SOCIAL CONTEXT



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Introduction

The only resource unique to any organization is its Human Resources. This can be its core and distinguishable competency to combat its competitors. Having a pool of uniquely skilled human resources is not sufficient to compete in today's marketplace. Organizations today have to identify the "High Performers" within this unique pool of their human resource.

HIPO or High Potential employees are those employees who show demonstrable specific skill sets to become distinct assets of the organization in terms of leadership, domain expertise and having an entrepreneurial mindset.

Such employees need to be identified at a very nascent stage in their association with the organization. Organizations can then put them on the fast track leadership and development

Abstract

MOOC's (Massive Open Online Courses) have entered the E-Learning panorama since 2011 and have become extremely popular both in the academia and the business world. One of the key factors for its popularity is attributed to its ability to enable social learning. MOOC's empower the learner by facilitating User Generated Contents (UGC) on its platform. UGC along with other powerful features and tools like wikis, YouTube and other social media confluence makes MOOC's an ideal platform for Adaptive Learning for all its stakeholders. This articles purports to highlight these learning enablers and the plethora of opportunities it opens for Edtech Startups in the coming days.

programs. Managing and retaining such talents challenges every organization. The Learning and Development (L & D) Strategy encompass initiatives to face this vital organizational challenge.

One L & D Strategy every organization has on its agenda is leveraging the E-Learning Technology to its advantage. Organizations of all sizes and in all stages of maturity can easily adapt to some level of E-Learning in their Human Resources Department. The scope of scalability of any E-Learning initiative is restricted only by the imagination of the L & D Strategist in any organization.

MOOC's (Massive Open Online Courses) have the innate ability to fuel the imagination of the L & D Strategist of any organization. MOOC's provide the flexibility of a customized learning ecosystem within an organization wide E-Learning platform while focusing on individual employee's learning outcomes.

What are MOOC's?

MOOC's (Massive Open Online Courses) are open source learning platforms enabled on the World Wide Web (Internet) by organizations. Most of the courses available on MOOC's are free of cost, but some MOOC's charge a fee for course certifications.

These courses are made available through the internet and are delivered on any device that connects to the internet like Desktop, a Tablet or a Smart Phone. MOOC's Applications or Apps are specifically developed for Smart Phones and Tablets to enable mobility.

The courses offered are generally standardized in their contents and learning delivery methods. Such courses are designed for mass appeal rather than catering to any specific organizational needs. Most MOOC's offer courses from reputed global universities, thus having standardized course contents, assessments and delivery structures.

Some of the prominent MOOC's are Coursera, edX, Udacity and Khan Academy. In India the Ministry of HRD has launched a MOOC called as SWAYAM in 2017. SWAYAM caters to the needs of student community using digital classrooms across India.

Anatomy of MOOC's.

- a. **Scalability** – A MOOC has a unique advantage over an Learning Management System (LMS) that it is scalable both from the point of number of users to be added as well as additions of new courses. A MOOC is designed such that it can have exponential number of users and unlimited courses added to it. The greatest advantage of a MOOC is that, more the number of users / learners the better is its effectiveness and its Return on Investment (ROI).
- b. **Ubiquitous Learning** – Any Where – Any Time on any Device. MOOC's generally use the Cloud Technology for deployment of the courses. This means that the courses can be accessed from any device connected to the internet at any point of time and from any location whether the learner is in the office or at home. This offers

the learner total flexibility and control on his learning ecosystem.

- c. **User Generated Content (UGC)** – This is a unique feature supported by MOOC's. The MOOC empowers the learners to create their own contents and share them with the other learners in the group. Thus the UGC facilitates the Knowledge base of the courses as more and more learners add specific contents like case studies, videos, essays, book reviews, etc. Learner created contents help in retaining the latent knowledge of the organizations employees. This can be the inputs for the knowledge management systems of the organization.
- d. **Peer Reviews, Evaluation and Feedback** – Peers evaluate group members and review their assignments and provide feedback. With a proper mentor / course moderator assigned to every course and group this becomes a very effective feedback mechanism with a real time response. Every assessment gets reviewed immediately and continuously feedback is in place. This is a big step toward Adaptive Learning.
- e. **Adaptive Learning** – MOOC's can collect the information on the learning behavior of the user by having a pre-test and a post-test to a learning module. Also peer evaluations and feedback provide valuable data for the same. The learner's data thus collected can be analyzed to provide a personalized learning experience to the users. Corrective actions can be taken proactively for eliminating deficiencies in the users learning.
- f. **Social Learning** – The idea of a learning environment where the only source of knowledge dissemination being the teacher / trainer is today obsolete. Learning or knowledge dissemination today is from learner to their peers and vice versa. The idea of Social Learning emanate from the blogs, wikis and other social media tools effectively embedded in the learning technology offered by MOOC's.
- g. **Capture the knowledge of learners** – Collaborative learning in groups through group / team based assignments, projects and video making. This is further enhanced by Gamification of the learning process. MOOC's make it possible to collaborate with learners spread across the globe geographically.
- h. **Gamification for learner engagement and retention** – One of the most challenging tasks for online courses is the ability to retain the interest of the learner over the entire duration of the learning cycle. Gamification makes learning fun by using games and quizzes for course delivery. Gamification follows a step ladder like simulation of the learning content to reach the completion of the learning module. Learners completing each step are rewarded by brownie points. On completion of specific milestone they are rewarded by issuing of a "Badge". A Badge is a icon or a graphic picture representing a specific skill addition. Gamification of the learning process provides the learners motivation by reward points and "Badges". Learners can be incentivized to complete the course and peer-review assignments by awarding them with "Badges". Learners can collect

Badges and display them on their online profiles. Badges can be displayed on the user's social media presence like LinkedIn, facebook, twitter etc. Organizations could further use the learners earned badges as an input for their performance appraisal. Gamification makes learner engagement possible resulting in higher learner retention.

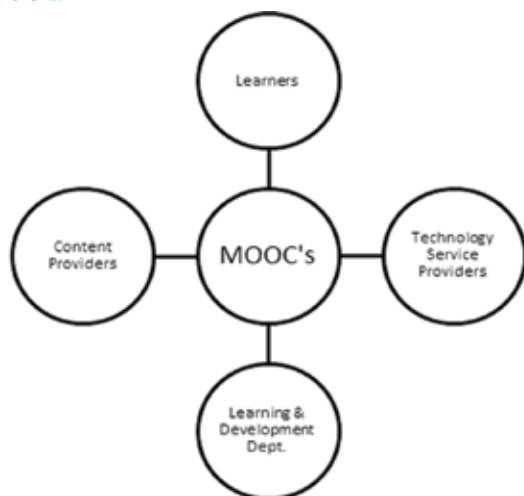
- i. **Learner Analytics** – Learners data across courses and across geographies provide valuable insights into learners' behaviors and learning effectiveness across organization. An appropriate data mining and analytics tool would deliver best results in terms of insights that would go a long way in framing of future organizational policies and decision making.

Downside to MOOC's.

Standardized courses and assessments offered by existing MOOC's may not fit the bill for a specific organization. The fact that these courses offer general inputs to gain knowledge in specific business domains makes its utility questionable in identifying latent talents in the organizational human resources pool.

Organizations should design and deploy their own custom build MOOC's to identify and nurture their HIPO employees. The designers and content developers of such MOOC's should ideally benefit from the anatomy of a MOOC.

Collaborating with the Stakeholders to reap benefits from MOOC's.



For learning effectiveness MOOC's should be tailor made for specific organizational needs. The above figure depicts the major stakeholders of MOOC for any organization. The L & D dept of the organization may have internal expertise to provide contents like courseware and assessments for the MOOC. However for a better learner experience and a higher ROI, the L & D managers should consider outsourcing of the content creation and management to external experts. The major advantage would be the Subject Matter Experts (SME) provided by them. Assigning Mentors for each course would definitely benefit the learners and speed up the course completion time.

Technology service providers' choice depends on the

organization's internal IT resources and its exposure to cloud technology.

L & D Dept has a greater role to play by indentifying the learning and development needs across the organization. Managing outsource partners, getting the learners onboard and making sense of the learners data would be some of the challenges faced by the L & D team.

Edtech Startups that have been driven by the MOOC's wave.

In India the Edtech Startup is still in its infancy stage. There are some new Venture Capital (VC) funds that are focusing on this area. Some of the prominent Edtech Startups are:

1. Udemy – An online marketplace for courses.
2. Khan Academy – For K12 education. (Not for Profits)
3. Coursera for Business.
4. edX (mooc.org) (Not for Profits)

Opportunities for Edtech Startups on MOOC's.

- Content Management
- Instructional Designers
- Assessment and Test Developers / Service Providers
- Psychometric Test Developers
- Courseware Developers
- Open Source Software Developers and Service Providers.
- Cloud Service Providers
- Content Developers for Schools and Institutions of Higher Learning.
- Bilingual content developers and translators.
- Mobile App Developers.

Conclusion

The next wave of learning is MOOC's. This is the direct result of the gap between formal higher education and the employability. Organizations can custom build their required courses to replenish their current skilling needs. MOOC's provide the most effective platform for achieving this. Partnering with the right content provider and getting the Cloud based infrastructure in place is the key to a successful MOOC journey. **MA**

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ENTREPRENEURSHIP



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MORE OUTPUT, FROM LESS INPUT FOR GREATER IMPACT

The Universe runs on the basic idea of:

1. Excellence
2. Evolution and Change
3. Designing and Creating solutions
4. Encouraging unity in diversity
5. Managing the above with a great sense of timing – expressing nothing before or after

Look at nature - how efficiently pollen grains are carried by the natural agents at the nick of time to spring up beautiful flowers which in turn develop into fruits to provide different solutions, one being, to solve the problem of hunger for the entire world.

Each one of us is *an expression of this excellence* only. And since we

are a part of the Universe – integrating with the same principle leads to frictionless flow and orchestration.

Entrepreneurship is also a form of this *universal expression* and must not be seen from the *myopic* lens of it being a money-making tool only. Therefore, the success and failure in entrepreneurship depends on how closely we are integrated with the natural flow to solve the varied issues of the world around.

The basic objective of entrepreneurship is to drive out inefficiency and come up with solutions to the problems in different areas of the world. To sum up it is to get more output, from less input for a greater impact. This has led to

- innovation through research and development,
- connecting all the dots to convert the ideas into products or services through entrepreneurship and
- in turn generate value for all the stakeholders.

The journey of entrepreneurship is still at a very nascent stage across the globe and like a child it has

Entrepreneurial facts

11%
of adult population in India
is engaged in “early stage
entrepreneurial activities”

But only
5%
go on to establish their own
business

Among BRICS economies

Brazil has the highest rate
of “established business
ownership” -

17%
South Africa has the lowest
rate of established business
ownership -

3%
China has a rate of

*Author - Dissolve the Box

to grow, evolve and reengineer from just working for a single bottomline of profit to working for a triple bottomline of People, Planet and Profit i.e the 3 Ps.

Just running for more will not work. Direction is important too. Thinking out of the box is not enough. It's time to *Dissolve* the box. And this is shaping the trend of entrepreneurship in the 21st century.

Trends

With the changing nature of the society - their preferences and consuming pattern (mainly because of the millennials), the business ecosystem is changing and organizations have to be in a state of *flow* unlike before just to be relevant. The 10 trends shaping startups are as follows:

a) Diversity in demographic profile of entrepreneurs: Current entrepreneurship trends show an increasing amount of diversity in the areas of gender, age, economic background, education and ethnicity. Women for example, now start around 40% of new enterprises and roughly 40% of all new entrepreneurs are identified as African American, Latino, Asian or other non-white.

b) Technology is becoming more and more disruptive: Disruption is a process where a smaller company with fewer resources is able to successfully challenge established incumbent businesses. It's a David versus Goliath story applied to entrepreneurs. When a small startup beats out industry giants, that's disruption. A good example for disruption would be Airbnb which was founded in 2008 but is making more than hotel chains that have been around for decades. Netflix can be seen as another great example of disruption in the field of entertainment. Agritech, Fintech, Edutech by itself shows how technology is unlocking untapped value from different traditional sectors.

c) Sharing economy is expanding even more: The sharing economy refers to a business model based on collaborative consumption,

or peer-to-peer sharing. "Access over ownership" is the new mantra Uber or Ola are good examples where one does not need to own a car to experience excellence in travelling.

d) Working in remote teams: Traditional concepts of office will keep crumbling. The need for on demand workers and increase in the talent pool at affordable cost has led to entrepreneurs rely on contractors and freelancers rather than maintaining a consistent workforce. Greater capability for working remotely paired with more people content to work out of their homes have diminished the role of formal office.

e) Marketing will get more interactive and niche markets will continue: Getting your customers notice you is more difficult than ever. Every day, we're bombarded with advertisements - as high as 5000 per day in the form of pop ups, commercials, display ads - the list goes on and on. Businesses spend billions each year on advertising and it makes the internet super cluttered. As a result, it is pretty difficult to stand out. You're just one voice in the crowd and that crowd is *huge*. Social media marketing is a form of interactive marketing because the user and the brand can have a two-way conversation unlike the TV ads and hoarding by the road side who only shout but not ready to listen.

f) Social and environmental responsibility at the forefront: Soulless business is giving way to responsible business where not just profit but people and planet are also important. Consumers state a preference for shopping with business that address ethical and environmental concerns with their production, material sourcing and so on. Millennial entrepreneurs are weaving the concept of social responsibility more and more tightly into their business concept.

g) The internet of things, Artificial intelligence, Blockchain, Machine Learning, 3 D Printing and Augmented reality is becoming more important: These revolutionary technologies have huge implications on how you eat, sleep, study, work, market, maintain records or do anything in your life. With these technologies even dead and unintelligent devices come alive and interact with you - the way you want and help you in your day to day activities. Automation is getting more deeper, wider and faster thereby converting industries to 4th and 5th generation production units.

h) Aggregator model of doing business to scale up: In order to scale up entrepreneurs are using the aggregator model wherein they apply technology to connect small business activities at different places to cumulatively make a big impact on the topline and bottomline. E-commerce platforms like Amazon,

8%

Whereas Russia's rate is similar to India at

5%

While India's rate of establishing new business is among the lowest, the rate of discontinuance is among the highest at

26.4%

The reasons for discontinuance are:

1. Bureaucratic hurdles
2. Financial issues
3. Team issues
4. Unprofitable business
5. Lack of innovation
6. Unhealthy ecosystem
7. Others

The Good News

India is improving in the ease of doing business and has climbed 23 points to take the

77th

place in 2019

Ease of doing Business ranking

1. Singapore
2. Hong Kong
3. New Zealand
4. USA
5. Denmark

Global Entrepreneurship Index (GEI)

India has moved up one place and ranks

68th

in the 2018 GEI out of 137 countries which is topped by USA

The Critical period of

1000 days

or

3 years

is very crucial as the startup sees the complete cycle with

Flipkart or chains providing hotel accommodation like Trivago, OYO, Airbnb or travel platforms like make my trip are aggregating their success stories.

i) Shift from product to service: In order to make the product more accessible and to improve customer's delight entrepreneurs are converting their product to service. In order to come out of the sales slump the automobile sector both four-wheeler and two-wheeler segment have started shifting their strategy from selling cars and bikes to giving the same on rent at affordable prices. People who could not afford a car or a bike suddenly got the appetite to take the same on rent and avail this service from the auto companies.

j) Shift from explosive growth only to Revenue along with explosive Growth: Investors earlier wanted explosive growth to increase business valuation and then exit with their profits by selling their stake to the next stage investor. Flipkart is one such example where the business was in loss but investors made money on their explosive growth. Investors, of course, still want a sizable return, but the overall attitude seems to be shifting to a more practical stance: "Revenue now, explosive growth later."

Entrepreneurs who are looking for direction must keep the above broad trends in mind when they think of their startups.

Research, Innovation and creativity – A very important function of entrepreneurship is to continuously *observe and listen* to the world around to identify the *pain points or aspirations* and design smart solutions for them. Entrepreneurs also address the existing pain points or aspirations by adding value to the already existing solutions for greater customer experience and delight.

Research, innovation and creativity cultivate opportunities and provide space for entrepreneurship. The better they cultivate their ideas, more is the space and greater is the prospect for

growth.

Micromax new electric two-wheeler startup "Revolt Intellicorp" is a good example of how entrepreneurs are taking innovation to each and every aspect of entrepreneurship – product design, financing and marketing too. In order to make their product accessible to a larger group of customers they are not selling motorbike traditionally as a *product* but have repackaged to sell bike as a *service*. This shift from selling motorbike as a *product to renting motorbike as a service* is a big one. They are giving the bike on rent at Rs 2,999 per month for the entry segment. There is no upfront price to the product, no down payment, no maintenance cost, no insurance cost as everything is included in it.

A person with Rs 10,000 monthly income who could not afford a bike as a product can now aspire to avail it as a service. This is the power of innovation. It has cultivated space for entrepreneurship.

The process of innovation can be discussed in 2 simple steps:

1. Rearrange the existing information or knowledge to add value and create different solutions for the world. This permutation and combination of information if done smartly unlocks a lot of value.
2. Carry out research and development to add new information which in turn will add value. Patents help entrepreneurs to get the winning edge as it creates greater space for growth.

Opportunities:

1. Entrepreneurship leads to "economic gardening" and acts as a great leveller.
2. It promotes distribution of wealth from the hands of a few and promotes democracy in its true sense.
3. It helps in bringing in more efficiency and promotes ideas, solutions and employment.
4. It builds in leadership qualities, cultivates passion, provide purpose and adventure to the lives of entrepreneurs.
5. Social entrepreneurship is also uplifting people at the bottom of the pyramid. Entrepreneurship is the growth engine for any economy.

Challenges:

1. The biggest challenge in entrepreneurship is building the right team, creating a common purpose and navigating the turbulent journey together over a period of time.
2. Entrepreneurship is not just about creating the dots (read as opportunities) but connecting all the dots effectively and efficiently.
3. Infertile entrepreneurship ecosystem is a

lots of ups and downs in this period.

More than

90%

startups in India fail during this period of 3 years

India is struggling to become the third largest startup ecosystem in the world but it is leading towards more unemployment, as more and more startups are getting shut down

Indian startups have grown in the past four years but

77%

of the venture capitalists believe Indians don't have unique business models.

Global Innovation Index (GII)

India was among the bottom most countries in terms of Global innovation and ranked

66th

Patents

India has applied for 1,423 patents while Japan's count stood at 44,235, China at 29,846 and South Korea at 14,626 in the same year

The entrepreneurial ecosystem

E cell and Incubation centers in different engineering and management colleges are playing a big role in building the entrepreneurial ecosystem. Government initiatives like Skill India, Make in India and Start up India has a long way to go to achieve its objective. The experience gained must be put to use to achieve the aspirations of the economy

Women account for

only 14%

deterrent. Ease of doing business is very important for developing the entrepreneurship ecosystem.

4. An entrepreneur must know that a good idea is only the first 10% and the remaining 90% depends on execution of that idea.
5. Funding is a very important challenge and investors must be in sync with founders to make the project successful. The entry and exit strategies and financial discipline must be very religiously maintained.
6. The role of finance and marketing must not be underestimated. Most of the entrepreneurs fail because they are not able to balance all the variables participating in the business simultaneously.
7. Greed does not take us far. It must give way to prudence.

Intrapreneurs: Intrapreneurship is the change initiatives taken within a going concern by the people working in the organization. The main difference between entrepreneur and intrapreneur is that intrapreneur is an employee unlike entrepreneur. Intrapreneurship and intrapreneurship goes hand in hand. However, all the limelight has been taken by entrepreneurs and it is time we must understand that intrapreneurs are equally the heroes for any organization or economy.

Qualities of an entrepreneur:

1. He must *dissolve his boxes* or mental cages and must learn to be in a state of flow.
2. Should be a leader. He must reach out to those who are left out, lift those who are fallen, guide those who are lost.
3. He must have the risk-taking appetite and the ability to bounce back from the lows.
4. Have a right balance of “*josh and hosh*” and must use common sense.
5. Should be able to see deeper, wider and faster than others.

6. He must have financial, organizational . . . and marketing sense and discipline.
7. His actions must inspire others to dream more, learn more, do more and become more.

Some strategies for entrepreneurs

There is no fixed strategy for entrepreneurs. They have to be smart enough to design a way out of any situation and for this the mother strategy is to learn to “*Dissolve the box*” in order to live, grow, lead, create and act more effectively and efficiently than before.

However, just as a suggestive guide some of the sub strategies that may help entrepreneurs are:

1. Bootstrapping: Use existing resources and avoid funding till it is really needed.
2. Blue Ocean Strategy: It is about creating and capturing uncontested market space, thereby making the competition irrelevant.
3. Fortune at the bottom of the pyramid: Entrepreneurs can make a fortune by serving people at the lowest strata of the society.
4. Theory of Constraints: Identify bottlenecks or constraints and clear them for seamless flow
5. The world is flat: To connect small dispersed teams through network orchestration and build a big network to take on the Goliaths of the world.

The above strategies may act as great pointers to begin the entrepreneurial journey. The best strategy is to design strategies by *dissolving all the boxes*.

Conclusion

Entrepreneurship is to consistently persevere to live your dreams. It is not just a fad or a fashion but needs real smart work continuously. Data shows that only 10% of the enterprises survive for more than 3 years. And all those who really live through these years have a greater chance of success.

Every enterprise has a business cycle which will have its own ups and downs. The entrepreneur must be in a continuous learning curve all through his life to sail through these turmoils. The first few years of an entrepreneur paves the foundation on which his entrepreneurial journey is built. One can see the *law of karma* in action in this journey – what you sow is what you will reap. **MA**

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of total entrepreneurship in India

Mastercard Index of Women Entrepreneurship (MIWE) 2018

India ranked

52nd

out of 57 countries

Empowering Youth

Any country cannot develop till it creates a conducive environment for its people to explore to their full potential. And entrepreneurship is one such opportunity for a country like India

Unlocking Value

Every individual, every village and every city is waiting for a lot of value to be unlocked. And if we are able to unlock this untapped value, there is no stopping for India

Demographic Dividend through Entrepreneurship

India is a

130 crore

country with a sizable young population. It was a consumption lead growth story but now we must reposition India as a production lead growth story

Education must evolve

Our education system must evolve to include lifeskills, entrepreneurial skills and research to serve the society.

Space for failure

Our society must be matured enough to accept failure of any form including failure in entrepreneurship.

Entrepreneurs must be accepted wholeheartedly in established organizations after they have failed in their ventures as they have the potential to become the best intrapreneurs.

ARTIFICIAL INTELLIGENCE STARTUPS IN INDIA



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Abstract

We are truly living in the age of artificial intelligence. Companies are spending billions of Dollars just to stay relevant in today's ever-changing environment. Artificial intelligence & machine learning is perhaps one of the most compelling, disruptive and terrifying technology trends today. A broad array of startups spanning the value chain is finding their niche in the production and application of Artificial Intelligence technology. Artificial Intelligence startups are creating solutions for specific industries. This article discusses about the artificial intelligence startups in India.

Artificial Intelligence

The term 'Artificial Intelligence' was first coined by John McCarthy in 1956 when he held the first academic conference on the subject. 'Artificial Intelligence' is defined as the science and engineering of making intelligent machines. The objective was to explore ways to make a machine that could reason like a human, was capable of abstract thought, problem solving and self improvement.

As per reports, Artificial Intelligence is an area of computer science that emphasizes the creation of intelligent machines that

work and reacts like humans and learns on its own. Some of the activities of computers with artificial intelligence are designed to include-

- Speech recognition;
- Learning;
- Planning;
- Problem solving.

Machine and Deep learning aid Artificial Intelligence by providing a set of algorithms and neural networks to solve

data-driven problems. Machine learning is a subset of Artificial Intelligence that focuses on getting machines to make decisions by feeding them with data. On another hand deep learning is a subset of machine learning that uses the concept of natural networks to solve complex problems. It covers a vast range of fields like object detection, natural language processing and expert system and robotics. Algorithms are already outperforming humans on tasks that matter in a more immediate way.

Types of Artificial Intelligence

There are basically three types of Artificial Intelligence-

- Artificial Narrow Intelligence/Weak Artificial Intelligence;
- Artificial General Intelligence;
- Artificial Super Intelligence.

Potentiality of Artificial Intelligence

Artificial Intelligence has the potential to drive growth through enabling-

- intelligent automation i.e., the ability to automate complex physical world tasks that require adaptability and agility across industries;
- labor and capital augmentation – enabling humans to focus on parts of their role that add the most value, complementing the human capabilities and improving capital efficiency; and
- innovation diffusion i.e., propelling innovations as it diffuses through the economy.

Startup

Startup is an entity working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

The objectives of startup are-

- to attract more innovation and more entrepreneurs;
- for job creation;
- for transforming youth to job givers than job seekers;
- to boost to Make in India initiative and foreign exchange earnings in the long run.

Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem that is conducive for the growth of startup businesses, to drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower startups to grow through innovation and design.

Several programs have been undertaken since the launch of the initiative on 16th of January, 2016 by Hon'ble Prime Minister, to contribute to his vision of transforming India into a country of job creators instead of job seekers. These programs have catalyzed the startup culture, with startups getting recognized through the Startup India initiative and many entrepreneurs availing the benefits of starting their own business in India.

The legal compliances are made easy for the Startups in India. Tax exemptions are given, IPR protection, easier public procurement is available to the startups. According to a recent NASSCOM-Zinnov report, India has emerged as the third biggest startup hub in the world and received a total funding of \$4.3 billion in 2018. Indian startups have created over 40,000 jobs during the same period and many are also expanding into foreign markets.

Artificial Intelligence startups

Artificial Intelligence and Machine Learning are technologies that have seen a tremendous uplift both in terms of investment and innovation in the past three years. They are now being implemented across diverse verticals such as manufacturing, healthcare, fashion, agriculture, real estate, voice-based solutions, etc.,

As on August 2019 there are 16,239 startups operating in the Artificial Intelligence sector.

- Finland – 98 Artificial Intelligence Startups;
- Poland – 100 Artificial Intelligence Startups;
- Denmark – 76 Artificial Intelligence Startups;
- Ireland – 96 Artificial Intelligence Startups;
- Estonia – 78 Artificial Intelligence Startups;
- Portugal – 65 Artificial Intelligence Startups;
- Austria – 67 Artificial Startups.

Artificial Intelligence Startups in India

The startups in India are adopting artificial intelligence which is at the increase. The Startup companies are using artificial intelligence in various sectors. In India, Artificial Intelligence based startups started emerging in the year 2016. Over the next two years, the growth in the Artificial Intelligence startup space has been staggering. A recent report estimated that around \$87.85M was alone raised in the Artificial Intelligence space in India's startup capital, Bengaluru. Owing to the spectacular growth in the Artificial Intelligence sector, India has emerged as a nation with a robust ecosystem that enables Artificial Intelligence startup professionals and founders to kick-start their ventures.

Presenting the interim Budget for 2019, the then Union Finance Minister, Piyush Goyal, said a national centre for Artificial Intelligence will soon be established.

"India has become the second largest startup hub of the world. We are proud of the hard work and innovative ideas of our youth in this sector. A national programme on Artificial Intelligence has been envisaged by the government. This should be catalyzed by the national centre for artificial intelligence as a hub, along with other centres of excellence," Goyal said.

There are 1,566 Artificial Intelligence startups in India as on August 2019.

As on 02.08.2019, there are 602 Artificial Intelligence startups in Bangalore. Here is a list of the 10 most exciting ones-

- Daily hunt - Aggregates news in Indian regional languages;
- Near - Location intelligence platform providing real-

time information on places, people and products;

- Manthan Retail - Retail and CPG analytics solution;
- Capillary Tech - Omnichannel engagement and commerce platform for businesses;
- Glance - Locks screen launcher app;
- Sig Tuple – Artificial Intelligence based healthcare diagnostic solution;
- Crowd Analytix - Community & competitions for data scientists;
- Drivezy - Online self-drive car & motorbike rental service;
- Netradyme - Provides deep learning-based computer vision for drone and automotive navigation;
- Mfine - Mobile application for online consultation.

As on 02.08.2019, there are 189 Artificial Intelligence startups in Mumbai. Here is a list of the 10 most exciting ones-

- Clevertap - User behavior analysis & targeting tool;
- Eightfold - Workforce analytics software solution;
- Gupshup - Messaging and bot development platform;
- Emotix - Personal social robot for interaction;
- SMECorner - Online platform for SME loans;
- Miko 2 – Artificial Intelligence powered companion robot specifically for children above five;
- Peel Works - Real time order management & extended sales force management;
- Webaroo - Provides messaging APIs for businesses;
- CreditVidya - Alternate credit scoring platform;
- Ftcash - Mobile Payments platform for retailers.

As on 02.08.2019 there are 145 Artificial Intelligence startups in Delhi. Here is a list of the 10 most exciting ones-

- KartRocket - Online storefront platform on a SaaS model for Indian retailers;
- Goals101 - Marketing analytics solutions based on big data & Artificial Intelligence;
- NearGroup - Hyperlocal social networking widget/add-on;
- Wigzo - Online contextual marketing platform;
- Eupheus - Learning platform for schools;
- SquadRun - Business workflow automation through crowd sourcing and Artificial Intelligence;
- Innefu - Two factor authentication & consulting solution;
- Rooter - Social network for sports enthusiasts;
- Climate Connect – Artificial Intelligence enabled platform for power, gas and emissions market;
- Addverb - IoT-enabled robotic & automation solutions for warehouses.

As on 03.08.2019, there are 128 Artificial Intelligence startups in Hyderabad. Here is a list of the 10 most exciting ones-

- Gainsight - Monitoring and Managing customer health;
- Quantela – Artificial Intelligence based urban services platform;
- Keypoint tech - User Interface Technology provider;
- Joveo - Programmatic job advertising platform;
- Anytimeloan - P2P lending platform for personal, education and business loans;
- 3 LOQ - Customer behavior understanding and analytics;
- eureQa - Cloud test automation platform;
- Trupik - Cloud-based fitting solution provider;
- Setuserv -Text analytics firm building voice of customer solution;
- Fabulyst - AI-enabled personal stylist tool for online retailers.

As on 03.08.2019, there are 98 Artificial Intelligence startups in Chennai. Here is a list of the 10 most exciting ones-

- Uniphore - Provider of Artificial Intelligence - enabled conversational service automation for businesses;
- Perfint Health care - Developers of image-guided minimal invasive diagnostic equipment;
- Vue.ai – Artificial Intelligence - based visual search and product recommendation solution for fashion retailers;
- Crayon Data- Cloud-based analytics solutions for businesses;
- Antworks - Integrated artificial intelligence and cognitive automation solutions for enterprises;
- Unmetric - Social media benchmarking company;
- Mad Street Den - Computer vision and Artificial Intelligence - based visual search solutions for e-tailers;
- Madurai Microfinance - Microfinance firm providing individual and group loans to the rural population;
- Kaleidofin - Customized financial products for under-banked customers;
- Pipe Candy - Outbound Prospecting tool for Sales representatives.

As on 02.08.2019 there are 95 Artificial Intelligence startups in Pune. Here is a list of the 10 most exciting ones-

- Icertis - Cloud-based contract management platform;
- Infinite Uptime - Big data and predictive analytics platform for manufacturing;
- Acellera – Artificial Intelligence based software development and maintenance platform;
- NLPBots - Develops chatbots for enterprises;
- Light Information System- Develops natural language algorithms for use in developing conversational interfaces and text analytics solutions;
- Zestl - Intelligent workflow automation platform;
- Finaureus - Multi asset investment management solutions;
- Megdap - Language technology platform for content

delivery in local languages;

- Asquerd IoT - Develops analytics solutions using Edge computing;
- Engazify – Artificial Intelligence - enabled employee performance management solution.

As on 05.08.2019, there are 24 Artificial Intelligence startups in Kolkata. Here is a list of the 10 most exciting ones-

- Mihup – Artificial Intelligence based personal mobile assistant with support for Indian languages;
- Spotle – Artificial Intelligence - based job matching platform for connecting employees to employers;
- EPaathsala - Accreditation management software for higher educational institutes;
- True Emoji - Mobile app that reads human emotions and convert them into emoticons;
- System on Silicon Corporation - Blockchain based app for Artificial Intelligence led men's health monitoring;
- Databytes - Predictive data analytics solutions provider;
- Twelit - Smartphone based oral cancer diagnostic platform
- Xpressolnsights - Omnichannel customer experience management solution provider;
- Quadmatics – Artificial Intelligence - based stocks analysis platform;
- Chatbot Technology – Artificial Intelligence based algorithms for chatbots.

Adoption of Artificial Intelligence in India has been slow and remains limited. In 2016 approximately 50 Indian agricultural technology based startups raised USD 313 million. Indian Artificial Intelligence startups have been able to raise USD 87 million in 2017 as against over USD 28 billion raised by the Chinese Startups in 2017.

Challenges

Indian Startup companies find it difficult to recruit engineers with IT background. Out of the 22,000 PhD educated researchers worldwide in Artificial Intelligence, only 386 are in India. Moreover, serious research work in India in the field of Artificial Intelligence is limited to less than 50 researchers with concentration mostly in institutes such as the IITs, IIITs and IIS. There is a need to attract bright students to do research in the area of Artificial Intelligence.

Lack of infrastructure has led to many Indian Artificial Intelligence startups to incorporate their business outside the country, which makes the Artificial Intelligence outreach of Indian researchers in Government labs and many industries.

Recommendations

- Startups and smaller firms are engine growth of in a dynamic evolving economy like India and are constrained in the Artificial Intelligence space, thus requiring targeted government interventions.

- Incubations hubs specifically for Artificial Intelligence startups in collaboration with State Governments and private sector stakeholders need to be set up to provide space, and other infrastructure facilities for new startups to incubate along with interacting with other startups at various levels of maturity order in order to interact and provide advice.
- Establishment of Fund to provide grant funding to startups to facilitate their operation and business – This should be aimed at assessing startups to sustain the initial years of business when they are unable to generate venture capital funds or to have to sacrifice a large share of the business for the early stage seed funds.

Fast Track implementation

The Government has formed a committee to fast-track the implementation of Artificial Intelligence mission. The panel will be headed by Principal Scientific Advisor Shri K. Vijay Raghavan and represented by-

- The Secretary, Department of Science & Technology;
- Chief Executive Officer of NITI Aayog; and
- Secretary, Ministry of Electronics and Information Technology (MeitY)

The Committee would aim to resolve the difference between the NITI Aayog and MeitY over who will implement the Government's Artificial Intelligence Mission and has been tasked with rooting out of duplication of work between various government arms, while clearly specifying the role of difference agencies.

Earlier the NITI Aayog received clearance from the Expenditure Finance Committee for a budge of Rs.70 billion while MeitY had sent a separate Rs.4 billion proposal to Expenditure Finance Committee to set up a National Artificial Intelligence program. Further MeitY had also announced the setting up of National Artificial Intelligence Centre in January 2020. **MA**

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CORPORATE GOVERNANCE AND ITS IMPORTANCE IN THE STARTUP WORLD



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Brief Introduction

Corporate Governance constitute a bunch of rules by which various companies are managed internally and monitored by the Board of Directors, entrusted to protect the interest

Abstract

Corporate Governance research in the context of emerging economies has received increasing attention in recent years. Most of the big companies have already started following the standard protocols of Corporate Governance. However, the world of startup is not generally included when the importance of Corporate Governance is discussed. This attitude has led to a lot of early stage startup closure and undervalued acquisitions. Startups need to rope in a number of Corporate Governance guidelines so that these can contribute towards the growth of the organisation, as well as minimize failure and risk.

of corporate shareholders. It balances the distribution of rights and responsibilities among different participants in the corporation such as the board members, employees, shareholders, debtors and creditors. It is a set of rules and frameworks that allow the corporation to increase

transparency minimize mis-utilization of resources and increase productivity in the day to day work culture.

Most of the big companies have already started following the standard protocols of Corporate Governance. SEBI has time and again constructed various committees headed by industry leaders who have expressed their viewpoints on the subject.

Corporate Governance research in the context of emerging economies has received increasing attention in recent years. Corporate scandals and executive failures continue despite the growing emphasis on governance reforms around the world and the increasing activism of shareholders, governments and other corporate shareholders.

Startup Culture in India

For the last one decade, India has seen a massive number of startups coming up from various parts of the country. Bangalore, Mumbai and Gurugram are the major startup hubs in India. Over the last 10-12 years, companies such as Flipkart, Byju's, Snapdeal, Myntra, PayTm, Freecharge and Drivezy have started as small startups and now are valued at multimillion dollars.

Flipkart has been acquired by Walmart for a valuation of 20 bn USD. PayTm and Byju's have also gained the status of Unicorn Companies as they are valued over 1 bn USD.

India is fast rising economy with huge potentiality. Even though the number of startups when compared to USA, UK, South Korea, Israel or Singapore is much less, but India has a good position as an economic giant when it comes to developing countries. India, which is a member of the BRICS, has been able to attract major Venture Capitalists from across the globe, who has kept faith in the Indian startup ecosystem.

Are Only Mature Companies Required To Focus On Regulatory Requirements?

- » Corporate Governance requirements are dynamic, evolving and should be commensurate with the size and scale of the startup. In early stages, startup may need assistance in incorporation, in choosing the most efficient corporate structure.
- » As the startup gains traction, builds a team and starts earning revenue, GST registration and compliance with labor laws, SEBI, and other laws becomes an indispensable part. Fund raising can be made seamless with the right choice of financial instruments, expertise in negotiating term sheets and an understanding of valuation. Policies to prevent money laundering, bribery and employee harassment need to be considered by growing startups.
- » Entrepreneurs today are innovating to enhance the quality of education in classrooms or redefine affordable healthcare and financial inclusion. Having an expert to maintain the books of such ambitious and fast paced enterprises from day one allows founders to focus on their core competencies, instead of also

attempting to juggle tax registrations and corporate filings.

The importance of corporate governance may not be apparent on a day to day basis but missing a filing deadline or registration can have adverse consequences. Sometimes, the outflows due to penalties and rectification of errors can exceed the professional fees that could have been paid to an expert, in retrospect.

Corporate Governance not only includes proper filing of tax returns and filing of other statutory returns, it is an effective tool to minimize the hurdles faced by corporations and maximize the output.

List of failures in the startup world in 2017 & 2018

Startups such as Cardback, Stayzilla, Eatonomist, Fabfurnish, Finomena, InksEdge, Overcart, Roder, Turant Delivery shut down their stores in 2017. Among these companies, Stayzilla was started in 2005. Other companies were mostly 3-4 years old.

Another list of startups such as Just But Live, Shotang, Zebpay India, BabyBerry, Tazzo Technologies, Wydr, Monkeybox, ContentMart has closed in 2018. Most of these companies were also in their initial stage, they were 3-4 years old.

The closing down of these companies have mostly 3 reasons. Either they ran out of funds and failed to raise further funds, or they were not properly managed and thus lost the edge in market and lagged behind. Or the founders had a fallout with the investors.

Funding Issue

If any company fails to raise funds from investors, fails to raise further funds from VCs or just burn their existing money and becomes insolvent, in most cases, this is due to improper planning, excessive expenditure, immature decision making, not taking expert advice and lastly arrogance amongst founders.

Investors and Venture Capitalists are major stakeholders of a corporation. They are investing their hard earned money on people with little to no experience. They just keep faith in the ideas. But they should also mentor these founders who lack proper experience of corporate world as well as life itself.

These investors should monitor the day to day activities and keep a close vigil on the expenses made. The hard cash should not be invested on non-core activities. It is the duty of the investors to check whether the governance in these startups is up to the mark or not. Surely red-tapism should not be encouraged, but a close monitoring can help the companies to keep the cash flow right.

Mismanagement

A major drawback in startups by young entrepreneurs is that they lack proper experience and guidance on management. A large number of startups has lost their edge

just because the founders lost their mission and vision, or that they were too busy raising funds, than to look after the Research & Development (R&D) activities that are required in an idea based company.

Fallout with investors

In 2015, housing.com CEO Rahul Yadav was fired by investors from the company that he founded in 2012 after he had fallout with major investors. In that particular case, what we learned was that, startups should focus on core competency, rather than increasing their volume of sales in the initial years. We also learned that founders need to be very careful while raising funds. If you chose people with whom your tuning does not fit in, this might lead to major tussle in future.

Conclusion

We must not forget the fact that today's startups are tomorrow's giants. Google, Amazon, Flipkart, Infosys all started as small startups in their initial days. But proper timings, proper funding, proper management and proper guidance have made them the giants they are today. All the above traits are part of Corporate Governance. So we can conclude that Corporate Governance are not only an integral part of the big corporations, they are of equal importance to the baby companies as well.

Investors, employees, stakeholders are all part of the startup eco-system. If the startups fail to manage harmony

amongst them, the whole system will be disbalanced and this will lead to the company being either winded up, or being acquired by bigger corporations. This will not only have a negative impact on the future of the stakeholders, it will have an adverse effect of the economy as a whole.

Thus experienced executives, mentors and investors should take proper initiative to guide the startup founders, just like Peter Thiel and Steve Jobs who guided Mark Zuckerberg in the initial days of Facebook and Warren Buffet who guided Bill Gates at the initial stage of Microsoft. **MA**

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CHALLENGES FACED BY STARTUPS IN INDIA



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Abstract

There is a beginning of a new era in India, where why so many individuals are looking for their startups. There are many possible reasons behind it which have encouraged many individuals to start their startup like passion, dedication, Government support, recognition, great start to a career and most importantly giving something to the society and getting recognized by the society. This paper is an attempt to highlight when an individual or group of people try to do their startup what are the challenges that are faced by them.

Introduction

India is an amazing young country, billions of people making an effort for the development of their country, a nation full of talent and an urge in the youngsters to do something that can be helpful to the billions of people all over the world. They are trying to achieve this mission through their startup. When a startup is made everything needs to start from the bottom and you face so many challenges that can help you to take your startup on the top. Startup in India has seen a beautiful journey because India is a country that is supporting the startup and the startups are happily accepted by the people of India.

The main reason for the growth of startup is that innovation

and scalable technology, startups can generate impactful solutions, and thereby act as vehicles for socio-economic development, transformation and most importantly promoting the economic growth and development of the country.

Successful startups in India

Several startups started in India some of them are very successful popular among the users, few of them are listed below:

» InMobi – Adtech

Naveen Tewari founded InMobi in 2006, InMobi is designed in such a way that it supports businesses in launching captivating

ad campaigns on mobile devices through app partners and in making smart marketing decisions on where to spend their money and thus providing benefit to the business.

» **Swiggy**

Nandan Reddy, Rahul Jaimini, Sriharsha Majety founded in 2014 and it is considered one of the most successful startups of India, which is responsible for providing home delivery for food.

» **Flipkart**

Flipkart was founded by Sachin and Binny Bansal in 2008 and it can be considered as one of the most successful eCommerce startups till now of India. It is responsible for changing the way of shopping for people in India.

» **Paytm**

Paytm was founded by Vijay Shekhar Sharma in 2010 and it is one of the most popular digital wallets in India and it provides a way to do a transaction more easily and simply.

» **Delhivery logistics**

Delhivery was launched in 2011 with the aim of disrupting the logistics supply chain market in India. The startup currently provides services in about 600 cities across 8,500 pin codes in India. It has 12 fulfillment centers for B2C and B2B services and works with e-commerce giants such as Flipkart and Paytm.

Challenges faced by the startups in India

There is a number of challenges to be faced by the startups in India some of them are mentioned below:

» **Financial Resources**

At the initial stage, you require a good amount for a Startup, but many startups fail because they are not able to get good financial resources.

» **Revenue Generation**

Generating revenue is very important for a startup to carry out the future process of the business, but many startups are not able to do it, and which is the main reason for the failure of their startups.

» **Legal Framework**

In India, it is very important to work within the legal framework for all the startups and the majority of a startup is not able to understand this legal framework and it becomes very difficult for them to work and operate within this legal framework.

» **Team Members**

Getting the right team is very important for any startup, but many startups fail to get the right team and which can result in the failure of their startup.

» **Supporting Infrastructure**

Infrastructure is very important for any kind of startup, but some startups are not able to get a good infrastructure. The main reason responsible for it is the matching with the cost because high cost requires high infrastructure.

» **Creating Awareness in the Market**

Many startups find it difficult to create awareness about the product that they are launching through their startup and it's very difficult for them to understand and to realize, where they are lacking behind to create awareness of their product in the market.

» **Regulations**

Sometimes changes take place so quickly that it becomes very difficult for the startup to cope up with these regulations which results in the failure of the startups.

» **Understanding the Market Scenario**

Understanding the market scenario is the costly affair and at the initial stage, most of the startup can't afford the high cost, which resulted that they are not able to do enough research and they are not able to evaluate many options, which can be the core reason for the failure of their startups.

» **Policy of Government**

The new policy of government like demonetization, GST seems to be unfavorable from the startup point of view and many of the startups are not able to match with the government policies.

» **Building the Right Team**

The most difficult task for any startup is to build the right team, which is very important for the success of any startup because the future growth and development completely depend upon the team which is built at the initial stage. If the right team is not developed at the initial stage it can result in complete failure.

Government scheme to overcome the challenge

» **To overcome the financial challenge**

To have fund is one of the most important things for any startup in India. There are many schemes which have launched by the ministry of micro small and medium enterprises for ensuring that funds are positively directed towards you. Some of the schemes are as follows: -

• **Prime Minister Employment generation programme**

The scheme provides setting up a project at a subsidized cost and funding up to 25 lakhs for setting up a manufacturing unit and up to rupees 10 lakh for establishing a service unit. This Scheme is launched in collaboration with Khadi and Village Industries Commission to ensure that employment opportunities are created for urban and rural areas by the means of enabling them to start a self-sufficient employment venture.

• Credit Guarantee Fund Scheme

High risk is involved in the startup and Bank finds it difficult to sanction the loan for the startups. Therefore the government facilities loan and working capital facility up to rupees hundred lakh per borrowing unit and you can get it sanctioned without any third-party guarantee or any Collateral security, this scheme is valid only for micro and small Enterprises.

Apart from this policy, many other policies have been launched like multiplier grants scheme, credit guarantee scheme, bank credit facilitation scheme, Pradhan Mantri Mudra Yojana, stand up India, sustainable finance scheme, smile, startup assistant scheme.

» To overcome Research and Development challenges

Research and development are the most important consideration for any kind of business so the government has launched various schemes to support it.

• Promoting Innovations in Individuals, Startups, and MSMEs (PRISM)

This policy is launched by the Department of Science and Industrial Research to support individual innovators with various financial grants. Through this scheme, funds are directly provided to the innovators with centers like SIIC, IITK. SIIC has been known to facilitate more than 17 innovators with the financial aid of 1 crore. Under PRISM, a maximum grant of Rs. 50 Lakhs for developing prototypes is permissible.


» To overcome the challenge of marketing

What we are offering to the people and conveying to them is very difficult to reach because the successful marketing of the product is not done. Thus, to ensure the successful marketing the various scheme has been launched.

• Policy to promote marketing

A policy specifically designed to provide institutional support to Micro, Small and Medium Enterprises, this scheme's objective is to support MSMEs to market their goods and services. The scheme can work as a great help to the marketability of their products through National Small Industries Corporation (NSIC).

Conclusion

If we want to have a vision of new India, then startups should be promoted, which will boost up the economy of India. The efforts of the government should be directed in one way to promote a startup in India. If we promote the startup in India it will remove the most major problem of India that is unemployment. Most importantly startup has allowed youth to create employment for themselves and others. If we want to see an independent India which is not dependent on any other in any way then we should promote startups. 

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AGRITECH START-UPS AND COST & MANAGEMENT ACCOUNTANTS: *MAKING FARMERS FARMPRENEURS!*



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Abstract

“Gaon, Garib aur Kisan” has been the agenda of Indian Government with the vision of doubling the income of farmer by 2022. Agritech start ups are enabling the farmers to use new tech solutions and can change the lives of farmers who are feeding the entire economy. The agricultural productivity is stymied by small land holdings, inadequate access to irrigation, imbalanced use of soil nutrients, and lack of modern technology, agricultural credit and proper prices to farm produce. Agritech start ups are trying to provide technology driven solutions to farming issues to make it a sustainable and profit yielding business. However, agritech start ups have their hair on fire and they are facing myriad problems. CMAs are efficient to provide Cost effective Managed and pro-Active solution to Agritech start ups and enabling them to facilitate Indian government in achieving the target of doubling farmer’s income by 2022.

“Our farmers are pride of our nation. We have the vision of doubling the income of farmers by 2022”

- Honourable Prime Minister Shri Narendra Modi

“Gaon, Garib aur Kisan” has been the agenda of Indian Government with the vision of doubling the income of farmer by 2022. The Government of India targets to increase the average income of a farmer to Rs. 219,724 by 2022-23 from Rs. 96,703 in 2015-16 at current prices. Government is determined to support private entrepreneurship for value addition to farmers’ produce from the field and allied activities. AgriTech start ups and Cost and Management Accountants can be helpful in achieving the target of doubling farmer’s income by 2022.

This article pin points the benefits provided by Agritech start ups to farmers, the roadblocks for these start ups and role of Cost and Management Accountants to solve the problems faced by agritech start ups and enabling them to facilitate Indian government in achieving the target of doubling farmer’s income by 2022. CMAs are efficient to provide **C**ost effective **M**anaged and **p**ro-**A**ctive solution to Agritech start ups and farmers.

INTRODUCTION

“Start-up India, Stand up India” initiative fosters to create an ecosystem that is conducive for the growth of start ups. India has been ranked at 11th position (as compared to 21st position in 2017) on Global ranking start up ecosystem, 2019 by start up blink. According to the report of NASSCOM, agritech start ups raised \$248 million until June 2019. The funds provided to agritech start ups have increased to 300 per cent in the first six months of 2019 against the total funding made in 2018.

The agriculture sector contributes nearly 18 percent to the GDP of India and supports 58 percent rural households. India has second largest arable land with 160 million hectares following US. By 2024, the sector is estimated to employ 90 lakh people. Unfortunately, the agriculture sector is still bleeding. The population of world is expected to be 9.7 billion people by 2050. Farmers will need to produce more food to feed the world over the next 35 years as compared to previous 2,000 years. To feed the world in 2050 it will require 70 percent increase in food production.

Agritech Start ups exemplify the Make in India for world. The numbers of agritech start ups are 450 as against 3,103 global agritech start ups. The data shows that every 9th agritech startup in the world is from India. These start ups are growing at 25 per cent annually. Agritech start-ups in India have been increasing due to digitalisation and funds received from the Government.

	Global	India
Number of Agritech start ups	3103	450
Growth in funding from 2013-14 to 2017-18	2 times	10 times
Agritech companies ventured	Less than 5 global companies in India.	More than 25 agritech companies ventured at global platform (popular markets are USA, Africa, Sri Lanka, Middle east and South east Asia).

Position of Agritech start ups (Source: NASSCOM)

Agritech start ups are enabling the farmers to use new tech solutions and can change the lives of farmers who are feeding the entire economy. B2B start-ups are major revenue generating segment in agritech ecosystem. Agriculture sector provides massive opportunities for start ups to scale up.

AGRITECH START UPS: MAKING FARMERS FARMPRENEURS

Agritech start ups generally operate under four segments, big data model, market linkage model, FaaS model, and IoT enabled model.

FaaS (Farming as a Service Model):

FaaS is the business model which helps to implement the technologies in Indian agriculture. FaaS (Farming as-a-Service) integrates the farming process and bridge the gap between the producer (farmer) and consumer. The ownership of land is not taken away from the farmers. FaaS model works by making corpus which is responsible for farming activities as a service provider. The corpus can be a company, trust, co-operative society and other body corporate. The farmers will be enrolled to be the members of corpus. The farmers will act as partners in the corpus with equated equity benefit. The corpus aggregates the land but the ownership of land is retained with farmers. The economy of scale can be implemented with the help of cutting edge technologies to improve farming.

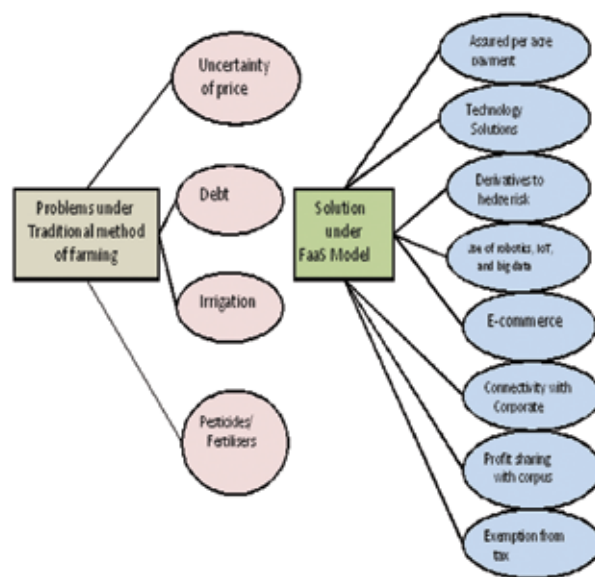


Diagram 1: FaaS Model

Big data analytics and artificial intelligence to optimise farm management:

Big data analytics and artificial intelligence help farmers to derive better farming strategies with extensive use of data through agritech start ups. It helps farmers to be ready for adverse weather conditions and prevent spoilage. Agritech start up Gramophone provides actionable insights to farmers with the help of an app via a phone. There are number of data-driven

agritech startups working to create operational efficiency in the farming. These agritech start ups work on image sensing for quality assessment, storage monitoring based on the Internet of Things and the digitisation of local markets. The uses of big data, sensors, artificial intelligence and IoT (Internet of Things) by start ups are helpful for the farmers in different ways:

- **Use of cost effective pesticides:** Big data and artificial intelligence help to determine the kinds and quantities of insects on a crop. Farmers get an associated report and can use it to plan their pest management approaches. (Brazilian start up company Agrosmart).
- **Information about crop diseases:** IoT informs the farmers about the diseases affecting their crops through the mobile app. (Israel start up Saillog)
- **Soil study:** Data science helps to scrutinize soil and helps to improve the soil contribution to climate by releasing greenhouse gases.
- **Collaboration with other agencies:** Agritech start ups are taking the satellite images of farms and combine it with other relevant data, including information from weather stations. (Canadian Start up Farmer's edge).

Reduction in Cost of cultivation:

India is largest producer of milk, pulses, jute in world and second highest producer of wheat, rice, sugarcane, groundnut, cotton, fruits and vegetables. (Source: FAO). India is the largest producer, consumer and exporter (US\$ 3.1 billion in 2017-18) of spices and spice products.

But the agricultural yield or quantity of a crop produced per unit of land has been reported to be lower for most crops as compared to leading countries in agriculture like China, Brazil and the United States. The agricultural productivity is stymied by small land holdings, inadequate access to irrigation, imbalanced use of soil nutrients, improper access to modern technology, lack of access to formal agricultural credit, limited procurement of food grains by government agencies, and proper prices to farmers. Agritech start ups play an important role in the reduction of cost of cultivation and improving productivity.

ROADBLOCKS FOR AGRITECH START UPS

Annual post-harvest losses are estimated to be about Rs. 90,000 crore in India. This is due to the mismanagement of resources, lack of basic infrastructure and inefficient supply chains. This is the reason why more than half of overall funding in 2019 went to agritech startups providing solutions to market linkage and digital agriculture services. However, Agritech start ups have their hair on fire and they are facing myriad problems.

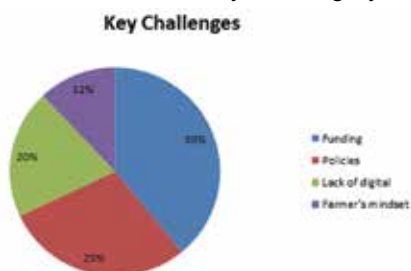


Diagram 2 (Source: NASSCOM)

- **Problems of market:** The reason for the failure of start ups is lack of market for their products and market timing. The start up companies needs to be ahead of market.
- **Higher cost of acquiring customers:** The business model of start ups fails due to lack of customers. Start up companies become optimistic with the use of technologies and they suppose that the customers can be easily attracted with their websites, products and services. Sometimes, the cost of acquiring customer (CAC) becomes higher than the lifetime value of customers (LTV). CAC should be lower than LTV for the success of start ups.
- **Poor Management:** Weak management team is the common problem for the failure of start up companies. Weak management team will often make weak strategies.
- **Cash deficiency:** The cash flow statement should be positive for these companies. Sometimes, the start ups are forced to sell below cost and it will make them run out of cash.
- **Slowdown in public private partnership:** It is difficult for Agritech start ups to drag the attention of urban centric investors. With the help of public private partnership, progressive Agritech policies have been designed to spur innovation and accelerate funding to the start ups. The number of public private partnership is lower for Agritech start ups. Longer gestation of the technology adoption creates disinterest of investors in these start ups.
- **Reluctancy of farmers:** Farmers are reluctant to pay the upfront fee for technologies and even they are unable to understand the benefits provided to them by the start ups. Sometimes, the high price of technology solutions do not enable the farmers to adopt the technologies.
- **Slow scale up in Agritech:** The agritech start ups face slow growth in sales as compared to online grocery, food and fashion start ups.
- **Lower rate of return:** Agritech start ups face lower rate of return on investment as compared to other start ups.
- **Small size of landholdings:** Small size of landholdings by farmers do not facilitate the start ups to apply technologies cost effectively.

COST AND MANAGEMENT ACCOUNTANT: A CATALYST IN MAKING FARMERS FARMPRENEURS

From CapEx to OpEx model in Agri VAS Profit model:

CapEx or Capital expense refers to capital expenditure incurred for the acquisition of business assets. OpEX stands for the operating expenses incurred for running the business smoothly. The OpEx model enables the management to focus on product with the help of Software-as-a-service (SaaS), platform-as-a-service (PaaS), and infrastructure-as-a-service (IaaS). Shifting from capex to opex model can help to reduce the capital expenses and will provide a solution for the funding problems to start ups. Agricultural Value Added Services are growing at faster pace in rural market. It helps in developing relationships

between agritech start ups and rural farming communities on large scale. Agri VAS is based on machine to human interaction and effective in tackling factors limiting productivity. Agri VAS helps the start ups in the following ways:

- Collection of demographic data on mobile app and IoT subscribers.
- Analysis of research on sales data: The collection of customised data can be expensive for the start ups. Agri VAS provides tools and resources to collect data in lesser time and finance.
- Agri VAS carries market research and surveys with the help of large sample size for accuracy.

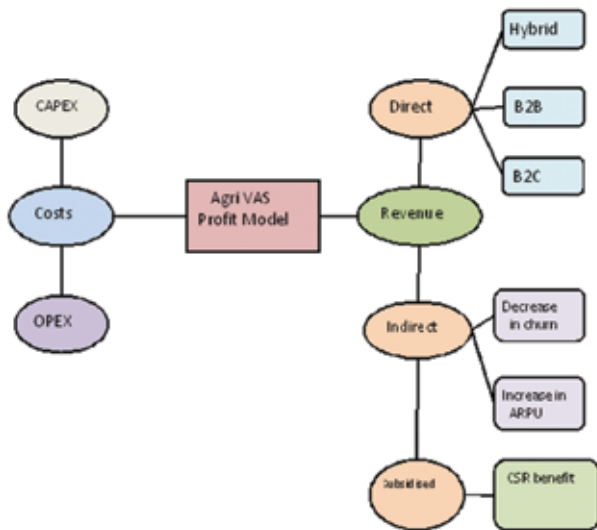


Diagram 3: Agri VAS Model

ARPU: Average revenue per user.

Churn rate is the annual rate at which customers stop subscribing to services.

Cost and Management Accountant can efficiently make the market assessment and market segmentation for the implementation of Agri VAS. He/she can help in shifting from CapEx to OpEx model and pay as you go services for reduction of capital expenditures, overall reduction of costs and increase in revenue under Agri VAS.

Reduction of cost of cultivation:

Cost of cultivation refers to total expenses incurred in per hectare of production. The productivity of agricultural land in India is lower. The cereal yield per hectare is lower in India despite of second largest arable land in world.

Ranking	Country	Cereal yield per hectare in 2017 (kg per hectare)	Agricultural land as per the year 2016 (Sq. Km)
1	St. Vincent & Grenadines	26,110	100
2	United Arab Emirates	23,576	3,888

3	Oman	12,964	14,360
4	Belgium	9,051	13,508
5	Bahamas	8,818	140
6	Netherlands	8,794	17,960
7	Ireland	8,785	44,460
8	New Zealand	8,464	1,06,510
9	United States	8,281	40,58,625
10	Germany	7,270	1,66,570
	India	3,161	17,97,210

Source: World Bank

Agritech start ups have been helpful to reduce the cost of cultivation by 15-20%. The team of Cost and Management Accountants can help in the analysis of cost and return on cultivation. ABC cost of cultivation will help to analyse the percentage of direct cost as total cost enabling to control cost.

ABC Cost of Cultivation				
Cost of cultivation			Return on cultivation	
A	A ₁	Cost of human labour	Gross income	Total value of produce from main product and by products at market price.
		Cost of machine cost per hour	Farm business income	Gross income – Cost A ₁
		Cost of planting material at market price	Own farm business income	Gross income – Cost A ₂
		Cost of Manures, fertilisers, chemicals, weedicides, and hormones	Family labour income	Gross income – Cost B ₂
		Cost of irrigation	Net income	Gross income – C ₃
		Interest on working capital, and loan		
		Land revenue		
		Depreciation and other expenses		
	A ₂	Cost A ₁ + Rent for leased out land		
	B ₁	Cost A ₁ + Interest on owned fixed asset except land		
	B ₂	Cost B ₁ + Opportunity cost of own land and rent paid for leased land		
	C ₁	Cost B ₁ + Imputed cost of family labour		
	C ₂	Cost B ₂ + Imputed cost of family labour		
	C ₃	Cost C ₂ + 10% of cost C ₂ as remuneration for farmers.		

Recovery of CAC for capital efficient business:

Cost of Acquiring Customers (CAC) will be computed by

dividing the cost of sales including marketing expenses with number of customers.

$$\text{Life Time Value of customers (LTV)} = \frac{\text{Monthly recurring revenue/One time fee}}{\text{Churn rate}}$$

CAC should be recovered within 12 months for capital efficient business. CAC can be reduced with the help of CMA by developing and implementing efficient USP (Unique Selling Proposal) strategy, application of Pareto principle, and increase in conversion rate.

Reduction in agricultural wastage:

The level of agricultural wastage is more than Rs. 15 billion per annum due to dilapidated supply chain. CMA can help in reduction in wastes of farm produce by providing efficient supply chain management solutions to Agritech start ups.

Implementation of four point strategy of Government:

Government has announced four point strategies to support agriculture in India. These strategies are ensuring profitable prices, reducing cultivation costs, processing farm wastage, and creating non-farm source of income. CMAs can help AgriTech start ups to focus on these strategies and can make themselves competitive with other start ups at global platform.

Resource person and mentor:

Government of India has introduced AGRI-UDAAN programme to mentor start-ups and to enable them to connect with potential investors. It is six months program under which shortlisted innovative start ups will be mentored and guided to scale up their businesses. CMA can help Agritech start ups to liaison with potential investors.

Cost and Management Accountant can also be helpful to start ups and farmers in number of different ways:

- Making Performance analysis for the business of start ups.
- Cost and Profit analysis.
- Identification and conversion of fixed cost in variable cost.
- Seed round valuation.
- Building a prototype and to improve customer relationships.
- Resolution of product and market fit issues.
- Advice for raising capital from international market or from domestic landscape.
- Advice for the timing to hit Accelerator Pedal for start ups after making market analysis.
- Building strong management team.
- Capital budgeting and procurement of funds.
- Use of agricultural derivatives to hedge risk.
- Help in building positive cash flows statement.
- Total Quality Management (TQM).
- Hazard Analysis and Critical Control Points (HACCP).
- Adoption of Good Manufacturing Practices (GMP) and

Good Hygienic Practices (GHP).

- Funding to Agritech start ups is a big problem for them. CMA can help them to make concise project reports and can help them to get funds from investors.

CONCLUSION:

Agritech start ups are trying to provide technology driven solutions to farming issues to make it a sustainable and profit yielding business. Factors such as the availability of good quality farm data, better regulatory environment for start up funding, and cheap internet connectivity are some of the crucial factors leading to a thriving start up ecosystem in the agritech over last few years. Post-harvest loss in India amounts to \$ 13 billion, according to NASSCOM. Demand-driven cold chains, warehouse monitoring solutions and market linkage can significantly decrease such losses and boost farmer incomes. Government had taken several initiatives during previous years to strengthen the backbone of farmers. Several welcome steps have been taken by the Government like creation of market linkages (eNAM), ensuring availability of quality seeds, implementing soil health cards and raising minimum support price (MSP) for agricultural products. Implementation of these measures will not be sufficient. It is required to drag the bull by horns and change the way of farming. Several start ups companies and other corporate have joined hand to robust the supply chain and eliminate middlemen. B2B agritech startups in the country are fast-maturing and generating decent revenue by making use of advanced technologies. Agritech start ups should focus on B2C with the improvement of supply chains. It will be helpful to eliminate middlemen and benefit can be passed on to farmers. Agritech sector is assumed to be the center of innovation by 2020. Their services should be affordable to small farmers so that the number of farmers connected with start ups will increase. Farmers need to understand the use of technologies and services provided by agritech start ups. Efficient supply chain and empowerment of farmers with technology can help them to get better prices for their farm produce. Let us join hand and connect the farmers with agritech start ups. It will be win-win situation for all. **Cost and Management Accountant** can help the Agritech start ups to evolve in B2B and B2C businesses of **farm to fork and HoReCa** (hotel, restaurant, and Cafes) by providing cost effective solutions and superior management enabling them to remain proactive. **MA**

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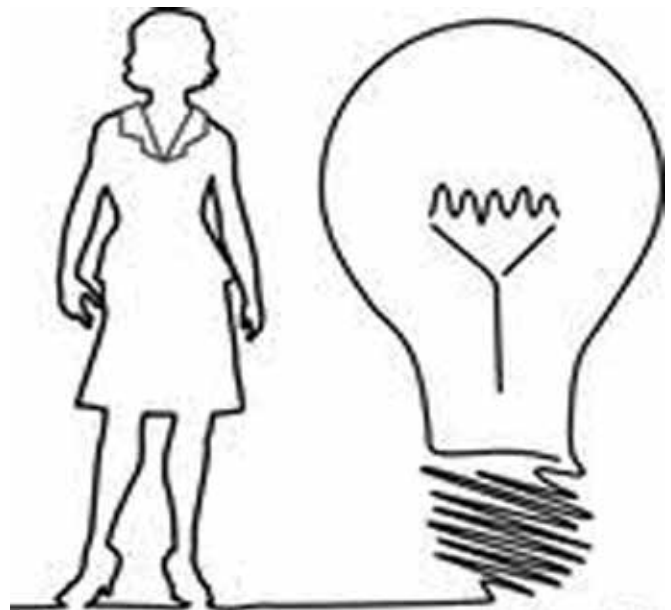
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STARTUP INDIA AND WOMEN ENTREPRENEURSHIP - A THEME FOR ECONOMIC GROWTH



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Abstract

Startup India is the ambitious movement with aims of filling up gaps in the Indian Economy for the growth and development of startups with digital entrepreneurship. In our study with the use of secondary data we have analysed how women entrepreneurs utilized the advantages of startups and being the successful women entrepreneurs how much they contributed for economic growth of India and act as ideal role model of the country to motivate the young women for the starting of startup entrepreneurship.

Introduction

Startup India was launched by the Prime Minister of India on 15th January, 2016 as an ambitious movement with aims of filling up gaps in the Indian economy for the growth and development of startups and to boost digital entrepreneurship at the grassroots. The startup India motivates the young generation to go ahead with their

dream ventures, taking advantage of friendly economic system of easy registrations, liberal finance, tax benefits and simplified regulatory system. The startup with diversity of business activities will boost economic growth and trigger creation of thousands of new jobs. The Government through this initiative aims to empower women startups to grow through innovation and design.

The Central Government announced Rs.10,000/- crore

‘fund-of-funds’ which is a significant commitment under the action plan of startup. India has the third largest number of startups globally. A startup with the Government’s support will definitely motivate many young women entrepreneurs to turn their ideas into reality thereby increasing the economic growth of India along with creation of so many new jobs for huge number of unemployed persons.

Startup means “an entity, incorporated or registered in India not prior to five years with annual turnover not exceeding INR 25 crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property”. (Startup India Action Plan)

The plan included new policies and initiatives that would make it easier for young women entrepreneurs and startup founders to incubate their ventures in the country.

Methodology

For our research work we have gone through the secondary data collected from Govt. Publications, journals, internet, newspapers and books. This study is based on secondary data and it is a conceptual research. No empirical results are available from this study.

Objective

The objective of our study is to focus on how Startup India scheme has been implemented by the women entrepreneurs and how much the women entrepreneurs contribute for economic development of India getting benefit of the scheme.

Startup India Action Plan in brief

Action plans for Startup India covers the following issues:

- Government supports ‘fund-of-fund’ with corpus Rs.10,000/- crore disbursing Rs.2,500/- crore earmarked every year.
- Registration of entrepreneurs in one day against 15-20 days in earlier.
- Legal support and fast tracking patent examination.
- Relaxed norms of Public Procurement for Startups.
- No tax on profit for three years.
- Capital gains tax exemption.
- Credit guarantee scheme.
- Self certification-based compliance for labour and environment laws.
- Startup India Hub – A single point of contact for the entire startup ecosystem, access of funding, compliance regime based on self-certification.
- Fastest exit for startups.
- In public private partnership harassing private sector expertise for incubator setup.
- Mobile App, Portal for registration.
- Encourage startups in government purchase, with

relief in experience and turnover.

- Special scheme for women entrepreneurs.
- Support to biotechnology startups.
- Building Innovation Centres at National Institutes.
- Setting up seven new Research Parks to provide facilities to startups in the Research and Development sector.

Concept of Women Entrepreneur’s Enterprise

Women Entrepreneurs may be defined as the women or group of women who initiate, organise and operate a business enterprise. In 2006 Government of India (GOI 2006) has defined women entrepreneur as:

“an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and having at least 51 per cent of the employment generated in the enterprise to women.”

Current Scenario of Women Entrepreneurs in India

Economic liberalization, privatisation and globalisation have increased the importance of women entrepreneurship in India. The Govt. policy and institutional framework for improvement of entrepreneurial skills, arrangement of vocational education and training has widened the horizon for economic empowerment of women. In 2009 Govt. of India has introduced National Skill development Policy and National Skill Development Mission to provide skill training, vocational education and entrepreneurship development programme to the emerging work force. In present scenario of India women are not only homemaker, but also job making entrepreneurs. The success of women owned business enterprises are playing a more active role in the society and the economy. But role of women entrepreneurs is limited in the large scale industries and technology based industries and business. Today only 14 per cent entrepreneurs are women. Only 2 Indian cities – Bangaluru and Delhi have entered in the most favourable global places for women entrepreneurs within recent ranking of 50.

According to Sixth Economic Census conducted by the National Sample Survey Organisation (NSSO) total number of establishment owned by women entrepreneurs was 8.05 million (13.76%). Around 13.45 million persons (10.24%) were employed in those establishments. The largest share of women entrepreneurship was held by Tamil Nadu (13.51%) followed by Kerala (11.35%), Andhra Pradesh (10.56%), West Bengal (10.33%) and Maharashtra (8.25%). From the point of view of various social and religious angle women entrepreneur establishments owned by Hindus 65.6%, Muslims 12.84% and Christians 5.2%. Again owned by OBC 40.60%, S.C 12.18%, ST 6.97% and Others 40.25%.

Number of Women entrepreneurs registered in India is shown in **Table 1**

Table 1: Number of Women entrepreneurs Registered in India.

Women Entrepreneurship States	No. of Units	Rank	No. of Women Entrepreneurs	Rank	Percentage
Tamil Nadu	9618	1	2,930	2	30.36
Uttar Pradesh	7980	2	3,180	1	39.84
Kerala	5487	3	2,135	3	38.91
Punjab	4791	4	1,618	4	33.77
Maharashtra	4339	5	1,394	6	32.12
Gujrat	3872	6	1,538	5	39.72
Karnataka	3822	7	1,026	7	26.82
Madhya Pradesh	2967	8	842	8	28.38
Other States & UTs	14,576	9	4,185	9	28.71
Total	57,452		18,848		32.82

Source: Report of MSMEs, 12th Five Year Plan 2012-2017.

Table 1 shows that from the point of view of number of units registered in India Tamil Nadu stands first and followed by Uttar Pradesh and Kerala. But regarding the number of women entrepreneurs registered in India Uttar Pradesh holds the first position and followed by Tamil Nadu and Kerala. It is also observed from the **Table** that Uttar Pradesh has given more stress on the growth and development of women entrepreneurship. The scenario of women entrepreneurship has been changing day by day due to modernisation, liberalisation and development of education and business. As a result, the opportunity of self-employment of women and creation of job for other women has been drastically increasing.

Startup India, Successful Women Entrepreneurs and their Contribution to Economic Growth

The increasing presence of women in the business world has changed the demographic characteristics of business and has contributed to the economic growth of a country like India. India had always been a hot favourite destination of business. With all favourable components of business like climate, affordable amenities and huge amount of manpower, India became a hub for growing commerce day by day. With the development in the ecosystem of India more and more women are pursuing their careers towards becoming entrepreneurs, which is really a good thing for the society and self.

As per global report, today about 126 million women possess their own business and in India 8 million women run their own business. Nearly 58% women entrepreneurs in India started their own business in the age of 20-30 years. About 73% of women entrepreneurs reports their revenue of Rs.10 lakh in one financial year. Almost 57% of women started their business alone. Nearly 35% of women had a

co-founded.

Now we may discuss the journey and success stories of some selected women entrepreneurs and their contribution to Indian economy and the society.

Richa Kar

Richa worked first in the IT industry and obtained Masters' degree in 2007. Then she worked with a retailer and global technology company and gained valuable retail experience that she carried to startup world. She thought a unique idea of selling female inner wears, online, that too in a conservative country like India. Richa formed 'Zivame' in 2011 along with Kapil Karekar with an initial investment of Rs.30 lakhs from friends and family. Then Richa's 'Zivame.com' comes into the picture. She was thinking about the concept of an online retailing of lingerie. She launched her enterprise in a small space on August 25th, 2011. With fast growing up of the business her company sought funding, raising \$ 9 million in two rounds from investors including Kalagari Capital, IDG Ventures and Unilazen Ventures. With a period of only 3 years of foundation Zivame had grown from a small operation to a team of more than 200 members. Today Richa Kar is known as one of the most influential woman entrepreneurs in India.

Falguni Nayar

Falguni Nayar, the founder of Nykaa (in 2012), is one of the India's biggest online fashion and life style portal. She quit her job where everything was going absolutely right, to become the successful beauty entrepreneur. She obtained her MBA degree from IIM, Ahmadabad. A study says that beauty industry is expected to grow 15%-20% which is more than of the US or European market growth rate. Nykaa has about 850 curates, well priced and genuine brands with over 1 lakh products. It offers makeup, skin care, hair care, fragrances for bath and body, luxury and wellness products for both men and women. Its net worth is more than Rs.280 crore. She was awarded the Most Powerful Women in Business in 2017 by Business Today and Women Ahead (2017) by Economic Times Startup Awards 2017.

Suchi Mukherjee

Suchi Mukherjee is the founder and CEO of Lime Road, an e-commerce and lifestyle and accessories website. It is very interesting that the idea of Lime Road came to her mind when she was on a maternity leave at the age of 39. After completing her B.A from Cambridge University and M.A in Economics and Finance from London School of Economics she joined as a Senior Associate for Corporate Finance in Lehman Brothers Inc in 1998. She wanted something for her own and has a direct impact on the society. Then she gave birth of LimeRoad.com which is a social commerce site where products are shared and shopped for and are targeted directly to the women communities mainly in India. Suchi's idea for LimeRoad was to bridge the gap between commodities and customers. Her LimeRoad makes a platform for selling lifestyle products in an extremely easy discover interface. Suchi Mukherjee has been selected

as 1 of the 15 women worldwide for Rising Talents, 'High Potential Leaders under 40'.

Upasana Taku

Upasana Taku co-founded Mobikwik with her husband Bipin Preet Singh. After obtaining M S in Management Science and Engineering from Stanford University, US she joined PayPal, where she learned about the payment system used in America, Europe and Asia. In 2009 she returned to India. Meeting a lot of people she realised that a wallet like PayPal was unheard of in India. Then she with her husband jointly introduced Mobikwik, a virtual wallet which is associated with many companies and products. Public can recharge and pay of money through Mobikwik wallet. It is very simple to use and need based. Today, Mobikwik has over 35 million users and 1,00,000 merchants on its platform and 25000 offline merchants. It has 2 million active daily users and 1 to 1.15 million daily transactions.

So many women entrepreneurs have been successful in their own fields. We only discussed in short of the above entrepreneurs. We may mention a few who have contributed to the Startup India: Rashmi Sinha of 'Slide Share', Ameera Shah of Metropolis Health Care, a multinational chain of pathology centres, Mallika srinivasan of 'Tractors and Farm Equipment Limited'.

Conclusion

Taking advantages and incentives the women entrepreneurs have gone ahead with their dream ventures. The women startups with diversity of business activities boosted economic growth and created thousand of new jobs. Women entrepreneurs with basic indigenous knowledge, skill, resources, new thoughts and will power established and managed entrepreneurship. The above mentioned most successful leading women entrepreneurs in India are ideal role model for our country. But the transition from being a traditional home maker to a sophisticated woman entrepreneur is not an easy task. Our observation shows that women feel strong about themselves to leave the formal job and work independently startup entrepreneurship on a modest scale. The most successful entrepreneurs have made their name, fame and wealth for themselves with their hard work, diligence, competence and will power. In a developing country like India the theme of economic growth and development depends upon successful utilization of its whole human resources both male and female. We except

the success stories of women entrepreneurs will inspire the young educated women to begin with entrepreneurial activities and work hard to achieve them and that will in turn contribute to the economic growth of them as well as of India. **MA**

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TECHNOLOGICAL STARTUP AND ITS IMPACT ON ECONOMY IN INDIA: AN OVERVIEW



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Abstract

Technology is considered as major thrust area of gaining strong economy. Indian economy has been transforming from conventional to digitalize through launching of several initiatives. In this regard, technology startup was an important milestone in India. But, its contribution on economy has been slowly but steadily growing. Despite its contribution on economy, technology startup and its performance are not all satisfactory. The purpose of this study is to review and to evaluate technology startup and its impact on Indian economy. However, technology startup is at growing phase in India and plenty of opportunity to achieve expected goals subject to focus on innovations and initiatives.

Introduction

The idea of doing something is called entrepreneurship which is the prerequisite for favorable environment for businesses. But, entrepreneurship in novelty bears separate identity from rest of others. When novelty comes into reality and is marketed with sophisticated technology, then it enters a new brand into the market. India is far behind of launching some outstanding brands globally due to clear shortage of using contemporary hi-tech approach in their products. This has been reducing competitiveness and faceless presence in international markets. The well known edge thinks globally but acts locally is not being observed and followed by the new entrepreneurs. They basically operate and take decisions within contiguous areas. In this juncture, concerned agencies in India are required to encourage startups in the light of leveraging exports in the manufactured articles specifically. Service sector in our country is the leading earner of foreign currencies while performance of secondary cum manufacturing sector is frustrating. Therefore, the study will not only to focus on background and potentiality of technology startup but also to measure its impact on economy in India.

Although, India is second highest populated country but its rank in export is very insignificant in the World. In view of that, India's share in global merchandise exports is just at 1.7 percent as compared to China's 12.8 percent¹. In fact exports are directly linked with strength of socio-cultural, economy, security, geo-political, technological and influential role in the leading International bodies. Highest the exports leads to enjoy more sovereignty in all respects and vice-versa. Therefore, tech-startups in India may be an ideal step and shape the exports scenario in the country.

The study is based on secondary data which are collected from some reputed journals, articles and web resources. The main focus of this article is to analyze the strength of tech-startup and its impact on economy in India. The study has three broad parts. In the first part, the study has to explore the startup policies and potentiality in India followed by discussion on various aspects of technological startups and finally to evaluate the impact of technological startups on economy.

Conceptual Clarity

Technological Startup means building up new enterprises to supply technology based products and services. It includes both software designing and developing products as well as industrialized products using superior technology. In order to reach high rate of GDP, policy makers need to focus on technological revolution in all sectors including manufacturing industries.

Economic Environment is an indispensable parameter which is affected by all other environments like socio-cultural, legal-political, technological, natural resources, policy initiatives and international economic trends. Economic condition of a country can be measured by growth rate of GDP, amount of exports, external debts, strength of purchasing power and inflation.

Initiatives are series of supporting eco-friendly schemes to the new entrepreneurs like funding at initial stage, skill development programme and tax exemption schemes etc. Finance may be collected through crowd funding, self-funding, venture capitalists and angel investors.

Objectives of the Study

The study has three broad objectives.

- (i) To explore the startup policies in India
- (ii) To analyze various aspects of technological startups in India
- (iii) To evaluate the impact of technological startups on economy in India

Startup Policies in India

In order to transform India into a global design and manufacturing hub, Government of India has been taken several initiatives² in recent past. Some of the leading initiatives are startup India, Atal Innovation Mission (AIM), Make in India, Digital India, Support to Training and Employment Programme for Women (STEP), Biotechnology Industry Research Assistance Council (BIRAC), Trade Related Entrepreneurship Assistance Development (TREAD) and Pradhan Mantri Kaushal Vikas Yojana (PMKVY). Every scheme must have unique objectives. Therefore, startup India is one of the important initiatives in the field of business environment.

Startup India came into force on 16th Day of January, 2016. The main objective of this policy is to build-up the nation towards jobs creator rather than jobs seeker. In this policy, there is an action plan which outlines simplification and handholding, funding support and initiatives and industry-academia partnership and innovation. Department for Promotion of Industry & Internal Trade (DPI&IT) under Ministry of Commerce and Industry, Government of India directs and control this scheme.

³The startup India scheme can be availed by the registered partnership firms or limited liability firms or private limited companies in India and operate less than seven years while biotech firms operate up to ten years from its date of incorporation. Annual turnover not exceeding Rs. 25 crores in any of the preceding financial years, ease of doing business, women empowerment, attracting more innovation and entrepreneurs, foreign exchange earnings and boost to make in India are some of the predetermined objectives of the startups India.

The financial assistance is being a part of startups. This includes setting up a Rs. 10000 crore fund as venture capital exclusively for the MSMEs. In this connection, Mudra Bank is constituted to allocate Rs. 20000 crore for the Small and Medium Enterprises sector and assign Rs. 1000 crore to support startups.

Technological Startups in India

Technological startups are very much needed for Indian entrepreneurs. No firm will survive and expand unless to adopt holistic technological approach in production

process, marketing, distribution and selling mechanism either directly or through e-commerce process. We are not concerning about entrepreneurship but it is found that absence of required number of technological startups in India. Some enterprises are doing well but not internationally accredited. Those who are businesses outside India but they can't compete successfully with rival firms in the same line due to technological backwardness. In order to remove such drawbacks, the necessary points should keep in mind. (i) Industry-academia relationship (ii) Participate international fairs and exhibitions (iii) Importance on customers' testes and fashions of specific regions (iv) Priority on customers feedback and ensure quick remedial measures (v) Expansion of strategic partnership with joint venture basis (vi) Emphasize on adequate sales services centre (vii) Competitive price of the products (viii) Quality development with identical features (ix) Invite advanced technology and experts in related fields (x) Emphasize on artificial intelligence.

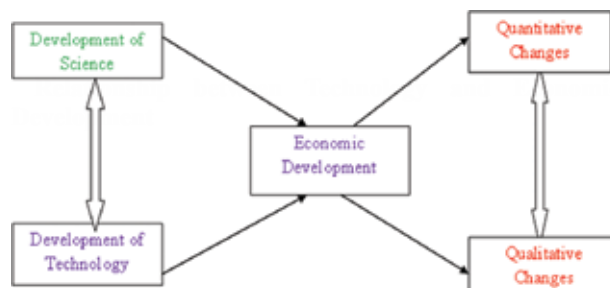
Technology products are huge demanded across the world. These are changing over time and becoming key medium for their works done by the students, technicians, scientists, intellectuals, professionals and corporate world. All most every sector is used by electronic gadgets massively. Some of the popular technological products are laptops, tablets, robotics, communication technology labs, mobile phones, 3-D printers, digital cameras, video cameras, interactive whiteboards, drones, health care products and software technology.

The number of registered startups has grown from 7000 in 2008 to 50000 according to latest report by KPMG on startup ecosystem in India. During the last five years, many startup companies reached into billion-dollar club. Some Indian tech startups that have become billion-dollar businesses are Lenskart, Big Basket, Druva, Dream11, Policybazaar, Paytm Mall, Oyo, Swiggy, Byjus, Freshworks, Udaan, Zomato, Billdesk, and Delhivery⁴.

Indian exports scenario is far behind and miles to go for achieving high level of expectation. At present Indian enterprises have been exporting limited goods and services relating to regional handicrafts, processed meats, dairy products, homeopathy medicines, gems, jewellery and precious stones, leather and leather products, organic supplements and medicines, tea and coffee, ceramics, engineering products and software technology. Though, there is enough scope to increase in market share in electronics cars, electronic gadgets, FMCGs, E-commerce, life saving medicines, accessories, home appliances and tourism. But due to huge investment is involved in opening up some are such as defense products, exploration of natural minerals and gasses as well as space technology, therefore, in these circumstances PPP model will be more suitable.

In order to provide excellent technological environment in India for the new entrepreneurs, there must be taken following measures such as (i) education curriculum is to be converted into technical rather than conventional (ii) massive investment in developing of technical infrastructure for skill development of young talents and employees (iii) inviting

technocrats along with need based sophisticated technology across the world (iv) focus on image development in international arena, so that world community can familiar with make in India's products or brands (v) special incentive schemes should be announced for creating of new technology hub.



(Source: www.researchgate.net)

There is a direct relationship between advancement of technology and economic development. But rate of development in an economy depends on level of technology and inputs used in production and service sectors. Science and technology are mutually effected each other positively. Development of science and technology are stimulating economic growth and prosperity. Economic development is being felt through quantitative and qualitative changes. It is fact that growth is quantitative but development is qualitative. Positive quantitative changes in economic development are understood in the way of improving GDP, NNP, investment, capital and consumption while qualitative changes can be measured through life expectancy, nutrition, safety, power structure and so on.

Technology startups have been doing businesses in India for developing and producing know-how products and products which are being produced with the help of technology. In order to transform from developing to developed economy, technology startups in India should be given priority by both private entrepreneurs and government initiatives directed accordingly. There is no doubt that development of science and technology must have strong consequences but it is too difficult to isolate its individual effect on economy as a whole.

Impact of Tech Startups on Economy

Advancements of rapid technological explosion have been induced to open up thousands of new idea based industries and create millions of jobs in all sectors in India and outside world. But, rate of usability of such technology is relatively low in India as compared to countries of developing world. On line shopping and thereby e-payments are increasing in manifold due to internet explosion. Large shopping malls and online purchases have been affected badly on micro and small enterprises. One side technology is generating employment and at the same time micro and small enterprises are pulling out from the markets on the other.

In general, Indian entrepreneurs have been benefitted

from technology revolution. They are doing excellent performance in both manufacturing and service sectors. Though, success rate is more in service sector rather than manufacturing sector. Startups at twenty first century have been innovating, implementing and serving lot of products by young and energetic people in India. ⁵Products they are producing are app development, technology consultancy and repairing, social media activities, website designing and development, e-marketing, marketing data supplying, business consultancy, online health services, blogging, online education and many more. These economic startups have a good impact on economy at large in India. But, its impact is not so powerful as compared to some global brands. In Asia, Japanese and South Korean startups for example have flooded electronics goods and cars across the world and their brands turn into highly accepted and trusted brands in the universe. Some of the popular world class brands in South Korea are LG Electronics, Kia Motors, Hyundai Motor and Samsung while Sony, Toyota, Suzuki, and Mitsubishi are leading brands of Japan.

The scale of production is also an important parameter in economy. Except a few products which are producing at very large scale for exports, most of the startups are producing in the light to meet the demand for local markets. In this situation, industrialists should have changed their traditional mindset and attitudes regarding to go global. Apart from family owned and controlled businesses, they would equally concentrate to do partnership and joint ventures with global counterparts. As a result, new thinking and technology will transfer and access by the national entrepreneurs. In this way, we can scatter our businesses in many countries. In India, red tapism, high level of corruption, bureaucratic attitude, slow reforms in economic sector are considered as key backwardness for startups. Therefore, concept of negative thinking will remove in the eyes of foreign investors through massive sectoral reforms, flexibility norms of Foreign Exchange Management Act, RBI policies, Foreign Direct Promotion Board, Securities and Exchange Board of India and clearance certificate from Pollution Control Board. Besides, special incentives and facilities must be offered to startups in India. In order to be successful make-in-India slogan, technological startups in India must be directed towards massive exports, employment and well-built economy.

Conclusion

Technological advancement contributes major economic growth of a country. Easier and faster communication system is accelerating technological revolution in many countries including India. The level of technology is also an important determinant of economic growth. Inventions and innovations and their optimum approaches have been largely responsible for rapid economic growth in most of the industrialized nations. It is also an important tool which is used to eradicate poverty and to improve standard of living. Whether technology startups can be acclaimed sustainability or not depend on quantitative and qualitative changes in economic development. So far as India's point is concerned, technology advanced enterprises go ahead steadily but micro and small enterprises which are basically labour intensive in nature have been suffered adversely due to open market economy. As a result, MSMEs can't successfully compete with presence of rival firms operating with sophisticated technology and vast financial resources. However, technology startups in India have been strengthening along with quality improvement and combat challenges and there is enough scope to reach these enterprises at highest echelon of technological superiority. **MA**

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START UPS IN INDIA – THE THEME FOR ECONOMIC GROWTH



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Abstract

Today, technology entrepreneurship could be a world development with startup ecosystems rising world over. Startups square measure growing at the speed of 5x compared to 15 years past. Startups square measure the lifeblood of our economy and innovation across the world. They produce jobs, new merchandise, dreams, and disruption. Startups square measure rising in their title, driving economic process, making employment and absolutely impacting the economy. It's not solely altering the business topography, however in addition to the practice; we have a tendency to work nowadays. They're semiconductor diode by entrepreneurs who work effortlessly to bring their concepts to life. Normally, block out by failure, they keep on and may adjustment the globe.

INTRODUCTION

Startup India may be a bellwether initiative of the govt. of India, supposed to change state startup culture and build a powerful and inclusive system for innovation and entrepreneurship in India. Since the spirit originated on 16th January, 2016, Startup India has spread out many events

with the aim of sponsored entrepreneurs, and reworking India into a fashion of job creators instead of job seekers.

OBJECTIVE OF THE STUDY

The present study focuses on start ups and their importance and role in growth of nation economy and challenges faced by startups in India. The paper also reveals the statistics of top

performing and least performing industries from the NPM point of view.

STARTUPS DRIVE ECONOMIC GROWTH

On the Startup India initiative, the Economic Survey states that startups drive economic process, produce employment and foster a culture of innovation. It states that, as on March 1, this year, 16,578 new start-ups were recognized unfold across 499 districts across the country.

It states that 47% of the start-ups from Tier II and III cities and 46% of licensed start-ups have a minimum of one female director. The survey conjointly enumerates steps the govt. is taking to ease laws within the sector like exemption from taxation on investments raised by start-ups, regulative reforms enforced to enhance easy doing business for start-up firms and then on.

Among the states, Maharastra (18.91%), followed by Mysore (14.67%) and Old Delhi (13.38%) deemed for a maximum share of the listed startups. As per the industry-wise distribution of recognized start-ups, IT Services crystal rectifier the method with 15% share followed by health care and Life Sciences at 9% Education at 8 %. Two buzzwords that are well-liked within the past number of years, Renewable Energy and web of Things accounted 3.05% and 3.09% of the overall startups severally.

WHY STARTUPS ARE IMPORTANT FOR ECONOMIC GROWTH OF A NATION



Figure 1

There is little doubt that startups are necessary for economic process of a nation. If we have got an idea to execute it in to startup or if we are running a startup, then we must scan this, to understand how we and our startup will serve to monetary process of India. The responsibility of startups in economic strength is growing in today's world. One of the major outcome of startups is that it creates new work. A global source of information shows that startups are making additional jobs in our nation than the big corporations or enterprises. As of now, several startups have introduced moderate technologies like web Technology, Robotics, and artificial intelligence etc.

So the role of startups is very important to our society to develop our nations. Means, it's necessary to develop associate entrepreneurship culture in our country for additional startups.

MAIN ROLES OF STARTUPS TO INCREASE ECONOMIC GROWTH

1. Startups creates employment

Yes. If we are going to become an entrepreneur then we must be in a position to create employment. Then the percentage of unemployment in our country comes down. So employment generation is one of the main outcomes from startups.

2. Creation of Value

As entrepreneurs are trying to attract investors by investing their own resources, the people of the country will be benefited when startups grow. Since the money is being shared with the society, wealth property is created within the nation.

3. Quality standard of living

Startups can implement innovations and technologies to enhance the living condition of the people. There are many startups which are working for remote areas to develop the community.

4. Maximisation of GDP

GDP (Gross Domestic Products) plays a key role in enhancing the financial growth of a country. World Bank report says that India will become the fastest growing country as per economic growth in the globe. By supporting and motivating more startups, it is possible to generate more income domestically and consumer's capital will also flow around the Indian economy.

5. Indian Startups- Boosting Economic strength

Setting up of small scale businesses by the young entrepreneurs is definitely going to boost the Indian economy in the coming future. India is a host for almost 3100 startups starting per annum standing just behind US, UK and Israel according to the NASSCOM report of 2015. If the growth is continued on the same line then it is expected that Indian tech startups will produce almost 2.5 lakh jobs in the next five years.

India is additionally afore said to get pleasure from demographic dividend and it's anticipated that by 2020 Indian nation would be a home to 112 million operating population falling within the cohort of 20-24 years as compared to it of 94 million employees of China. This economic growth will certainly lifts the startup trend within the country. Initially, India was thought-about because the marketplace for providing low-cost labor to the planet and for export of Indian services within the field of IT. Because of this India has witnessed low development and innovation in the past. It is already started bearing fruits and is all prepared to profit the Indian economy within the end of the day.

TOP 10 CHALLENGES FACED BY STARTUP IN INDIA



Figure 2

The start-up economy, although may be booming now, it is moving towards the early stages of growth and maturity in India. Following given are the some of the challenges typically startups are facing in India.

1. Dependence on “Gut-feel” instead of costly market survey.

Resetting is very common in India as founders cannot be wooed solely by a concept note anymore. As a result, the founders have to fund on their own at the beginning stages for which research is a huge capital outlay, which is better eliminated.

2. Mentorship crisis

Standard management polices do not work well in a start-up scenario, as many decisions have to be taken in a ‘data poor high risk’ condition. As a result, conventional managers are not equipped to manage start-ups. There is a shortfall of mentors in the system, who can guide the young blood, as the wave of start-ups is just started.

3. Branding strategy vacuum

When any start-up initiates a radically new method or inviting the real challenge goes into elaborate the MVP – Minimum Viable Product. As a result, the priority of branding steps a second seat or completely disregard, in the passion of creating something path-breaking.

4. “May be or May not be” – cunctation

Since start-up attracts the Newbies and given the risk of such a ventures, reputed industries hardly look them as a chance. Hence, many start-ups have to be constructed and developed on non-specialized managers giving direction to longer decision-making time and loose the opportunities.

5. Beat the market without scanning the enough options

Since research is a costly element, the startup entrepreneurs have to jump into deciding on creating the MVP without testing it out to a broader set of people. Not verifying on bigger consumer base can lead to lesser trails thereby declining the

options.

6. Skill Deficit

Although a skilled personnel is not that bad in India, start-ups just cannot pay for them all the time. Often, however, the multi-skill required to make start-up fruitful stories are very rare to see.

7. Government Policy

India missing a clear long-term start-up roadmap, as economic liberalization is very fresh to India. Given the width of the nation and the concerns, the government seems to keep the road-map on the shelf.

8. Not Experimenting Often Or Enough

Innovations can give answers to many queries, which are mostly demanded by any start-ups. However, either due to turn around time or due to monetary status, they are always omitted or stymied.

9. Constructing the Right Team

At the heart of any successful business lies Group-work. Due to scarcity or limited inputs and short-sightedness of the owners, good team building does not possible, results in cohesion less team.

10. Not able to execute: 20% Thought and 80% implementation

Accomplishment of aim lies in skillful execution. Ideas can create a tower in the air, but the visionary has to consider the blocks of brick to build the castle.

STARTUP STATISTICS

Table 1

INDUSTRIES WITH THE BEST STARTUP STATISTICS		INDUSTRIES WITH THE WORST STARTUP STATISTICS	
Industry	NPM*	Industry	NPM*
Accounting, Tax preparation, Bookkeeping, and Payroll Services	18.4	Oil and Gas Extraction	-6.9
Lessors of Real Estate	17.9	Software Publishers	-5.1
Legal Services	17.4	Beverage Manufacturing	-3.7
Management of Companies and Enterprises	16	Semiconductor and Other Electronic Component Manufacturing	-0.3

Activities Related to Real Estate	14.9	Forging and Stamping	0.4
Offices of Dentists	14.8	Farm Product Raw Material Merchant Wholesalers	0.9
Offices of Real Estate Agents and Brokers	14.3	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	2.1
Nonmetallic Mineral Mining and Quarrying	13.2	Petroleum and Petroleum Products Merchant Wholesalers	2.8
Offices of Other Health Practitioners	13	Grocery Stores	2.2
Medical and Diagnostic Laboratories	12.1	Bakeries and Tortilla Manufacturing	2.3

- **NPM= Net Profit Margin**

CONCLUSION

Startups can change the globe and in coming period more and more startups will develop with innovation and creativity. Entrepreneurship is the only route to strengthen the economic growth of a country like India and a tiny concept can be turned into big innovative solution which can shape our future. So if we have an idea, should not block our dreams because of fear of failure and taking risk. Just we have to execute our plan into

startup and contribute towards the growth of our nation. Now I am concluding that startups are important for economic growth of a nation. **MA**

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WEB LINKS

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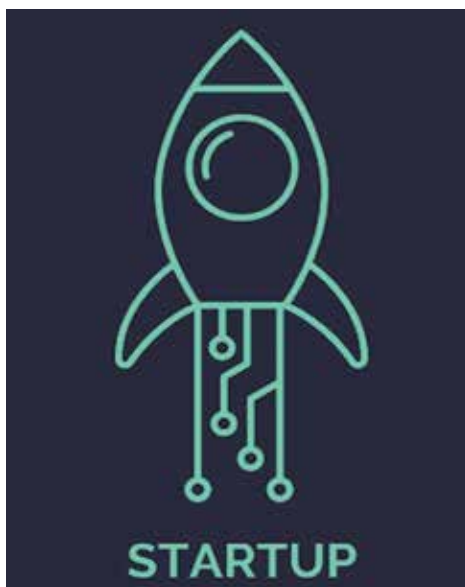
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CONGRATULATIONS



Our heartiest congratulations to CMA Asim Kumar Mukhopadhyay, VP & Head – Business Finance at Tata Motors Ltd. and a Fellow Member of our Institute, who has been awarded the Doctor of Excellence-HonorisCausa on 20th October 2019 at the India International Centre New Delhi, for excellence in the field of Finance Management by the Confederation of International Accreditation Commission (CIAC), Global through their partnering affiliated International University – University of Entrepreneurship and Technology, USA. This award is bestowed upon individuals for their outstanding performance in their respective fields & for excellent contribution & undisputed commitment through their sustainable work which can benefit both country and society at large.

We wish CMA Asim Kumar Mukhopadhyay the very best for all his future endeavors.



STARTUP MOVEMENT IN INDIA: THE JOURNEY AHEAD



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In general, start up means a newly emerged, fast-growing business entity that aims at fulfilling the needs of the market place by developing and flourishing a business idea through innovative product(s), service(s) and the like. History of business taught us that there is large number of success stories built by some renowned multi-national entrepreneurs like Microsoft founded by Bill Gates, Ford Motors founded by Henry Ford, McDonald's founded by Ray Kroc. Face book by Mark Zuckerberg and others, etc. In this connection, it would be pertinent to mention the name of following Startup companies who reached their picks in 2018.¹

- Rubick, a cloud management company founded in 2014,
- Aurora, a developer of hardware and software for

Abstract

Startup India has immense scope and opportunities to flourish business by utilizing ever-increasing demands of one of the biggest local and niche markets. In order to accelerate the startup movement in India attention should be concentrated on changing the form of business activities, product and services, consolidation of ideas and transforming the same into a product or service; and finally creation of demand should be the main motto or success story of today's Startup business.

self-driving vehicles,

- Glossier, a skincare and beauty product company,
- Ripple, a network that uses block chain technology to process currency exchange transactions.

1.00: CONCEPTUALIZING START-UP

Grant Thornton (2015) defined Startup as a new business organization which is:²

- i) incorporated for three years or less,
- ii) at a funding stage of Series B or less (B Series means second round of funding),
- iii) an entrepreneurial venture/a partnership or a temporary business organization,
- iv) engages in development, production or distribution of new product(s) or service(s) or process(es),
- v) revenue of up to INR 25 Crore,
- vi) not formed through splitting or restructuring,
- vii) employing 50 people or less.

According to startup guru Steve Blank a Startup³ is a “temporary organization designed to search for a repeatable and scalable business model”. Small businesses function according to the fixed business model, while the very basis of Startups is determined by following three main functions namely:

- To provide a vision of a product with a set of attributes or characteristics;
- Creating a series of scenarios of the business model as regards to the customers, delivery channels and funding of the business units; and
- Understanding, whether the model is the right one, based on consumers’ behavior as the model anticipates.

2.00: OBJECTIVES AND METHODOLOGY OF THE STUDY

2.01: Objectives

The present study has been finalized with following aims and objectives:

- i) To understand and conceptualize the term ‘Startup’ in Indian as well as international context, in brief.
- ii) To know the background of Startup initiative taken in India,
- iii) To familiar with various plans and programmes adopted at the national level; and finally
- iv) Making a performance analysis of the Startup India achieved so far.

2.02: Methodology

The study is descriptive in nature. In order to fulfill the above objectives, the study has been conducted and finalized in the line as noted below:

- i) Reviewing of existing literatures, reports, regulations, laws etc,
- ii) For quantitative analysis secondary data have been used, and,
- iii) Finally, the paper has been presented in descriptive manner with the help of various statistical tools; like tables, charts, diagrams etc.

3.00: THE STARTUP INITIATIVE: INDIAN EXPERIENCE

It is encouraging to note that “one of the flagship initiatives at the national level “Startup India” was launched first by our honorable Prime Minister Sri Narendra Damodardas Modi in August 15, 2015. The immediate objective to promote this initiative was to encourage young enthusiastic entrepreneurs for concentrating to start new business by capitalizing their new ideas, skills, talent and thereby transforming India into a “Startup Nation- a country of job creators instead of job seekers.”⁴

In this connection, he argues that time is ripe to become an entrepreneur in India. Startup ecosystem experts, founders, investors and policy-makers have acknowledged the strength of current scenario of startup ecosystem in India in several reputed platforms. It is comprised of over 14600+ startups,⁵ approximately 270 incubation and business acceleration programmes,⁶ 200 global and domestic venture capital firms⁷ supporting home-grown Startups, and fast-growing community of 231 angel investors⁸ and 8 angel networks.⁹ India also boasts of being home into the third largest unicorn community¹⁰ with over 16 high value startups having raised over USD 17.27 billion funding with overall valuation of USD 58 billion. These unicorns made a huge difference by changing the outlook of the global investors, venture capital firms, global corporate towards the immense opportunity presented by the growing Indian consumer markets. The fast growing number of internet users and lowering/ever falling internet use prices has played a pivotal role in expanding the ecosystem, with almost 500 million¹¹ Indians now using internet service across the country.

3.01: Start-Up in India: Definition

As narrated in the Startup India Action Plan, 2016,¹² Startup means an entity, incorporated or registered in India not prior to five years, with turnover not exceeding INR 25 Crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services technology or intellectual property-

- Provided that such entity is not formed by splitting up, or reconstruction of a business already in existence.
- Provided also that an entity shall cease to be a Startup, if its turnover for the previous financial year has exceeded INR 25 Crore or it has completed 5 years from the date of incorporation/registration.

3.02: Startup India Action Plan

The Government of India also formulated a road-map in the form of announcing a Startup Action Plan on January, 16, 2016 to spread Startup movement throughout the country. While announcing the Startup Action Plan, 2016, honorable Prime Minister said-“ I see the Startups, technology and innovation as exciting and effective instruments for India’s transformation.”The Action Plan so formulated hopes that it will accelerate spreading of the startup movement:¹³

- from digital/technology sector to a wide range of

sectors including agriculture, manufacturing, social sector, healthcare, education etc; and,

- from existing tier 1 cities to tier 2 and tier 3 cities including semi-urban and rural areas.

The Action Plan has been formulated consisting on three important pillars namely,

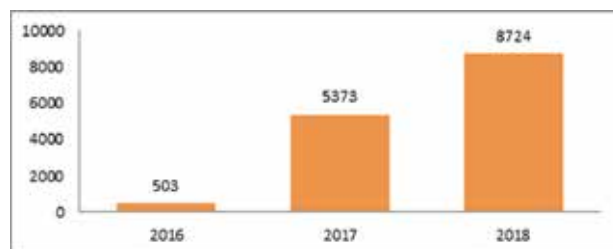
- Simplification and Handling,
- Funding Support and Initiatives; and
- Industry-academic Partnership and Incubation.

There are 19 action points in total that formed the skeleton of finalizing the Action Plan and considering the urgent need of the hour, it can be said that the Government has come up with a Startup Action Plan in right time; and, of course, towards right direction

4.00: STARTUP INDIA: THE GROWTH AND SUCCESS STORY

As a result of some concerted efforts both at the Union as well as State levels under the leadership of DIPP it is a fact there has been a Startup movement all over the country; and entrepreneurial activities have been significantly increased in the form of number of recognition given to Startup ventures which was 503 in 2016, rose to 5373 in 2017 and finally reached at 8724 in 2018.¹⁴ This indicates a very high rate of growth story achieved in regards to expanding startup movement in our country during last three years (see, Figure 1: Bar chart). Another source of statistical record, on the other hand, further discloses that there has been 16,578 Start-ups¹⁵ spread across 499 districts in our country as on 31.03.2019, which is no doubt, a great achievement in deed. Among the Startups formed, recognized and accredited so far, it is noted that 55 percent Start-ups have been recognized from Tier I, 27 percent of them have been recognized in Tier II, and rest 18 percent of them have been registered in Tier III cities.

Figure 1: Bar Chart Showing Growth of Startups in India (2016-2019)

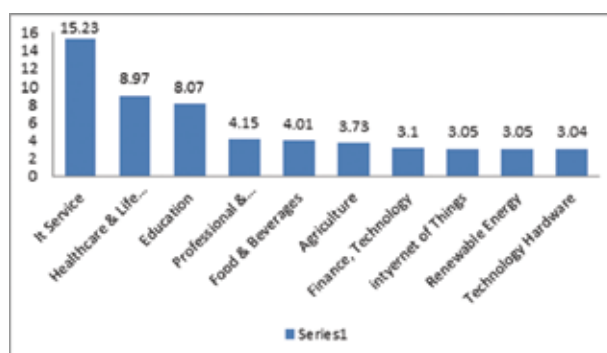


Source: DIPP, Ministry of Commerce and Industry, Government of India (figures in Nos)

This signifies that the benefit of Startup initiative has been percolated all over the country from Tier 1 to Tier 3 cities. In this connection, it is encouraging to note that the involvement of women entrepreneurs in registered Startups

remained quite significant (46 percent of the Startups formed so far have at least one women director). If we consider the State-wise performance of accreditation of Startups we will notice Maharashtra, Karnataka, Delhi, Uttar Pradesh, Telangana and Haryana are the topper of the top ten lists in terms of forming recognized Startups in their State.

Figure 2: Bar Chart Top Ten State-wise Distribution of Recognized Startups in India as 31.03.2019 (Figures in Nos)



We now present top ten State-wise distribution of recognized startups in India as on 31.03.2019 in Table 1 and also see the presentation through a Bar Chart, Figure 2.

Table1: Top Ten State-wise Distribution of Recognized Startups in India as on 31.03.2019

Sl. No.	State/Union Territory	Number of Startups Recognized	Percentage of Recognized Startups as on 31.03.19
1	Maharashtra	2587	18.91
2	Karnataka	1973	14.67
3	Delhi	1833	13.38
4	Uttar Pradesh	1129	8.23
5	Telangana	748	5.59
7	Haryana	710	5.33
8	Tamil Nadu	709	5.18
9	Kerala	461	4.00
10	West Bengal	417	3.03
11	Rest of the States	6011	16.51
Total		16578	100.00

Source: DIPP, Ministry of Commerce and Industry, Government of India (figures in Nos)

If we analyze the sector-wise recognition of Startups in India, it can be observed that IT Services account for 15.23 percent of the recognized startups remained on top, followed by Healthcare and Life Sciences at around 9 percent (8.97%) and Education; 8.07 percent respectively (Table 2 and Figure 3). The share of other sectors like Professional and Commercial Services, Food and Beverages, Agriculture and others are the sectors where startup ventures were also

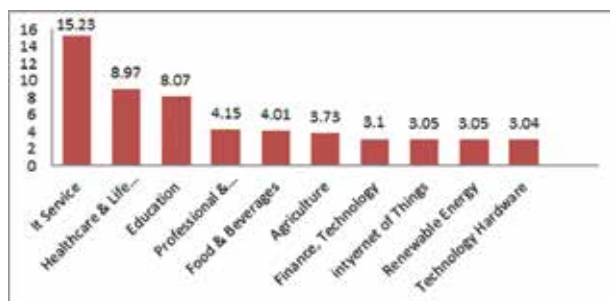
recognized at a significant rate during the period.

Table2: Top Ten Sector-wise Distribution of Recognized Startups in India as on 31.03.2019

Sl. No.	Sector/Industry	Percentage of Recognized Startups as on 31.03.19
1	IT Services	15.23
2	Healthcare and Life Sc	8.97
3	Professional & Commercial Services	8.07
4	Education	4.15
5	Food and Beverage Services	4.01
6	Agriculture	3.73
7	Finance, Technology	3.10
8	Renewable Energy	3.09
9	Internet of Things	3.05
10	Technology Hardware	3.04
11	Others	43.56
Total		100.00

Source: DIPP, Ministry of Commerce and Industry, Government of India (figures in Nos)

Figure3: Bar Chart Showing Major Industry-Wise Distribution of Recognized Start-ups in India (in per cent)



India has already declared 2010-20 as the “Decade of Innovation”. The Government has realized to make a concerted effort by taking in to account the issues of science, technology and innovation for the growth of business and economy as well. The newly formed National Innovation Council (NIC) has been assigned to function/operate in this direction. It is heartening to note that India is, now, the 4th largest ecosystem in the world for Start-ups just after the USA, UK and Israel.¹⁶ India’s Start-up ecosystem is being driven by an extremely young generations having energy, potential and skills with entrepreneurial ability. It is expected that if the current trend remains in force; by next 1-2 years India will reach 2nd after the USA; and at the same time it will emerge among the top Asian Start-up ecosystem along with China and South East Countries.¹⁷

With a view to provide growth stage funding to the

recognized Startups, a Fund of Funds (FFS) of INR 10,000 Crore has been earmarked by the Government. The Government has already assured INR 1611.7 Crore to 32 Venture Capital Funds through FFS. The fund supported by the Government has enabled Venture Capital funds to raise a corpus of over INR 7,000 Crore¹⁸ which is meant for Startups. When this committed fund will complete their fund-raising process, a total of INR 13,888 Crore will be available then for the use of different Startups. In addition to this, Angel and Venture Capital Funding has reached its peak; over USD 3.5 billion has been invested into 380 disclosed deals in the Hi2015.dealsl in the first half of the year suppressing the number of Startups deals in 2014.

As far as the creation of jobs is concerned the NASSCOM report unveils that around 11,500 Startup will become operative in the country by 2020, expected to create over 2.5 lakh jobs, compared to the current figure of 75,000 jobs. On the other hand, creation of wealth by the Startups is concerned the report published by iSpirit shows that the top 30 software product Startups in India are valued at USD 10.25 billion, which is up by 20 percent over the October 2014 figure. These Startups will employ 21,200 people whose 80 percent of the customer-base is abroad.

When company-wise analysis of innovation is taken into consideration, it has been noted that the TATA is the only Indian company who found the place in the top 50 rankings. The first top 10 spots are held by Apple(1st), Google (2nd), Samsung (3rd), Microsoft (4th), IBM (5th), Amazon (6th), Tesla (7th), Toyota (8th), Face book (9th) and Sony(10th). Our consolation is that TATA could manage to occupy 43rd place, being the only Indian company ranked among top 50 list.

5.00: STARTUPS IN INDIA: CHALLENGES AHEAD

It cannot be denied that Startup India initiative has already got recognition and appreciation at the national and international platforms for high rate of growth achieved during a short span of time. This does not mean that the aims and objectives of the project have been fulfilled and no task is ahead of to do by us. In fact, we have to do a lot to reach the goal which is far away and continuously expanding for us with the change of time. Under this backdrop, we now present some of the gray areas or issues making hindrance or hampering the smooth functioning and desired growth and development of Startups in India.

1. Lack of Nourishment and Nurturing of Entrepreneurial Talent

Making a business is a risky job and there has been a series of uncertainty in every step of doing business. Therefore, majority of the people do not prefer to go for promoting a business and gladly accept a service-life or similar other job where chances of uncertainty are minimum. On the other hand, there are some in-born people having talent, skills and ability to handle risk and uncertainty and they are the leaders and potential entrepreneurs, who are highly ambitious and could not satisfy themselves with small things and take the risk of doing business. Making the Startup movement more effective they should be identified, motivated and groomed

from the grass root level. This exercise must be started from the school level by the teachers who are the real mentors of our society and also the mentor of the potential entrepreneurs as well.

2. Lack of Steady Supply of Finance

A recent Report published by InnoVen Capital ¹⁹ discloses that 54 percent of the respondent entrepreneurs who attempted to raise fund in last 12 months had a favorable experience but 46 percent of them opined the same as challenging. They further argued that at the mid-stage of Startup procurement of additional fund is not so easy and troublesome also. The Government must think this issue seriously and finalize a solution of this problem through convening interface meetings with Startup managers, financiers and other related stakeholders. At the same time, it is reported that existing foreign investment norms need to be relaxed in order to attract international investors in the fold of Startups in India.

3. Compliance of Government Regulations

Regulatory formalities requiring compliance with various labour and environmental laws are also still a headache to the Startups operating in our country. The Startup India Action Plan (2016), vows for reducing the regulatory burden on Startups and thereby allowing them to focus on their core business and keeping the compliance cost at minimum. At present there are seven Labor Laws and three laws relating to the environment are in operation that makes the task critical and problematic.

It is true that enactment of various laws is urgently required for maintaining the social system and social order of our society. But it should be kept in mind that the same should be redressed or settled by the appropriate authorities for social cause, when a defaulter violates the prescribed provision of laws. It should be kept in mind, as per the report of Word Bank, India ranks 142nd out of 190 economies in terms of ease of doing business in 2014. ²⁰

4. Bottlenecks due to Existing Taxation Policies

It is argued that in order to attract investment in Startups, rate of incentives should be more attractive and the rate of various taxes must be rationalized. The recent Report published by InnoVen Capital ²¹ shows that 32 percent of the respondents opined for better incentives needed for domestic players to compete against global majors and 52 percent of the respondents remained unhappy with the existing provisions of GST. They expressed dissatisfaction and concern on the following:

- i) existing system of input tax credit process (10 %),
- ii) reverse charge levy when was dealing with small businessmen(14 %); and
- iii) higher compliance cost (28%)

Further respondents from Media/Content, Fin Tech, Healthcare and Food felt that GST had a negative impact on their business.

5. Functioning of Startup India Hub

The Action Plan for Startups 2016, vows for constituting 'Startup India Hub', for the entire Startup Ecosystem with the object of making collaborative efforts with various stakeholders operating in the system. In fact, this hub will act as friend; mentor and guide will hold hands and walk with the entrepreneurs through their journey. However, the functioning of this hub is yet to achieve its expected height and frequently urged by many of the early-stage startups that they are not receiving that much of cooperation from different Government agencies as they expect.

6. Lack of Appropriate Marketing Policies

Though it was expected that Startup will attract young talents and entrepreneurs of our country in doing indigenous innovative business, but in reality it has been observed that mainly large business houses have used this opportunities and started their business under the Startup India initiative and participation of indigenous business under this project could not make due impact till date. Indian businessmen, those forming small and medium size business could not sustain their Startup owing to lack of competitiveness, technological up-gradation and inappropriate marketing policies etc.

6.00: CONCLUDING REMARKS

Startup India has immense scope and opportunities to flourish business by utilizing ever-increasing demands of one of the biggest local and niche markets. Keeping in view the ever-changing lifestyles of our society, Startups should concentrate on changing the form of business activities, product and services, consolidation of idea and transforming the same into a product or service; and creation of demand for are the main motto or success story of today's Startup business. Zomato, Swiggy (online food delivery), Peel works (big data analysis for business), Mura(online pharmacy), Ola (Car hiring), Pine labs (payment solution for debit/credit card), Fareye (Logistic management through software) are the today's business identities emerged out of Startup endeavors.

There are so many issues where prospective entrepreneurs may think and concentrate for forming Startup in the local level as a small scale business unit;

- i) Waste management (collection of household garbage),
- ii) Delivery of Snacks and Tiffin among the office staff,
- iii) Ironing and washing,
- iv) Assistance to old age,
- v) Logistic and manpower support to organizing events like observance of cremation and related rituals and other religious ceremonials,
- vi) Grooming and supplying of various professionals or professional groups like folk singers, musicians, priests, drivers, electricians, plumbers etc as per demand.

On the other hand we may suggest some Startups which

can be formed as a medium-size unit, namely

- i) Ayurvedic medicine and other healthcare services,
- ii) Preservation of fruits, food and flowers,
- iii) Solutions for organic farming etc
- iv) Tutorial and coaching for professional courses.

Participation of women in every sphere of life has been increasing noticeably in our society. It is heartening to note that Indian Startups have inspired and attracted women entrepreneurs quite successfully. It is a good sign of transformation of outlook of our society. In the mean time, encouraging news has been published by the World Bank in its Ease of Doing Business Ranking Report 2020, where India has jumped 14 places to 63rd position, riding high on the Government's flagship "Make in India scheme and other reforms attracting FDI. ²²In 2014 India's ranking was 142 among the 190 nations; and the present ranking is no doubt is a great achievement in deed.

We therefore, very optimistic about the future of the Startup movement in our country; and hope that the existing discouraging issues would be dealt seriously by the appropriate authorities to make the initiative truly a success.

MA

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6. *Incubators: incubators provide array of business*

- services, technology and infrastructure support etc.*
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8. *Angel Investors: An angel investor is an affluent person or a high net worth individual that provides initial capital to the startup in the infancy stage.*
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OBITUARY



The Institute and its members deeply mourn the demise of CMA K.R.S. Sastry, Past President of South Asian Federation of Accountants (1996) and Chairman of SIRC of the Institute (1991-92), who left us for his heavenly abode on 19th November, 2019.

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



SOUTHERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
 (Statutory body under an Act of Parliament)

REGIONAL CMA

CONVENTION 2019

CHALLENGING ECONOMIC LANDSCAPE -

DRIVING PERFORMANCE DIMENSIONS

OF GOVERNANCE

SIRC organised its Annual Prestigious Mega Event of Regional CMA Convention 2019 on 23rd and 24th November, 2019 at Hyatt Regency, Anna Salai, Teynampet, Chennai. The theme of the Convention was “Challenging Economic Landscape – Driving Performance Dimensions of Governance”. CMA Balwinder Singh, President of the Institute was the chief guest. CMA P.V.S. Jagan Mohan Rao, President – SAFA was the guest of honour. President of the Institute inaugurated the Convention by lighting the traditional lamp with other dignitaries. CMA Mrs. Jyothi Satish, Chairperson – SIRC rendered welcome address. The theme of the convention was briefed by CMA Sankar P. Panicker, Vice-Chairman, SIRC. CMA Biswarup Basu, Vice – President of the Institute and CMA H. Padmanabhan, Council Member of the Institute also rendered ‘Special Address’. Key Note Address was delivered by Dr. Tirthankar Patnaik, Chief Economist, National Stock Exchange of India Ltd. As part of the Inaugural Session, CMA H. Padmanabhan, Chairman, RC & Chapter Coordn. Committee, Chairman – CAT Committee and Council Member – ICAI announced the Nominations for ‘Best Chapter Award’ for the Chapters under Southern Region who performed well in their activities relating to Career Counselling, Students Admission, Professional Development Activities for the Members in Service as well as Practicing members. The

‘Best Chapter Award’ – Certificates were presented by the President of the Institute, CMA Balwinder Singh to the Chapter Representatives under different Categories. The Valedictory Function of the Convention was held on 24th November, 2019 where Thiru Kadambur C. Raju, Hon’ble Minister for Information and Publicity, Govt. of Tamil Nadu was the Chief Guest. CMA Mrs. Jyothi Satish rendered Welcome Address. CMA Vishwanath Bhat summed up the entire proceedings of the two-day Convention. While CMA Biswarup Basu rendered Presidential Address, CMA H. Padmanabhan, Council Member – ICAI rendered ‘Special Address’. During the Function, the Minister for Information and Publicity released the Souvenir brought out in connection with the Convention. After a brief addressing of Council Members from other Regions of ICAI, the Convention ended with vote of thanks proposed by CMA D. Munisekhar, Secretary, SIRC – ICAI, followed by National Anthem. In coincidence with the Regional CMA Convention 2019 held at Hyatt Regency, Teynampet, Chennai, Ganapathisubramanian Memorial Fund Committee organised its 14th S. Ganapathisubramanian Memorial Lecture on 24th November, 2019 at the Convention Venue. The Memorial Lecture was addressed by CMA Asim Kumar Mukhopadhyay, VP & Head – Business Finance, Tata Motors Limited, on the Topic “Challenges to Cost Management from the e-Vehicle Generation”. Around 200 Delegates attended this Lecture.



CMA Balwinder Singh, President – ICAI inaugurating the Convention by lighting the traditional lamp



CMA Mrs. Jyothi Satish, Chairperson – SIRC rendering Welcome Address



CMA H. Padmanabhan, Council Member – ICAI addressing the delegates during the Inaugural Session



CMA Dr. P.V.S. Jagan Mohan Rao, President – SAFA, Guest of Honour addressing the delegates



Hon'ble President – ICAI CMA Balwinder Singh handing over the 'SHE SKILL' MoU under ASAP BFSI MoU between Institute & Govt. of Kerala to Kerala Chapter ERs along with CMAs H. Padmanabhan, Chairman – CAT, M. Gopalakrishnan, Amit Anand Apte – Past Presidents – ICAI, Jyothi Satish, Chairperson – SIRC & others.



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Hyderabad Chapter under Category 'A'



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Coimbatore Chapter under Category 'A'



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Vijayawada Chapter under Category 'B'



Best Chapter Award Certificate being issued by CMA Balwinder Singh President - ICAI to Visakhapatnam Chapter under Category 'B'



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Thrissur Chapter under Category 'C'



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Mysore Chapter under Category ‘C’



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Nellore Chapter under Category ‘D’



Best Chapter Award Certificate being issued by CMA Balwinder Singh President – ICAI to Erode Chapter under Category ‘D’



Key Note Address delivered by Dr. Tirthankar Patnaik, Chief Economist, NSEI Ltd. Mumbai



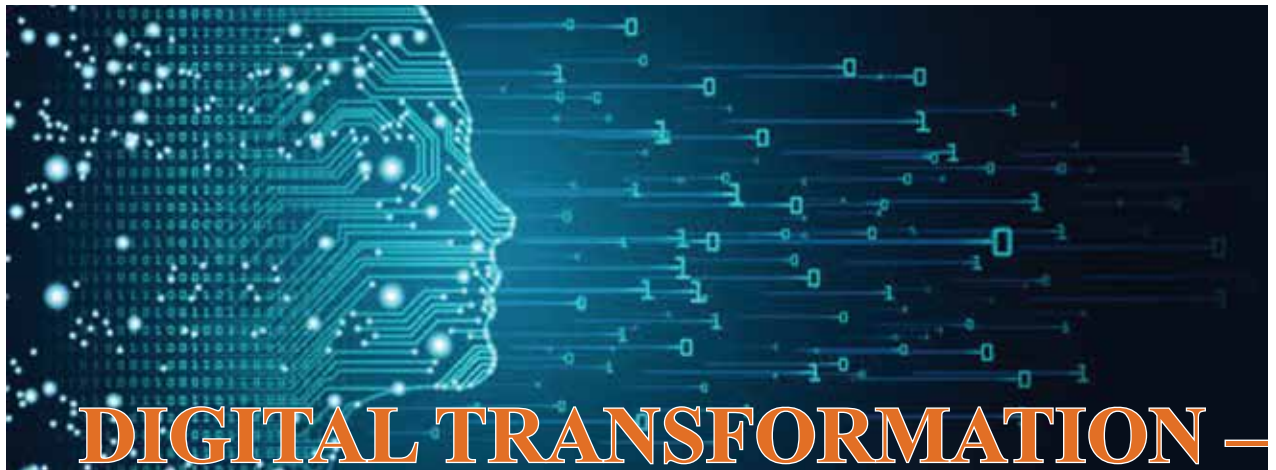
CMA H. Padmanabhan, Council Member – ICAI, Hon’ble Minister for Information and Publicity, Govt. of Tamil Nadu and CMA Mrs. Jyothi Satish, Chairperson – SIRC at the Valedictory Session



Shri Suresh Gooneratne, Chartered Accountant of Srilanka, Board of Director – DIMO, Srilanka at a Technical Session



CMA Ashish P Thatte, Practicing Cost and Management Accountant addressing our delegates



DIGITAL TRANSFORMATION – PARADIGM SHIFT FROM WAYS TO CONDUCT BUSINESS WITH ARTIFICIAL INTELLIGENCE



CMA (Dr.) Paritosh Basu

Senior Professor
NMIMS School of Business Management
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Marketplace & Competition

India witnessed advent of IT during 1970s when digital transformation was synonymous with a machine's help in computing fast and repetitive writing, that too in areas of accounting and reporting. The course of progress till about 2012 made us to experience computerisation of, inter alia, operational systems and business processes; and monitoring and controlling functions with extensive ERP applications. This enhanced quality and speed, albeit traditional mode of conducting business continued.

But digital scientists never stopped there, and India also started catching up. It will be appropriate to remember here Carl Sagan, an American astrophysicist. He said, *"Imagination will carry us to worlds that never were. But without it we go nowhere."* This paper aims to briefly understand how digital transformation is making us to appreciate the power of data and use it to transform from traditional to digital way of conducting business with the help of artificial intelligence.

In this Industry 4.0 era we are witnessing propagation of eight deep technologies, viz. AI, Blockchain, RPA, IoT, Drone, 3D Printing, AR, and VR. These are influencing and impacting life of business entities across sectors. The major outcome

is fast shifting of the paradigm of competition from physical marketplace. Traditional business houses are a bit late in appreciating that there is a drop of oil in every data, which is the new source of energy for propelling business growth. Data, which was also available in ERP age, is now being considered as the most powerful asset for reverse mapping and framing agile strategies from market to entity.

The new tribe of competitors, that have emerged in the form of Google, Amazon, Facebook, Alibaba Netflix Just Dial, etc.; are re-writing business rules with a paradigm shift. They have converted data into strategic power for thrusting business with quantum leaps. These players are disrupting incumbent players through a diagonally different, yet easy and simple mode of ensuring customers' independence for choice and digitally delivering services. Players like Amazon and Google are adding one after the other business riding on the basic digital platform that was built first and making intelligent analytics of data they gathered in the process. Thus they have incredibly led multiple shift-forwards of marketplace from physical to online, to social media, and now to the consumers' drawing rooms using wheels of tele-mobility.

Digital transformation is thus the process of leveraging and

multi-tasking of digital tools and devices for effecting orbital leap in customers' experience, simultaneously with minimisation of value destruction. Economists and social thinkers are busy in debating whether digitalisation is driven by technology, or imaginative design thinking by new-age business leaders in finding solutions to customers' problems. They proved that idea is none's monopoly. Their objective of not charging a price for the services they render, but to share out of the benefits, in tangible value terms, being delivered to customers. For all these most of them did not require large capital investments in physical assets, as has been proved by Alibaba and Uber. They solely relied upon imagination and innovation of human capital. It is wrong to think that business models and technologies used by likes of Amazon, Uber Swiggy and UrbanClap are disruptors. Because disruption presupposes entry of a David like player with Goliath's ability in the same industry.

Rajiv Jayaraman, Founder of Knolskape very rightly said, *"We are in the Era of the Digital BLUR. Organizations leveraging the power of digital are playing by very different rules and are attacking the incumbents from practically every industry. How? They think and act differently, allowing them to thrive in the face of uncertainty, chaos and a blinding pace of change."*

Procurement Function - B2B Marketplace

Digital transformation of B2B marketplace, or procurement function is no longer falling behind. The battle has already started among players in the value chain from natural resources to manufactured goods. However, challenges and struggles in change management for transforming procurement function are not less than that of B2C space. In their recent research report Deloitte has stated the following:

"CPOs, (Chief Procurement Officers) who are able to stay abreast of these changes and take a true transformational mindset toward technology, are able to deliver new value streams beyond just internal procurement process automation. not only for cost reduction but also for emerging customer-focused requirements such as socially responsible products and supply chains. Of the CPOs surveyed, 58 percent are aligning their digital strategies to both their own objectives and to the overall business strategy. And they don't do it alone, with 48 percent of organizations collaborating closely with their IT partners."

Here is an area where CMAs have immense scope for contributions. Some of the issues which are bothering professionals in this area are standardisation of workflow, poor governance of master data, selection of the right digital technology / platform; and accessibility, quality and relevance of data for application of AI and ML. The new concept of solution designing for this is 'DevOps'. It does mean collaborative efforts between team members from operating functions, IT and Digital. The latter is a team more for design thinking and meaningful adoption of newer technologies.

Augmented Data Analytics and AI – The key differentiator

Gartner has predicted that *'Augmented Analytics and Artificial Intelligence are among the top trends in the field that will significantly change businesses in coming years.'*²²


There is no doubt that, irrespective of any one or more of those seven deep technologies being applied for any solution design, data analytics and artificial intelligence will reign supreme in foreseeable future. A famous digital evangelist commented that *"AI promises unprecedented possibilities for organizations to anticipate, understand and react to customer's intentions much before these intentions can become articulated needs."*

Gartner has included many varieties and applications of data analytics and AI in their list which businesses can adopt for varying needs. Those are, Augmented analytics, Augmented data management, Continuous intelligence, Explainable Artificial Intelligence, Graph analytics, Data fabric, Natural language processing or Conversational data analytics, Commercial AI and Machine Learning. Gill Press in his article has included many research findings³ related to AI. Predictive estimate of FinancialNewsMedia.com is that AI market will grow at a CAGR of 33% to \$ 202.57 billion from \$20.67 billion in 2018. One of the survey results found that 63% of executives, whose companies have adopted AI, reported achieving higher revenues, while 44% said AI has helped in minimising value destruction. However, 76% mentioned that scalability with AI is a matter of struggle.

Let this volume end with reference to a unique piece of article related to artificially intelligent robotics. Its headline sounds very funny⁴. Here it is:

Welcome to Robot University

(Only robots need apply)

Want your robot to learn a new task? Then send it to RoboNet, a vast video database that could one day teach it anything. 

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CHALLENGES IN IMPLEMENTATION AND COST BENEFIT ANALYSIS OF AI & BI PROPOSALS



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A. Introduction

Artificial intelligence (AI) & Business Intelligence (BI) are the buzzwords for successful adoption of Industry 4.0. Integration of Artificial Intelligence and Business intelligence is key to success with smart cost reduction and better customer satisfaction. Integration is possible with AI-powered dashboards creating alerts which will help business to get full control over its key success factors.

Both terminologies (AI & BI) are used interchangeably, although both techniques have different meaning, purpose and objectives. It's observed that AI will make BI more effective & useful. AI and BI are perfect match when they are used jointly. **Though AI and BI techniques are different,**

Abstract

Industry 4.0 revolution is aimed towards bringing in higher transparency, flexibility and adaptability of business systems. The need is felt by all businesses for evaluation of AI & BI proposals which are suitable for current and future business needs. However there are practical difficulties in terms of proper identification of business need, integration with existing system, reliable vendor's selection etc. Moreover, capex evaluation via traditional Management account tools is a challenge as monetary value cannot be assigned to intangible benefits and costs. Management needs to select appropriate BI tool supported by AI, keeping in mind possible increase in data volumes, market trends and end customer behavioural pattern in near future.

they make a powerful & intelligent BUSINESS TEAM!

Future of BI will depend on AI, wherein AI can help in development of smarter and user friendly BI tools, which can store and process more data, interact more with users and its results can be customised.

Now a days, organisations have to invest in software and hardware whereby they can fully realize their potential which in turn will help the business to achieve its objectives by creating alarm for key success factors deviations.

Organisations use data to analyse and understand customer preferences and markets trends and likely predications based on past trends. This process of collecting and analyzing data is known as data warehousing / business intelligence (BI) and analytics.

When BI is combined with AI in the form of innovative business dashboards it will revolutionize the business intelligence activity.

B. Meaning & Application

It would be more meaningful to analyse both the terms simultaneously

	Artificial intelligence (AI)	Business Intelligence (BI)
Meaning	AI started with an intention of creating intelligence in machines like human being. In other words, it is a study of how human thinks and decide in a given scenario and then using the outcome as a basis of developing intelligent software and systems	Business Intelligence helps in analysing business performance through data driven analysis i.e. understand the past and predict the future
Objective	Objective of AI is to implement human intelligence in machines	Objective of BI is to provide information that will help in efficient and effective business decisions at all levels of the business
Techniques used	AI is derived out of computer science, Maths, biology, human psychology etc.	BI involves business analysis tools like Statistics, analytics, OLAP (Online Analytical Processing) etc.
Applications	Speech and Handwriting recognition, Language processing & Vision systems, Intelligent Robots Gaming etc.	BI is used in spreadsheet queries, digital dashboards, data mining, data warehousing for business activity monitoring
Threats / Issues	AI can be viewed as threat to privacy / human dignity & safety if it is in wrong hands	BI issues are organisation, people, technology and data

Basic assumption of AI is that intelligence of human can be represented in terms of symbols & structures which can be programmed in a digital computer. Whereas BI is supposed to arrive at action points for achievement of business objectives, after considering all business complexities with speed.

As seen in Hollywood movies, AI emerges from science fiction which has power to change the world and will soon dominate the world, there is an urgent need for systematic development and implementation of AI which will lead to next-gen of industrial systems, namely Industry 4.0.

C. Benefits of AI-Enabled BI

- Efficiency improvement by automisation of tasks
- Quality of data can be improved and errors are minimised
- Better data transparency with user friendly tools
- Better profitability with improved analytical literacy & user skills

D. Challenges of AI-Enabled Business Intelligence

D.1 Technical Challenges

- I. Results generated by AI-enabled BI systems must be correct and reliable.
- II. Data generated should be relevant. If users don't trust or value the recommendations it's a waste of investment
- III. AI & BI models must be kept up to date, programming should be updated with new market trends

D.2 Non-Technical Challenges

- I. **Trust and acceptance.** If people don't trust the output of AI-based BI tools, they will stop using them. The results or findings must be understandable, logical and timely.
- II. **Over-dependency.** There is also a risk that people might become overly dependent on AI-enabled systems and stop questioning results and don't use common sense
- III. **Lack of creativity.** One area where machines do not yet outperform humans is creativity. It is difficult to innovate by imitating existing concepts. AI-enabled BI systems are not very good at making strategic decisions in complex and unstructured scenarios.
- IV. **Ethics and legal issues.** Who will be held accountable if something goes wrong with the model? The developer or the vendor or the end user?
- V. **Know-how and staff availability.** AI and machine learning are latest and upcoming technologies and availability of staff who can implement and maintain them is a challenge.

E. AI-BI Cost-Benefit Analysis

One of the main reasons behind a slow adoption of AI-BI is the difficulties in understanding of poor cost-benefit analysis (CBA).
AI & BI projects are difficult to cost-justify
For Cost-Benefit Analysis, there are limitations in attaching monetary value for assessing project viability with the help of conventional Management Accounting techniques for getting ensuring desired Return On Investments

E.1 Steps in Cost Benefit Analysis

- I. To **understand** the business needs and key success factors of the business.
- II. Which are critical factors for the customer satisfaction and customer retention
- III. Actual cost of implementation, maintenance and upgradation of proposed software and hardware
- IV. Possible savings in terms of manpower and administrative costs
- V. Intangible benefits and costs of not implementing the same (which are difficult to quantify)

E.2 Intangible Benefits and Costs

The cost of not implementing AI-BI	The benefits of implementing AI-BI
Cost of human error	Remarkable Improvement in timely decision making
Cost of lost opportunities given the lags in human discretion	Business process inefficiencies can be minimised
Opportunity cost of delayed decisions	Easy identification of the trends and challenges thereof and data-driven resolution thereof
Costs and benefits of AI-BI implementation are difficult to quantify in financial terms	

In a normal business scenario, a decision maker will look at the cost of software of a BI product and compare it with the direct benefit that might derive from data analytics. This may lead to wrong business decisions as it fails to make a cost-benefit analysis in the true sense and fails to judge the actual, long-term impact of BI on a business, it is important to carry out a **SPEND VS BENEFIT MAPPING**.

E.3 Decision maker's dilemma

Following are the common problems faced by the Decision Makers.

1. Suitability of software for future needs

By investing in a low-cost BI tool can solve your current business needs. But after 2/3 years, the data you are generating today is likely to be doubled or tripled by next year, in that scenario you may need to invest in modern BI

platform.

A detailed cost-benefit analysis will allow you to predict the amount of data you will be generating down the line and invest in a platform accordingly.

II. Manpower cost saving

The cost of manpower will be more than the benefits of a BI platform if cost-benefit analysis considers only the manpower that will be required for managing the platform.

In the initial stages more manpower cost will be required for initial trouble shooting, user training etc. As BI tools are automated, it will end up using far less manpower than anticipated, in the longer run.

III. Integration

A skewed cost-benefit analysis will show the cost of integrating the BI platform is too high. But when the implementation is done right, a BI platform can be made to seamlessly integrate with existing business processes.

Business Intelligence capabilities, when integrated with business processes, will empower decision makers to take informed steps based on actionable insights.

The results of the cost-benefit analysis should clearly state how the BI application would solve a business problem or will enable a business opportunity. It should also state what type of information will be available, how that information can be used to make better business decisions, and when and how the information will be presented to the business community.

All BI decision-support initiatives should fulfil at least one of the five benefit categories listed below



I. Revenue increase, in the form of:

- a. Identification of new markets and product gaps
- b. More effective selling areas / customers
- c. Faster opportunity recognition / gap identification
- d. Faster time to market

II. Profit increase:

- a. Better customer promotional activities

- b. Early warning of market share changes
- c. Identification of under-performing product lines or products
- d. Identification of internal inefficiencies
- e. More efficient merchandise management

III. Customer satisfaction improvement:

- a. Improved understanding of customer preferences
- b. Improved customer-to-product matching
- c. Increased repeat business
- d. Faster resolution of customer complaints

IV. Cost Savings:

- a. Through better inventory management
- b. Reduction in administrative waste

V. Market share gain:

- a. Increased numbers of customers who defect from the competition
- b. Much higher customer retention

F. Management Accounting Tools for assessing investment viability decision

If business need are clearly defined cost benefit analysis for justification for the BI project becomes easy. In addition to determining ROI, a business case assessment should include risk assessment w r t delta change in critical success factors like,

- Sales volumes
- Revenue
- Material cost
- Capex changes
- Interest cost changes

Common Management Accounting tools used for assessing capex decision or investment analysis are Payback period analysis (PBP), NPV, PI, IRR etc new tools of sensitivity analysis with tornado charts may help Management in decision making

G. Recommendations

- I. Ask your BI vendor to provide a road map of its AI features and functions.
- II. Ensure intensive testing of the AI capabilities to ensure relevant, timely, and accurate insights.
- III. Involve your BI vendor to tailor AI capabilities to make them more useful to end user.
- IV. Model-development features should be standardised
- V. Access to base model should be restricted to limited data programmers having good understanding of the basics of creating predictive models.
- VI. Ensure regular communication between data analysts

and data scientists for requirements and how to use the model-building functions within a BI tool.

Conclusion

For ensuring survival in competitive world, organisation needs to be 'in touch' with the 'end customer'. Development of various mobile apps is best example of how Artificial intelligence techniques are transforming modern businesses with cost benefit and productivity improvement in long term. There is always a risk in capex investment decision as there are many non-cost elements which cannot be ignored bringing subjectivity in decision making. With proper understanding and application of the BI tools organisation can bring in transparency in business. **MA**

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BID ADIEU TO LIBOR!



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Abstract

Libor as reference interest rate has been an ubiquitous part of global financial plumbing over decades. However, in the aftermath of it being tainted by scandle of rigging as also structural changes in global inter bank market in the wake of Global Financial Crisis , Libor is now approaching its twilight as a benchmark in the financial industry. Quests now are on all over the world for its appropriate successor. Authorities are grappling with several issues and challenges facing the ensuing change over .

London Interbank Offered Rate (LIBOR) is world's one of the most important and widely used reference rates (others viz., EURIBOR, and TIBOR) for a large volume and broad range of financial products and contract. LIBOR is an interest rate benchmark that is used in calculating floating or adjustable rates on trillions of dollars in bonds, loans, derivatives and other financial agreements. The benchmark underpins about \$230 trillion (estimated) of mortgages, loans and derivatives across major currencies as of mid-2018. However, LIBOR is set to be phased out by the end of 2021.

Libor Odyssey

LIBOR emerged in the late 1960s to support then expanding syndicated loan market. In 1986, the British Bankers' Association (BBA) took over control of the rate, assuming responsibility for its publication until January 2014. The BBA collected interbank offered rate quotes from a panel of banks, indicating the rates at which banks expressed willingness to borrow funds from other banks, just prior to 11:00hrs local time, London. Prior to October 2013 the BBA was computing LIBOR for 10 currencies and thereafter that number was reduced to five: the US dollar, euro, sterling, yen and Swiss franc.

It may be mentioned that LIBOR was constructed from

survey of a small set of banks reporting non-binding quotes rather than actual transactions. This created ample scope for panel banks to manipulate LIBOR. Following revelation of cases of rate-fixing scandals of LIBOR and misconduct involving falsification and manipulation of LIBOR, submissions by some panel banks distorting the LIBOR to their own advantage the global consensus has the need to strengthen market integrity fortifying its governance and oversight.

In June 2012 the UK Treasury assigned Martin Wheatley, then CEO-designate of the Financial Conduct Authority (FCA), responsibility to establish an independent review into the setting and usage of LIBOR. The findings, along with a plan for the reform of the benchmark, were published in September 2012 in the Wheatley Review. In April 2013, the FCA was given responsibility for regulating LIBOR, and a new private organisation, the Intercontinental Exchange (ICE) Benchmark Administration Limited, started to administer ICE LIBOR in February 2014.

ICE LIBOR is calculated and published daily across five currencies and seven maturities based on submissions by panel banks. This benchmark is meant to reflect the cost at which large globally active banks can borrow on unsecured basis in wholesale market which includes borrowing from other banks, CPs or uninsured certificate of deposits.

The final nail

There has been continual decline in amount of unsecured wholesale borrowings by banks in the wake of the Global Financial Crisis. In the emerging circumstances the benchmark rate LIBOR is based increasingly on expert judgements of the panel banks and less on actual market transactions not as envisioned by international standard of benchmark set out by International Organisation of Securities Commission (IOSCO) (Vide Principles of Financial Benchmark Report, July 2013). In the wake of revelation of incidence of rigging of LIBOR presentation data by a section of panel banks, cloud of uncertainty surrounded the integrity of global reference rates. Against this background, considering the potentially serious source of vulnerability and systemic risk entailed therein, the Financial Stability Board (FSB) undertook a fundamental review of major interest rate benchmarks and set out plan for reforms of significant benchmarks in use across the globe. FSB in its report titled "Reforming Major Interest Rate Benchmarks" (July 2014) recommended strengthening of existing Inter Bank Offer Rates (IBORs) and developing "nearly risk-free reference rates (RFRs)" without bank credit risk; and promoting the usage of existing IBORs and RFRs, in ways suited to the characteristics of financial instruments and financial transactions.

The scarcity of underlying transactions makes LIBOR potentially unsustainable with the reported increasing uneasiness on the part of many panel banks in providing submissions based on expert judgements and many eventually choose to stop submission altogether. In this backdrop of accelerating concern as to the sustainability of LIBOR's viability, on July 27, 2017 Andrew Bailey (Chief

Executive of UK FCA the regulator of LIBOR) publicly stated that FCA was required to exert significant efforts in convincing banks to remain in LIBOR panel of banks and make LIBOR submission and it would not persuade or compel LIBOR Panel banks to make LIBOR submissions beyond 2021. Consequently, future of LIBOR has become uncertain beyond 2021. Andrew Bailey, added "I hope it is already clear that the discontinuation of LIBOR should not be considered a remote probability 'black swan' event,".

In quest of alternatives

LIBOR is used in a huge volume and wide range of financial products and contracts in five currencies all over the world. Embedded in the plumbing of markets' over more than three decades, LIBOR transformed into most ubiquitous financial benchmark rooted in everything from consumer contracts such as auto loans to trillions of interest rate derivatives. The notice of cessation of LIBOR escalated further the uncertainties as to LIBOR's sustainability posing a potential threat to the safety and soundness of individual financial institutions and to the financial systems. The size, scale and scope of LIBOR usage make this shift the biggest challenge facing the finance industry today. 'Advance preparation is therefore of paramount importance for the ensuing mammoth transition process to be seamless avoiding possible consequential market disruptions.

Quests are therefore on to find suitable successor for it. Transition away from LIBOR is now projects in progress which have since gather considerable momentum. Committees/Working/Study Groups at national and international levels in various countries have been formed to delineate the alternatives, to flag the challenges and set out roadmaps around the proposed transition for market participants.

To build up fire-walls against any possible manipulation, the new benchmark rates should ideally be based on actual transactions and liquid markets rather than being derived from a poll of selected banks. The ideal benchmark rate should provide a robust and accurate representation of interest rates in core money markets based on actual transactions in active and liquid markets not susceptible to any manipulation whatsoever. The operating process must be subjected to best-practice governance and oversight. Besides Reference rate need be suitable for financial contracts that extend beyond the money market and usable for discounting and for pricing of cash instruments and interest rate derivatives. It should serve as a benchmark for term lending and funding to obviate running of a "basis risk" between its asset and liability exposures.

The task of designing an ideal market accepted alternative benchmark rates preserving all the desirable characteristics and ensuring that the new rates are based on actual transactions in liquid markets is indeed onerous. Besides, as pointed out herein above, in the wake of the Great Financial Crisis (GFC) there has been significant decline in the activities in interbank deposit markets. This coupled with structural changes in the money market landscape, has rendered further complicated the search for alternatives. The

emerging position in regard to alternative rate adoption for the five major currencies is as under.

Currency	Reference benchmark	Proposed alternative benchmark rate	Rate Administrator
USD	USDLIBOR	Secured Overnight Financing Rate (SOFR)	Federal Reserve Bank of New York
British Pound	GBPLIBOR	Sterling Overnight Index Average (SONIA)	Bank of England
EURO	EUROLIBOR EURIBOR	Euro Short-term Rate (€STER)	European central Bank
Swiss Franc	CHFLIBOR	Swiss Average Rate Overnight (SARON)	SIX Swiss Exchange
YEN Japan	JPYLIBOR	Tokyo Overnight Average Rate (TONAR)	Bank of Japan

Some risk-free rates are secured (e.g., SOFR in the US and SARON in Switzerland) and some are unsecured (viz., SONIA in the UK and ESTR in the euro area). While in the UK and US the focus is on replacing LIBOR, in the euro area focus is on replacing EONIA with ESTR and defining fallbacks for EURIBOR instead of replacing it. Thus, although moves clearly are towards risk-free rates there is no “one-size-fits-all” approach to the transition in different national/currency jurisdictions.

Alternative rates are risk free/nearly “risk-free” rates, while LIBOR being unsecured rate capture a spread related to bank credit risk. As a result, LIBOR historically has been higher than alternative rates. The gap has also been found to register substantial increase during times of market stress, reflecting the submitting bank’s creditworthiness.

Alternative rates are overnight in nature. LIBOR is estimated for seven tenors. The most commonly used LIBOR tenors are one, three, and six months. The methodologies for extracting market acceptable term structures for these alternative rates are being finalised through consultative process among the concerned market players and other stakeholders.

LIBOR is set at the beginning of the period to which it applies making visible the total interest payment due at the end of the period. It is therefore considered as a “forward-looking rate”. An alternative overnight rate like SOFR is repriced daily and represents the prior day’s realized rates, and not the interest rate due for an overnight transaction today. Methodology of “Compound setting in arrears” term rate involving compounding of daily values of the overnight rate, throughout the relevant term period may be acceptable to market. Under this method interest rate would be set a few days in advance of the payment due date to allow for payment calculation and settlement. Although this methodology might be operationally complicated, in as much as the interest payment would be known only few days prior to the due date, rates being used are more forward

looking and therefore able to better capture the effects in contemporary quick changing interest rate scenario.

Transition Issues

Apart from the varying characteristics of the new benchmarks, transition issues loom large. The most important one is migration of legacy LIBOR-linked exposures to the new benchmarks in the eventuality of discontinuance of LIBOR publication after 2021 as announced. Trillions of dollars of legacy contracts would remain outstanding at that time. In the emerging scenario it is indeed crucial from a financial stability perspective that credible fallback language be inserted into contracts well in time. Many transactions referencing LIBOR include provisions to address temporary unavailability of LIBOR which involve obtention of rates from poll of banks in London market. The process being cumbersome is not considered suitable as a permanent solution to phasing out of LIBOR.

The transition would pose greater challenge for bespoke cash instruments. Trade/business loans, consumer loans, Floating Rate Notes (FRN) and securitised products linked to USD LIBOR maturing after 2022 have been estimated to exceed \$2 trillion. Different modalities for transition may be feasible. Conversion of floating rate instruments in to fixed rate contracts is an available option. Suitably amending the terms and conditions of the existing contract the floating rate may be changed to an adjusted RFR-based term rate. Recalling LIBOR-linked debt instruments and replace them with those linked to the new benchmarks may be another alternative. However, agreement should be reached ex ante rather than ex post on the fallbacks.

LIBOR has significant influence on the derivatives markets too. LIBOR is the reference interest rate for the financing leg of many swap transactions. In interest rate swap transactions, LIBOR-linked payments may hedge exposure to LIBOR under another financial instrument viz., bonds or loans. Consider a fixed for floating swap referenced to LIBOR taken for hedging floating loan exposure to LIBOR. Unless successor to LIBOR is matched exactly with successor rate determined for the loan agreement the transition will entail basis risk. For example, in case of SOFR as the substitute for LIBOR it being a risk-free overnight rate, switching from LIBOR to SOFR would require to evolve consensual credit and term spread to add to SOFR for its viability and acceptability as LIBOR fallback.

OTC derivatives generally follow the International Swap and Derivatives Association’s (ISDA) Master Agreement. ISDA is engaged in consultation with a wide cross section of market players for evolving a consensual protocol for seamless transition to new benchmark regime well before the end of 2021. ISDA protocol if adopted will facilitate mass contract amendment with reduced effort.

ISDA has been grappling, inter alia, with thorny issues concerning “cessation triggers” in the fallback language that would apply to legacy contracts referencing a LIBOR index. Recently FCA has requested ISDA to revisit their triggers definition to include the case where the supervisor considers the relevant rate no longer qualify for being considered as

market representative - typically, following the departure of a panel bank. It may be noted that fallback mechanisms are actually a last recourse safety measure. Market participants are expected to work on actively to migrate their legacy LIBOR positions before occurrence of actual discontinuation of LIBOR.

The responses to ISDA consultations indicate that a majority of market participants would generally not want to continue referencing a covered IBOR in existing or new derivatives contracts following a statement from a supervisor that it is no longer representative of the underlying market. However, the consultation did not reveal a consensus on how to respond to such a statement in the context of fallbacks for derivatives contracts. However, ISDA has been continuing to work towards finding a solution for how to address a non-representative covered IBOR in derivatives documentation and how to implement a pre-cessation trigger for fallbacks in this scenario.

The transition to new benchmark is expected to have ramified accounting implications and impacts particularly on hedge accounting, lease accounting, fair valuation etc., both under US (GAAP) and IFRS.

Corporate treasury operations will experience substantial changes in the wake of departure of LIBOR. Institutions are susceptible to legal and conduct risks when talking about legacy contracts. Risks would arise not only from the exposure via financial contracts but also from the processes in the form of operational risk. New products would replace many of the variable-rate treasury products. Considering LIBOR's ubiquity in the financial market the ensuing change will besides reconfiguring the landscape of available products, significantly impact the treasury processes, technology, and operations. Where external commercial borrowings are for a longer term (e.g. infrastructure and housing finance) the contracts need to be revaluated in light of the impact of transition to a new benchmark besides the impact on hedge effectiveness of the existing hedges taken.

Institutions will have to identify legacy contracts linked to LIBOR and carry out impact assessments of the transition on foreign currency loans, derivative contracts and hedges. Inter-bank markets will also be impacted through Mumbai Interbank Forward Offer Rate (MIFOR) which is the rate that Indian banks use as a benchmark for setting prices on forward-rate agreements and derivatives. It is a mix of the London Interbank Offered Rate (LIBOR) and a forward premium derived from Indian forex markets. Borrowing of Indian government in foreign currency is not significant. Indian businesses, however, have resorted to ECBs. The interest costs entailed in ECBs are mostly linked to LIBOR. In fact, RBI's regulations on ECBs also use LIBOR to calculate the cost of loans. These borrowers will have to shift to some other benchmarks after phasing out of LIBOR.

Conclusion

The new RFRs are expected to provide for authentic, robust and credible overnight reference rates. In principle, they should also provide for the creation of term benchmarks, which makes them well suited to many purposes and market

needs (eg computation of interest obligations in cash instruments or discounting and valuation in derivatives markets). This, in turn, intensifies the challenge of hedging risks, especially asset-liability mismatches on banks' balance sheets. These would have a variety of characteristics to fulfil differing purposes and market needs. The ultimate outcome of this transition efforts balancing and fulfilling differing purposes and market needs of many players and diverse kinds of financial instruments may culminate in coexistence of multiple rates. In this backdrop an all-purpose, all-in-one benchmark may be neither feasible nor desirable.

The familiar and ubiquitous LIBOR may not be published after 2021. Transition of LIBOR market to alternative Risk-Free Rates (RFRs) entails a huge amount of work. The pace of change need ensure that the deadline is met to avoid any possible market disruptions. This requires action by both market participants and regulators.

In light of the emerging issues and challenges in the process of transition to new benchmark regime jury is out whether the transition will ultimately lead to intended greater system integrity, transparency, efficiency and precision in risk pricing and risk management without market disruption.

MA

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3R REDUCE, RECYCLE, REUSE: AN APPROACH TO ENVIRONMENTAL HEALTH AND WEALTH CREATION THROUGH COST REDUCTION



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Abstract

It is very important to know how the waste can be used/reused/recycled and converting that into organizations/entrepreneurs profits. Reducing the quantity, we buy the better choice to mitigate the Waste. Thereby reducing the consumption and saving the resources to manufacture products. Usage of robust manufacturing devices with state of art technology to mitigate waste. In this process, the efficiency and effectiveness will occur and this quality of output and quantity of output is balanced, this process automatically the waste can be minimized and profits will maximize.

Introduction: Profits for every organization/company is a major motivating factor and that can be shared with all stakeholders of the organization. However, Entrepreneur always minds about the reduction of expenses/cost cutting, increasing of performance/improvement in sales/marketing of goods is the major drive factor for profit earning. But in modern days various waste are generating by plants/industries/organizations these wastes are affecting the price of the product, environmental safety, industries pollution. In this scenario, it is very important to know how the waste can be used/reused/recycled and converting that into organizations/entrepreneurs' profits. Now the question is **what is called waste?** *“Waste is any substance which is discarded after primary use, or it is worthless, defective and of no use”*. Various waste was generating from power generating plants like fly ash, sludge is generating from the paper manufacturing plant, households are generating wet and dry waste which from vegetable, fruits, and others. From the existing sources, it is learned that one of the

countries importing waste from various countries of the world and generating power, biogas, and others. In Kerala, coconut wastes are used for making crafts, toys, and usable goods. The hierarchy of waste management process consists of 3 steps. Namely Reduce, Recycle, reuse.

Reduction of waste: Let's start how waste can be converted into profits through Reduce, Reuse, and Recycle. First of all, will discuss the reduction of waste from the various process. Reducing the quantity, we buy the better choice to mitigate the Waste. Thereby reducing the consumption and saving the resources to manufacture new products. This reduction will apply to manufacturing industries to control the waste through efficient production and quality of inputs/material used for getting good output. Usage of robust manufacturing devices with state of art technology to mitigate waste. As the saying goes **“prevention is better than cure”**, like wise from the beginning of the production process a good plan of

production for reduction of waste is the prevention of waste. While the primary use of material, output-input ratio, designing of the production process, quality of material used, quality of manpower utilized, the good working environment created, skilled manpower supervised/ proper incentives declared automatically reduction of waste can happen in all industries. In this process, the efficiency and effectiveness will occur and the quality and quantity of output is balanced, which automatically results in minimization of waste and maximization of profits.

Some of the measures in reducing the amount of wastage

- Usage of E-mails instead of using pen and paper
- Usage of E-ticket and M-ticket instead of a hard copy wherever possible.
- Avoid usage of polyethylene bags and use reusable bags and containers while shopping.
- Buy the raw material and other goods in larger and economy sized packs, saving the packing material and also the cost of production.
- Avoid and reduce the usage of disposable materials. As they increase trash and also increase the cost of recycling and disposing of.

Case study:

- European commission, in their report, more than 12.1 million tonnes plastic waste to landfill. Skipping Rocks Lab discovered a sustainable packaging initiate where edible gel can be used to encase drinking water through a process called Spherification. They named the product as OOH BUBBLE. “They do the process with frozen water filled into capsule made of the double membrane gel. The gel itself is made from a mixture of brown algae and calcium chloride. The main idea behind it is to reduce to use of plastic bottles.”



Source: <https://www.durhamyorkwaste.ca/FAQ/FAQ.aspx>

Indian Hotels Company Limited (IHCL), with the brand name as Taj Hotels Resorts and Palaces, has introduced EARTH (Environment Awareness and Renewal at Taj Hotels) program to reduce the impact of its businesses on the environment. As a part of the maiden program waste management practices were introduced by, “converting the kitchen waste and dry leaves into compost, wastepaper from printing is converted to writing

pads and used for the hotel requirement. Railings and barricades are made from pipe steel waste. It uses CFL bulbs at all hotel premises, which can save 78% less energy. Taj West End, at Bengaluru, has installed solar water heating systems, have saved 51,000 liters of fuel over the last 3 years.

Re-Cycle: Secondly will talk about recycle of waste and converting that into profits, “The process convert into reusable material or is the process of converting waste material into new materials and objects recycling can prevent the waste of potentially useful materials and reduce the consumption of fresh raw materials, thereby reducing energy usage, air pollution, and water pollution as well as production costs for the management. “Recycling is just one step away from the garbage can and is merely a stop gap measure” (**Christine von Konitz**). At present this recycling process is more familiar with the paper industry, plastic industry, coir, and jute industry. Generally, polyethylene covers, newspaper, jute bags, coconut waste are famous for recycling products. In present days plastic covers are creating more pollution and effects on the environment through sinking/ dilution in the soil. Hence the recycling process is the only way to create more plastic products from plastic waste that can be useful for reduction in raw material cost, power, water, waste management cost, environmental safeguarding costs. In another way, we can say that reduction of the cost will increase the profits. Further, it is pertinent to mention that millions of tons of waste are generating from households and dumping of these waste cost in millions of rupees as well as affecting environment also. Now, this waste can be recycled and it can generate power, gas, and biodiesel etc. Finally, it makes more profitable for entrepreneurs/ organizations/ governments. In Government departments, the major problem is E-Waste i.e. old computers, typewriters, CDs floppies etc. It can be recycled and manufactured different products from e-waste. Every organization yearly spend lots of money for disposal of e-waste. When the E-waste recycled, we can use the output for different purposes obviously this process yields profits.

Case study:

- Recycling the sea water into drinking water by desalination mechanism. Minjur Desalination Plant was established in the state of Tamilnadu, to alleviate Drinking water problems in the city of Chennai. Using the Reverse osmosis technology, the plant Desalinates 100 megaliters sea water into fresh water per day. Pre-treatment of raw sea water includes various processes such as Coagulation-flocculation, gravity and pressure filtration.
- “Wipro (Western India Products Limited), a leading provider global information technology and business transformation services, has developed Eco-friendly Greenware personal computers, free from toxic chemicals like polyvinyl chloride (PVC) and brominated flame retardants (BFR). It is a major development in the clean production and recycling Environment. It has used the minimum amount of alternate substitutes to perform the intended function. The alternate substitutes are verified and validated to IPC norms (Institute of

Interconnecting and Packaging Electronic Circuits). Once these deadly toxic substances are removed from the manufacturing process, the process of Recycling process becomes safer and easy. “

Re-Use: Reuse is the action or practice of using something again, whether for its original purpose or to fulfill a different reason. The reuse process is more famous in bottling plants especially the co-cola, Dairies, alcohol factories. Making of new bottles takes more time and expensive in monetarily as well as environmentally. The bottles can be reused often after carrying some sterilization process. This process can save cost, time, transport, manufacturing expenses, power, water, waste effluents. Some of the equipment in the industries can be reused for different purposes. This can lead to saving of lakhs of rupees for the organization and it turns into profits.

Case study:

The center for Environment Education (CEE), a pioneer organization develops programs and material to create and increase awareness of the environment and sustainable development practices. “It has set up a handmade paper making unit and a plastic weaving loom at Coorg in the state of Karnataka. CCE collects waste polythene bags from schools and various places through waste retrievers and other groups. These polyethylene bags are washed, dried, cut into strips and woven in handlooms to make designed bags, mats, folders, pencil cases, wall charts, curtains for window and doors. These goods are sold in the open market.” (source: SWM learning program)

Major benefits of 3R for the various stakeholders:

- Reduce the greenhouse gas emission, by improving the climatic conditions
- Preventing pollution improves the health and well-being of the people in the society.
- 3R's fetch Foreign direct investment and also reduces the dependency on imports
- Growing supply of goods, demands more plants to recycle, thereby recycling industry will develop.

Awareness about 3R Concept: The foremost aim is to create more awareness in the mind of social stakeholders in the country. Just giving information and benefits dealing with the 3R concept is not enough, for this awareness program, phase wise awareness action plans is to be warranted.

- a. Awareness to the common man
- b. Awareness to the Students and educational Institutes
- c. Awareness to the Rural and urban women community
- d. Linking 3R with swatch Bharat, Make in India, Ease of doing business concepts.
- e. Awareness to the business entrepreneurs, Government organization, professional CMAs, CAs, Doctors and other Professionals, Environment lovers.

The success of 3R concept is not one man or one organization show its teamwork and team efforts. The total human community should work together to made consistent efforts to achieve this. The fruits and results will be useful for total human

community, further companies may claim for this process of 3R in corporate social responsibility (CSR) through earning instead of expanding for the social clause. Due to reuse and recycle reprocess will be useful in saving of environment as well implementation of swatch Bharat, clean India, and green India.

At present women are active in various activities of re-process, recycle, reuse in small cottage industries. This target can be achieved through self-help groups. The Concept of the 3R process involves very less investment and these groups chain with organizations/ PSUs/ other firms which are creating industrial waste and solids. Further these wastes, solids can be bought from the industries with minimum cost and implement the 3R concept in an effective manner.

Conclusion: Waste and solid, effluents are the more cumbersome for every organization, State Governments, Central Government and other Industries. Even manga la yan and making technology for cryogenic engines so easy but its very difficult to get rid of waste/ solids/ effluents problems. As discussed above paragraphs it is very important to create awareness about the benefits of the 3R concept as well as disadvantage from improper handling of wastes. Further, the total human community should have vigilance about the negative impacts of waste on our environment. Then search is for the ways how to handle the waste, solids, and effluents in right approach. For this re-use-recycle, reprocess are the right process to handle the waste in ethical, legal way. Hence, the only solution is Reduction, Recycle, Reuse. Waste management measures can create Sustainable Development; however, the participation in the creation of vigilance/ awareness from all sectors of the economy is required. Those organizations can produce low-cost products than its competitors in the market when waste management measures effectively implemented through 3R concept. The environment is everything around you including air, water, land, plants, and man-made things and by now your proper planning made for waste management will create a healthy environment for a happy world. As the good saying “health is wealth” hence your reduction, recycle, reuse of waste gives good health as it converts into wealth (profits). **MA**

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10. Authors (K.N Hari Prasad) practical, teaching, industrial experience in manufacturing, sectors & ministries of Govt of India.

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CORPORATE INSOLVENCY & BANKRUPTCY UNDER THE IBC, 2016



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1. Introduction:

The new code was designed to streamline the Corporate Insolvency Resolution Process, which among other things, prevents value destruction if there is corporate distress. The resolution process is a representative action for the general body of creditors and not for the recovery of money of an individual creditor. Being a time bound process to resolve cases within 180 days extendable up to 270 days i.e. Bankruptcy has to be resolved within the prescribed time limit. (As per a recent amendment approved by the Central Cabinet dated 17th July, 2019, the time limit has been extended up to 330 days). If not resolved on time, then the assets are to be liquidated. Creditor is the king and IBC is creditors driven. Creditors indirectly take control of the Board and assets of the corporate debtor. Insolvency Professionals take charge of the assets on behalf of the creditors.

2. Objectives:

1. To understand the meaning of Financial Creditor, Operational Creditor and the Corporate Debtor under the IBC, 2016.
2. To state the role of the COC (Committee of Creditors) & the appointment of the Resolution Professional.
3. To understand the steps involved in the Corporate Insolvency Resolution Process & the formulation of the Resolution Plan.
4. To understand the Liquidation Process & the Waterfall Mechanism of Distribution of Proceeds.
5. To understand Voluntary Liquidation.
6. To ascertain the status of the CIRP's as on 31st March, 2019

3. Literature Review:

Price Water House Coopers Private Limited in a report to submitted to CII (Confederation of Indian Industry) in August 2018 titled "Decoding the Code: Survey on 21 Months of IBC In

Abstract

The Insolvency and Bankruptcy Code, 2016 brings about a paradigm shift in the recovery and resolution process of stressed assets by introducing the concept of "Creditor in Control" instead of "Debtors in Possession". This brings about value enhancement of the corporate debtor as once this process starts, the Board of Directors cede control of the company and the Insolvency Professional with the help of advisors starts managing the company. Creditors now have the guidelines that clarify details till the last mile, including distribution of the recovery proceeds. The Reserve Bank of India in order to align the resolution mechanism with the IBC subsequently withdrew all circulars such as CDR. The Flexible Structuring of the of Existing Long Term Project Loans, SDR, Change in Ownership outside SDR, 5 by 25 Scheme and S4A. The Joint Lenders Forum was also discontinued. The paper, which is exploratory in nature, aims to explain The Corporate Insolvency Resolution Process and the Corporate Liquidation Process along with the waterfall mechanism of distribution of assets in a sequential manner, for the benefit of the readers with extensive reference to the Insolvency & Bankruptcy Code, 2016 and also various reports and practice manuals on the subject in the public domain.

India” present the results of a survey carried out amongst private equity funds, ARC’s (asset reconstruction companies) and strategic investors. Amongst the investors fraternity 60% of the respondents were of the opinion as compared to the last year more than 25% of the distressed deals were actionable and attractive investment opportunity. More than half the respondents preferred resolution through the ARC route. From the lenders perspective, two thirds preferred a resolution through IBC Recovery of dues.

Ernst & Young LLP in a report submitted to ASSOCHAM in August 2017 titled “Experiencing the Code – Corporate Insolvency in India” states the journey so far in terms of the number of cases admitted by NCLT, it briefly discusses the select judgments , the issuance of multiple regulations by IBBI, the practical challenges being faced by the IP’s, key milestones in the journey ahead and also puts forth the perspectives of some of leading luminaries in the trade like Mr Nitin Jain, President & CEO Global Asset and Wealth Management Edelweiss Capital, Mr Sumant Batra, Chief Mentor, INSOL India and Managing Partner Kesar Dass B. & Associates, Mr Kalpesh Kikani, Managing Director and Senior Partner, AION.

Ernst & Young LLP in a report submitted to ASSOCHAM in July, 2016 titled “ARC’s – at the Cross Roads of making a paradigm shift” submitted to at the annual AIRCON 2016 meet presents the distressed asset scenario in India, the key challenges before the ARC’s, the key initiatives taken by RBI and the government and introduces the game changing legislation, the IBC, 2016.

SIPL, Edelweiss & INSOL India in their joint report to ASSOCHAM in April, 2017 titled “Effective Implementation of Insolvency and Bankruptcy Code 2016: A Collective Stakeholder Responsibility “ state the collective responsibility and duties of the various stakeholders in implementing the Insolvency & Bankruptcy Code, 2016, it also discusses the role of ARC’s (Asset Reconstruction Companies) in stressed asset management.

India Ratings & Research (a Fitch Group Company) in a report to ASSOCHAM in July, 2016 titled “A Need for Paradigm Shift in Changing Scenario” at the annual AIRCON 2016 Conference presents the bad debts problem in India and also provides the backdrop of the new insolvency and bankruptcy framework.

CRISIL in a report to ASSOCHAM in October, 2016 titled “Insolvency & Bankruptcy Code 2016: A Game Changer” submitted compares the Code with the then existing legal framework, highlights the impact of the code on various stakeholders and discusses the issues and challenges in building the ecosystem.

CA Agarwal Ravinder in his book “Insolvency & Bankruptcy Practise Manual” published in July 2018 by the Taxmann’s Publications Pvt Ltd provides a comprehensive practice guide for insolvency resolution professionals, practitioners, creditors and debtors.

Insolvency & Bankruptcy News, the quarterly news letter of The Insolvency & Bankruptcy Board of India, New Delhi, in their Jan – March 2019, Vol. No: 10 issue provides details of the CIRP status as on 31st March, 2019 and the break up of the ongoing CIRP with reference to number of days for which the CIRP has been under process.

4. Research Method:

Since the research paper is conceptual and review in nature , the researcher has applied exploratory search design by using secondary data. The IBC Code, 2016, various reports, practice manuals, newspaper articles, the official website of the Insolvency & Bankruptcy Board of India (IBBI) and that of NCLT have been referred to and reviewed.

5. Certain important definitions under the IBC, 2016

It is pertinent to look at a few important definitions before we proceed to the understand the Corporate Insolvency Resolution Process (CIRP) and the Liquidation Process along with the Waterfall

Mechanism.

5. (a) Financial Creditor & Financial Debt

Part II Chapter 1 Para 5(7) of the IBC: Financial Creditor means “Any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to”

Part II Para 5 (8) of the IBC: Financial Debt means “A debt along with interest, if any, which is disbursed against the consideration for the time value of money and would include:

- money borrowed against the payment of interest
- any amount raised by acceptance under any acceptance credit facility or its de-materialized equivalent;
- any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standard as may be prescribed;
- receivables sold or discounted other than any receivables sold on non –recourse basis;
- any amount raised under any other transaction, including any forward sale or purchase agreement , having the commercial effect of a borrowing;
- any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;
- any counter indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;
- the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub clauses (a) to (h) of this clause;”

5. (b) Operational Creditor & Operational Debt

Part II Chapter 1 Para 5(20) of the IBC: Operational Creditor means “A person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred.”

Part II Chapter 1 Para 5 (21) of the IBC: Operational Debt means “A claim in respect of the provision of goods or services including employment or a debt in respect of the repayment of dues arising under any law for the time being in force and payable to the Central Government or State Government or any local authority.”

5. (c) Corporate Debtor and Corporate Person

Part 1 Preliminary Para 3(8) of the IBC :Corporate Debtor means “a corporate person who owes a debt to any person.”

Part 1 Preliminary Para 3(7) of the IBC: Corporate Person means “a company as defined in clause (20) of section 2 of the Companies Act, 2013, a limited liability partnership , as defined in clause (n) of the sub section (1) of Section 2 of the Limited Liability Partnership Act, 2008 or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial services provider.”

5. (d) Liquidation Cost

Part II Chapter 1 Para 5(16) of the IBC: Liquidation Cost means “any cost incurred by the liquidator during the period of liquidation subject to certain such regulations, as may be prescribed by the board.”

5. (e) Liquidation Commencement Date

Part II Chapter 1 Para 5(17) of the IBC: Liquidation Commencement date means “the date on which the proceedings for liquidation commences in accordance with Section 33 or Section 59 as the case maybe.”

5. (f) Liquidator

Part II Chapter 1 Para 5(18) of the IBC: Liquidator means “an

insolvency professional appointed as a liquidator in accordance with the provisions of Chapter III or Chapter IV of this part as the case may be.”

6. Corporate Insolvency Resolution Process (CIRP)

Part II Chapter II of the IBC: “When a corporate debtor makes a default whether in part or whole or an installment of the amount debt or interest thereon of a minimum of Rs 1 Lac, the Corporate Insolvency Resolution Process can be initiated by the Financial Creditors, Operational Creditors (Including government/employees or workmen) or the Corporate Debtor itself by filing an application to the adjudicating authority i.e. NCLT (National Company Law Tribunal) in case of Corporate.

The name of the Interim Insolvency Resolution (IRP) shall be proposed by the Financial Creditors and/or Corporate Applicant in the application to the NCLT.

Once the Adjudicating Authority admits the application it shall by order (a) declare a moratorium for the period from the insolvency commencement date till the completion of insolvency proceeding after the application has been admitted by it. During the period of moratorium, institution of suits, continuation of pending suits or proceedings against the corporate debtor; the transfer or creating an encumbrance or the disposal on any of its assets; any action to foreclose, recover or enforce any security interest by the corporate debtor in respect of its property or any action under SARFAESI Act, 2002; any recovery by an owner or lessor of any property in occupation of the or possession of the corporate debtor is prohibited (b) make a public announcement of the initiation of the CIRP and shall ask for the submission of claims and (c) shall appoint an interim resolution professional. All the powers of the suspended board of directors shall vest with the IRP. The IRP shall run the corporation on a going concern basis. After determination of the financial position of the corporate debtor the interim resolution professional shall constitute a committee of creditors (COC).

The COC shall comprise of all financial creditors of the corporate debtor excluding related parties. It shall include both secured and unsecured financial creditors. Where the corporate debtor owes financial debts to two or more than two financial creditors, the voting rights of these financial creditors shall be in proportion to the financial debts owed to them. The Committee of Creditors shall confirm or replace the Interim Resolution Professional as the Resolution Professional. The Committee of Creditors shall approve various actions of the RP. The members of the committee may meet in person or by such electronic means as may be specified. The Resolution Professional shall conduct all the meetings of the COC including giving notices of each meeting to members, members of the suspended board of directors or partners of the corporate persons as the case may be. The RP shall determine of the voting share as specified by the board, each creditor shall vote proportionately according to the financial debt owed to such creditor.

The Resolution professional shall prepare an information memorandum for formulation of the resolution plan and shall provide to the resolution applicant access to all relevant information in physical and electronic form, provided such resolution applicant undertakes to comply with the provisions of law for the time being in force relating to confidentiality and insider trading, to protect any intellectual property of the corporate debtor it may have access to and not to share relevant information with third parties unless clauses of the subsection are complied with.

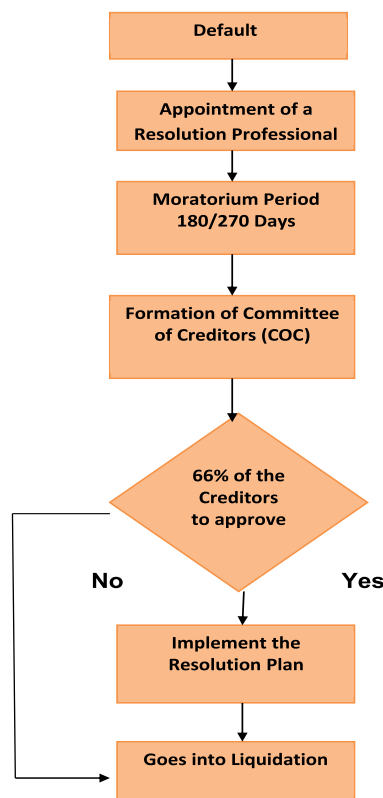
The Resolution applicant shall provide the resolution plan which shall provide for the (a) payment of insolvency resolution process costs (b) repayment of the debts of the operational creditors (c) management of the affairs of the corporate debtor after the plan is approved and (d) implementation and supervision of the approved resolution plan.

Only the Financial Creditors shall have the voting power in the committee of creditors in the ratio of the debt owed. All decisions of the committee of creditors shall be approved by 66% of the financial

creditors. Directors and operational creditors can attend the COC Meetings but would not have any voting rights. The COC may approve the resolution by a vote.

If NCLT is satisfied that the resolution plan as approved by the COC confirms the requirements, it shall by order approve the resolution plan and the moratorium period ends. The NCLT order shall be binding on the corporate debtor, its employees, members, creditors, guarantors and other stake holders involved in the resolution plan. After the order of approval is passed by the NCLT the moratorium order shall cease to have effect and the resolution professional shall forward all records relating to the conduct of the corporate insolvency resolution process and plan to the Board to be recorded. An appeal against the order passed by the NCLT can be made in the manner and on the grounds as prescribed in subsection (3) of section 61.”

Diagram 1: The Corporate Insolvency Resolution Process



Note: Adapted from the EY Report “Experiencing the Code: Corporate Insolvency In India” submitted to ASSOCHAM India in August 2017.

7. Corporate Liquidation Process

Part II Chapter III of the IBC: “The Adjudicating Authority may initiate the Liquidation Process of the corporate debtor in the following circumstances : (a)(i) Does not receive a resolution plan before the expiry of the CIRP period or the maximum period permitted or the fast track CIRP or (ii) Rejects the Resolution Plan for non compliance of the requirements there in. (b) The Resolution Professional intimates the Adjudicating Authority the decision of the COC to liquidate the corporate debtor any time during the CIRP. (c) The Resolution Plan is contravened by the Corporate Debtor, any person other than the corporate debtor, whose interests are prejudicially affected by such contravention, may make an application for liquidation. (d) On receipt of an application under subsection 3, if the Adjudicating Authority

determines that the corporate debtor has contravened the provisions of the resolution plan .

Once the Adjudicating Authority passes the order for liquidation of the Corporate Debtor, the Resolution Professional appointed for CIRP shall act as the liquidator for the purpose of liquidation unless replaced by the Adjudicating Authority. On appointment of the liquidator, all powers of the board of directors, key managerial personnel and the partners of the corporate debtor shall vest with the liquidator. The personnel of the corporate debtor shall extend all assistance and co-operation to the liquidator as may be required by him in managing the affairs of the corporate debtor. The Insolvency Professional proposed to be appointed as the liquidator shall charge such fee for the conduct of the liquidation proceedings and in such proportion to the value of the liquidation estate assets as may be specified by the board.

For the purposes of liquidation, the liquidator shall form an estate of the assets which will be called the Liquidation Estate in relation to the corporate debtor. The liquidator shall hold the liquidation estate as a fiduciary for the benefit of all the creditors. The Liquidation Estate shall comprise of any assets over which the corporate debtor has ownership rights, assets that may or may not be in possession of the corporate debtor including but not limited to encumbered assets, tangible assets whether movable or immovable ,intangible assets including but not limited to intellectual property, securities and financial instruments, insurance policies, contractual rights, assets subject to the determination of ownership by the court or authority, any asset of the corporate debtor in respect of which a secured creditor has relinquished security interest, any other property belonging to or vested in the corporate debtor at the insolvency commencement date , all proceeds of liquidation as and when they are realized.

However the following assets shall not be included in liquidation estate assets and shall not be used for recovery in the liquidation assets owned by a third party which are in possession of the corporate debtor including: assets held in trust for any third party, bailment contracts (a) all sums due to any workman or employee from the provident fund, the pension fund, and the gratuity fund ,(b) other contractual arrangements which do not stipulate transfer of title but only use of assets and such other assets as may be notified by the Central Government in consultation with any financial sector regulator.(c) Assets in security collateral held by financial services and are subject to netting an set off in multilateral trading or clearing transactions,(d) personal assets of any shareholder or partner of a corporate debtor as the case may be provided such assets are not held on account of avoidance transactions that may be avoided ; (e) assets of any Indian or foreign subsidiary of the corporate debtor ,(f) any other asset as may be specified by the board , including assets which could be subject to set off on account of mutual dealings between the corporate debtor and any creditor.

The Consolidation of Claims shall undergo the following steps : (a) receive or collect the claims of the creditors within a period of thirty days from the date of the commencement of the liquidation process (b) A financial creditor or an operational creditor may submit a claim to the liquidator in along with supporting documents required to prove the claim as may be specified by the board.(c) A creditor who is partly a financial creditor and partly an operational creditor shall submit claims to the liquidator to the extent of his financial debt in the manner prescribed. (d) The act provides for a creditor to withdraw or vary his claims within fourteen days of its submission. (e) The Liquidator shall verify the claims and even ask for other documents to be produced if so required .(f)After the verification of the claim has been made , the liquidator may either admit or reject the claim and shall communicate the acceptance or rejection as the case may be (g) The Liquidator shall determine the value of the claim (h)A creditor has the option to appeal to the adjudicating authority against the decision of the liquidator.”

7(a). The Waterfall Mechanism: Distribution of Assets in the event of Liquidation

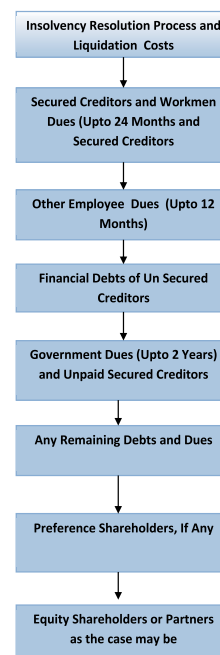


Diagram No: 2 Water Fall Mechanism for distribution of assets

Note: Adapted from EY Report “Experiencing the Code: Corporate Insolvency In India” submitted to ASSOCHAM India in August 2017

7(d)Voluntary Liquidation

Part II Chapter V of the IBC: “A corporate person could opt for voluntary liquidation by itself. However in order for it to do so there are certain preconditions that shall be required to be met.

These pre-conditions are:

- The majority directors of the company after having carried out a detailed enquiry into the affairs of the company have formed an opinion that the entity has no debt or shall be in a position to pay off all its debts from the proceeds of the assets sold under voluntary liquidation and submits a declaration to this effect.
- The declaration of the majority of board of directors shall be required to be supported by the audited annual financial statements of the last two years along with the valuation report of assets of the entity by a registered valuer.
- a special resolution would be required to be passed in the general meeting of the members of the company stating that the company has opted for voluntary liquidation and also the appointment of an insolvency resolution professional as the liquidator. This resolution shall be required to be passed within four weeks of the declaration made by the majority of the board.
- The Registrar of Companies and the IBBI shall be required to be notified within seven days of having passed this special resolution.
- the voluntary liquidation process of the company shall deemed to have commenced from the date of passing the resolution subject to the approval of the creditors.
- Once the affairs of the corporate person has been completely wound up, the liquidator shall duly inform the adjudicating authority for dissolution, the adjudicating authority shall

accordingly pass the order on receipt of the application and within fourteen days of such passing the order the adjudicating authority shall intimate the authority with which the corporate person is registered.”

9(a) Service Providers

There are various service providers with regards to the Insolvency & Bankruptcy Code, 2016 i.e. they are (a) Registered Insolvency Professionals (IP's) (b) Insolvency Professional Agencies (IPA's) (c) Information Utilities (IU's) (d) Insolvency Professional Entities (IPE's) (e) Registered Valuer Organisations (RVO's) (f) Registered Valuers – Individual s and (f) Registered Valuer Entities. They form a part of the Ecosystem. Their current count is stated in the Table No:1 below.

Table No: 1 Types of Service Providers

Sr No	Service Providers	Numbers
01	Registered Insolvency Professionals (IP's)	2688
02	Insolvency Professional Agencies (IPA's)	3
03	Information Utilities (IU's)	1
04	Insolvency Professional Entities (IPE's)	99
05	Registered Valuer Organisations (RVO's)	11
06	Registered Valuers - Individuals	2063
07	Registered Valuers - Entities	2

Source: www.ibbi.gov.in

9(b) Status of CIRP's as on 31st March, 2019

1858 Corporate Insolvency Resolution Process cases were admitted as on 31st March, 2019. Out of which 152 cases were closed on appeal, review and settled. Those closed by withdrawal u/s 12 A were 91 cases. 94 cases were closed on account of resolution whereas 378 were closed due to liquidation. There are 1143 cases of CIRP which are currently ongoing. Table No: 2 herein below provides these details whereas Table No: 3 gives the breakup of the 1143 ongoing cases in terms of numbers of days i.e. 362 cases have crossed the threshold limit of 270 days, 182 cases are between 180 and 270 days, 247 cases are currently in the 90 to 180 days bracket and finally 348 cases are below 90 days.

Table No: 2 CIRP Status as on 31.03.2019

Sr No	Particulars	Numbers
01	Admitted	1858
02	Closed on Appeal/Review /Setteled	152
03	Closed by Withdrawal u/s 12 A	91
04	Closed by Resolution	94
05	Closed by Liquidation	378
06	On Going CIRP	1143

Source: *Insolvency & Bankruptcy News*, IBBI, Jan – March 2019, Vol No: 10

www.ibbi.gov.in

Table No: 3 On Going CIRP Status as on 31.03.2019

Sr No	On Going CIRP	Numbers
01	> 270 Days	362
02	> 180 Days < or = 270 Days	186
03	> 90 Days < or = 180 Days	247
04	< or = 90 Days	348

Source: *Insolvency & Bankruptcy News*, IBBI, Jan – March 2019, Vol No: 10

www.ibbi.gov.in

10. Conclusion:

The Insolvency and Bankruptcy Code, 2016 has radically altered the insolvency law landscape in India. The clear shift of control from the shareholders and promoters to the creditors enables the recovery process to much more smoothly and effectively. There is also a restriction on the completion of the corporate insolvency resolution process, failure to do so may lead to the liquidation of the corporate debtor. The code vide a recent ordinance has also provided for a voluntary liquidation of the corporate debtor. The Code over a period of time shall go a long way in resolving the distressed assets in Indian Banking System. Thereby resulting in an effective and profitable banking system in India. **MA**

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RECOMMENDATION OF HLAG



CMA S. Rajaratnam

Retd. Member
Income Tax Appellate Tribunal
Advocate & Tax Consultants
Chennai

Recommendation of High Level Advisory Group (HLAG) have been made in the context of our Finance Minister's expectation of 5 trillion economy. A major recommendation of HLAG is another amnesty scheme by permitting issue of "Elephant Bonds" disclosing unaccounted wealth subject to 40% of such wealth being invested in long term infrastructure bonds. It is an attempt to bring foreign money belonging to Indians back to India.

Liability for amounts subscribed to Elephant Bonds is 15% of unaccounted wealth with 40% of such wealth requiring to be invested in long term investments in bonds. But interest therefrom is to be charged at the rate of 75% with maturity period being 20 to 30 years, the temptation being immunity from penalty and prosecution under all laws and not merely taxation laws. Round-tripping is expected to be tackled by this major step.

Overseas direct investment for *bona fide* business activity is recommended with regulations thereon being relaxed, subject to conditions as now prevailing for foreign direct investments with such investments being permitted under automatic route with more liberal treatment by way of exemption for overseas listed companies. Special status is recommended for Offshore Funds, subject to eligibility conditions which will be simplified by a regulatory framework with the requirement of satisfaction

of KYC and PAN requirements.

Foreign investments will be welcome, subject to their being made through authorised dealers by a simplified online application subject to withholding taxes, if any, applicable. Investment though permitted for debts and equity will not, however, be permitted for real estate.

Simplification of the procedure by dispensing with registration requirements of foreign investors and proof of global identity with minimum restrictions is yet another recommendation.

The effect of recommendations, if implemented and the expected response by way of boost to foreign investment in India will be anxiously awaited.

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Down The Memory Lane

December 2009



Her Excellency, Mrs. Pratibha Patil, President of India, awarding the Corporate Excellence Award to Mr. G.N. Venkataraman, President of ICWAI. Also seen in the picture: Hon'ble Minister for Corporate Affairs, Mr. Salman Khurshid; Past Presidents of ICWAI, Mr. Kunal Banerjee and Mr. Chandra Wadhwa on December 21, 2009 at New Delhi

December 1999

SAFA Conference was held on 4th December 1999 at Kathmandu, Nepal

(From left) D.C. Bajaj, Vice President, Mahesh Shah, President, S. Ramanathan, CCM, Bibhabanandda Majumder, CCM, V.V. Deodhar, CCM



December 1989

4th Conference and 11th Assembly of SAFA at New Delhi



Shri Thyagarajan, Chairman, Audit Board and Deputy Comptroller and Auditor General, GOI, Chief Guest at the inaugural session delivering inaugural address at the 4th SAFA Conference held at Hotel Hyatt Regency, New Delhi on 25-26 December, 1989



SAFA President Shri V. Kalyanaraman address the Inaugural Session

Down The Memory Lane

December 1979

Banker's Meet was organised at Grand Hotel, Calcutta on 8th December 1979

Shri Sushant Niyogi, CMD, United Bank of India delivering his address. Others are Shri V. Kalyanaraman, Shri B.K. Chatterjee, Professor N.K. Roy and Professor V. Basavaraju



Members meet on Project Appraisal on 10th December, 1979 at Chelmsford Club



Shri B.S. Ramaswamy, Additional Financial Adviser & Joint Secretary, Government of India, Ministry of Finance (Defence) addressing Members. Others (L to R) are Shri J.N. Gupta, Shri J.S. Iyer, Shri S. Narayanaswamy and Shri Ajit Nath

December 1969

Shri A.P.B.Nayar Controller General of Defence Accounts New Delhi visited Institute Headquarter on 3rd December 1969

Shri A.P.B.Nayar Controller General of Defence Accounts, Shri J.B. Martin Controller of Defence Accounts (Factories), Sri Swaminathan Jt Controller, Sri J.N. Bose Past President and Sri N.K. Bose Past President



The Silver Jubilee of Institute was celebrated on 28th December 1969 in the Princess Hall of the Ritz Hotel, Hyderabad



Mr. C.C. Desai, M.P. the Chief Guest lights the lamp during the Silver Jubilee Celebration

EASTERN INDIA REGIONAL COUNCIL

A seminar on “Direct & INDIRECT TAXATION-SABKA VISWAS SCHEME & THE NEW GST RETURN AND THE RECENT DEVELOPMENTS IN INCOME TAX ACT 1961” was organized by EIRC on October 19, 2019. Shri Rajibshankar Sengupta-Joint commissioner GST was the chief guest. CMA Timir Baran Chatterjee, CA Vivek Jalan were the resource persons. The seminar focussed on the SabkaViswas Scheme introduced by the Government to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts, which are now subsumed under GST, as well as 26 other Indirect Tax enactments and the New GST Returns. Shri Rajib Shankar Sengupta, Joint Commissioner, GST highlighted the benefits under the scheme the tax payers may obtain by paying the outstanding tax amounts due and be free from any other consequences under the Law. Taxpayers will get substantial relief in the form of full waivers of interest, penalties and fines. CMA Ashis Banerjee RCM-EIRC, CMA C.R.Chatterjee- CCM-ICAI, CMA Arundhati Basu, Chairperson, Members in Industry-EIRC, CMA Pallab Bhattacharya-Chairman, EIRC were present in the seminar. A seminar on “GST Audit & Annual Return” was organised by EIRC on 1st November 2019 at its premises. CA Subham Khaitan was the guest speaker on the occasion. CMA Asish Banerjee-RCM, EIRC, CMA Biswarup Basu, Vice-President, CMA Pallab Bhattacharya, Chairman, EIRC, CMA C.R. Chatterjee, CCM, CMA Arundhati Basu, Chairperson, Members in Industry, EIRC were present in the seminar. The seminar highlighted the procedures to be followed during GST Audit and Annual Return. A seminar on MCA Progressive Reforms- Ease of Doing Business in India was organized by EIRC jointly with Bengal Chamber of Commerce & Industry on November 15, 2019 at J.N.Bose Auditorium, Kolkata. Shri D. Bandopadhyay, ICLS- Regional Director, Eastern Region - MCA, GOI was the Chief Guest and Shri K.G. Joseph Jackson, ICLS, Registrar of Companies, MCA, GOI was the special guest of honor. CMA Timir Baran Chatterjee, Chairman, Indirect Taxation, BCCI, CS Ravi Varma, CA Vivek Jalan were the speakers. The seminar highlighted on the different reforms undertaken by the Government for ease of doing business. CMA Arundhati Basu, Chairperson, Members in Industry- EIRC, CMA Pallab Bhattacharya, Chairman -EIRC, CMA Ashish Banerjee, RCM-EIRC, CMA C.R.Chatterjee, CCM, CMA Biswarup Basu, Vice President of the Institute were present in the seminar.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter organised a seminar on “Corporate Governance and CSR Activities under Companies Act, 2013” cum Career Awareness Programme jointly with the P G Department of Commerce, FM University, Balasore on October 25, 2019. To commemorate this Seminar, Quiz Competition and Debate Competition was also organised amongst the P.G. Students by the Chapter. CMA Saktidhar Singh, chairman of the chapter graced the seminar as “Guest of Honour” and highlighted the career prospects in CMA Course. Chairman, PG Council, F M University graced the seminar as “Chief Guest”. CMA Uttam Kumar Mohallik, member and guest faculty of the chapter was the resource person on the occasion and delivered details in the topic. The Chapter observed Rashtriya Ekta Diwas (National Unit Day) at its office premises on October 31, 2019 with reference to the communication received from the Institute. The observance was led by Shri H K Biswal, AAO of the Chapter along with other employees and few CMA students by taking pledge. The Chapter successfully organized a seminar on “Managing Risk by a Business Manager” on 31st October, 2019 at CMA Bhawan. Shri Kalyan Kumar Mazumdar, DGM, New India Assurance Company Ltd., Bhubaneswar inaugurated and graced the seminar as “Chief Guest”. He highlighted in brief the importance of insurance coverage to overcome the risk of damages/losses. Shri Sanjeeb Kumar Mohanty, Practicing Chartered Accountant & Insurance Surveyor, Bhubaneswar delivered on “Property Damage and Effective Handling of Insurance Claims”, Shri R.P.Samal, Retd. GM, New India Assurance Company Ltd and a Renowned Author delivered on “Invisible sides of Insurance Claims” and CMA Nilamani Mohapatra, Retd. Sr GM (Fin) and Past Chairman of the chapter delivered on “Underwriting of Industrial Risk-Issues and Challenges”. CMA Saktidhar Singh, chairman of the chapter delivered welcome & key note address. CMA Mukesh Chaubey, Chairman, Professional Development Committee of the Chapter facilitated the seminar and extended formal vote of thanks. The Chapter observed Vigilance Awareness Week at the premises of CMA Bhawan on November 1, 2019. With reference to the advice of Ministry of Corporate Affairs (MCA) vide letter dated 2nd September 2019 to create awareness about the progressive reforms undertaken by the Ministry for Ease of Doing Business in India for the year 2019 and subsequent communication from the PD Directorate of our Institute, the chapter successfully organized a seminar on “MCA Progressive Reforms - Ease of Doing Business in India” on 17th November, 2019 at CMA Bhawan, Nayapalli, Bhubaneswar. Shri Ananta Ku. Sethi, ICLS ROC-cum-Official Liquidator, Odisha, Cuttack inaugurated, graced and addressed in the seminar as “Chief Guest & Keynote Speaker”. He highlighted in brief about Ease of Doing Business in India. Dr. Mania Alpesh D, ICLS, Asst. ROC-cum-Asst. Official Liquidator, Odisha, Cuttack also graced and addressed on the topic as “Special Guest

and Resource Person” on the occasion. Rajen Padhi, Commercial Director, M/s B-One Business House Pvt. Ltd., Bhubaneswar and Shri Debasish Das, General Manager (Investment Promotion), IPICOL, Bhubaneswar delivered in details on the topic as the “Resource Person”. CMA Saktidhar Singh, chairman of the chapter delivered welcome & key note address. CMA Mukesh Chaubey, Chairman, Professional Development Committee of the chapter felicitated the seminar and CMA Ajay Kumar Samal, Member of MC and PD Committee of the chapter extended formal vote of thanks.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA RAJPUR CHAPTER

The Chapter organized a Round Table Discussion Meet on Alternative Source Energy - its Cost and Price on 2nd November, 2019 in association with Bharatyo Vidya Bhavan, Institute of Management Science at Kolkata. Dr. R.K. Patra, Principal of the IMS, BVB, welcomed the participants and the guest speakers. Dr. S.K. Mukhopadhyay of DVC was the key note speaker and CMA Manas Kr. Thakur, Past President was the special guest. Both elaborated the necessity of having alternative source of energy against conventional sources in the interest of survival of mankind. CMA S.N. Das, Chairman of the Chapter gave vote of thanks to the speakers in Inaugural Session. Prof(Dr.) Mohanlal Kohle, Professor, Smart Grid, University of Agder, Norway gave his speech over skype system detailing cost and price of conventional and non conventional energy and how they could be merged in a smart grid. Then Dr (Prof) Ratanlal Mandal, Asso. Prof (Energy Studies), Jadavpur University submitted his views in detail about different sources of non-conventional sources and their usability. Shri Anjan Kr. Dey, Executive Director (Systems), DVC about his experience in energy cost and price. Shri Shiladittya Bhawmick, Lead Engineer, Elec. Design, in M/s M.N.Dastur & Co.(P)Ltd and CMA Debdulal Chattopadhyay, Addl General Manager, WBSETCL also mentioned about problems in use of non-conventional sources in India and how to make best use of it.



NORTHERN INDIA REGIONAL COUNCIL

NIRC organized flag hoisting ceremony on the occasion of 73rd Independence Day on August 15, 2019 at CMA Bhawan. The Region conducted the pre placement programme on behalf of Training & Placement department of Institute from September 11, 2019 to September 22, 2019 who qualified CMA Final June-2019 term examination and registered at Delhi office for Placement. The program was inaugurated by CMA Inderpal Singh Sandhu, Director Finance –Handicraft and CMA Harkesh Tara, Vice Chairman-NIRC, Sandeep Goel, CMA Santosh Pant, RCM, CMA & CMA Manish Kandpal-RCM presented a highly motivating talk to the candidate to take up the challenges of the profession of the Institute in their career path. NIRC participated in Career Conclave organised by Delhi Govt. at Tyagraj Stadium, Delhi on October 21, 2019 to October 25, 2019. Hon'ble Dy. Chief Minister and Minister of Education, Govt. of Delhi Shri Manish Sisodia Ji was the chief guest of the conclave. The event aimed to create awareness and disseminate information regarding diverse fields of career, various opportunities available in the field of higher education to students of Class XII in Government schools of directorate of Education, Govt. of NCT, Delhi.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

The Chapter organised an Industrial visit to Agrawal Metals Pvt. Ltd. and Kajaria Tiles at Bhiwadi on 3rd and 4th October 2019 for CMA final pursuing students. During the visit, Chairman, CMA S.L. Swami, Past Chairman CMA Rakesh Yadav and Member CMA Ratan Lal Sharma also accompanied the students. Students were exposed to the Cost Accounting System in the operations of the industry. The chapter organised a seminar on GST and Securities Market on 12th October 2019 at its premises. In the beginning, chairman of the chapter, CMA S.L. Swami welcomed the speakers and the participants. In the first technical session, key speaker was CA Yash Daddha, a leading Practitioner. He explained in detail various changes made recently in GST Laws and also briefed about GSTR-9-C. In the second technical session, key speaker was CMA Dr. B.L. Gupta, Retd. Associate Professor and Controller of Examination, University of Rajasthan. He explained in details about Securities Market and Investment planning (2nd Series). The Program was conducted by secretary of the chapter, CMA Swapnil Bhandari. At the end of the program, executive member, CMA Harendra Kumar Pareek thanked speakers and the participants. The chapter organised a Campus Placement Program for June 2019 qualified CMAs on 11th November 2019 at its premises. In this program, AU Small Finance Bank and Genpact participated. Team of above companies comprised of officials from HR and Finance. The teams were welcomed by CMA Rakesh Yadav, Past Chairman, CMA Sudarshan Nahar Vice - Chairman and CMA P.D. Agrawal, Director of Coaching.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA UDAIPUR CHAPTER

The chapter organised a half-day seminar on "Direct tax code, GST update, Dialogue with Gurujans" and felicitation to student who secured position in the NYCO Examination conducted by NIRC. CMA C. K. Sancheti, chairman of the chapter gave introductory speech. He also apprised the members about various activities, achievements and latest developments of the Chapter. He welcomed all the Guest, office bearer of NIRC. Shri S. S. Devpura, Asstt. Commissioner (CGST) Chief Guest, spoke stressfully on subject of GST and gave latest updates about GST. CMA Anil Sharma Chairman, NIRC spoke about income tax and Direct Tax Code. CMA Harkesh Tara, Vice Chairman explained in detail on GST. CMA Rajendra Singh Bhati explained in detail on Direct-Tax Code and its importance for the Cost Accountants. CMA Shailendra Kumar Paliwal spoke on the CMA and future of students. CMA Harendra Kumar Parikh key note speaker on career counselling explained in detail about three stages of CMA course. At the end

of the session, CMA Dinesh Dargar proposed the vote of thanks to the Chief Guest Shri S.S. Devpura, CMA Anil Sharma Chairman of NIRC, CMA Harkesh Tara, Vice Chairman, NIRC, CMA Rajendra Singh Bhati, secretary of NIRC and other officials of NIRC, Gurujans, members of the chapter, ladies and students who participated in the programme.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA CHANDIGARH-PANCHKULA CHAPTER

The Chapter conducted continued education program on "Hedging foreign exchange exposure through use of derivatives" and "Motivational talk on how to be luckier" by the key note speakers, Dr Aman Chugh and CMA Sahil Dragan. The program was held at Chandigarh on 10th November 2019 and attended by a large number of CMAs. The chapter organized a career counselling programme at Govt Sr. Secondary school & DAV school at Kullu in association with NIRC on 8th November 2019. The program was attended by large number of students. The key note counsellors were CMA Bhavna Sharma from Chandigarh and CMA Vasudha from Kullu. 2nd Advance Workshop on IBC 2016 for Insolvency Professionals in association of the chapter was organised by Insolvency Bankruptcy Board of India at Chandigarh on 1st and 2nd of November 2019. The key note speakers were Dr Ashish Makhija, advocate, Mr Anil Katia-IP, Ms Aprana Gupta, Director Deloitte, Mr K.V. Jain-IP, Mr Nitin Kapoor-Director RICS, Mr Vinay Manchanda-Director Duff & Phelps.





SOUTHERN INDIA REGIONAL COUNCIL

SIRC organized study circle meetings on various dates of October 2019. As per the directive of Ministry of Corporate Affairs, Govt. of India, in Commemoration of 150th Birth Anniversary of Mahatma Gandhi Ji, on 2nd October, 2019, SIRC was engaged in cleaning the building premises as a tribute to the Great Soul who has practiced the cleanliness in true sense, throughout his life, in which Staff of SIRC and students took active participation. CMA H. Padmanabhan, Council Member, CMA Jyothi Satish, Chairperson-SIRC, CMA Rajesh SaiIyer, RCM-SIRC were also present for this 'Cleanliness' Campaign. As per the directives received from the Tax Research Department of the Institute to observe Direct Taxation Month throughout India from 5th September 2019 to 5th October 2019, SIRC organised a seminar on 'Income Tax and Direct Tax Code – Expectations Ahead' on 5th October, 2019 at its premises. Dr. G. M. Doss, IRS, Commissioner of Income Tax was the Chief Guest who also handled a session on 'Transfer Pricing'. The other Topics include 'International Taxation', 'Any other topics covering Capital Gains and Loss set off', 'Assessment Procedure', 'Taxation in Non Government/ Non Profit Organizations' & TDS Provisions and Case Study' which were handled by Smt. R. Anita, IRS, Senior Authorised Representative ITAT, Shri. T. Manimaran, IRS, Assistant Commissioner of Income Tax, Smt. R. Parameswari, Smt. Dhanalakshmi Ravikumar and Shri. R. Devarajan – Income Tax Officers respectively. The Campus Placement Programme for June 2019 Batch CMA Final passed candidates was organised at SIRC on 10th and 11th October, 2019, in which 7 Corporates namely L & T, ITC, Power Grid Corpn. of India, Wipro, Vedanta, Tube Investments and Maersk Global Service participated. As per the directive of Ministry of Corporate Affairs to create awareness about the progressive reforms undertaken by the Ministry for Ease of Doing Business in India, SIRC organised a Discussion Meeting on 'Ease of Doing Business in India' on 11th October, 2019 at its premises. Chief Guest for this event was Shri A. SeharPonraj, Registrar of Companies, Tamil Nadu, Andaman & Nicobar Islands, Chennai. Mrs. S. Meenakshi, Jt. Director – Southern Region, MCA, Chennai – Guest Speaker addressed the members on the topic. In connection with and as per the directions of President of the Institute on the occasion of 150th anniversary celebrations of Mahatma Gandhi in line with MCA GOI advice, SIRC organized a 'Blood Donation Camp' on 5th October 2019 at its premises.





THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

In Faculty meet, the committee focused on the points about syllabus completion, mock tests, Motivating Students, Career awareness Programmes on October 5, 2019. Senior Member, CMA D. Venkateswarlu, Practicing Cost Accountant explained about Costing & Pricing procedures in Fertilizer Industry on October 12, 2019. CA Subbareddy elaborated the points like Actions to be taken before 20th October, 2019, Check points for review of ITC, Disclosure to be made relating to RCM Transactions, Action points for outward tax liability, Reversals for Real Estate Industry on October 15, 2019. As per instructions received from the Institute, the chapter observed Rashtriya Ekta Diwas, also known as National Unity Day, on October 31, 2019 to commemorate the birth anniversary of Sardar Vallabhbhai Patel, the Iron Man of India. The programme was led by CMA Lavanya K.V.N, Chairperson of the chapter.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

The Chapter signed MoU on 25th October, 2019 with Hindustan College of Arts & Science, Coimbatore for conducting Intermediate Course at their College as Satellite Centre. The chapter chairman signed the MoU on behalf of chapter at the function held at the College. Vice Chairman and admin.officer were present at the function. Students of Hindustan College of Arts & Science, Coimbatore published books on Foundation course subjects. These books were released at a special function held at the College on 25th October, 2019 by Chairman and Vice Chairman. The College Principal, HOD Commerce Dept, staff were present. The Chairman, in his speech, applauded the students on their unique contribution. As per HQ circular, the chapter observed Rashtriya Ekta Diwas on 31st October, 2019. The Managing Committee Members, Staff and Students took the pledge followed by singing National Anthem. On 25th September, 2019, a career counselling programme was conducted by Chairman CMA K.Ravindran at Sankara College of Arts & Science, Coimbatore. Chairman CMA K.Ravindran addressed the students of Sri Ramakrishna College, Coimbatore on 27th September, 2019. The Chapter celebrated its Annual Inter-Collegiate Student Festival "COSMA FEST 2019" for Costing and Management Students on 21st September, 2019 at PSG Institute of Management, Avinashi Road, Coimbatore. The Student Festival was inaugurated by the Chief Guest Sri R.Ramamurthy, President, CODISSIA, Coimbatore and CMA Mrs.Jyothi Satish, Chairperson, SIRC of ICAI, Chennai was the Guest of Honour. While welcoming the dignitaries, chairman of the chapter, CMA K.Ravindran explained the role played by CMA professionals in strategic decision making. During the Inaugural Address Sri R.Ramamurthy, President, CODISSIA, Coimbatore called upon the cost and management professionals and the students to play an active role in supporting the numerous MSMEs in this region with their expertise. Guest of Honour CMA Jyothi Satish had urged the students to focus on Knowledge, Attitude, Skill and Hard work for coming out as successful CMA professionals. Students from various colleges actively participated in the day-long competitions in the field of Management show-casing their talents and knowledge. The valedictory session was presided over by Dr.S.Nirmala, Principal, PSGR Krishnammal College for Women, Coimbatore followed by cultural events by the students. The Chapter celebrated 150 year of Mahatma jointly with Suburban Matriculation Higher Secondary School, Coimbatore on 3rd October, 2019 at the School. As advised by Head Office,

celebration of Hindi Divas was conducted on 4th October, 2019. Our Chairman explained the importance of National language and advised our students to learn Hindi. As per HQ circular, a meeting of the students was held on 4th October, 2019 wherein our Chairman gave a lecture to the students on sanitation & hygiene and its importance. The Chapter arranged a one day workshop on 'Professional Empowerment' jointly with PSG College of Arts & Science College - Department of Commerce (CMA) on 11th October, 2019. As a part of 'Direct Tax Month' Celebration, a session is arranged on 'Tax Audit & Internal Audit' by MC Member, CMA Sathish. R. The chapter jointly with Government of India, Ministry of Corporate Affairs, Office of ROC, Coimbatore, Indian Chamber of Commerce and Industry, Coimbatore, ICAI Coimbatore Branch and ICSI Coimbatore Chapter organized a half day joint seminar on 12th October, 2019. The Seminar includes "Ease of Doing Business in India" & Interactive Meeting with Shri. M.R.Bhat, Regional Director, Southern Region, Ministry of Corporate Affairs, Govt. of India, Chennai and Professional Development Programme on "An overview of the Companies Amendment Act, 2019" addressed by Shri.R.Sridharan, Past President, ICSI, New Delhi followed "Latest Amendment to the Companies Act – A regulatory reform to enhance the ease of doing business" Address by Shri.G.Ramaswamy, Past President, ICAI, New Delhi. The Chapter Chairman, Secretary and past Chairman paid a visit to the Office of the Registrar of Companies, Coimbatore on 19th October, 2019 to honour Regional Director Shri. M.R. Bhat and Advisor - Cost Audit Branch, ShriDevendra Kumar. The Chapter organised a PD Programme in connection with Celebration of 'Direct Taxation Month' on the Topic 'Income Tax Act & Direct Tax Code' on 19th October, 2019. The Speaker CMA N. Ramesh Natarajan, Practising Chartered Accountant, Coimbatore gave a vivid lecture on the topic.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COCHIN CHAPTER

The Chapter celebrated observance of Rashtriya Ekta Diwas (National Unity Day) and took a pledge as directed by HQ on October 31, 2019. The programme was led by Mr.Vijesh M. V, co-ordinator of the chapter. The Managing Committee of the chapter decided to conduct Study Circle Meeting at the chapter for effective sharing of knowledge "Strategic Cost Management" among the members. The first meeting was held on 16th Nov 2019 on the topic "Time Driven Activity Based Costing". The programme was opened by CMA Thomas T.V, Chairman, P.D. Committee. The session was handled by CMA Padmakumar V. K., CFO, ACSIA Technologies.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA VISAKHAPATNAM CHAPTER

The Chapter conducted a professional development program on Assessment Procedures at CMA Bhawan, Visakhapatnam. CMA M.Ramakrishna, chairman of the chapter welcomed the dignitaries and delegates from various industry. Eminent and leading Chartered Accountant of the City Akula Chandra Sekhar delivered the lecture on the subject. CMA S.Siva Kumar, Vice-Chairman, CMA S.Ramprasad Secretary, CMA U Lakshmana Rao, member of the chapter gave the vote of thanks, CMA Uppalapati Parkash, past-chairman of the chapter and other members were also present on the occasion.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA THRISSUR CHAPTER

The chapter conducted felicitation programme for June 2019 term winners on 13th Oct 2019 at Nalinam Auditorium, Thrissur. Chief Guest Hon. Shri.K.Sanakaranarayanan, Former Governor–Maharashtra, Nagaland, Jharkand, Assam, Arunachal Pradesh inaugurated the function. President of the Institute, CMA Balwinder Singh presided over the function. CMA H. Padmanabhan delivered special address. Thrissur Chapter, Chairman CMA T.G.Sugunan welcomed the gathering, CMA Dr.P.V.S.Jagan Mohan Rao- SAFA President, CMA Jyothi Sathish- SIRC Chairperson, CMA Sankar.P.Panicker, SIRC Vice Chairman felicitated the winners. After the distribution of trophies and reply speech of students, the programme wound up with Vote of thanks by vice chairman, CMA Jagadish.A.D.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA MADURAI CHAPTER

The Chapter conducted a professional development program on October 18, 2019 at Madurai. The topic is 'E-assessment under the Income Tax Act, 1961'. CMA S Kumararajan, Chairman of the chapter welcomed the gathering. CMA Dr. M. Govindarajan, delivered the lecture on the topic. He briefly described the filing of returns. CMA A Arumugam gave the vote of thanks. After the professional development program was over, CMA T. Thavamani, who has been awarded 'Kalaimamani' by the Tamil Nadu Government for the current year for Karagattam, a folk dance of Tamil Nadu, was honored by the chapter.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

Commemoration of 150th Birth Anniversary of Mahatma Gandhi Ji – Swachh Bharat Abhiyann at Soudhamini Kalyanamantapa, 3rd Cross, New bank Colony, Konanakunte, Bengaluru on October 2, 2019. President of the Institute, CMA Balwinder Singh visited the chapter on October 3, 2019. CMA Sreepada H.R., Chairman, CMA Kumar H N, Secretary, CMA Satish R, Treasurer, CMA Manjula B.S. Vice Chair Person, CMA Ragavendra B.K- MC Member, CMA G.N.Venkataraman, Past President, CMA Pranabandhu Dwibedy, MC Member of the chapter were present at the programme. Communication Skills for oral students at the chapter premises were organised on September 25 and 26, 2019. Mrs.Keerthan, Mrs.Anuradha Mission Catalyst attended the programme. A seminar on Direct and Indirect Taxes at Hotel Paraag, Raj Bhavan Road, Bengaluru was organised on October 20, 2019. Shri. Ajay Saxena IRS, Principal Commissioner of Central GST & Customs, Shri.

Dr.S.V.S Prasad, IRS, Principal Commissioner of Income Tax, CMA Niranjan Mishra, Chairman, Indirect Taxation Committee, CMA Rakesh Bhalla, Chairman, Direct Taxation Committee, CMA, CA Gururaja Acharya, CMA, CA Jatin Christoper, Dr.B.V.Muralikrishna- Addl.Commissioner of Commercial Taxes, CMA Sreepada H.R., Chairman, CMA Kumar H N-Secretary, CMA Satish R – Treasurer, CMA Manjula B.S, Vice Chair Person, CMA Ragavendra B.K- MC Member, CMA Pranabandhu Dwibedy MC Member, CMA H.Padmanabhan, CCM & Chairman, Chapter Co-ordination Committee and CMA VishwanathBhat, Treasurer, SIRC attended the seminar. Karnataka State Level Chapters Meet , at Hotel Paraag, Raj Bhavan Road, Bengaluru was organized on October 20, 2019 and CMA H. Padmanabhan, CCM & Chairman, Chapter Co-ordination Committee, CMA Niranjan Mishra, Chairman, Indirect Taxation Committee, CMA Rakesh Bhalla, Chairman, Direct Taxation Committee, CMA Arup S Bagchi, Sr.Director, CMA Sreepada H.R., Chairman, CMA Kumar H N, Secretary, CMA Satish R, Treasurer, CMA Manjula B.S, Vice Chair Person, CMA Pranabandhu Dwibedy MC Member, CMA Ashok, Chairman-Mysuru Chapter and CMA Rajashekar M R, Hosur Chapter Chairman attended the Meet.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TRIVANDRUM CHAPTER

The chapter organised a professional development programme on 29th September 2019 on the subject “Avenues of CMA, under Companies Act, 2013”. The session was handled by CMA R Ram Ganesh, Company Secretary cum General Manager, Kerala State Backward Classes Development Corporation Ltd. The speaker vividly explained various provisions of companies Act 2013 where in service of CMAs are mandatory and other provisions where they linked at par with other professionals. The programme was very interactive and gave an insight into the avenues available to CMAs under companies Act. The meeting concluded with vote of thanks by CMA Ajith Kumar A, Chairman, PD Committee. The chapter jointly with the Institute of Company Secretaries of India, Trivandrum Chapter organized a professional development programme on November 3, 2019 at CMA Hall of the chapter. The meeting was presided over by CMA Joseph Louis, chairman. The subject of discussion was “Prohibition of Benami Property Transaction Act, 1988 and handled by CA P.T. Joy, Practicing Chartered Accountant from Cochin. CMA Prasanth S, Vice Chairman of the chapter welcomed the gathering. The speaker discussed the implications of each provisions of the Act and explained how a dormant Act acquired nail and teeth through amendments of 2016 under the guidance of late Sri Arun Jaitley the then law Minister. The meeting concluded with vote of thanks by CMA R Ram Ganesh, Treasurer, ICSI, Trivandrum Chapter. The Chapter observed “Rashtriya Ekta Diwas” (National Unity Day), the birth anniversary of Late Sardar Vallabhbhai Patel on 31st October 2019. Members, Faculties, Staff and Students took Rashtriya EktaDiwas Shapath (Pledge) followed by a collective singing of the National Anthem.





WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a CEP programme on the topic “Get Smart with Money” on 17th November 2019 at K.B. Patil College, Vashi. The Chairman CMA Sirish Mohite welcomed the speaker CMA Akaanksha Khare and the audience and thanked them for taking their valuable time for attending the CEP. The PD Committee Chairman of the Chapter, CMA Vivek Bhalerao introduced the speaker to the audience and the programme commenced with the speaker discussing the various avenues in financial planning. A large number of professionals and students participated in the programme. The lucid presentation came to an end with the speaker being felicitated by CMA Vinod Jadhvani along with the Chapter Chairman CMA Sirish Mohite and managing committee members. CMA B N Sapkal, past chairman of the chapter proposed the vote of thanks. The Chapter conducted a CEP programme on the topic “GST Sabka Vishwas Legacy Dispute Resolution Scheme (SVLDRS)” on 20th October 2019 at K.B. Patil College, Vashi. The speaker for this event was CMA Amit Sarker, Senior Director Deloitte

Haskins & Sells LLP. The PD Committee Chairman of the Chapter, CMA Vivek Bhalerao introduced the speaker to the audience and the programme commenced with the speaker delving into the intricacies in the GST SVLDR Scheme, 2019. The interactive workshop came to an end with the speaker being felicitated by CMA Harilyer. CMA Ajay Mohan, secretary of the chapter proposed the vote of thanks.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE-DEWAS CHAPTER

The Chapter celebrated the felicitation program for CMA passout students of June'19 with communication & soft skills training on 14th November 2019. Chairman of the chapter, CMA Aniruddh Gupta organized a felicitation program ceremony and communication & soft skills training at Indore. Mr. Sant Saran Mantri, Commissioner of Income Tax (Appeal) Indore, Ms. Aarti Maheswari, Fit India Ambassador, Ms. Sheetalji, Educator and Motivational Trainer, Brown Sir, Soft skill and Corporate Trainer were the chief guests of the programme.





THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

The chapter organized CEP, Lecture meeting on The Companies (Cost Records and Audit) Amendment Rules, 2019 on 23rd October'2019. CMA Haren Bhatt, Chairman welcomed speaker CMA Ashwin Dalwadi, CMA Ashish Bhavsar and participants. CMA Ashwin Dalwadi and CMA Ashish Bhavsar presented and explained various points on subject. There was very healthy interaction between participants and speakers.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BARODA CHAPTER

The Chapter arranged Swachh and Swasth Bharat pakhawadia on 02nd October 2019.



DIRECT & INDIRECT TAXES UPDATES - NOVEMBER 2019



CMA Rakesh Bhalla

Central Council Member
Chairman, Direct Tax Committee
Member, Indirect Tax Committee
The Institute of Cost Accountants of India

DIRECT TAXES UPDATES

Recent circulars/ notifications/ rules/ clarifications/ News

- » **CBDT notifies Form 16D (certificate of deduction of tax at source) and 26QD (challan-cum-statement) in relation to section 194 M (deduction of tax at source for contractual or professional payment by Individual or HUF) (Notification No. 98/2019 dated 18th November 2019)**
- » **Aadhar allowed to be used instead of PAN in income tax forms (Notification No. 95/2019-Income Tax [G.S.R. 825(E)] dated 06th November 2019)**
- » **The provisions of clause (x) of sub-section (2) of section 56 shall not apply to any immovable property, being land or building or both, received by a resident of an unauthorised colony in the National Capital Territory of Delhi (Notification no. Notification No. 96/2019 [G.S.R. 836(E)] dated 11th November 2019)**
- » **CBDT notifies Special Court for trial of offences under section 280A of Income-tax Act, 1961 (Notification No. 87/2019 dated 5th November, 2019)**
- » **CBDT Chairman inaugurates Web Portal for exchange of information on Income Tax Website. The Web Portal consolidates all the relevant Automatic Exchange of Information (AEOI) related information at one place for convenient access by financial institutions, Departmental officers as well as public at large (Release ID: 1593094 dated 22nd November 2019)**
- » **Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 issued by IBBI on 20th November, 2019 (Notification no. IBBI/2019-20/GN/REG051 dated 20th November 2019)**
- » **Mis International Centre for Research in Agroforestry, NASC Complex, Delhi (ICRAF) (PAN:- AAATI4803K) has been approved by the Central Government for the purpose of section 35(I)(ii) of the Income-tax Act 1961 from AY 2019-2020 onwards in the category of 'Scientific Research Association' (Notification no. 99/2019 dated 27th November 2019)**
- » **Cabinet approves Taxation laws (Amendment) bill, 2019**

Income Tax Compliance calendar – December 2019

Date	Things to remember
7th December	<p>Due date for deposit of Tax deducted/collected for the month of November, 2019. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan</p>
15th December	<p>-Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of November, 2019 has been paid without the production of a challan</p> <p>-Third instalment of advance tax for the assessment year 2020-21</p> <p>-Due date for issue of TDS Certificate for tax deducted under section 194-IA & 194IB in the month of October, 2019</p> <p>-Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of November, 2019</p>
30th December	<p>-Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA & 194IB in the month of November, 2019</p> <p>-Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of November, 2019</p> <p>-Furnishing of report in Form No. 3CEAD for a reporting accounting year (assuming reporting accounting year is January 1, 2018 to December 31, 2018) by a constituent entity, resident in India, in respect of the international group of which it is a constituent if the parent entity is not obliged to file report u/s 286(2) or the parent entity is resident of a country with which India does not have an agreement for exchange of the report etc.</p>

Important cases decided

- » **Condonation of delay is acceptable if respondent not refuted the same- condonation delay of 1754 days accepted (Senior Bhosale Estate (HUF) Vs ACIT (Supreme Court of India)- 07/11/19)**

- » **Section 54 deduction (Capital gains) cannot be denied for mere non – deposit in Capital gain account. (Venkata Dilip Kumar, Kartha-HUF Vs CIT (Madras High Court)- 05/11/19)**

INDIRECT TAXES UPDATES

GST

- **GST Compliance Calendar – Returns for the M/O November 2019 to be filed in December 2019**

Return		Last Date
GSTR-1	Outward supply for the month of November 2019	11th December 2019
GSTR-5	Non-resident foreign taxpayers return for the month of November 2019	20th December 2019
GSTR-6	Input service distributor for the month of November 2019	13th December 2019
GSTR-7	Tax Deducted at Source for November 2019	10th December 2019
GSTR-8	Tax Collected at Source by e-commerce operator for November 2019	10th December 2019
GSTR-3B	Summary return tax payment for the month of November 2019	20th December 2019
GSTR- 9 & 9C	Annual return for F.Y. 17-18	31st December 2019

Notifications and Circulars

ITC restrictions when details of invoices not uploaded, clarified: CBIC has clarified in respect of recently inserted provision relating to restrictions for taking ITC when details of invoices or debit notes are not uploaded by the suppliers. As per Circular, the availment of restricted credit in terms of sub-rule (4) of Rule 36 of CGST Rules shall be done on self-assessment basis by the tax payers, and the restriction, applicable only on the invoices / debit notes on which credit is availed after 09-10-2019, will be applicable only in respect of those invoices / debit notes, details of which are required to be uploaded by the suppliers under Section 37(1). **(Circular No. 123/42/2019-GST, dated 11-11-2019)**

GST annual returns for 2017-18 to be filed by 31-12-2019: Registered person, other than an Input Service Distributor, a person paying tax under Section 51/52, a casual taxable person and a non-resident taxable person, can now furnish GST annual return / reconciliation statement in **FORM GSTR-9/FORM GSTR-9C, for the period from the 1st July, 2017 to the 31st March, 2018, by 31st of December 2019.,** the said returns for the period from the 1st April, 2018 to the 31st March, 2019 shall be furnished by 31st of March, 2020. **(Order, 2019, dated 14-11-2019)**

Optional filing of GST annual return clarified: Clarifying through about optional filing of annual return by the assesseees whose aggregate turnover in a financial year does not exceed INR 2 crores, CBIC has stated that the tax payers, may, at their own option file Form GSTR-9A for 2017-18 and 2018-19 before the due date. It states that the common portal will not permit furnishing of the return after the due date. The Circular also clarifies

that if any registered taxpayer, during course of reconciliation of his accounts, notices any short payment of tax or ineligible availment of input tax credit, he may pay the same through Form GST DRC-03. **(Circular No. 124/43/2019-GST dated 18-11-2019)**

Job work – Rate of tax clarified: Relying on definition of 'job work' provided in Section 2(68) of the CGST Act, CBIC has clarified that Entry at item (id) under Heading 9988 of Notification No. 11/2017-Central Tax (Rate) covers only job work services as defined in said provision, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person. Circular also states that Entry at item (iv) covers only such services which are carried out on physical inputs which are owned by persons other than those registered under the CGST Act. **(Circular No. 126/45/2019-GST, dated 22-11-2019)**

CBIC implements digitalDIN for correspondence with taxpayers: CBIC has implemented a system of digital generation of Document Identification Number (DIN) for all communication sent by its offices to taxpayers. This will create a digital directory for maintaining an audit trail of such communication., no authorization, summons, arrest memos, inspection notices and letters in the course of an inquiry shall be issued on or after 8-11-2019 **(Circular No. 37/2019-Cus. and Circular No. 122/41/2019-GST, both dated 5-11-2019)**

Case Laws

GST transitional credit – Non-filing of TRAN-1 by 27-12-2017 not fatal: Observing that there was no intention to deny carry forward of unutilized credit of duty/tax already paid, on the ground of time limit, Punjab & Haryana High Court has directed the Revenue department to allow petitioners to file or revise incorrect TRAN-1 either electronically or manually before 30-11-2019. Credit was held as vested right which cannot be taken away on procedural or technical grounds. Reiterating the findings in the Gujarat High Court and Delhi High Court decisions, the Court observed that department was at liberty to verify genuineness of claim of petitioner, but nobody shall be denied to carry-forward legitimate claim of Cenvat credit / ITC on the ground of non-filing of TRAN-1 by 27-12-2017. It noted that most people in India are not well conversant with the electronic mechanism. **[Adfert**

Technologies v. UoI – Judgement dated 4-11-2019 in CWP No.30949 of 2018(O&M), Punjab & Haryana High Court]

GST transitional credit permissible of accumulated credit of Education Cesses and Krishi Kalyan Cess: Madras High Court has allowed GST transitional credit in respect of accumulated credit of Education Cess, Secondary and Higher Education Cess and Krishi Kalyan Cess. It rejected the contention that the accumulated credit of cesses is dead and gone. The High Court noted that there is no notification/circular/instruction that expressly provides that credit of such cesses would lapse. It also noted that the credit was carried forward and reflected in the returns and that the department having permitted the assessee to carry forward the credit, cannot now take a stand that such credit is unavailable for use. **[Sutherland Global Services P. Ltd. v. Assistant Commissioner – Order dated 5-9-2019 in Writ Petition No. 4773 of 2018, Madras High Court]**

Good seized due to expiry of e-way bill cannot be released on indemnity bond: Uttarakhand High Court has declined to accede to petitioner's request for release of vehicle and goods seized on merely furnishing an indemnity bond. It observed that it would be inappropriate to issue a direction contrary to provisions of Section 129 of the CGST Act, 2017 which stipulates that goods can only be released on furnishing a bank guarantee. The goods were seized due to expiry of e-way bill while the goods were still in transit. The delay, as per assessee, was not deliberate and had occurred because of traffic diversions on account of Dussehra festival **[Livguard Energy Technologies (P) Ltd v. State of Uttarakhand – 2019 VIL 554 UTR]**

Presence of lawyers cannot be allowed during examination by GST officers: Delhi High Court has held that presence of lawyer cannot be allowed at the time of questioning or examination of a person by the officers under the GST provisions. The Court observed that officers under GST law are not police officers and have been conferred power to summon any person whose attendance they consider necessary to give evidence or to produce a document. Regarding the apprehensions of petitioner being physically assaulted or manhandled, the Court was of the opinion that it is well settled law that no investigation officer has a right to use any method which is not approved by law to extract information from a witness/suspect during examination. Supreme Court's decision in *Pool Pandi v. Superintendent, Central Excise*, was relied upon. **[Sudhir Kumar Aggarwal v. Directorate General of GST Intelligence – 2019 VIL 557 DEL]**

Mere providing place to consume food not prepared there is not restaurant services: - Kerala AAR has held that where a bakery sells ready to eat items and provides a place to consume them, but the food is not prepared in the premises, the service will not amount to restaurant services for purposes of GST. The AAR held that a restaurant is a place of business where food is prepared within the premises and served based on the orders received from the customer. The Authority also

held that products sold in the ready to eat form are liable to be taxed at the respective rates specified according to their HSN. **[Square One Homemade Treats – 2019 VIL 413 AAR]**

GST on expenses incurred by employees on behalf of employees and on remuneration to Directors: An advance ruling was sought on (a) whether the expenses incurred by the employees on behalf of the company exceeding Rs.5000/- a day and then reimbursed periodically are liable to tax; and (b) whether GST under reverse charge (RCM) is applicable on remuneration paid to the Directors. AAR Karnataka, relied on Clause 1 of Schedule III of the CGST Act, 2017 and the definition of 'consideration', and held that the amount paid by the employees to the supplier of services was covered under the term 'consideration' as if it was paid by the applicant-company for the services received by them on behalf of the company. Accordingly, it was held that the amount reimbursed by the applicant to the employees will neither be a supply of goods nor supply of services. With respect to applicability of GST under RCM on remuneration paid to the directors, it was held that since the directors are not the employees of the company, the services provided by them will be liable to GST. The AAR was of the view that the applicant will be liable to pay GST under RCM on such services as per Serial No. 6 of Notification No. 13/2017-Central Tax (Rate). **[Alcon Consulting Engineers (India) Pvt. Ltd. – 2019 VIL 363 AAR]**

Customs

Deemed export drawback can be claimed on All Industry Rate: Drawback on the inputs used in manufacture and supply as per para 7.03(b) of the Foreign Trade Policy (deemed exports) can now also be claimed on 'All Industry Rate' of Duty Drawback Schedule notified by Department of Revenue, provided Cenvat credit has not been availed by the supplier of goods on excisable inputs. DGFT has amended, with effect from 5-12-2017, para 7.06 of FTP relating to conditions for refund of deemed export drawback. Consequential amendments have also been made for this purpose in paras 7.02 and 7.06 of Handbook of Procedures Vol.1. **(Notification No. 28/2015-20 and Public Notice No. 40/2015-20)**

Export policy for onions revised: Earlier, the Central Government had imposed prohibition on export of onions vide Notification No. 21/2015-20, dated 29-9-2019. Now, the export policy condition has been amended to provide for export of Bangalore Rose Onions covered under item description of Serial Number 52 of Chapter 7 of Schedule 2 of ITC (HS), upto a quantity of 9000 MT, for the period up to 30th November, 2019. The aforesaid exports will be allowed subject to obtaining a certificate from the Horticulture Commissioner, Government of Karnataka certifying the item and the quantity of Bangalore Rose Onions to be exported. **(Notification No. 27/2015-20, dated 28-10-2019)**

Case Laws

Valuation - Evidentiary value of export declarations, public ledger, commodity trade statistics data: CESTAT Chennai has held that the transaction value adopted by the importer cannot

be rejected merely based on export declarations received from Turkish Customs, public ledger and Commodity Trade Statistics Data (Comtrade). It noted that the Tribunal, while disposing of a batch of cases in regard to similar imports of the very same goods and where similar evidence was adduced by Department, had held that the transaction value cannot be rejected on the basis of such evidence. **(Haji Sumar and Diamond Traders v. Commissioner – 2019 TIOL 3301 CESTAT MAD)**

Interest on delayed refund - Wrong/excessive collection of duty is not 'deposit': Madras High Court has held that an amount determined as 'duty' by processing the bill of entry and collected by the revenue department can never be termed as a 'deposit'. It observed that 'deposit' is either offered by importer on their own or in compliance pending disposal of proceedings as an interim measure whereas 'duty' is a statutory liability collected as revenue. The Court hence allowed interest on delayed refund of the amount so collected earlier by the department. The Court observed that wrong or excessive collection of duty cannot make such collection as 'deposit' in the hands of the revenue department so as to escape the clutches of Section 27A of Customs Act, 1962. Further, taking note of the fact that there was no factual dispute between the parties except on the nomenclature of the amount paid by the petitioner, the High Court held the writ petition filed against adjudication order was maintainable. **(Global United Shipping (I) Pvt. Ltd. v. Asst. Commissioner – 2019 VIL 515 MAD CU)**

Mis-declaration by SEZ – Permission based on project report to be relied: Relying on the permission which was granted in terms of project report made before the Development Commissioner, which stated that the SEZ unit was permitted to import garments that were almost new but could be out of fashion in terms of time as far as the country of production is concerned, CESTAT Ahmedabad has set aside the confiscation of goods under Section 111(m) of the Customs Act, 1962. The Tribunal though noted that new clothes imported could not be called rags and hence there was mis-declaration, it observed that the letter of permission was specifically issued referring to the project report and also permits the assessee to manufacture reconditioned clothing. Further, confiscation under Section 111(d) was also set aside observing that no testing was done by the department. **(Texool Wastesavers v. Commissioner – 2019 VIL 710 CESTAT AHM CU)**

Central Excise, Service Tax & VAT

Case Laws

Cenvat credit on outdoor catering activity and rent-a-cab services: Observing that definition of input service was very wide and that the only condition precedent was that it should be the activity relating to business, CESTAT Mumbai has allowed Cenvat credit on outdoor catering services and rent-a-cab services for the period 2007-2010. It noted that outdoor catering services was availed for the clients who visited the office for business meeting during business hours

and not as personal or welfare measure for its employees. The expense was not recovered from employees and was debited in profit and loss account. In respect of rent-a-cab services, the Tribunal noted that the said service, for attending business meetings, was availed before 2011 and was an expenditure in relation to business. **(Mediacom Media India Pvt. Ltd. Vs. Commissioner – 2019 VIL 625 CESTAT)**

Bees wax – Washing, melting and packing not amount to 'manufacture': CESTAT Mumbai has held that merely because certain processes are carried out on the raw bees wax to make the product in a presentable and better marketable form, without significant change in the character and use between the raw bees wax and the cleaned/purified bees wax, the processes undertaken cannot result in manufacture. Relying on the decision of the Supreme Court in the case Shyam Oil Cake Ltd., the Tribunal observed that merely because the product bees wax was mentioned under chapter sub-heading 1507, it cannot be considered that the processes carried out on the raw bees wax resulted in 'manufacture' within the definition of Section 2(f) of Central Excise Act, 1944. **[Shree Laxmi Textile Processors Pvt. Ltd. v. Commissioner 2019 TIOL 2755 CESTAT MUM]**

Cenvat credit on motor vehicles – No need for exclusive use in listed services: CESTAT Hyderabad has held that as long as the assessee used motor vehicles for rendering Cargo Handling Services on which they had paid service tax, they were entitled to Cenvat credit on such motor vehicles as capital goods. The Tribunal was of the view that the motor vehicles need not be used exclusively for providing cargo handling or other listed services, and that mere fact that the assessee had also used such motor vehicles for some other purposes did not deprive them of their Cenvat Credit. Observing that show cause notice had not brought forth any evidence that the vehicles in question were not used for cargo handling services, the Tribunal rejected the department's view that the vehicles were used for Port services which was the main service of the assessee. **[Srinivasa Transports v. Commissioner – 2019 VIL 708 CESTAT HYD ST] MA**

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Information Source - *M/s LKS, CBIC.gov.in., various internet websites including Income tax website, Dailyhant, Deloitte, livemint.com, related links and various notifications, circulars, orders, press releases and other sources-many thanks to all.*

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