THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

November 2019 | VOL 54 | NO. 11 | Pages - 124 | ₹ 100

REAL ESTATE INVESTMENT AND CAPITAL MARKETS

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

www.icmai.in

- **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*

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

Headquarters
CMA Bhawan, 12 Sudder Street
Kolkata - 700016

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

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

Delhi Office
CMA Bhawan, 3 Institutional Area
Lodhi Road, New Delhi - 110003

CONTENTS

Special Article

November VOL 54 NO.11 ₹100

INSIDE

Cover Story

November 2019

Digital Transformation

Interview

Cost - Optimization

*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.

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

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

PRINTER & PUBLISHER - Dr. Ketharaju Siva Venkata Sesha Giri Rao
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

PRINTED AT - Spenta Multimedia Pvt. Ltd., Plot 15, 16 & 21/1 Village - Chikhloli, Morivali, MIDC, Ambernath (West), Dist: Thane - 421505
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

PUBLISHED FROM - The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

CHAIRMAN, JOURNAL & PUBLICATIONS COMMITTEE - CMA (Dr.) K Ch A V S N Murthy

ENQUIRY

- **Articles/Publications/News/Contents/Letters/Book Review/Enlistment**
  editor@icmai.in
- **Non-Receipt/Complementary Copies/Grievances**
  journal@icmai.in
- **Subscription/Renewal/Restoration**
  subscription@icmai.in
- **Research/Collaboration/Association/Promotion/Events**
  research@icmai.in

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

The Management Accountant technical data

Periodicity : Monthly
Language : English

Overall Size: - 26.5 cm x 19.5 cm

Subscription
Inland: ₹1,000 p.a or ₹100 for a single copy
Overseas: US$ 150 by airmail

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

Contacts for Advertisement inquiries:

Mumbai
Rohit Bandekar
rohitb@spentamultimedia.com
+91 99872 79990

Delhi
Vikas Hajela
vikash@spentamultimedia.com
+91 98100 34830

Chennai
Shoba Rebecca
shoba@spentamultimedia.com
+91 98840 55523

Bengaluru
Sandeep Kumar
sandeep@spentamultimedia.com
+91 98868 70671

Kolkata
Pulak Ghosh
pulak@spentamultimedia.com
+91 98313 42496

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

Editorial

The real estate sector is one of the most globally recognized sectors. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

The Indian real estate sector has witnessed high growth in recent times and is expected to contribute 13 per cent of the country's GDP by 2025. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.Buyers and investors who were earlier undecided, are now actively looking for homes, as the overall real estate market in the country has seen an upward movement.

The Indian real estate and construction sector has witnessed both disruption as well as optimism with a slew of reforms being implemented. Rapidly evolving technology is redefining how real-estate business is conducted and managed in India. Real estate operators are progressively exploring opportunities to harness this 'big data' and develop building automation and resource management systems for commercial and private spaces to maximise comfort, environmental quality and sustainability. Despite all this, there is a strong need for public-private-partnerships and private ventures for improving efficiencies in the real estate ecosystem.

The three major reforms in the recent past – the introduction of GST, the launch of RERA (Real Estate Regulation Act, 2016) and the grant of infrastructure status to affordable housing properties – have had a massive and positive impact on the industry. Today, the results of the RERA can be seen – it has increased transparency in real-estate deals, improved accountability of builders, which in turn has led to increased demand from buyers.GST has made it easy to do business in the country, seeing a marked increase in infrastructure developments and other real-estate projects.

The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Under the Pradhan MantriAwasYojana (PMAY) Urban, more than 8.09 million houses have been sanctioned up to May 2019.The government's vision of "Housing for All by 2022," and the grant of infrastructure status to compact, affordable residential homes saw an increase in the demand for low-cost homes.

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform, which will help in allowing all kinds of investors to invest in the Indian real estate market. Responding to an increasingly well-informed consumer base and bearing in mind the aspect of globalisation, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Developers have also undergone major transformations, and the leading and most trusted developers are looking to provide their valued clientele with added value and holistic living experience.

Generally, real estate or construction sector is known for high degree of uncertainty exposed with cost escalation and a commitment in completing projects, however, it requires a clear and tight control of costs at every stage to run on the wheel of profits. CMAs here can play crucial role in real estate accounting and strategic decision-making. The CMA practitioners are authorized to act as "Valuer" in respect of financial valuation under section 2(zz) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended on November 30, 2016. As per Section 56 of the Real Estate (Regulation and Development) Act, 2016, Right to Legal Representation – the applicant or appellant may either appear in person or authorize CMA to represent his or its case before the Appellate Tribunal or the Regulatory Authority or the adjudicating officer, as the case may be.

This issue presents a good number of articles on the cover story theme ***'Real Estate Investment and Capital Markets'*** by distinguished experts and authors. To make the issue more informative and stimulating we have included ***Special Article*** related to a significant event of recent times.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.

विद्याविनियोगाद्विकासः

IIM AHMEDABAD

Executive Education
Indian Institute of Management Ahmedabad

STRATEGIC COST MANAGEMENT

JANUARY 20 - 24, 2020

Taking managerial decisions today has become complex due to the challenging economic times faced by businesses today. Thus, it is critical to manage costs and aligning them with the business strategy to cope with the challenges. In view of that, this programme aims to develop understanding of various costing systems in different strategic decision situations and also acquaint participants with the contemporary issues in costing systems.

PROGRAMME HIGHLIGHTS

- Relevant costs for different decision - making situations
- Activity-based costing & management & customer profitability analysis
- Profit centres / SBUs and issues related to transfer pricing and profitability
- Budgeting
- Performance evaluation using strategic variance analysis
- Role of costing in managing organizational performance

WHO WOULD IT BENEFIT?

Functional/departmental heads involved in strategy formulation and implementation in various functional areas of Operations, Production, Quality Control, Marketing, HR, Accounting, Costing, Corporate Finance, etc.

FACULTY

Prof. Shailesh Gandhi
(Faculty Chair)

Prof. Rajendra Patel

FOR PROGRAMME DETAILS, VISIT website: www.iima.ac.in/exed
INDIAN INSTITUTE OF MANAGEMENT AHMEDABAD, VASTRAPUR, AHMEDABAD – 380 015, INDIA.
Phone: +91-79-6632 4461, 66 & 72 FAX: +91 -79-2630 0352
E-mail: exed@iima.ac.in

THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

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

Month		Theme		Subtopics
December 2019	Theme	Startups and Entrepreneurship	Subtopics	• Technological transformations and diversities in Start ups • Startup India – the next big theme for Economic Growth • Challenges faced by Startups in India • Angel Investment Ecosystem in India • Edtech Startups: a Ray of Hope for transforming the Learning Experience • Healthcare Startups: Fitness & Wellness • Fintech Startups : paving way for a financially smart India with Global Recognition • AgriTech Startups: leading India's next green revolution • Identifying opportunities for growth and addressing constraints for successful, innovative Startups and Entrepreneurship - Role of CMAs
January 2020	Theme	Steering Transformation in Banking	Subtopics	• 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	• 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	• 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

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.

DIRECTORATE OF JOURNAL & PUBLICATIONS

CMA Bhawan, 4th Floor, 84 Harish Mukherjee Road, Kolkata - 700025, India

Board: +91 33 2454 0086 / 87 / 0184 Tel-Fax: +91 33 2454 0063

www.icmai.in

PRESIDENT'S COMMUNIQUÉ

CMA Balwinder Singh
President
The Institute of Cost Accountants of India

> *"Vidhya Vichari Te Parupkari – Contemplate and reflect upon knowledge you will become benefactor to others"*
>
> ***– Adi Sri Granth Sahib***

My Dear Professional Colleagues,

Global Summit 2020

I am pleased to announce that the Institute is organizing a knowledge-sharing forum in the form of **Global Summit** on **9th -11th January 2020** at 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. In today's business environment, 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 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. About 2,000 delegates, including 150-200 foreign delegates, are expected to participate. I earnestly request all the members of the Institute to attend this Global Summit of the Institute in large numbers to show the strength of CMA profession.

16th National Awards for Excellence in Cost Management-2018

I am pleased to inform that the Institute has successfully conducted the award presentation ceremony of 16th National Awards for Excellence in Cost Management on 25th October 2019 in New Delhi. **Shri Anurag Singh Thakur, Hon'ble Union Minister of State for Finance and Corporate Affairs** graced the occasion as **Chief Guest** and **Shri Subhash Chandra Garg, Secretary, Ministry of Power** as **Guest of Honour** of the awards presentation ceremony.

Hon'ble Minister Shri Anurag Singh Thakur and Shri Subhash Chandra Garg, Secretary, Ministry of Power has presented National Awards for Excellence to 26 awardees. I congratulate all the Awardees for their excellent performance and look forward to the Corporates to inculcate the culture of Cost Optimization.

Hon'ble Minister while presenting the 16th National Awards for Excellence in Cost Management 2018 has appreciated the efforts made by the Institute to recognise the significant role of CMA profession in the growth of Indian Economy. He appreciated the CMA fraternity for the skills and efforts and providing excellent support to the Government Initiatives.

Guest of Honour, Shri Subhash Chandra Garg appreciated the efforts made by the Institute to recognise the significant role of CMA Profession. He expressed his satisfaction that the Institute has grown and he is proud to be a fellow member of the Institute.

India ranks 63 in World Bank's Ease of Doing Business Index

I take this opportunity to congratulate the Government of India for all its initiatives leading to improvement in the rank of the Country to 63rd in 2019 survey of World Bank. The World Bank released its latest Doing Business Report (DBR, 2020) on 24th October 2019. India has recorded a jump of 14 positions against its rank of 77 in 2019 to be placed now at 63rd rank among 190 countries assessed by the World Bank. India's leap of 14 ranks in the Ease of Doing Business ranking is significant considering that there has been continuous improvement since 2015 and for the third consecutive year India is amongst the top 10 improvers. As a result of continued efforts by the Government, India has improved its rank by 79 positions in last five years.

Companies (Cost Records and Audit) Amendment Rules 2019

The Ministry of Corporate Affairs (MCA), Government of India issued Companies (Cost Records and Audit) Amendment Rules 2019. Taking swift action, the Institute took up the matter with Advisor (Cost), Ministry of Corporate Affairs for early release of XBRL tool and extension of date of filing of CRA-4. Consequently, the circular for the same was issued by the MCA. Ministry of Corporate Affairs has issued a Beta version of XBRL Tool on the XBRL Portal for stakeholders to validate their instance documents for Costing Taxonomy 2019. Interested stakeholders may visit http://www.mca.gov.in/XBRL/index.html. The consolidated document of Cost Rules updated up to this amendment has also been uploaded on the Institute's website for convenience of stakeholders.

Meeting with VIPs

I am happy to share that I along with CMA Chittaranjan Chattopadhyay, Chairman, Banking & Insurance Committee, CMA Neeraj Joshi, Chairman, Cost Accounting Standards Board and CMA (Dr) Ashish P. Thatte, Chairman International Affairs Committee met Shri Pallav Mahapatra, Managing Director and CEO of Central Bank of India on 23rd October 2019 and discussed the role of Cost Accountants in Banking Sector and also submitted various representations for his kind consideration.

I am pleased to inform that CMA Biswarup Basu, Vice President and CMA Chittaranjan Chattopadhyay, Council Member of the Institute felicitated Dr. Sugata Marjit, Professor of Indian Institute of Foreign Trade (IIFT) and former Vice Chancellor of Calcutta University. In another meeting, CMA Chittaranjan Chattopadhyay, Council Member, CMA Harijiban Banerjee, Past President felicitated CMA Dipankar Das Purakayastha, MD & CEO of ABP Pvt. Ltd.

I am pleased to share that CMA Chittaranjan Chattopadhyay, Council Member, CMA Raju Iyer, Council Member and CMA S.C. Gupta, Secretary (Acting) of the Institute extended greetings to CMA Amitabh Banerjee, Managing Director, Indian Railway Finance Corporation Ltd on 24th October, 2019.

Students Felicitation and events at Thrissur

I am delighted to share that I had an opportunity to be present at the felicitation programme organized by Thrissur Chapter and Profinz Extension Centre of Thrissur Chapter for the successful students on 12th and 13th October 2019 at Thrissur, Kerala. Ms. Mereena Paul, Co-Founder & HR Head, ESAF Small Finance Bank graced the occasion as Chief Guest and Shri C P Gireesh, CFO ESAF Small Finance Bank as Guest of Honour on 12th October 2019 in the event organised by Extension Centre of Thrissur Chapter. Shri K Sankaranarayanan Ex-Governor of Maharashtra, Nagaland & Jharkhand inaugurated the event on 13th October, 2019 organised by Thrissur Chapter. The award to the candidate securing first position in the essay competition was also presented in the event.

A member meet with the President was organized by the Thrissur Chapter on 12th October 2019 where various initiatives taken by the Institute for the growth of the Profession and steps to enhance the services to the members and students were discussed at length.

Further, I got the opportunity to flag off Go Green walk organized by the extension center of Thrissur Chapter.

CMA H Padmanabhan, Council Member, CMA Dr. PVS Jagan Mohan Rao, President SAFA, CMA Jyothi Satish, Chairperson SIRC of the Institute graced the events with their benign presence at Thrissur Chapter and its extension center on 12th and 13th October 2019.

Thirteenth meeting of the Committee to advice on Valuation Matters

I wish to inform that I attended the thirteenth meeting of the Committee to advise on Valuation matters held on 3rd October 2019 at Indian Institute of Management Bangalore at Bengaluru in order to widen the consultative process and to discuss the present scenario, international best practices, prescriptions as per International Valuation Standards, suitability for the Indian context and the departures required, if any.

Roundtable meeting for Valuation Professionals

I am pleased to share that I had an opportunity to chair a Roundtable stakeholder meeting organized by the Institute in association with IBBI on 5th October 2019 in Chandigarh to deliberate on Institutional Framework for Regulation and Development of Valuation Professionals.

To apprise 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

During the month Chairman of Banking & Insurance Committee connected with the various authorities for widening the scope for CMAs. He met Mr. Deepak Godbole, Secretary General, Insurance Institute of India for working jointly towards the role of CMAs in the Insurance Industry, Dr. J N Misra, CEO, Indian Institute of Banking & Finance for enhancing the skills of both Banking & Costing professionals, Shri Fernando de Navarro Menezes, President, Information Systems Audit and Control Association for value addition of CMA profession and Shri D K Malhotra, Senior Advisor Retail & Social Banking Department Indian Banking Association for inclusion of CMAs for Entity Proof Certification for opening of Current Account and various other Certifications.

DIRECTORATE OF CAT

- **New ROCCs**

The Directorate of CAT constantly endeavours to mark its presence evenly in the country by getting the new Regional Oral Coaching Centres (ROCCs) on board. In a bid to doing so, it has approved two new ROCCs in the cities of Malappuram (S-208) and Jaipur (N-238). It was my pleasure to inaugurate ROCC S-208 at a function held in Thrissur, in the presence of CMA H Padmanabhan, Council Member and Chairman CAT Committee, CMA Dr PVS Jaganmohan Rao, President SAFA and CMA Jyothi Satish Chairperson ICAI SIRC. 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.

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

The State of Kerala has always been the frontrunner of the CAT Course, from where the Institute gets highest number of admissions in the course. The course in this state ran under the Additional Skills Acquisition Programme (ASAP) model-an initiative of Government of Kerala, successfully, for a long period. The association with ASAP will be going for another lap as it has approved 12 Centers under its scheme, wherein a total of 368 students will be imparted CAT course training under SHE Skills scheme. A meeting with ASAP, Government of Kerala in connection with SHE Skills-2019 scheme was held on 25th October, 2019 to review the progress.

- **State Level ROCCs Meet**

The Directorate of CAT organised State Level ROCCs meet for the States of Andhra Pradesh & Telangana and Kerala on 15th & 22nd September 2019 at Visakhapatnam and Thiruvananthapuram respectively. The agenda of the meet was to have a discussion with, and amongst the ROCCs to have a feedback of the CAT Course, to understand the challenges faced by the ROCCs in meeting the goals & the ideas to overcome those, to maximise the number of admissions in CAT course, and to formulate strategies for expanding awareness about the course.

The meet at both the places received excellent response from the ROCCs and many ideas, strategies, plans and suggestions for the betterment and expansion of CAT course were received during the discussion. The relevant ones have been noted and being seriously worked upon by the Directorate of CAT. The Directorate will hold similar meets in future, in other cities too, to get valuable feedback of the stakeholders.

CMA H Padmanabhan, Chairman, CAT Committee chaired the meeting at Visakhapatnam and the meeting held in Thiruvananthapuram was chaired by me wherein CMA H Padmanabhan Chairman, CAT Committee was also present.

MEMBERSHIP DEPARTMENT

I am delighted to share that 118 Associate memberships and 29 Fellowships were granted in the month of September 2019 which was followed by granting of 171 Associate memberships and 47 Fellowships in the month of October 2019. I take this opportunity to congratulate and welcome all of them.

MEMBERS IN INDUSTRY COMMITTEE

Members in Industry Committee organised a program on 'Decoding of Companies (Cost Records & Audit) Rules, 2014 and its amendments' on 18th of October, 2019 at JN Bose Auditorium of the Institute Headquarters. The program was graced by former Presidents of the Institute CMA Harijiban Banerjee, and CMA Kunal Banerjee, Council Member CMA Chittaranjan Chattopadhyay and Practicing Cost Accountant CMA S. S. Sonthalia. After the inauguration session, followed the two technical sessions. The first technical session was deliberated upon by CMA Kunal Banerjee, former President of the Institute. The second technical session was deliberated upon by CMA S. S. Sonthalia, Practicing Cost Accountant. The members got an excellent opportunity to resolve their enquiries from the well renowned and expert speakers on the subject.

A seminar by Directorate of Studies was organised on 'Ease of Doing Business in India for the year 2019- Reforms' was organized on 30th October 2019 at the Headquarters of the Institute in association with Ministry of Corporate Affairs, Government of India. CMA Debasish Bandopadhyay, Regional Director, Eastern Region, Ministry of Corporate Affairs graced the occasion as the Chief Guest and delivered his address on Ease of Doing Business in India. Shri K G Joseph Jackson, Registrar of Companies, West Bengal, Ministry of Corporate Affairs and CMA J C Agarwal, Chairman, Pratap Synthetics limited were the Guests of Honour of the Seminar. The Seminar was chaired by CMA Chittaranjan Chattopadhyay, Chairman, Banking and Insurance Committee.

PROFESSIONAL DEVELOPMENT & CPD COMMITTEE

I am glad to inform you that on the Institute's representation, IRCON International Ltd. has considered Cost Accountants for Review and Testing of Internal Financial Controls work, Sidho Kanho Brisha University included Firm of Cost Accountants for conducting Internal Audit and National Bicycle Corporation of India Ltd. (NBCIL) included for Internal Audit.

- **Representations with Government, PSUs, Banks and Other Organizations:**

PD Directorate as a proactive measure regularly sends representations to various organizations for inclusion of cost accountants for providing professional services. Airport Authority of India, Jamnagar, India Government Mint Kolkata, Diu Higher Education Society, Diu College, Satluj Jal Vidyut Nigam (SJVN) Thermal Pvt. Limited, Hutti Gold Mines Company Limited, National Backward Classes Finance and Development Corporation (NBCFDC), Sidho Kanho Brisha University, Ircon International Limited, National Bicycle Corporation of India Ltd. (NBCIL), Indian Institute of Management Jammu (IIMJ), National Health Mission, Uttar Pradesh, Hyderabad Metropolitan Water Supply and Sewerage Board, CSIR- Indian Institute of Petroleum (IIP), Dehradun were sent representations during the month. The CGST Audit-1 Commissionerate, New Delhi, Garden Reach Shipbuilders & Engineers Limited (GRSE), etc., have included Cost Accountants in their Tenders/EOIs during the month of October 2019.

During the month, Regional Councils and Chapters of the Institute organized 55 programs, seminars and discussions on the topics of professional relevance and importance for the members such as, The Companies (Cost Records and Audit) Amendments Rules,2019, GST - Sabka Vishwas- Legacy Dispute Resolution Scheme, Role of CMA In Business Process Excellence, Insolvency & Bankruptcy Code 2016 - The Game Changer, Costing-Fertilizer Industry, Ease of Doing Business in India, Income Tax E-Assessment Scheme 2019, Unique Document Identification Number (UDIN), and so on. I am sure the members were immensely benefited with these programmes.

REGIONAL COUNCIL AND CHAPTER COORDINATION COMMITTEE

As mentioned in my earlier communiqué The Institute has held State Level Chapters Meet in some states to address contemporary issues faced by Chapters. The month of October 2019 witnessed the 6th State Level Meeting for the state of Karnataka, held in Bengaluru on 20th October 2019 under the Chairmanship of CMA H Padmanabhan. It was a State Level Event with participation from throughout the State with team TRD ICAI taking pivotal role. It is decided to support smaller Chapters in organising Institute programs on need basis.

I am confident such State Level Chapters Meets will go a long way towards implementing the Institute's goals and objectives right down to the Chapters at micro levels as Chapters are the building blocks of our Institute.

TECHNICAL CELL

The first meeting of the Technical Cell for the year 2019-20 was held in Mumbai on 1st & 2nd October 2019. The Technical Cell has uploaded on the website of the Institute, its responses to around 75 queries placed by the members / stakeholders. This will serve as FAQs on Cost Rules, Cost Audit and related matters.

- **Symposium on Cost Audit by Technical Cell in Mumbai on 20th December 2019**

The Technical Cell is organising a Symposium on Cost Audit in Mumbai on 20th December 2019 at YB Chavan Auditorium. Eminent speakers representing various Stakeholders will express their views on the Value addition through Cost Audit & further expectations from this mechanism. The Symposium is aimed at showcasing the value proposition of the Cost Audit Mechanism. I urge the members of the profession to support the event and make it a grand success. Necessary details are available on the Institute's website.

TAXATION COMMITTEE

The Tax Research Department has released its 2nd Anniversary Tax Bulletin (49th Tax Bulletin) on 2nd October 2019. Two years ago the Tax Research Department started publishing this bulletin on fortnight basis and within this short span of time this bulletin has become a made-easy for the stakeholders. These Tax Bulletins containing Articles on critical issues of Direct and Indirect Tax, It acts as a single destination for all the Taxation related information, arranged webinars, seminars, conducted various taxation courses.

Two seminars have been conducted this month on Indirect Tax in Kolkata and Pune on the burning topics Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 and New Return Filing under GST, Intricacies of GST Audit. A Handbook on Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 has also been released in the Seminar conducted at H.Q Kolkata on 24th October 2019. Beside this, 4 Webinars on the Direct Taxes (TDS notices from Dept & Related penalties and Deductions under Chapter VIA and Indirect Taxes (Annual Return - GSTR 9A and E invoicing & Matching process Under GST) have been conducted this month.

The Tax Research Department has celebrated Direct Tax Month from 5th September to 5th November, 2019. I appreciate the comprehensive support of Regions, Chapters for organising Seminars in last 2 months on the topic "Income Tax Act and Direct Tax Code – Expectations and Way Ahead" to celebrate Direct Tax Month.

The TRD has submitted a representation in October 2019 – "Inclusion of Cost Accountants (CMA) for GST Related work at Jaipur office under "Domestic Competitive Bidding" (Tender reference GAIL/C&P/JPR19AV124/2019-20 E-Tender No 8000015769 dated 03.10.19)"

On 11th October 2019, CMA Niranjan Mishra, Chairman, Indirect Taxation Committee, CMA Rakesh Bhalla, Chairman, Direct Taxation Committee along with CMA Navneet Jain, Former RCM-NIRC met Ms. V Usha, Pr. Commissioner (CX), Central Board of Indirect Taxes and Customs, Ministry of Finance, Government of India.

The Certificate Course on GST (5th Batch) is going on PAN India basis through Online Mode as well as Offline Mode. There has been a remarkable response from the Colleges and Universities for the crash course on GST conducted by TRD. Many Colleges are willing to start the crash course of 32 hours.

In the month of November a Seminar at Islamic Center on the Topic "Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019" is proposed to be organised.

TRAINING & PLACEMENT DIRECTORATE

I am pleased to share that the Placement Cell of the Institute has successfully conducted CMA Campus Placement Programmes at Kolkata, Delhi, Chennai and Mumbai for June 2019 batch of recently qualified CMAs.

Reputed companies including ITC Limited – Hotels Division, Foods Division, Tobacco Division, Nestle, L&T Construction Ltd, WIPRO, RSM Astute Consulting Group, Vedanta Limited, Power Grid Corporation of India Limited, Invenio Business Solutions, CITCO Shared Services India Pvt. Ltd., Galaxy Surfactants Ltd., Maersk Global Service Centres (India) Pvt. Ltd, Tube Investments of India Limited, MECON Limited, Cipla Ltd., Prism Johnson Limited, Bharat Electronics Limited, Hathway Cable & Datacom Ltd - Reliance Group Company, DEN Networks Limited - Reliance Group Company, GST Suvidha, Avenue Supermarts Ltd. (D-Mart) and KD Practice, PWC, Capegemini, Tata Motors Limited, Grainspan Nutrients Pvt. Ltd., and Sreeleathers participated in these campus placement drives and recruited fresh CMAs.

I am happy to announce that series of CMA Extended Campus Placement Programmes will be conducted during November and December 2019 at various locations across the country. More new companies have started enlisting for these placement drives to recruit fresh CMAs. I wish all the qualified CMAs of this term a very successful and bright professional career ahead.

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 on 16th October 2019
- Roundtable on Verification of Claims on 18th October 2019
- Certificate Course on Group Insolvency on 19th October 2019

I wish prosperity and happiness to members, students and their family on the occasion of Id-e-Milad, Kartik Poornima & historic 550th Guru Nanak Birth Anniversary and wish them success in all of their endeavours.

Thanking you,

Warm Regards,

CMA Balwinder Singh
November 5, 2019

CHAIRMAN'S COMMUNIQUÉ
TECHNICAL CELL - ICAI

CMA (Dr.) Dhananjay V. Joshi
Former President, ICAI and
Chairman, Technical Cell (Cost Audit, Compliance & Others)
The Institute of Cost Accountants of India

Dear Professional Colleagues,

Greetings from the Technical Cell of the Institute;

I am thankful to the Council of the Institute for reposing faith in my capabilities and reassigning me the responsibility to Chair the Technical Cell of the Institute for the year 2019-20. I convey my sincere gratitude to everyone, who supported the activities of the Technical Cell during the previous year. I am sure that the reconstituted Cell will come out with better outputs for the benefit of members, profession and the Institute.

The journey of the Technical Cell (2018-19) started last year from Delhi and after convening meetings at Bangalore, Pune and Kolkata it culminated in Delhi. I am quite satisfied with the journey of the Cell and thankful to the President, Vice-President and the Council for extending wholehearted support to the Cell, due to which it could bring out useful publications, respond in a time bound manner to the queries, issue advisories & guidelines and organise consultations with the practicing members of the Institute in order to capture their views and suggestions on the relevant issues.

I am very happy to inform you that the first meeting of the Technical Cell for the year 2019-20 was held in Mumbai on 1st & 2nd October 2019. The Technical Cell has taken up varied issues and intense discussions took place in the meeting. Some of them are summarized hereunder for your information:

1. The Cell decided **to upload on the website of the Institute, its responses to around 75 queries placed by the members / stakeholders.** This will serve as FAQs on Cost Rules, Cost Audit and related matters. The responses will be available on the Technical Cell portal of the website very shortly.
2. I firmly believe that the Cost Audit mechanism has a great potential to add value for all its stake holders. Technical Cell is organising a Symposium on Cost Audit so as to get feedback from the Stakeholders on how the Cost Audit adds value for them and their requirements from this mechanism which can determine the future developments. **With this objective in mind the Technical Cell of the Institute is organising this Symposium on Cost Audit – Stakeholders Value Proposition on Friday, 20th December 2019 in Mumbai.** There will be sessions on Government & Regulators, Industry & Industry Associations and Society at Large wherein eminent speakers representing various Stakeholders will express their views on the Value addition through Cost Audit & further expectations from this mechanism. The Symposium is aimed at showcasing the value proposition of the Cost Audit Mechanism. I request you to block your dates to attend the symposium and make it a grand success. Further details are already on the Institute's website.
3. It was decided last year that the Technical Cell should document the suggestions given by our Cost Accountants whether working in industry or in practice, to their companies or clients subject to maintenance of Cost Records or Cost Audit. These suggestions must have benefitted the industry. **I once again appeal you to contribute the cases wherein the companies have been benefitted by your suggestions / opinions.** You are requested to provide the same in the format of case study as per the specified guidelines available on the website. **It is believed that such a published document will enhance the value of Cost Records and Cost Audit mechanism and will also recognize the contribution of CMAs in the growth of Industry and economic development of the country.** It will also serve as guidance to the CMAs in identifying the areas of Value Addition through this Mechanism.
4. It was suggested by the Technical Cell that **in order to improve the Board Governance and to indicate the sustainability of the Company, some indicators showing the efficiency and profitability of the Company can be included in a specified format in the Annual Report** without compromising the confidentiality of the cost audit data. To suggest the Format & Contents of the proposed disclosure of Cost Audit Report in the Annual Report of a Company keeping an eye on the confidentiality of the Cost Audit Data, a small group of the Technical Cell was formed which will hold discussions on the subject matter and present its report within one month to the Technical Cell.
5. As you are aware that the Cost Auditor has to comment on "Adequacy of the system of Internal Audit of Cost Records" in his Cost Audit report, however there is no literature available on the subject. It was also observed that there is a gap in the understanding of the Auditee companies as to the Internal Audit of Cost Records. To bridge this gap it is necessary to provide guidance to the Cost Accountants and Industry on the subject. **I myself will take up this responsibility to prepare the publication on Internal Audit of Cost Records with the practical experience and knowledge of our own CMAs.** I request the members of the profession to contribute their inputs for such publication. The Technical Cell will try to bring out this publication in the Symposium on Cost Audit on Friday, 20th December 2019 in Mumbai.
6. There are various sectors covered under the cost audit mechanism, on which development of guidance notes is the need of the hour for the benefit of the members and industry such as Ports and Airports. Guidance notes for those prominent sectors, which are not covered under the cost audit mechanism, are also to be developed by the Technical Cell like Banking; Insurance; Hotels, Resorts and Serviced Apartments; Warehousing and logistics; Entertainment & Event Management and Information Technology. **I take this opportunity to request the members of the profession to come forward and take up the responsibility of developing the Guidance Notes.** We will be uploading a comprehensive note on the website for the members / prospective resource persons to take up the assignments.

I am looking forward to your constructive suggestions for the development of profession and institute. Please feel free to communicate with us on *technicalcell@icmai.in* with regard to your professional queries, suggestions and imputs.

I wish grand success in all of your endeavors.

With warm regards,

CMA (Dr.) Dhananjay V. Joshi
Date: October 28, 2019

APPEAL TO MEMBERS

Dear Professional Colleagues,

A meeting of Technical Cell (Cost Audit, Compliance & Others) was held in Mumbai on 1st and 2nd October, 2019. It was reiterated by the Technical Cell that the Institute should document the suggestions given by our Cost Accountants whether working in industry or in practice, to their companies or clients subject to maintenance of Cost Records or Cost Audit. These suggestions must have benefitted the industry. I once again request our members to provide the same in the format of case study as per the guidelines given below-

1. Name of the Cost Accountant with Membership number, firm name, address and email id and contact number.
2. Photograph with high resolution should be provided by the Cost Accountant.
3. Name of the company to which the case study refers. This is optional and you may or may not give the name of the company. If the name is not provided, it will be called as ABC Company. If the name is provided, it is the responsibility of the concerned member to obtain the consent of the company.
4. Industry/ product /sector/ service to which the company belongs.
5. The write-up is to be given in the following format only
   » Brief Background of the case study (Maximum 200 words)
   » Suggestions given by the Cost Accountant (Maximum 150 words)
   » Benefits derived by the company (Maximum 150 words)
   » Microsoft Word Document Font Type – Arial, Font Size – 11 as attachment.
6. The case study should be forwarded to CMA Tarun Kumar, Joint Director & Secretary (Technical Cell) on email id – ***technicalcell@icmai.in***
7. ***The last date for submission of the Case Study is 30th November 2019***
8. The case studies received will be placed before the screening committee of Technical Cell.
9. A publication of the Case Studies is planned to be released in the forthcoming Symposium on Cost Audit at Mumbai on 20th December 2019 as Publication of Technical Cell of the Institute.
10. It is presumed that the cost accountant furnishing the case study has given his full consent for publication of the same by the Technical Cell of the Institute. Ensuring the norms of plagiarism will be the responsibility of the member and the Technical Cell will not be responsible for the same.

It is believed that such a published document will enhance the value of Cost Records and Cost Audit mechanism and will also recognize the contribution of CMAs in the growth of Industry and economic development of the country. It will also serve as guidance to the CMAs in identifying the areas of Value Addition through this Mechanism.

A model case study for the guidance of the members is annexed to this appeal.

We look forward to your full cooperation in this endeavor of Technical Cell of the Institute.

CMA (Dr.) Dhananjay V. Joshi
29th October 2019

Model Case Study for the Publication of Utility of Cost Audit

1. Name of the Cost Accountant with Membership number, firm name, address and email id and contact number.

CMA Dr. Dhananjay V. Joshi
4923
Dhananjay V. Joshi & Associates (Firm Regn No. 000030)
“CMA Pride”, Ground Floor, Plot No.6, S. No. 16/6, Erandawana Co. Op. Hsg. Soc., Erandawana Pune 411 004.
dvjasso@eth.net
Phones: M- +91 9422001082, (020) 2543 6408, 2545 3595.
Telefax : (020) 2543 6408

2. Photograph with high resolution should be provided by the Cost Accountant.

3. Name of the Company to which the case study refers. This is optional and you may or may not give the name of the company. If the name is not provided, it will be called as ABC Company. If the name is provided, it is the responsibility of the concerned member to obtain the consent of the company.

ABC Ltd.

4. Industry/ product/ sector/ service to which the company belongs.

Edible Oil – CTA 1507 to 1518

5. The write-up is to be given in the following format only

a. Brief Background of the case study (Maximum 200 words)-

The company was the manufacturer of “Vanaspti Ghee, Refined oils and Edible Oils”. The process of manufacture of vanaspati ghee involves process of hydrogenation. Hydrogen gas was required as an input in the process of hydrogenation. Chemical formula of water is H2O basically means that water contains 2 atoms of Hydrogen and 1 atom of Oxygen. It means two molecules of hydrogen and one molecule of oxygen. Together they make water. The company use to disintegrate water and hydrogen was separated out and used in the process of hydrogenation. The oxygen gas was released in the air. **(words 97)**

b. Suggestions given by the Cost Accountant (maximum 150 words)

It was suggested by the Cost Auditors that the oxygen gas which is released in the air can be a product by itself, if it is collected and bottled. This can fetch large revenue for the company for which only additional cost will be that of bottling plant. The company immediately took the action and carried out technical study, feasibility study and financial projection and it was established that the suggestion from the cost auditor will be a large revenue earning activity for the company. Accordingly, based on the suggestions from the cost auditors the Oxygen plant was set up by the company. **(words 104)**

c. Benefits derived by the company (Maximum 150 words)

Large revenue and surplus was generated by sale of Oxygen gas cylinders by the company. It was also subsequently noticed that the cylinder cost which is in fact a capital item, the cost per cylinder was less than Rs. 5000/- and hence, the company could claim 100% depreciation in the first year of purchase of cylinders as per Companies Act 1956 Sch. XIV. Subsequently, these cylinders were rented out to the customers and as an industry practice, since the cylinders are returnable, large cylinder rentals could be collected as a running income for years together. The cylinders were estimated to have minimum 10 to 15 years useful life for which the rent could be collected. **(words 108)**

CMA Balwinder Singh President ICAI inaugurated ROCC S-208 at Thrissur along with CMA H Padmanabhan Council Member and Chairman CAT Committee ICAI, CMA Dr PVS Jaganmohan Rao, President SAFA and CMA Jyothi Satish Chairperson ICAI SIRC and CMA V P Palanichamy ROCC receiving the Certificate.

CMA Balwinder Singh President ICAI and Shri. K Sankaranarayanan Ex-Governor of the Indian state of Maharashtra, Nagaland & Jharkhand inaugurating Thrissur Chapter events by lighting the lamp. With them are CMA H Padmanabhan Council Member ICAI, CMA Dr PVS Jaganmohan Rao President SAFA, CMA Jyothi Satish Chairperson and CMA Sankar Panicker VC ICAI SIRC and CMA T G Sugunan Chairman & MCMs Thrissur Chapter.

Interaction of CMA Balwinder Singh, President of the Institute with the managing committee and staff members of Bangalore Chapter on 3rd October 2019 in Bangalore. CMA G.N. Venkataraman, Past President of the Institute also participated.

CMA Balwinder Singh, President, CMA Chittaranjan Chattopadhyay, Chairman, Banking &Insurance Comittee, CMA Neeraj Joshi, Central Council Member and CMA (Dr) Asish Thatte met Sri Pallav Mahapatra, Managing Director and CEO of Central Bank of India on 23rd October 2019.

CMA Chittaranjan Chattopadhyay, Council Member, CMA Raju Iyer, Council Member and CMA S.C. Gupta, Secretary (Acting) of the Institute extending greetings to CMA Amitabh Banerjee, Managing Director, Indian Railway Finance Corporation Ltd on October 24, 2019.

CMA Debasish Mitra, CMA Chittaranjan Chattopadhyay, Council Members and CMA Dr. Debaprosanna Nandy, Sr. Director-Studies, Advanced Studies & Placement of the Institute at a meeting with Mr. Fernando de Navarro Menezes, President, ISACA - Mumbai Chapter at Mumbai.

Dr. Sugata Marjit, Professor of Indian Institute of Foreign Trade (IIFT) and former Vice Chancellor of Calcutta University being felicitated by CMA Biswarup Basu, Vice President and CMA Chittaranjan Chattopadhyay, Council Member of the Institute.

CMA H Padmanabhan Council Member ICAI as per CMA Niranjan Mishra, Chairman Indirect Taxation Committee ICAI request submitting the Institute representation to include CMAs in Accountant Definition IT ACT to Sri. Asit Kumar Mahapatra IRS Commissioner of Income Tax TDS Odisha in a program organized by Bhubaneshwar Chapter ICAI.

ICAI SIRC Mahatma Gandhi 150th Anniversary celebrations pledge taken by CMA H Padmanabhan Council Member ICAI, CMA Jyothi Satish Chairperson, CMA Rajesh SAI Iyer, RCM ICAI SIRC with Members, Students and Officials.

CMA Niranjan Mishra, Chairman, Indirect Taxation Committee along with CMA Navneet Jain, Former RCM-NIRC met Shri Zubair Riaz Kamili, IRS, Director (Customs), Central Board of Indirect Taxes and Customs, Ministry of Finance, Government of India to discuss the role of CMAs' in Customs.

CMA Niranjan Mishra, Chairman, Indirect Taxation Committee, CMA Rakesh Bhalla, Chairman, Direct Taxation Committee along with CMA Navneet Jain, Former RCM-NIRC met Ms. V Usha, Pr. Commissioner (CX), Central Board of Indirect Taxes and Customs, Ministry of Finance, Government of India on 11th October 2019.

TEAM ICAI SIRC participates in Swachhtha Pakhwada celebrations, October 2nd 150th Mahatma Gandhi Anniversary celebrations. CMA H Padmanabhan Council Member ICAI, CMA Jyothi Satish Chairperson, CMA Rajesh Sai Iyer, RCM, Members and Officials of ICAI SIRC involved in the Services.

CMA H Padmanabhan Council Member ICAI inaugurated Blood Donation Camp at ICAI SIRC in connection with 150th Mahatma Gandhi Birth Anniversary celebrations along with Dr G M DOSS, Commissioner IT, Smt. R Anita, Senior AR, ITAT, CMA Jyothi Satish Chairperson and CMA Rajesh Sai Iyer RCM ICAI SIRC.

RVO 8th Batch at ICAI SIRC, CMA H Padmanabhan Council Member ICAI with participants after certificate distribution.

CMA Neeraj Joshi, Chairman-WIRC welcoming CMA Balwinder Singh, President on his first visit to WIRC Mumbai on 2nd October 2019.

CMA Neeraj Joshi, Chairman-WIRC welcoming CMA Biswarup Basu, Vice-President on his first visit to WIRC Mumbai on 2nd October 2019.

CMA (Dr.) Dhananjay V Joshi, Former President and Chairman-Technical Cell chairing the meeting of the Technical Cell in WIRC-Mumbai on 2nd October 2019.

Group photo of the Members and Invitees of the Technical Cell meeting in WIRC-Mumbai on 2nd October 2019.

Awardees - 16th National Awards for Excellence in Cost Management 2018

Category I: Manufacturing-Private-Mega

First

Escorts Limited

Second

The KCP Limited - Muktyala

Third

ACC Limited

Category II: Manufacturing-Private-Large

First

JK Cement Limited

Category III: Manufacturing-Private-Medium

First

Shree Cement Limited - Raipur

Second

Mahindra Heavy Engines Limited

Third

My Home Industries Private Limited

Category IV: Manufacturing-Private-Small

First

Zydus Takeda Healthcare Private Limited

Second

Shree Digvijay Cement Company Limited

Awardees - 16th National Awards for Excellence in Cost Management 2018

Category V: Manufacturing-Public-Mega

First

GAIL (India) Limited - PATA

Second

Steel Authority of India Limited

Third

Gujarat Narmada Valley Fertilizers & Chemical Limited

Category VI: Manufacturing-Public-Large

First

Mazagon Dock Shipbuilders Limited

Category VII: Manufacturing-Public-Medium

First

Gujarat Alkalies and Chemicals Limited

Second

Garden Reach Shipbuilders & Engineers Limited

Category VIII: Manufacturing-Public-Small

First

Central Electronics Limited

Category IX: Banking, Financial Services and Insurance

First

Mahindra & Mahindra Financial Services Limited

Second

ICICI Lombard General Insurance Company Limited

Category X: Transportation and Logistics

First

GMR Hyderabad International Airport Limited

Second

V.O. Chidambaranar Port Trust

Third

Central Railside Warehouse Company Limited

Awardees - 16th National Awards for Excellence in Cost Management 2018

Category XI: Power Generation, Distribution and Transmission

First

Haryana Power Generation Corporation Limited

Second

NHPC Limited

Category XII: Infrastructure and Construction Services

First

IRCON International Limited

Category XIII: Information Technology and Telecommunication

First

Tech Mahindra Business Services Limited

Category XIV: Consulting and Others

First

MECON Limited

‘Decoding of Companies (Cost Records & Audit) Rules, 2014 and its Amendments’

A Programme Organized by

The Members in Industry Committee

Members in Industry Committee organised a program on ‘Decoding of Companies (Cost Records & Audit) Rules, 2014 and its Amendments’ on 18th of October, 2019 at JN Bose Auditorium of the Institute Headquarters. The program was graced by former Presidents of the Institute CMA Harijiban Banerjee, and CMA Kunal Banerjee, Council Member CMA Chittaranjan Chattopadhyay and Practicing Cost Accountant CMA S. S. Sonthalia. After the inauguration session, followed the two technical sessions. The first technical session was deliberated upon by CMA Kunal Banerjee, former President of the Institute. The second technical session was deliberated upon by CMA S. S. Sonthalia, Practicing Cost Accountant. 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.

The Tax Research Department in association with PD & CPD Committee of the EIRC of the Institute of Cost Accountants of India had conducted a Seminar at J. N Bose Auditorium, H.Q Kolkata, CMA Bhawan on 24th October 2019

Theme of Seminar - *"Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 and Intricacies of GST Audit"*

A Handbook named by ***"Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019"*** had been released in the presence of **Sri Roopam Kapoor** - Principal Commissioner, CGST & CX, Kolkata North Commissionerate, **Shri K.G.V.N Suryateja** - Joint Commissioner CGST & CX, Office of Pr.CC, Kolkata, **CMA Niranjan Mishra** – Chairman of Indirect Taxation Committee, **CMA Pallab Bhattacharya** – Chairman EIRC, **CMA Nishant Singh** - Chairman PD & CPD Committee of EIRC and eminent speakers **CMA Nahar K. Nimkar, CMA Shiba Prasad Padhi.**

Sri Roopam Kapoor, Principal Commissioner, CGST & CX, Kolkata North Commissionerate graced the seminar as Chief Guest and Shri K.G.V.N Suryateja, Joint Commissioner CGST & CX, Office of Pr.CC, Kolkata had embellished the seminar as Guest of Honor.

CMA Niranjan Mishra – Chairman Indirect Taxation Committee, **CMA Nahar K. Nimkar,** Practicing Cost Accountant, **CMA Shiba Prasad Padhi,** Practicing Cost Accountant, **CMA Pallab Bhattacharya** – Chairman EIRC, **CMA Nishant Singh** - Chairman PD & CPD Committee of EIRC graced the seminar.

Bangalore Chapter conducted a Seminar on *"Direct and Indirect taxes"* on 20.09.19

Chief Guest - *Shri Ajay Saxena,* I.R.S.- Principal Commissioner of Central GST & Customs and Shri *Dr. S.V.S.S. Prasad,* I.R.S - Principal Commissioner of Income Tax.

Shri Ajay Saxena, I.R.S. - Principal Commissioner of Central GST & Customs and **Shri Dr. S.V.S.S. Prasad,** I.R.S.- Principal Commissioner of Income Tax, **CMA Rakesh Bhalla** - Chairman Direct Taxation Committee **CMA Niranjan Mishra** - Chairman Indirect Taxation Committee, **CMA H Padmanabhan** - Chairman Region - Chapter Coordination Committee, **CMA Vishwanath Bhat** - Treasurer of SIRC and other dignitaries lighted the lamp.

Shri Ajay Saxena, I.R.S. - Principal Commissioner of Central GST & Customs and **Shri Dr. S.V.S.S. Prasad,** I.R.S. - Principal Commissioner of Income Tax, **CMA Rakesh Bhalla** - Chairman Direct Taxation Committee **CMA Niranjan Mishra** - Chairman Indirect Taxation Committee, **CMA H Padmanabhan** - Chairman Region - Chapter Coordination Committee, **CMA Vishwanath Bhat** - Treasurer of SIRC and other dignitaries graced the seminar.

Global Summit 2020

GLOBAL SUMMIT-2020 Mission 5 Trillion

MISSION 5 TRILLION – CMA AS A CRYOGENIC FORCE

Organised by:

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

January 9-11, 2020

The Ashok Hotel, New Delhi

Global Summit 2020

MISSION 5 TRILLION – CMA AS A CRYOGENIC FORCE

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.

PROGRAM SCHEDULE

"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	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. 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.	
	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"	Dr. K.Sivan*, 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	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.
1.30PM-2.30PM	**Summit Lunch**

2.30PM-4.00PM	**Mission 5 Trillion – Levers**
Technical Session-I	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.
	Topics:
	• Disruptive Technologies
	• Digital Banking
	• Start-up India

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 of Plastic Cost Effectively; and Accounting Framework for Water Resources at the macro level.
	Topics:
	• Health for All
	• Environment – Single use Plastic
	• Accounting for Water Bodies
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
	• German Costing Practices
	• Chinese Costing Practices
	• Korean Cost Practices

11th January, 2020

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	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

** confirmation awaited*

Global Summit 2020

Global Summit Committee

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, 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
CMA Niranjan Mishra, Council Member
CMA P. Raju Iyer, Council Member
CMA Rakesh Bhalla, Council Member
CMA S. Papa Rao Sunkara, Council Member
CMA V. Murali, Council Member
CMA Dr. Dhananjay V. Joshi, Past President
CMA Chandra Wadhwa, Past President
CMA Kunal Banerjee, Past President
CMA M. Gopalakrishnan, Past President
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
CMA Pallab Bhattacharya, Chairman, EIRC
CMA Ashish Bhavsar, Secretary, WIRC
Shri P Thiruvengadam, Ex. Sr. Director, Deloitte
CMA Dr. Asish Bhattacharyya, IMT Ghaziabad
Prof Shailesh Gandhi, IIM Ahmedabad
Dr. Sanjay Kallapur, ISB Hyderabad
CMA Srinavasan G Naraisimhan, Practicing Cost Accountant
CMA Akshay P Shah, Practicing Cost Accountant
CMA (Dr.) Vimal Kumar Aggarwal, Practicing Cost Accountant
CMA Sankalp Wadhwa, Practicing Cost Accountant

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
Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

Contact Details:
CMA Nisha Diwan, Joint Director, Ph.:+91 11 24666103
CMA Dr. D.P. Nandy, Sr. Director, Ph.:+91 33 22540086
Email: gs2020@icmai.in, website: www.icmai.in

Sponsorship Details

Categories

PLATINUM SPONSOR (Rs 25,00,000/-)
Delegates fee (non-residential) exemption for 12 delegates
Prominent Display on the Convention Backdrop as Platinum Sponsor and all other prominent places Sponsor logo in badges and all Convention Material.
One colour full page advertisement in the Souvenir worth Rs. 1 lakh.

GOLD SPONSOR (Rs 10,00,000/-)
Delegates fee (non-residential) exemption for 6 delegates
Prominent Display on the Convention Backdrop as Gold Sponsor and all other prominent places Sponsor logo in badges and all Convention Material.
One colour full page advertisement in the Souvenir worth Rs. 1 lakh.

SILVER SPONSOR (Rs 7,00,000/-)
Delegates fee (non-residential) exemption for 4 delegates
Prominent Display on the Convention Backdrop as Sliver Sponsor and all other prominent places.
One colour full page advertisement in the Souvenir worth Rs. 1 lakh.

SPONSOR FOR DINNER (Rs 5,00,000/-)
Delegates fee (non-residential) exemption for 3 delegates
Display at Convention Dinner
Display on Convention Backdrop as Sponsor
One colour full page advertisement in the Souvenir worth Rs. 1 lakh.

SPONSOR FOR LUNCH (Rs 5,00,000/-)
Delegates fee (non-residential) exemption for 3 delegates
Display at Convention Lunch
Display on Convention Backdrop as Sponsor
One colour full page advertisement in the Souvenir worth Rs. 1 lakh.

SPONSOR FOR CONVENTION KIT (Rs 5,00,000/-)
Delegates fee (non-residential) exemption for 3 delegates
Display on the Convention Backdrop as Sponsor
Sponsor name printed on Convention Kit
One colour full page advertisement in the Souvenir worth Rs. 1 lakh.

SPONSOR FOR CULTURAL EVENT (Rs 2,00,000/-)
Delegates fee (non-residential) exemption for 2 delegates
Display name on the Backdrop of Cultural Event

SPONSOR FOR MEMENTOES (Rs 2,00,000/-)
Delegates fee (non-residential) exemption for 2 delegates
Sponsor name printed on Mementoes

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 – 30678404793;
Swift Code - SBININBB382;
IFSC Code- SBIN0060321
PAN No. AAATT9744L

The Institute of Cost Accountants of India

(A Statutory body under an Act of Parliament)

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 SAARC Countries Delegate	US $ 300 US $ 200
Students	1,000		

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 …………………………………………………………

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.: 30678404793; IFSC Code: SBIN0060321; Swift Code - SBININBB382; PAN No. AAATT9744L

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

Behind Every Successful Business Decision, There is Always a CMA

FIELD EXPERIMENTS AND CUSTOMIZABLE DEVELOPMENT POLICIES: THE NOBEL PRIZE IN 2019

Dr. Saibal Kar
Professor of Economics
Centre for Studies in Social Sciences, Calcutta
Research Fellow, IZA Bonn
Director (Hon.), Eastern Regional Centre, ICSSR
Managing Editor, South Asian Journal of Macroeconomics and Public Finance (SAGE)

Recently, Prof. Esther Duflo was invited to the Centre for Studies in Social Sciences, Calcutta, a premier social science research institute with strong international repute, to deliver the R. C. Dutt Lectures in Economics. The said lecture series has historically been adorned by seminar presentations from economists of global standing persuading audience from various disciplines about how the philosophy and mechanism of economic actions touches upon the perpetual existence of the mankind. In true sense the lectures have been seminal in their approaches and outreach. In the year 2003, Prof. Abhijit Banerjee had given this lecture focusing predominantly on how the spread of information leads to various economic outcomes, some of which are often unwarranted socially and politically speaking. This year Esther Duflo spoke about how an economist with intent to change the development outcomes should behave like a plumber on the site rather than a distant planner and policymaker. The reason for invoking this brief introduction is that both Prof. Banerjee and Prof. Duflo of the Massachusetts Institute of Technology, now married to each other, along with Prof. Michael Kremer of Harvard University, and all working intensively with the now famous Abdul Latif Jameel Poverty Action Lab (or J-Pal), have been awarded the highest accolade for contributing to the subject of Economics. The Nobel committee claimed that the contributions of the trio have helped in addressing poverty reduction around the world quite significantly. This short article will try to discuss some achievements of the sustained work in this matter over the last two decades and argue that the main tenets of the principle of Randomized Controlled Trials (or RCT) has a strong relationship with the information gap that lies at the core of failures in implementing policies successfully for any given nation.

The point would perhaps be best explained by taking recourse to what Duflo has to state in this matter, which apparently is the culmination of a 'movement' that the use of a scientific procedure in social science has created for itself. The patience, the tenacity and the ingenuity that Banerjee , Duflo and Kremer has shown over a considerable period of time is no less than that of a group of activists with genuine belief in the procedure and its ability to turn around the policy choices facing planners in most countries. It is only a matter of accident that the largest number of experiments that the trio conducted was about poverty reduction in developing countries, while the procedure is just as good to look into many other aspects under all possible circumstances anywhere.

Indeed, as Jesse Rothenstein and Till von Wachter write, there is a very long history of social experimentation in labor markets. Experiments have addressed core labor market topics such as labor supply, job search, and human capital accumulation, and have been central to the academic literature and policy discussion, particularly in the United States, for many decades. However, from the beginning, the use of random assignment experiments (also known as randomized controlled trials, or RCTs) has been controversial in labor economics. It is now well-known via the works of Banerjee, Duflo and Kremer that the primary and perhaps the most powerful appeal of RCTs is that they solve the assignment, or selection, problem in program evaluation. In non-experimental studies (also known as "observational" studies), program participants may differ in observed and unobserved ways from those who do not participate, and econometric adjustments for this selection rely on unverifiable, often implausible assumptions. With a well-executed randomization study, however, the treatment and control groups are comparable by design, making it straightforward to identify the effect of the treatment under study. Rothenstein and Wachter comment that while this constitutes a strong advantage in favour of RCTs, the process still suffers from a number of drawbacks. Early on, it was recognized that RCTs can be very expensive and hard to implement successfully. For example, it is not always possible to ensure that everyone assigned to receive a treatment receives a full dose, while those assigned to the control group receive none, though this is the experimental ideal. Sometimes it is not feasible to control participants' behavior, and many participants deviate from their intended treatment assignments. In other cases, ethical, political, or operational considerations make it undesirable to limit access to alternative treatments. Although this can be partly addressed within the basic experimental paradigm, it does limit what can be learned.

Concerning glaring issues of generalizability (the results of experimentation cannot be replicated across time and space in many instances); endogenous outcomes (for example, effect on job training on wages can be observed only for those who have a job, and not for the ones that do not); or, uncontrolled spillover effects (when treatment and control groups share information, or function within the same time and space, such as job search), etc, the present award clearly shows that the researchers have outdone all odds that lessen the importance of RCTs, at least as far as development polices go.

This may have been possible by what Duflo claims to be the plumber mindset among those who participated in this movement. Of course, the earlier contributions of experimental economists and behavioural economists such as John List and Richard Thaler have created a convincing basis to approach the development policies later adopted. Duflo, cites an actual plumbing example to illustrate the point about how an economist must not stop at the point where the policymaker is supposed to pick up. In 2007, a firm in Tangiers was building piping and installing toilets in houses. In collaboration with the city, it offered interest-free loans to poor households to cover the costs of their home water connections. But take-up of the subsidized loan programme only reached 10 percent. The barrier turned out to be an administrative one. Applying for the loan required a trip to the municipal office with supporting documents, something many people had little time for. Remember, for poor households, losing a day's job to comply with administrative mandates translates into no income for that day and obviously will offer little to eat. The various public demands made by the governments in poor countries including India leads to similar

Abhijit Banerjee

Esther Duflo

Michael Kremer

outcomes, but does not get noticed. So, when the research team started randomly visiting houses and offering assistance by photocopying the required documents at home and delivering them to the municipal office, take-up for loans rose to 69 percent. The lack of attention to the final step of this policy was what was lacking, and subsequently fixed. What this does not explain in full detail is that both the public support and ability to organize something of this nature was made publicly feasible. It is not that similar occurrences do not happen in India – from immunization carried by ASHA workers in the village on a door-to-door visit policy, or the municipal corporation setting up a camp near a locality for the neighbourhood to verify their birth and death records would have similar outcomes. This too has a cost, nonetheless. It is subtle all over the paradigm of development that there is a strong public finance aspect to it. If the government is not earning enough as taxes from the rich and the super-rich, such policies will not be implemented despite the best intentions simply due to lack of public funds. In other words, this micro picture is an integral part of the large picture.

During an interview with Duflo given to INSEAD, a French research centre of international repute, she expanded on ways economists can think like plumbers, how they can "pay attention" to what happens on the ground and tinker to make policy work. Fortunately, economists are already well-placed for the job. They tend to spend a lot of time thinking and worrying about the causal effects of policies and they are increasingly involved in incentive design. These are crucial considerations for "design of the tap" work that Duflo argues is one of two main responsibilities of economist-plumbers; the other being "layout of the pipes". Regarding the layout of policies, Duflo states that since the increasing adoption of "nudges" in public policy, based on the research of Richard Thaler and Cass Sunstein demonstrates potential for economics in "design of the tap" issues, the remaining work should be relatively easier. For example, during her early research career, Duflo established that if a male Panchayat leader is replaced and substituted on a long term basis by a female leader, the development outcomes are significantly different. Issues like drinking water, sanitation, schooling all undergo considerable improvements when a female leader takes over. This is a stepping stone for offering gender-based reservation for political positions if the government has any concern about health and educational outcomes among village residents in addition to agricultural production and income generating activities. In effect, the revelation that switching panchayat leaders by gender could deliver development outcomes closer to the levels as desired by the government that cannot ensure it via centralized planning is about plugging a perpetual policy gap.

Duflo further argues that the second part of the plumber's job description is "layout of the pipes". These are logistical arrangements that are essential to a policy's functioning. This can include simple aspects of policy implementation such as money transfers between central governments and far away provinces in developing countries. For pipe layout to be effective, economist-plumbers need to carry out experiments. She used RCTs, experiments that contain control groups receiving a treatment compared to other groups receiving no treatment, in developing countries to uncover effective ways to immunise children, reduce rates of malaria and get children into school.

It is easy to acknowledge that there are numerous potential hurdles in policy implementation. Duflo suggests that most bureaucrats are not very good plumbers. And even when they understand the economics and the merit of a plan, they may not be willing to implement the way it has been recommended or even implement it at all. Ideological and political optics are also crucial considerations for economist-plumbers. Indeed, for the bureaucrats there could be political and in some cases ideological constraints in modifying policies and plans even when these amount to small changes for the fear of affecting chances of re-election. Safer, and often not so precise, policies usually do not create equivalent trouble.

Presently, it is possible to project that the choice of policies and potential outcomes suffer from information flow between different agents, particularly between the government, the economist-plumber and the individual whose welfare is at the heart of the matter. To an audience that has benefited from the previous research by Abhijit Banerjee, this does not come as a discontinuous effort at experimenting with human behavior and connecting it with governmentality. In one of his seminal work, Banerjee argued that human behavior could often resemble that of a herd of animals which tend to follow the one just ahead of it almost blindly. He cites an example from two restaurants in Cambridge, which have varying reputation for the food they serve. It is assumed that one customer knew for a long time that restaurant A serves better food than B. However, one weekend when he plans to visit A, he comes across a long line in front of B, that of customers waiting for their turn to walk in and order their food. Restaurant A did not have such a long queue in front of its gate. The customer in question immediately drops his belief that A is actually better than B, because he observes B to have a long queue while A had none. Consequently, he undermines his own belief based on prior information and adopts the new one initiating a possible social loss, because the presence of a queue in front of B does not necessarily imply that the quality of food has improved unconditionally. It could be an outcome of rumor or a short-lived euphoria without an estimable basis. Banerjee later extends this hypothesis to explain the East Asian financial and economic crisis, where sudden withdrawal of foreign investments from Thailand, South Korea, Malaysia, Hong Kong, Indonesia, Singapore etc precipitated a grave recession. The withdrawal of investments by large multinational banks of US origin led all other financial intermediaries to believe that some of the East Asian crisis will undergo a change in the pattern of governance, including possible coups. If changeover of democratic governments led to freezing of assets created and finances invested by MNCs, it could only be countered by pulling out of all commitments. It was further eased by the full convertibility of capital accounts in the East Asian countries leading to a long-run economic crisis. The dependence on foreign capital was substantial in all these countries, which had earlier contributed to high and fast economic growth over several episodes.

This so-called information asymmetry between the principal and agents often leads to other forms of crisis. The inability of a bank manager to measure the risk associated with an investment in many cases usually leads to adverse selection. For example, an entrepreneur who is engaged with a rather risk-prone activity will be ready to offer a higher interest rate to a bank for a formal loan as compared to a small entrepreneur operating on a low risk business. If the bank manager's objective is to maximize an expected return from a portfolio of investments, given that assessment of risk is imperfect, then possibility of adverse selection, i.e., selecting the more risky activity for investment looms large. While it does not connect directly to development outcomes that Banerjee focused for the next two decades since studying the above phenomenon, but it should be direct to argue that growth of small enterprises that lifts millions out of poverty in developing countries can be jeopardized under such possibilities. It would then require intensive analysis via localized experiments to inform both the lending agencies and the borrowers about the credit space within which better choices might prevail. In subsequent analysis Banerjee and others have categorically shown that small loans to very poor people can raise their entrepreneurial efforts by which the individuals can sustain a livelihood over time. After all, public transfers and support cannot be much and may not be available over an indefinite time period, although the recent interest in income support schemes in India for example, has found serious enthusiasts in the government for last several years.

However, not all such public support schemes find appropriate interest in the policy quarters. Prof. Kremmer and his co-authors have long questioned the lack of interest in simple public policies that can improve development outcomes reasonably, only if the authorities show a little enthusiasm. Many of the proposals that these researchers explored are inexpensive in view of the wasteful expenditure governments usually engage with. On the aspect of economic impacts of deworming, Kremer and Miguel (2007) study the behavioral response to a change in the price of deworming treatment in the context of the Kenyan school-based deworming program. The implementing NGO had a policy of using community cost-recovery in its projects to promote sustainability and confer project ownership on its beneficiaries. Thus, starting in 2001, a random subset of participating schools were allocated to pay user fees for the deworming treatment, with the average cost of deworming per child set at US$0.30 (about one-fifth of the cost of drug purchase and delivery through this program). The authors find that this cost-sharing reduced take up by 80%, from 75 percent to 19 percent. This result is consistent with findings observed for other products for disease prevention and treatment of non-acute conditions such as bednets for malaria, and water treatment. Should the government fully subsidize this treatment? While the argument does not come up directly in their proposition, but one could consider such deworming program as an investment by the government for its people because once disease free and duly capable of learning and performing better in schools and beyond, the government stands a chance to recover its investments in terms of higher output, greater human capital, better per person productivity, and therefore taxes to spend on several programs and policies that welfare states are engaged with. Indeed, the long-run follow-up evaluation of something as non-critical and deworming intervention finds that among females, deworming increased the rate of passing the national primary school exit exam, by almost 25 percent. The children learned through increased school participation. For Uganda the importance of deworming program among the children was evaluated for the English, Math, and combined test scores comparing treatment and control. The study found that children in treatment villages have significantly higher scores as compared to those in control villages. Effect sizes also more than double for children who were dewormed more than once, but the difference in coefficients is only significant for Math scores.

Does it not leave a country with more able younger generation which would then remain productive over forthcoming decades? The government has to treat these interventions as future investments rather than as useless transfers curved out of political compulsion. It is therefore appropriate to link the 2019 Nobel award with an eye-opener for governments in poor countries to consider transfers more seriously because it would enrich the country in foreseeable future. If a country is not too myopic about future gains coming out of seemingly unimportant investments now, the future political ambitions of the policymakers would not be jeopardized either. This has to be a consorted effort after all. MA

References

Esther Duflo, 2017. "The Economist as Plumber," American Economic Review, vol 107(5), pages 1-26

skar1801@yahoo.com

AT THE HELM

Our heartiest congratulations to CMA K Sreekant, an Associate Member of the Institute, who has assumed the charge of Chairman and Managing Director of Power Grid Corporation of India Limited (POWERGRID) on 5th August, 2019. Prior to taking up this assignment, he was serving as Director (Finance) POWERGRID.

K Sreekant a B.Com (Hons.) graduate, Cost Accountant and PGDBM (Finance) is having more than thirty three years of experience in the power sector involving all facets of Finance & Accounting function and in particular, long term financial planning, investment appraisals, formulation of capital budgets, resource mobilization from domestic and international markets and corporate accounts. Under his chairmanship, POWERGRID has been conferred with the coveted Maharatna Status by the Government of India on October 23, 2019.

We wish CMA K Sreekant the very best for all his future endeavors.

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

ON **23rd & 24th NOVEMBER 2019**

AT **HYATT REGENCY, CHENNAI**

CEP Credit 8 Hours

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

www.icmai.in

www.sircoficmai.in

RISK FACTORS OF REAL ESTATE RETURNS - A STUDY

CMA Amit Kumar Arora
Assistant Professor
KIET School of Management, KIET Group of Institutions, Ghaziabad
& Research Scholar IGNOU, New Delhi

Arpit Jain
MBA (Student) - KIET School of Management
KIET Group of Institutions, Ghaziabad

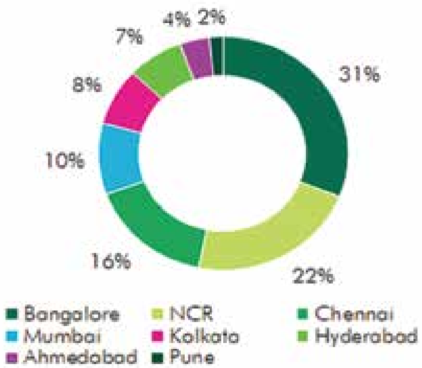
Abstract

This paper is an attempt to highlight the RISKS that are associated with real estate. Why today investors are not feeling safe? Why investors have a sense of insecurity? In India, we can say that the real estate industry has witnessed very tremendous growth. But there are many risks which have emerged with it. Through this article, we have put an effort to highlight the various risk factors associated with real estate returns.

Introduction

According to Franklin D. Roosevelt "Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is all about the safest investment in the world".

We have so many dreams that we wish it may get fulfill, and every individual has one dream, to own a place where they can live, and the real estate sector is the one which is working to fulfill that dream for you. From one corner of the earth to another there is a real estate sector who is leaving their footprints in the form of homes, offices, buildings, farms, land, residential places. The following is the contribution of major eight states to the development of the real estate sector.



Pie Chart: India real estate market outlook 2019
Source: cbre.bh

Reason Behind the Tremendous Growth of Real Estate Sector in India

The following are some of the reasons behind the fast growth of the real estate sector in India:

• Robust demand

In the last few years, we have witnessed that the income of the customers has increased. Moreover, it has become a preferred asset class for all the investment, urbanization and economic growth can be considered as the main reason for it.

• Attractive opportunities

The real estate has given rise to another industry also, there is a huge rise in education, Healthcare other manufacturing industries because somehow real estate was promoting these Industries also.

• Policy support

The government has allowed FDI of up to a hundred percent for Township and settlements development projects, which can act as the catalyst for the growth of the real estate sector.

• High Return on Investment

As all the investors are finding the real estate Sector the most profitable sector, they are investing a very huge amount in it, and with the investment, the real estate sector is increasing at a very large scale.

• Government Initiatives

The Government of India along with the Government of respective States have taken a very good step which can help to increase the development of the real estate sector in India. The Government of India is working on various projects which can also initiate the development and the growth of real estate sector of India.

Smart City project: There is a plan to build 100 Smart Cities, the main catalyst for the growth ore are some of the initiatives that we can look upon which was made by the government of India

Pradhan Mantri Aawas Yojana: under Pradhan Mantri Aawas Yojana more than 8.09 million houses have been sanctioned up to May 2019, which is the largest figure from the view of the growth in real estate sector in India and also providing growth of the citizens of India by providing them home, a place to live in.

National Urban housing fund: Monetary Fund is the main requirement for the growth of any real estate sector, keeping this view in mind Government of India has approved an outlay of rupees 60,000 crores to promote the growth of the real estate sector in India.

• Other initiatives

Some of the major investments and developments in this sector are as follows:

- New housing launches across the top seven cities in India are expected to increase 32 percent year-on-year by 2018 end to 193,600 units.
- In September 2018, Embassy Office Parks announced that it would raise around Rs 52 billion (US$ 775.66 million) through India's first Real Estate Investment Trust (REIT) listing.
- New housing launches across the top seven cities in India increased 50 percent quarter-on-quarter in April-June 2018.
- In May 2018, Blackstone Group acquired One Indiabulls in Chennai from Indiabulls Real Estate for around Rs 900 crore (US$ 136.9 million).
- In February 2018, DLF bought 11.76 acres of land for Rs 15 billion (US$ 231.7 million) for its expansion in Gurugram, Haryana.

Source: Data published by Department of Industrial Policy

But another side of the story from the investors' point of view, it's horrendous: -

• Black swan moments

It has been noticed that demand in the real estate sector started declining in 2013 and in 2016 the demand was an all-time low. This was not a good thing from the investor's point of view. The major reason that was responsible for this was, in May 2016 the real estate (Regulation and development) act was made, and six months later the government has demonetized the old currency note, which was having a major impact on the investment in the real estate sector.

We can't deny the fact that in the real estate sector most of the investment is made with the black money, and somehow there was a restriction on the black money now. Initially, there was a setback in the market because people were having no cash and they were unable to make any investment.

• Higher taxes

There are higher taxes which are needed to be paid in the real estate sector and which made investors distracted towards the real estate sector. Moreover, the implementation of good and service tax from July 2017 as disturbing the whole scenario of the real estate sector. The government has changed various taxation policies continuously, which has negatively impacted all the investors associated with the real estate sector. Moreover, there are many additional charges which has been paid like stamp duty charges, and which constitutes about 20% of a property's value.

• Excessive supply

At one period, there was an excessive supply in the market. There was a mismatch in demand and supply. The Builder has developed residential places on a very large scale but demand is very low. When the growth was very good there was a tremendous increase but it has not stayed for a longer period. The developers were failed to analyze the expected demand in the market which is depicted from the following diagram.

Comparison of Fall in Prices, Number of Residential units sold and New Launches in Major Cities 2017:

THE BIG FALL

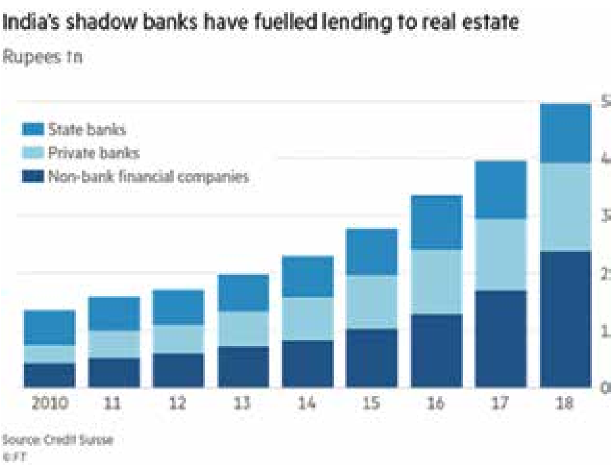
Fall in prices, number of residential units sold and new launches in major cities in 2017

City	Price#	Change over 2016	Sales (Units)	Change over 2016	Launches	Change over 2016
Delhi-NCR	4,165	-2%	37,653	-6%	11,726	-56%
Mumbai	7,717	-5%	62,256	3%	23,253	-32%
Pune	4,508	-7%	33,966	5%	12,705	-37%
Bengaluru	4,589	-5%	34,546	-26%	22,410	-41%
Hyderabad	3,821	-3%	14,243	-8%	3,511	-70%
Chennai	4,525	-3%	15,520	-4%	9,233	-13%
Kolkata	3,395	-5%	14,147	-20%	14,147	-24%

in ₹ per square feet | Source: Knight Frank

As we can see from the above table there was a big fall in the number of units sold in the real estate sector. The new launches are very low as we can see in Hyderabad it is 70% less over 2016, 56% less in Delhi-NCR, a 41% decrease in Bengaluru.

Position of Loan on the real estate sector:



As we can see in the above graph that there is a continuous increase burden on the real estate sector, as the amount of loans has increased year to year. All types of banks and financial institutions have given the loan to the developers of real estate which is increasing at a very high rate.

RERA Provisions

The followings are the provision to be fulfilled by the developers under RERA:

- The government has made mandatory to register all the projects with RERA.
- Any project which is found guilty under the inquiry, RERA has the right to cancel the project.
- A property cannot be sold if it is not registered with RERA.
- All the developers must provide the project details to the website of RERA i.e. types of apartments or plots, registration information, list of approvals taken and those remaining, the layout plan, sanction plan, and the status of the project.
- A promoter's application will be approved or rejected within 30 days. If you do not receive any information regarding this, you can assume that your application has been approved.
- Developers can take a maximum of 10% of the cost as advance payment from the buyer after a written agreement with the buyer regarding the sale of the property.
- The developers must obtain insurance for the building/ land and the construction of each project.
- All the developers have to deposit 70% of the amount collected from the buyers for a project into the ESCROW account, which can be utilized for the construction. It can only be withdrawn after the promoter receives certification from an architect, a chartered accountant, and an engineer.
- If there is any default from the side of the promoter or the buyer, both will be liable to pay an equal rate of interest.
- If the promoter causes any losses to the buyer due to other people laying claim to property (the defective title of land) which is under construction or has been constructed, the promoter will have to compensate the buyer. There is no limitation provided by any law currently concerning the compensation amount.
- If a person has any problems regarding violation of the provisions or rules of this Act by a promoter, buyer, or an agent, they can file a complaint with RERA.
- While an inquiry is taking place, RERA can stop an agent, promoter, or buyer from continuing any activity against which a complaint has been raised.
- Developers fail to follow RERA's orders, they will have to pay a penalty up to 5% of the evaluated cost of the property.
- If a company commits an offense under this ACT, any person who was in charge of the business at the time of the offense being committed and the company will be held guilty and will be punished.
- No civil court will have any jurisdiction concerning any matter that comes under RERA or the Appellate Tribunal's jurisdiction. As such, no court can grant an injunction with regards to any action taken by RERA or the Tribunal.

Investors' Risk with real estate

The following are the most important risks which are associated with real estate for an investor:

• General Market Risk-

The economy depends on the rise and fall in the market. Economic factors like interest rates, inflation, tax slabs, and various other market factors and condition depend on the market. This type of risk is usually a systematic risk, it means the entire market got affected by such risk. Investors cannot eliminate such risk; they can only control it but up to some extent. Investors can only put a hedge against the risk, this risk can be minimized by only having a diversified portfolio. Suppose an investor has a portfolio in which diversified property is there and in any case, any of such factor goes down. Then, in that case, the best part of the property will help to make a balance or minimized the risk. So, by diversification investor can put the hedge against bear and bull in the market.

• Idiosyncratic Risk-

These types of risks are concerned specifically with a particular property. It is based on the risk and returns trade-off means higher the risk higher will be the return. For example, in construction on a property, the owner has the risk of investing the amount in construction with a focus to get a return in the form of the rent. So, the risk is always associated with the return. These risks varies from property to property. All the property has its degree of risk and return. So, these are the risk that varies by their specific characteristic. These types of risks include factors like environment risk, political risk, workforce risk which vary property to property.

• Credit Risk-

The stability and the income of the property depend on its value. The credit factor always considers on behalf of the value of the property. Property under the ownership of a brand or a famous company or individual has more value than any other tenant or the owner because the value of the property is associated with this name and brand. If a property has a higher stability investor will have a willingness to buy and easily focused on the property.

• Bottom Line Risk-

If an investor is investing his /her money in the property or real estate, first they try to get the depth of the property. The investor will study all the historical information about the property. Various parameters of the property ate analyzed and viewed before investment, they try to know the trend, its price with the various changes in the condition or the market situation. Bottom line risk generally means to know and to anticipate such risks that is linked up with the depth and the root of the property.

Conclusion

Real estate should be promoted because it will uplift the living standard of Indian citizen and it will promote the growth and development of the country and it will provide a happy place to live in. All the efforts of the concerned authority of real estate should be promoted in the direction of the upliftment of all the individuals who are associated with it. MA

References

1. *https://www.financialexpress.com/india-news/unsold-inventory-in-the-real-estate-sector-is-piling-up-slump-is-aided-by-scepticism-over-rera-and-gst/764943/*
2. *https://www.bankbazaar.com/home-loan/rera-act.html accessed on 29-09-2019.*
3. *http://www.forbesindia.com/blog/wealth-management/9-big-reasons-not-to-invest-in-real-estate/*
4. *https://economictimes.indiatimes.com/wealth/real-estate/rera-and-you/maharashtra-rera-calls-for-action-against-293-projects-lacking-requisite-nods/articleshow/64186909.cms*
5. *https://www.livemint.com/Money/HcRE0hFQWpyXtduV2Y9wJI/2018-the-year-real-estate-died.html*

amitaroraicwa@gmail.com
arpitc1996@gmail.com

A STUDY ON AWARENESS WHILE INVESTING IN REAL ESTATE AND GOLD

Prof. (Dr.) D. B. Bharati
Director, Rajgad Institute of Management Research and Development
Dhankawadi, Pune

Abstract

There are various avenues for investment ranging from risk – less to high – risk. One of the renowned option as investment is real estate sector. In India, real estate holds key position in providing business and employment opportunities. The intention of this paper is the integral parts of real estate investments. Further, this paper focuses on the various real estate laws in India. The study also focuses on the comparison between investment in real estate and gold. This study suggested precautions to be taken while investing in real estate and investment in gold.

Introduction

'Finance, Religion, Married life and Salvation' are the four main duties of a man and they are the pillars of Indian civilization. These four aspects are based on money. Money is the foundation of these four principles. Unfortunately only two of the four principles survive in today's modern society. To earn money is man's nature and there is nothing wrong in having a desire to earn money properly and to prosper. Saving money is the most important aspect, but it is rather more difficult, than earning money. Wealth depends on savings. Samarth Ramdas says that the one, who spends all that he earns, doesn't survive in difficult times. Chanykya said, 'You become wealthy by saving bit by bit'.

The term investment means different things to different persons. If one person has given money to some other, it may be his loan, which may be considered his investment for a return. If a person has purchased 10 grams of gold for the purpose of price appreciation, it is his investment. If he purchases a pension or insurance plan, it is an investment. Thus there are different types of investments for different persons.

Objectives

The objectives of the study are given below:

1. To study the characteristics about investment in real estate.
2. To know real estate laws in India.
3. To compare real estate investment and investment in gold.

Research Methodology

The study is based on primary and secondary data.

Data Analysis

Real Estate: Real Estate Investment in India is one of popular avenue. The greatest attraction of real estate investments is that it acts as a hedge against inflation. In the current scenario, the prices of real estate had reached an unsustainable level and investors are interested in making investment in the form of real estate.

A street by street knowledge of the market conditions makes it perfect for small investors. Real estate is an asset form with limited liquidity as compared to other investments. The real estate developments in the country consist of the Constructing houses, Townships, Residential Complexes, Office Buildings, Shopping Malls and IT Parks. The real estate investments include agricultural land, farmhouses, urban land and house property:

i) Agricultural Land: Agricultural land is the most popular tax planning device. The value of agricultural land has been rising in the country. Agricultural land is exempt from wealth tax and also agricultural income is tax free. However, agricultural land is subject to land revenue imposed by the State Government.

ii) Farmhouses: According to a report, the hottest trend in the country is farmhouses. Bought cheaply by developers, these properties are done up luxuriously and sold off as weekend retreats. On certain kinds of farmhouses there is no need to pay wealth tax.

iii) Urban Land: It is the best investment avenue available against the inflation. The price of urban land has been shooting up in every city and town but there are ceilings on urban land holdings.

iv) House Property: A new national housing policy encouraged a common man as well as middle class investors to invest in house property. It is an attractive investment proposition due to the following reasons:

Characteristics

- Satisfaction of ownership of residential property. It provides a foundation for the kids in which to grow up and NEST for the family members.
- It provides a stable base from which to operate, whether it's simply a residence or also an office.
- Loans are available for buying and / or constructing a residential property.
- Interest on loans taken is tax deductible within certain limits and also repayment of principal amount is eligible for tax deduction or rebate.
- Appreciation in the capital value.
- Exemption from wealth tax.
- It provides the possibility of selling at a profit
- It is very difficult to maintain the property. Expenses are incurred for upkeep and maintenance, insurance and tax payments.
- It is not possible to move or shift the property.

Real Estate Laws in India: There are various norms, rules and regulations to be followed by investors while investing in real estate in India. The central acts, the local municipal laws of each state and union territory and FDI policy 2010 are some of the norms that govern the various transactions and practices in the Real Estate. Sale, lease, mortgage, licence are some of the transactions that are governed by the above mentioned laws and policies. The real estate laws in India are narrated in brief as under:

- The Indian Contract Act, 1872;
- The Transfer of Property Act, 1882;
- The Indian Registration Act, 1908;
- The Specific Relief Act, 1963;
- The Urban Land (Ceiling & regularization) Act, 1976;
- The Land Acquisition Act, 1894;
- The Indian Evidence Act 1872;
- The Indian Stamps Act, 1899;
- The Rent Control Act;

- The State Laws governing the real estate;
- The Consumer Protection Act, 1986;
- The Arbitration & Conciliation Act, 1996;
- Income Tax Act, 1961;
- The Wealth Tax Act, 1957;
- The Co-operative Societies Act, 1912; and
- The Multi-state Co-operative Societies Act, 2002.
- The Real Estate (Regulation and Development) Act 2016 (RERA)

The Laws applicable to Real Estate Business can be divided in five groups:

1. Land Related Laws;
2. Environment Laws;
3. Construction Laws;
4. Registration Laws; and
5. Labour Laws.

FDI in Real Estate Sector in India: FDI i. e. Foreign Direct Investment is encouraged in the following sectors in India: Development of Hotels, Travel and Tourism Industry, Hospitality, Development of Township, Development of Commercial Real Estate, Infrastructure development, Construction of Resorts, Constructing Educational Institutions and Recreational sites, SEZ i.e. Special Economic Zones. The **foreign direct investment (FDI)** up to **100 per cent** is allowed with Government's permission for developing townships and settlements (Before the budget 2014). **The overall Indian** real estate **market is expected to touch US$ 180 billion by 2020.** The real estate dealers are looking forward to influence the SEZs as well. As a matter of fact, since the year 2005, FDI in real estate sector in India has earned a promising amount of US$ 8 billion approximately. Real Estate Investment in India is not only a bright prospect, but also a potential opportunity to optimize the benefits of the economic growth in India.

A typical investment property generates cash flows to an investor in the following manner

- Net Operating income (NOI)
- Tax Shelter
- Equity Build-up
- Capital Appreciation

Net operating income: A common measure to judge the performance of an investment property is NOI. It means the income generated by a property by way of rent or other form of income less expenses like taxes, maintenance and other expenses.

Tax shelter: Due to investment in property tax benefits are available by way of depreciation, repayment of housing loan and interest on it as well as the loss on one property can be adjusted against the income of other property.

Equity build-up: It is the increase in the investor's equity ratio.

Capital appreciation: It means the increase in market value of the asset over time, realized as a cash flow when the property is sold.

Liquidity: The main drawback of investing in real estate is illiquidity or the difficulty in converting an asset into cash and cash into an asset.

Gold: It is said that Gold is the life belt for all seasons, especially the dangerous ones. Gold is the most widely accepted precious metal which appeals to almost all kinds of investors. Investing in gold, in relation to its value, is small and therefore can be stored and concealed without any difficulty. Investing in gold is highly profitable during inflation, as the prices tend to move up faster. Similarly when there is uncertainty in the nation the value of gold is likely to go up. In many countries gold remains an integral part of the social and religious customs besides being the basic investment avenue. It has no intrinsic value. This aspect of gold compelled Henry Ford to say that, 'Gold is the most useless thing in the world'. It is very difficult to store gold in a safe place with the cost involved in such storage. This induces investors to look for alternative investment to gold. Investment in jewellery leads to loss in investment at the time of sale. Thus gold coins and bars are fast moving up as option to investment in gold. The reasons to appeal or attract all kinds of investors are:

- It is highly liquid;
- It is aesthetically attractive;
- It has been hedge against inflation;
- It possesses a high degree to appreciate value;
- It is used as industrial application;
- It is purchased by Central Bank and IMF.

Features of holding Gold or Gold Coins

- Gold Coins are available in small, little pieces allowing buying and sell small quantities as per convenience of investors and are easily recognized around the world as a Precious metal.
- Gold a store value.
- Gold is acknowledged by most Central Banks around the world and can be used as a medium of exchange.
- It is the time-proven hedge against fiat currency debasement, which our Federal Reserve has patently acknowledged as a given in this country
- It is easily portable and movable.
- Gold coins are not subject to property taxes.
- Gold Exchange Traded Funds (ETFs) are like mutual. It is an easier and safer mode to buy gold. The charges are very less and the gold can be accessed electronically.
- Gold suffers capital gains tax as per the IT Act.

Prices of Gold in India: Price in rupees for 10 grams.

Assessment year/ valuation date	*Gold rates (standard 24 carats) (per 10 gms.)*
	Rs.
31-3-2012	28,040
31-3-2013	29,610
31-3-2014	28,470
31-3-2015	26,245
31-3-2016	28,340
31-3-2017	28,950
31-3-2018	30,680

Source: https://www.policybazaar.com/gold-rate/, www. goldprice.org

Suggestions while investing in Real Estate

The wisest investment advice given by the experts to the investors is, 'buy real estate because they are not making any more of that stuff'. It is suggested that buying an own office and fitting it with air conditioners, fans can be a good investment because of depreciation available on office space and fittings. Due to unsustainable level of price it is better to invest in real estate. The recommendations made while investing in real estate are:

- Be careful about land ceiling laws and tenancy laws;
- Don't buy at early stage;
- Plan for own house or apartment;
- Insure the house and its belongings;
- Buy or build a house with borrowed money;
- Buy agricultural land to avail wealth tax exemption;
- Risk of armed robbery and violence for farmhouses and
- Be careful about land – grab and illegal encroachments.

Let us assure that it is essential to have own house in the long run. Having an own house one could satisfy the emotional satisfaction, hence the priority should be given to make real estate investments.

Suggestions while investing in Gold or Gold Coins

Investment in gold is very popular in India. Since there is no income as such from holding Gold, there is no liability to pay income tax. But gold bullion and jewellery are subject to capital gain tax and wealth tax. Take care to keep investment in gold in bank lockers. Remember gold is a commodity and is worthy only when market is ready to pay for it and investment in gold is a personal matter of an individual. Gold has proved to be the perfect hedge for inflation.

Conclusion

Life is full of risks. From travelling in an airplane to the simple act of walking to the corner shop, are the inherent risks everywhere. Same is the case with the money invested. Investments in real estate as well as investment in gold are the common investments. It is said that investment in gold is dead investment. However we Indian people are crazy about investment in gold. **It is advised to have a certain percentage of investment in gold to hedge inflation.** However, the investment is real estate is far better than investment in gold. Real Estate Investment in India is not only a bright prospect but also a potential opportunity to optimize the benefits of the economic growth in India. MA

References

1. *Ph.D. thesis of Dr. D. B. Bharati entitled, 'A study of the different schemes of savings among the middle classes in Pune District'.*
2. *Various articles published in Business Standard, The Economic Times.*
3. *www.moneycontrol.com*
4. *www.ncreif.org*

drdbbharati@gmail.com

REAL ESTATE CAN BE A HAVEN FROM STOCK MARKET VOLATILITY

Dr. Mohammad Khaja Moinoddin
Professor, Dept. of Commerce & Business Management
SRM Group of Institutions
Karimnagar, Telangana

Abstract

Investment in Republic of India has perpetually been a subject matter of concern, however what matters is sensible investment. Solely a sensible investment has the capability to vary our lives. We tend to all invest in numerous places in order that we tend to get ample funds for your future. We tend to all pay have completely different choices to speculate in, be it stocks, gold, bonds, government schemes, etc. however the neatest out of all is assets.

History has been the proof that kingdoms has fought over several battles only for the land. Assets ne'er lose its demand or value; if truth be told it grows over time. This can be why investment in Indian assets is that the safest and most remunerative choice.

Real estate is usually delineated as being "recession-proof". However is that actually the case? During this article, we'll examine however assets and REITs have traditionally performed throughout bear markets and periods of exchange volatility.

Introduction

Investment in Republic of India has perpetually been a subject matter of concern; however what matters is sensible investment. Solely a sensible investment has the capability to vary our lives. We tend to all invest in numerous places in order that we tend to get ample funds for your future. we tend to all pay have completely different choices to speculate in, be it stocks, gold, bonds, government schemes, etc. however the neatest out of all is assets.

History has been the proof that kingdoms has fought over several battles only for the land. assets ne'er loses its demand or value; if truth be told it grows over time. This can be why investment in Indian assets is that the safest and most remunerative choice.

Whether industrial or residential, assets Investment is one the foremost crucial choices in Republic of India, there are tons of things which require to be unbroken in thought once you do your property analysis.

Here are a few:

RERA no, Legal approvals and Licenses

- Location
- Budget
- Resale worth
- Loan Facility and Eligibility
- Job opportunities

Objective of the Study

The present paper discusses regarding the choices for investment once the market is down, to concentrate on the historic performance correlation of REITs vs. equities, and to grasp regarding the Preparation for a possible potential bear market.

Options for investment in a very down market

The average annual come on the S&P 500 has been 13.79% over the last 10 years. In June 2019, Forbes noted that this trend of double-digit returns could also be coming back to associate degree finish, because of the danger of rising interest rates, a drawn-out trade battle between the U.S. and China, and revived confrontations with Asian country.

If and once the exchange becomes unstable, 5 potential choices for investment before issues begin to occur:

1. Hold money on the sidelines
2. Purchase high dividend-paying stocks like Pepsi, McDonald's, and Exxon
3. Add some weight in your portfolio to affordable index worth funds since worth stocks, in general, are cheap relative to alternative stocks
4. Move into sectors possible to exceed the market, like aid and energy
5. Invest in assets investment trusts (REITs)

REITs and also the CBOE Volatility Index (VIX)

To understand why investment in REITs could also be a technique to use if the exchange becomes volatile, we'll 1st verify however REITs work and so however the VIX is employed to live exchange volatility.

REITs – assets Investment Trusts

REITs are the stocks of firms that invest in investment-grade industrial assets like office block and multifamily housing comes.

Directly investment in high-quality assets needs giant amounts of your time, market information, and capital. REITs enable investors to avoid the challenges of direct possession whereas still receiving the advantages those investment assets offers, together with the potential for continual dividend financial gain and property appreciation.

Once the dividend payments are created, investors receive a daily financial gain stream from the investment trust, kind of like the continual rental revenue from owning realty directly.

By viewing associate degree Index of investment trusts we are able to compare REIT performance to the exchange as an entire. The MSCI America investment trust Index consists of equity REITs that primarily own and operate income-producing assets. Over the past ten years, the MSCI has provided investors combined annual returns of fifteen.42% vs. 13.79% compared to the S&P 500.

VIX – CBOE volatility index

The VIX, or Volatility Index, was created by the Chicago Board of choices Exchange and is employed by analysts to live the stock market's expected value fluctuations or modern volatility.

The VIX additionally measures each the frequency and magnitude of value movements up and down over bound periods of your time. The a lot of dramatic the worth changes, the upper the extent of volatility. Additionally to activity short value swings, expected future volatility lives value changes implicit by choices costs while realized volatility is accustomed measure actual historical value changes.

Historic performance correlation of REITs vs. equities

Correlation may be a monetary datum accustomed live the degree to that 2 investments or assets move compared to at least one another. If each move up or down at constant time, they're same to be extremely correlative. On the opposite hand, if one quality moves down whereas the opposite remains stable or moves up, correlation is alleged to be low or maybe negatively correlative.

Low correlation and diversification

Real estate has traditionally delivered performance that falls between equity and bonds – however is underpinned by a bond-like yield and with lower volatility compared to equity.

Real estate's low volatility income offers support for stable returns with payouts that may grow in line with income, not like bonds that disburse a set coupon rate.

Using knowledge collected from the National Council of assets Investment Fiduciaries, Barclays Capital, Wilshire, and J.P. Morgan the report compared the performance of personal assets to a 60/40 U.S. stock and bond portfolio over the twenty worst quarters between 1990 and 2008. In 17 of these 20 quarters, non-public assets investment returns were positive whereas the portfolio of stocks and bonds was down.

Forward expectations for REITs

Of course, past performance is not any guarantee of current or future performance. In Gregorian calendar month 2019, NAREIT – the National Association of assets Investment Trusts – reviewed the returns, volatility, correlation, diversification edges, and forward expectations for REITs.

NAREIT half-track the daily total returns between the broad exchange and equity REITs for 2018. The REIT-stock correlation ranged from an occasional of forty fifth to a high of regarding hour. Whereas the Financial Times noted that "Stock market slide in 2018 leaves investors contused and wary", the low correlation between the exchange and REITs might facilitate to safeguard investors from exchange volatility.

In addition to viewing the recent REIT-stock correlation, NAREIT also used another methodology to live volatility famed as REIT beta. Beta measures the danger of a selected quality compared to a benchmark like the general exchange. as an example, a beta of one suggests that associate degree investment moves in conjunction with the market. A beta of one.3 suggests that associate degree quality is three0% a lot of volatile compared to the general market, and a beta of zero.7 suggests that it's half-hour less.

Do REITs price a lot of to speculate in?

If REITs probably supply shelter from exchange volatility, one may expect investors to pay a lot of for the privilege of that anticipated protection.

By analyzing the VIX Index, volatility measures from the S&P 500 and Russell 2000 indices, and by using alternative enquiry strategies. Earlier studies found that general volatility risk is not priced into equity investment trust stocks. The analysis cluster additionally noted that this can be in contrast to what's determined in typical non-REIT equities like FAANG stocks and valuable, high dividend-paying stocks.

Investors could also be ready to use REITs to hedge their portfolios against innovations in mixture market volatility.

Typically, REITs aren't sensitive to mixture volatility found in giant S&P five hundred stocks or smaller stocks within the Russell 2000.

Preparing for a possible market

The stock index Industrial Average has gone from an occasional of 6469 in March of 2009 to 26,599 as of the top of June 2019. Whereas there's no such factor as a globe, given the rotary nature of markets it should not be unreasonable to start getting ready for a market.

Of the 5 potential choices advised by earlier studies for investment in a very volatile exchange, assets supported with fixed-rate debt might shield investors against rising interest rates. at the same time, properties with timely rent changes like multifamily will perform well throughout associate degree inflationary period.

Conclusion

India Real Estate Market Outlook 2019

Office – when a milestone 2018, the field is attempting forward to an alternate hearty year as new wellsprings of interest rise and quality offer enters the market.

Retail - about 10-12 million sq. ft. of offer is anticipated for the current year, when experiential retail and Omni-channel can in any case reclassify the field.

Industrial / provision – preparing to sixty million sq. ft. of ongoing house are extra until 2020; the portion of evaluation an offer is anticipated to broaden.

Residential – Sales and new dispatches expected to improve; modest and center stage to guide in the midst of government activities and designer realignment of item blend..

Capital Markets appetence for Greenfield may reinforce; center resources additionally will in any case be favored; due ingenuity and counter-party quality to return into chiseler center. MA

References

1. *Branch Ben; Investments Principles and Practices, Longman Financial Services, Second Edition 1989 Chinloy Peter; Real Estate Investment and Financial Strategy; 1987*
2. *Deloitte & Touche, Understanding REITs, Personal Finance Advisor, July 1997*
3. *Friedman M. Steven; The REIT as a Strategic Real Estate Tool, Commercial Investment Real Estate Journal,1998*
4. *Geurts G. Tom, Nolan Hilary; Does Real Estate Have A Place in the Investment Portfolio of Tomorrow, Review of Business, Vol.18 Issue.4, 1997*
5. *GYO, Esaslar Tebli i, 2004*
6. *Irwin Hal; REITS and The Real Estate Resurrection; CMHC Mortgage Market Trends Thi rd Quarter,1998 Landy W. Eugene; Benefits of Dividend Re nvestment Plans and Shareholder Investment Plans for Shareholders, Real Estate Investment Trusts and the Economy; 1996*
7. *Meretsky Jason, Real Estate Investment Trusts: An Analysis of the Investment Vehicle and Income Tax Implications, University of Toronto Faculty of Law Review vol.53 No.1,1998*
8. *NAREIT, NAREIT/PREA Property Investment Strategy, Real Estate Symposium, 1998*
9. *Raijen Van Laura; Real Estate Investment Structures, Working Paper, 1998*

mohin_khwaja1@yahoo.co.in

IS CONSIDERATION OF GLOBAL REAL ESTATE INVESTMENT RISKS WORTH?

Mrs Pahuljot Kaur
Assistant Professor
Akal University, Talwandi Sabo, Punjab

Harjot Kaur
Post Graduate Student
Akal University, Talwandi Sabo, Punjab

Abstract

Real estate investment acts as a collateral security and facilitates easy access to credit. Cross-border real estate investment has also been on the increase, investors are considering real estate as a global asset class. But there is huge uncertainty in the returns as high risk is associated with investment. To capture different levels of market risk, it is necessary to identify and measure the factors leading to this uncertainty, such as country risk, structural risk etc. this paper simply puts the focus on various global real estate investment risk associated while considering it as an investment option.

Introduction

Real estate asset will yield long term benefits for investors in developing countries due to the additional need for buildings, ancillary units, new airports, metro, railway stations, offices, shopping malls, hotels and hospitals. In India, Prime Minister declared 'April 2019- March 2020' as Construction Technology year to meet the increasing demand for housing initiated by rapid urbanization. The Union Cabinet chaired by the PM, gave the approval for "Housing for All by 2022" in the form of PMAY (Pradhan Mantri Awas Yojana) and schemes consists of actions like rehabilitation of slums of slum dwellers (central grant of Rs. One lakh per house), promotion of affordable houses for weaker sections of the society through credit linked subsidy or in partnership with private and public sectors and subsidy for beneficiary-led individual house construction [1].

The global investment firm the Xander Group's private equity real estate arm Xander Investment Managemet (XIM) has setup industrial real estate platform for India and will invest $250mn or over Rs 1,780 Cr. [*The Economic Times; Dated- Oct15,2019*]. "An NRI investment in Indian real estate has doubled from $5 billion in 2014 to $10.2 billion in 2018," according to a report released in 2018 by 360 Realtors [2]. The Bloomberg analysts believes that portfolio of stocks could yield 22% returns on an average. Portfolio of stock furnishes international diversification of investment avenues. Moreover loss of one security can be compensated from profitable stock thus provides nullifying effect. Another report by Deutsche Bank reveals that the interest rate cycle is turning in favor of the real estate sector. [3]

This has resulted in increase in investments in cross border real estate market. Real estate investment acts as a collateral security and facilitates easy access to credit [4]. More than half of the total retail loan portfolio of the banks comprises housing loan, as per "Trends and Progress of Banking Report 2016-17" [5]. The juncture of the real estate market encompass self-consumption (or provision), sale to users (market), letting for long term and capital appreciations and dividends [real estate stock market] [6]

Categorization of Real Estate

I. **Residential real estate** consists of new construction and re-sale homes. Townhouses, high value homes, duplexes, triple decker, multigenerational and vacation homes are the common categories.

II. **Commercial real estate** includes medical and educational buildings, hotels, shopping centres (malls), offices and apartments. As apartments are owned to produce income (used for residential purpose) they are categorized as commercial real estate.

III. **Industrial real estate** includes manufacturing units (buildings and property) and warehouses. These buildings can be used to fulfil various purposes like production, storage, distribution and for research and development purpose.

IV. **Land** includes ranches, working farms and vacant land (site assembly).

Global Real Estate Risk

Risk is the variability in outcome. For that reason returns of real estate investments are unpredictable. Despite the fact that uncertainties like political, economic and financial risk, globalization of markets continues. Individuals who are experts/analysts conduct economy wide analysis to reduce element of risk associated with real estate investments and to frame strategies accordingly.

Political and legal environment of a country also plays crucial role in real estate investments. It is prevailing at a very high rate in countries like Turkey, Iraq, Algeria, Nigeria, Afghanistan, Myanmar and Indonesia while it is almost non-existent in Canada, Australia, US and Western European countries. Micro and macro factors of the environment cause fluctuations in grading and risk levels. *Size of the economy, income levels, income distribution, personal consumption, population, inflation, financial status (FDI and BOP), banking and financial system and tax and interest rate* affects the GDP of the country. Economic policies namely industrial policy, monetary policy, fiscal policy, etc. determine the position of a country in the international arena [7]. The computation of various components represents the overall risk premium for real estate investment.

Country economic risk

The level and volatility of economic performance shapes country's economy. It varies from time to time, nation to nation. A *strong correlation exists between general economic conditions and real estate investments* (real gross domestic product per capita, GDP per capita growth rate and level of enhancement of economic development) [4]. Literacy rate, inflation rate and unemployment rate serves as a tool to gauge economic risk of a country. Larger economies are able to withstand economic downtrend and are more secured than small economies. In addition, level of grade of country notably affects investors' decisions in real estate market [7].

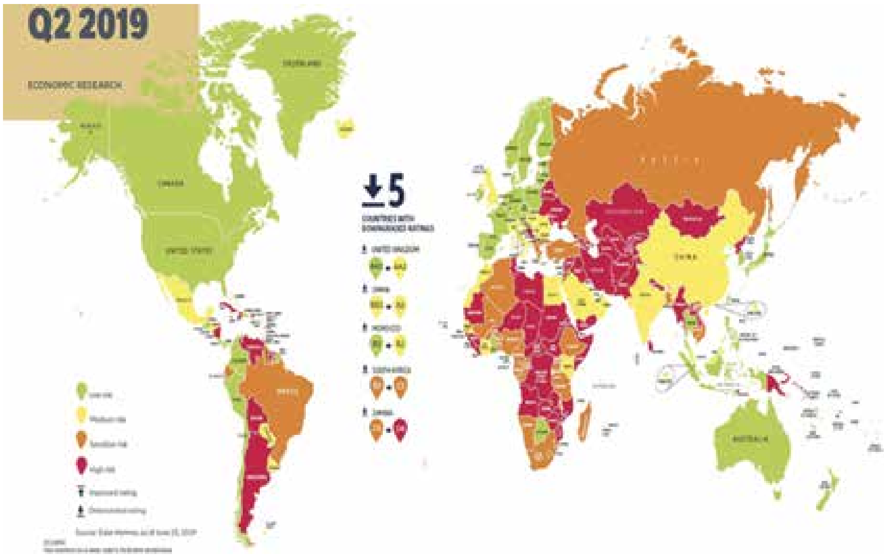
An economic research on medium term rating (country grade) and short term rating (country risk level) was conducted by Euler Hermes in Q2 2019 as a source of economic analysis which would help in global real estate investments [8]. The country possessing higher risk level will lower the real estate investments. These guide investors to be more cautious in their investments.

The average returns of North Korea, Sri Lanka and Syria have been negative while the securities in US and Australia have outperformed [8]. At a crossroad India's graded rating is B2 (Q2 2019) due to its potency and flaws. On the flaw side, patchy income distribution, pervasive poverty, inadequate infrastructure, current and fiscal account deficits, weak structural business environment and lack of beforehand policies and measures [9].

Red Colour: High Risk countries: Argentina, Zambia, Libya, Venezuela, Sudan, Yemen, Niger, Democratic Republic of Congo, Ukraine, Iran, Iraq, Syria, Pakistan, Nepal, Mongolia, Solomon Island, Cuba, Bolivia, etc.

Yellow Colour: Medium Risk countries: Mexico, Uruguay, Morocco, Oman, Saudi Arabia, India, Egypt, Kenya, Italy, China, Hong Kong, Singapore, United Kingdom, Romania, Cyprus, Malaysia, etc.

Green Colour: Low Risk countries: Australia, New Zealand, Indonesia, UAE, Taiwan, Thailand, Japan, South Korea, Finland, Norway, Germany, Spain, Portugal, Ireland, France, Poland, Switzerland, Kuwait, Israel, US, Canada, Colombia, Chile, Peru.



Source: Euler Hermes, as of June 25, 2019 (Q2- Country risk map) [8]

Structural real estate risk

It is associated with variability and explosive nature of returns and investor's ability to probe price correctly. It is interrelated to the maturity of the market, transparency and liquidity of real estate assets [4]. The real estate market dynamics have been affected by the creation of European Monetary Union, the unique currency area. The financing system of the countries also varies. As in European countries and Japan, bank based financing system prevails while countries like Australia, US and Canada are known for capital-market oriented financing system [Centre for European Economic Research]. India is primarily a cash-transaction oriented economy [7].

Cyclical real estate risk

This risk adversely affects the proceeds from investments as excel during slowdown (recovery phase) or may harvest no yields relative to stable markets. Prices of real estate properties are determined by the demand and supply forces of the real estate market [4]. Real estate space market is highly segmented upon location and type of property. Demonetization has resulted in minimum growth in GDP, wage earners are losing jobs, thus lowering their consumption to meet basic needs (or durable goods), as follows have affected the Indian economy [5].

Why real estate investments prove to be unattractive?

The property prices should be in aligned with fundamentals otherwise it will escort repercussions [subprime market crisis in US (2007-2008)]. Due to enormous differences among international real estate portfolios, investors are paying less attention to international diversification. Investors are unfamiliar *with taxes, fees, exotic regulatory barriers, exchange rate risk and structures of foreign market.* In almost every country real estate stocks provide a weak hedge against consumer price inflation. [7]

In India, income levels of citizens are low as compared to the prices of property making real estate, an unattractive investment [5]. It is an illiquid sort of investment. Investors are not financially literate so undertake traditional mode of investments. Other reasons can be protectionist measures being adopted by host country to protect domestic investors (nepotism), construction delays, default by contractors, repatriation of profits, kidnapping, ransom, terrorism and corruption, antiglobalisation movement and caps on FDI. [7]

Conclusion

Real estate asset will yield long term benefits for investors in developing countries due to the additional need for buildings, ancillary units, etc. due to urbanization. None of the sector of market is risk free. It is inherited in each and every investment avenue, making its returns erratic. To capture different levels of market risk, it is necessary to identify and measure the factors leading to this uncertainty. Reports of ACE Equity and Bloomberg, J.P. Morgan and Deutsche Bank reveals that global real estate sector is best sector for investment. It is advised to conduct fundamental analysis to reduce risk associated with real estate investments. Regardless of the reality that global real estate investments are prone to several economy wide risk factors, constitute a special place in the portfolio of an investor, to reap advantage of compensating effect (diversification). MA

References

[1]https://www.pmindia.gov.in/en/news_updates/housing-for-all-by-2022-mission-national-mission-for-urban-housing/

[2]https://www.livemint.com/money/personal-finance/nri-investors-in-indian-property-should-look-at-office-segment-1569312858536.html

[3]https://m.economictimes.com/wealth/invest/real-estate-market-set-for-a-comeback-5-promising-stocks-from-the-sector/amp_articleshow/70000796.cms

[4]Jun Chen and Peter Hobbs.(2003). Global Real Estate Risk Index. The Journal of Portfolio Management. 66-75.

[5]Ms. Jaya G. Prabhu Parrikar. (2018). Affordability in Housing Markets in India: An Overview. International Journal of Multidisciplinary.Vol-03(03). 99-101.

[6]Thierry Theurillat, Patrick Rérat and Olivier Crevoisier. (2014). The real estate markets: Players, institutions and territories.Urban Studies. Vol.52(8). 1414-1433.

[7]Aswathappa, K. International Business.6e. Chennai:Mc Graw Hill(Inda) Private Limited

[8]https://www.eulerhermes.com/en_global/economic-research/country-reports.html

[9]https://www.eulerhermes.com/en_global/economic-research/country-reports/India.html

pahuljotcom@auts.ac.in
harjotkaur2501@gmail.com

HOME BUYERS AND THREE FOLD PROTECTION SHIELD OF LAW

Hareesh Kumar Kolichala
Chief Manager (Law)
Union Bank of India
Kolkata

Abstract

The Real Estate sector was largely unregulated. Earlier, home buyers who pooled all their resources and invested in property were being arm twisted by the builders and were being taken for a big ride. Delay in completion of construction was a common phenomenon. There was hardly any legal protection to a home buyer as he had to move civil courts for redressal of his grievances which involved heavy expenses and time. Thereafter, Consumer Protection Act, 1986 came to be enacted which provided him with some solace but the same was not inexpensive and speedy nor was it specific to the real estate sector. However, there is a complete change in the scenario. The law has been bolstered in favour of home buyers and now they could get a speedy justice. It has come in the form of series of measures of the Government like enactment of Real Estate (Regulation and Development), 2016, ***(RERA),*** *Supreme Court's direction, in the case of Jaypee Infrastructure Ltd. allowing the representative of allottees of flats to be part of the Committee of Creditors under newly enacted Insolvency and Bankruptcy Code, 2016 and subsequent amendments to the Code including "Home Buyers" as Financial Creditors. The RERA is very stringent, provided safeguards to the buyer of home. The promoter/builder will be punished for violation of the provisions of the Act. It is clarified by the Supreme Court that a consumer could get his grievance redressed through any of the enactments, be it Consumer Protection Act, 1986, RERA, 2016 or Insolvency and Bankruptcy Code, 2016. The Home Buyer has three laws in his arsenal.*

The Real Estate sector was largely unregulated. Earlier, home buyers who pooled all their resources and invested in property were being arm twisted by the builders and were being taken for a big ride. There was hardly any legal protection to a home buyer as he had to move civil courts for redressal of his grievances which involved heavy expenses and time. Thereafter, Consumer Protection Act, 1986 enacted which provided the real estate consumer with some solace. Yet, it was not inexpensive and speedy nor was it specific to the real estate sector. The recourse was only curative and was not adequate to address all the concerns of buyers. .

Delay in completion of construction has become a common phenomenon. According to the Ministry of Statistcs and Programme Implementation, out of the 782 construction projects monitored by them, a total of 215 projects were delayed with the time over-run ranging from 1 to 261 months whereas the amount raised from home buyers was significant.

Almost all States have enacted laws regulating construction of Apartments. But, all these enactments did not cover a very important area of defining the duties of the Promoter and penalties for not adhering to the time lines for completing the projects. In the case of Neelkamal Realtors Suburban Pvt. Ltd. Vs. Union of India [2018(1)RCR(Civil)298], the High Court of Bombay had explained the problems plaguing the real estate sector as under:

"181. There was no accountability as to entity or persons responsible and/or liable for delivering on several projects that were advertised and in respect of which amounts had been collected from individual purchasers. What was promised in advertisements/broachers, such as amenities, specifications of premises etc. was without any basis, often without plans having been sanctioned, and was far from what was finally delivered. Amounts collected from purchasers were either being diverted to other projects, or not used towards development at all, and the developer would often be left with no funds to finish the project despite having collected funds from the purchasers. For a variety of reasons including lack of funds, projects were stalled and never completed and individual purchasers who had invested their life-savings or had borrowed money on interest, were left in the lurch on account of these stalled projects. Agreements entered into with individual purchasers were invariably one sided, standard-format agreements prepared by the builders/ developers and which were overwhelmingly in their favour with unjust clauses on delayed delivery, time for conveyance to the society, obligations to obtain occupation/completion certificate etc. Individual purchasers had no scope or power to negotiate and had to accept these one-sided agreements."

However, there is a complete change in the scenario. The law has been bolstered in favour of home buyers and now they could get a speedy justice. It has come in the form of series of measures of the Government like enactment of Real Estate (Regulation and Development), 2016, **(RERA),** Supreme Court's direction, in the case of Jaypee Infrastructure Ltd. allowing the representative of allottees of flats to be part of the Committee of Creditors under newly enacted Insolvency and Bankruptcy Code, 2016 (Code) and subsequent amendments to the Code including "Home Buyers" as Financial Creditors.

Real Estate (Regulation and Development) Act, 2016

Parliament had enacted RERA, 2016 and Sections 2,20-39, 41-58, 71-78 and 81-92 of this Act were brought into force from 1st May,2016 and the rest of the Sections were brought into force from 1st May, 2017, i.e., one year later. The reason for the same was to enable the State Governments and Union Territories to establish the Real Estate Regulatory Authority, the Adjudication Officer and the Appellate Tribunal.

The Objects of the Act are described as under:

1. To regulate the real estate sector to bring professionalism and standardization
2. To remove the constraints for the healthy and orderly growth of the industry.
3. To bring a uniform law to regulate Real Estate sector across the country in the interests of effective consumer protection.
4. To provide for the establishment of the Real Estate Regulatory Authority (RERA) for resolution of disputes and to ensure transparency.
5. To ensure greater accountability towards consumers, and significantly reduce frauds and delays.
6. To establish a fast-track dispute resolution mechanism.

The salient features of RERA are as under:

1. Section 3 of the Act mandates prior registration of real estate projects with RERA.
2. As per Section 4(l)(D), for registration of the real estate project with the RERA, a promoter has to submit an Affidavit declaring that, 70% of the amounts realized for the real estate project from the allottees shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose and the amounts from the said account shall be withdrawn only after it is certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project.
3. Section 11 of the Act clearly defined functions and duties of the Promoter. As per this provision, the Promoter shall create a web page on the website of the RERA and update the status of the project quarterly for public viewing. The promoter shall make available to the allottee of the flats all information such as sanctioned plans, layout plans, the stage wise time schedule of completion of the project. A developer is not allowed to start selling flats before all building plan approvals are obtained.
4. As per Section 13, a Promoter is barred from receiving any deposit or advance more than 10% of the cost from a person without first entering into a written agreement for sale with such person.
5. The promoters are required to post quarterly updates on the progress of the projects on the RERA's website.
6. As per Section 18, if the promoter fails to give possession of an apartment, plot or building within the time specified in the agreement for sale or due to discontinuance of his business or for any other reason, the promoter shall be liable, in case the allottee wishes to withdraw from the project, to return the amount received by him with interest at such rate as may be prescribed including compensation as provided under the Act. Further, where an allottee does not intend to withdraw from the project, he shall be paid interest, for every month of delay till the handing over of the possession, by the promoter, at such rates as may be prescribed.

Section 19 of the Act provided that the allottee shall be entitled to obtain information regarding project, stage-wise completion of the project, claim refund of the amount if the promoter fails to give possession of the property as per the agreement.

Section 20 provided for establishment of RERA by an appropriate government to enable an aggrieved person to file complaints. The RERA has power to issue orders and directions to promoters, allottees or real estate agents and impose penalties or order for payment of compensation or interest. Section 71 of the Act empowered the RERA to adjudicate complaints and grant compensation within 60 days to an aggrieved person for violation of the provisions of the Act.

Penalties

Sections 59-61 provides for levying of penalties on the promoter which may extend upto 5-10% of the estimated cost of the real estate project. Section 59(2) provides that the Promoter shall be punishable with imprisonment for a term which may extend upto 3 years or with fine which may extend upto a further ten percent of the estimated cost of the real estate project or with both.

In the above cited case of Neelkamal Realtors Suburban Pvt. Ltd., the High Court of Bombay had upheld the constitutional validity of the Act and dismissed the Writ Petition which challenged the Constitutional validity of the Act.

Therefore, the Act, by providing various safeguards, empowered the consumer and regulated the behaviour of the Promoters/builders to ensure that the consumers are not cheated or harassed.

Implementation of RERA

Most of the States have notified RERA in their respective States. However, some of the States have not brought the said Act into force in their respective states. The State of West Bengal had notified its own law called "West Bengal Housing Industry Regulation Act, 2016" (HIRA). In the case of **Pioneer Urban Land and Infrastructure Ltd. Vs. Union of India,** [2019(10) SCALE 523], Supreme Court had directed such States to implement RERA **within a period of three months from the date of the judgement.**

Insolvency & Bankruptcy Code, 2016

The consumers of the Real Estate Sector got further boost in the form of Insolvency and Bankruptcy Code, 2016 (Code). The said Code came into force from 1.12.2016. The main object of the Code is to resolve the corporate insolvency in a time bound manner to maximize the value of assets. The Code has been proved to be effective and is a biggest economic reform.

The Code differentiated lenders into Financial Creditors and Operational Creditors. Once an application for initiating Corporate Insolvency Resolution Process is admitted by the National Company Law Tribunal (NCLT), a Committee of Creditors (COC) is formed and it is this Committee which runs the Company until the Resolution Plan is approved. As per Section 21(2), the COC shall comprise only all financial creditors and Operational Creditors cannot participate in the meetings of the COC. Financial Creditors alone have been conferred with the privilege to take decisions during resolution process.

IDBI Bank had initiated proceedings under the Code against Jaypee Infratech Ltd, (JIL), a large real estate developer, before the NCLT, Allahabad bench. On 11.9.2017, an order was passed by the Supreme Court in the case of Chitra Sharma Vs. Union of India [2017]144SCL1(SC)] appointing a representative of home buyers to participate in the meetings of the COC in order that their interest is protected.

Thereafter, Parliament made amendments to the Section 5(8) of the Code conferring the status of "Financial Creditor" on home buyers and an Insolvency Professional to represent them in the COC meetings.

The said amendment was challenged as unconstitutional in the above said case of Pioneer Urban Land and Infrastructure Ltd. before the Hon'ble Supreme Court of India. However, Supreme Court had rejected the argument of the Petitioners, upheld the validity of the amendment and held as under:

"The RERA is to be read harmoniously with the Code. It is only in the event of conflict that the Code will prevail over the RERA. Remedies that are given to allottees of flats/apartments are therefore concurrent remedies, such allottees of flats/ apartments being in a position to avail of remedies under the Consumer Protection Act, 1986, RERA as well as triggering of the Code."

Therefore, in insolvency proceedings against a Corporate Debtor, a home buyer is on par with other Financial Creditors like Banks and has a say in the Committee of Creditors.

Remedy under Consumer Protection Act, 1986

Similarly, in the complaints filed by the allottees/consumers before the Consumer forum, the developers/promoters contended that on enactment of RERA, consumer forum lacked jurisdiction. In the case of Ajay Nagpal Vs. M/s. Today's Homes & Infrastructure Pvt. Ltd. [CC 1764 of 2017], National Consumer Disputes Redressal Commission held that RERA does not bar the jurisdiction of Consumer Forum.

Subsequently, Supreme Court also confirmed in the above case of Pioneer Urban Land and Infrastructure Ltd. that an allottee may invoke any of the Acts, either RERA, Consumer Protection Act, 1986 or Insolvency and Bankruptcy Code, 2016. The proviso to Section 71(1) of RERA provides that an allottee may continue with his complaint already filed before the Consumer forum or he has the choice to withdraw such complaint and file an application before the RERA.

Conclusion

Therefore, now, a consumer of Real Estate has got various remedies to pursue and he may choose his remedy. The newly enacted RERA and the Insolvency and Bankruptcy Code, 2016 are more effective and time bound. The position of the home buyer has been elevated like never before. The tougher legal regime has already put the developers like Unitech Ltd. on the mat and the home buyer will have the last laugh with three laws in his arsenal. MA

kshk.hareesh@gmail.com

DIGITAL OBJECT IDENTIFIER (DOI)

Issue: October-2019 [Vol. 54 No. 10]

Name of The Article	Name of Author/s	Volume	Issue	Issue No.	Page No.	DOI Numbers
"Howdy Modi"	CMA Harijiban Banerjee	54	Oct-19	10	20-21	10.33516/maj.v54i10.20-21p
The US-India Economic Relations: An Enthusiastic Renewal	Dr. Saibal Kar	54	Oct-19	10	22-25	10.33516/maj.v54i10.22-25p
FINTECH: New Financial Landscape in India	CMA Amit Kumar Arora Ankit Panchal	54	Oct-19	10	26-29	10.33516/maj.v54i10.26-29p
FINTECHS : The Dark Horse of SME Lending	R Sumitra	54	Oct-19	10	30-32	10.33516/maj.v54i10.30-32p
Impact of Financial Technology on Accounting & Auditing	CMA Harpreet Singh	54	Oct-19	10	33-34	10.33516/maj.v54i10.33-34p
FIN-TECH Adoption by the Indian Banking Sector - A Study	CMA Rambabu Genteela CMA (Dr.) Gaddam Naresh Reddy Dr. Maloth Raghuram Dr. K. Krishna Chaitanya	54	Oct-19	10	35-38	10.33516/maj.v54i10.35-38p
Impact of ICT Usage in Detection and Prevention of Bank Frauds	Dr. Deepika Gautam	54	Oct-19	10	39-43	10.33516/maj.v54i10.39-43p
Financial Technology and its Scope in Higher Education - A Study with reference to India	Dr. Nilanjana Biswas (Mitra)	54	Oct-19	10	44-46	10.33516/maj.v54i10.44-46p
Financial Innovation in the MSME Sector: An Empirical Study on FIN-TECH	Dr. Rintu Nath	54	Oct-19	10	47-50	10.33516/maj.v54i10.47-50p
FINTECH – An Exploratory Study and its Applications	M. Chandra Shekar Kumaran. R	54	Oct-19	10	51-54	10.33516/maj.v54i10.51-54p
Digital Transformation – Solution Design for Problem Solving	CMA (Dr.) Paritosh Basu	54	Oct-19	10	58-59	10.33516/maj.v54i10.58-59p
Standard Costing and Labour Cost Variance	CMA Ashwani Kumar	54	Oct-19	10	65-73	10.33516/maj.v54i10.65-73p
Global Economic Situation and Banking Environment in India	CMA (Dr.) Subhash Chandra Das	54	Oct-19	10	74-75	10.33516/maj.v54i10.74-75p
Tax Titbits	CMA S. Rajaratnam	54	Oct-19	10	76	10.33516/maj.v54i10.76-76p
Cost-Benefit-Analysis of Selling of Third Party Products In Banks	Er. Sunil Dasari	54	Oct-19	10	78-82	10.33516/maj.v54i10.78-82p
Evaluation of Capacity Assessment – A Case Study	CMA R Venkataramani	54	Oct-19	10	83-86	10.33516/maj.v54i10.83-86p
Sabka Vishwas (Legacy Disputes Resolution) Scheme called as SVLDRS - Benefits to Trade and Analysis for the benefit of Practising Professionals	CMA V.S.R.M.Kasyapa	54	Oct-19	10	87-90	10.33516/maj.v54i10.87-90p
Issues in Performance Assessment Framework: A Case of Konkan Railways	Abhishek Banerjee	54	Oct-19	10	91-94	10.33516/maj.v54i10.91-94p

DIGITAL TRANSFORMATION – STARTUP ECOSYSTEM AND PEOPLE CENTRIC SOLUTION DESIGNING

CMA (Dr.) Paritosh Basu
Senior Professor
NMIMS School of Business Management
Mumbai

Indian Startup Ecosystem

Indian startup ecosystem has presented so far twenty-seven Unicorns. But none of them, in true sense, have used any deep dive technology. NASSCOM in one of its recent reports[1] has indicated that circa 1,200 Indian startups are engaged in innovative solution designing with applications of deep technology such as AI, ML, IoT, Blockchain, AR and VR. Mr, Jayanth Kolla, founder of a deep tech research and advisory firm, is of the view that these technologies render designed solutions *"smart, intuitive, self-reliant, customised and most importantly, continuously improving,"* Those are the harbingers of 'Digital Transformation 2.0'.

Interactions with many startups reveal that 'Startupians' in India suffer from fear psychosis of failing and burning cash. The Indian startup ecosystem, unlike in developed countries, hardly provides scope to make mistakes, not to speak of a free and independent environment with incentivisation of mistakes also. They are more driven by the kick of innovation and not 'innovention'. Some of them are also driven by 'Me Too Startup' syndrome. An 'innoventive' mind brings in the element of invention, i. e., something distinctively new with people-centric many-in-one solution design. Such unique products can cause 'destruption' (destructive disruption) and make competition irrelevant with unique products and the first mover's advantage.

8 WH Principles of Solution Designing

In the second issue of this column design thinking has been written about. The author seeks readers' indulgence to introduce his '8WH Principles' that can help designing people centric solutions with unique features of 'innovention'. This process involves finding answers to the following questions ahead of ever-emerging ground realities of dynamic domestic and international marketplaces:

- What are the latent and unique necessities of stakeholders, society and humanity at large?
- Which solutions are presently available and what gaps are there in meeting users' present and unforeseen unique requirements?
- Who are the present service providers, target customers and what are their pain points, for which no remedy has been offered so far?
- When the solution for the identified unique problem(s) is to be delivered, updated and upscaled with a sustainable revenue model?
- Where are customers located, for what value and up to where the horizon of marketplace can be extended with or without any variation in solution design?
- Whose regulations are to be complied with, for which stakeholders, and what all risks are to be proactively

covered?

- Whom should the user contact in case of troubles faced while using the solution?
- Whether any better solution is being offered / prepared by competitors anywhere in the world with superior performance and unlimitable competitive advantages?
- How to minimise risks of value destructions, assess and track users' delight and ensure sustainability?

Technology does not have ethics, morality, compassion, emotional intelligence and value generation skills for a common man. Technologists have. Therefore, it is imperative for solution designers to ensure that imperatives for these human qualities are never compromised. They must not allow applications of such powerful digital tools with ulterior motives to harm humanity. The core principles of 'Digital Empathy'[2], tested with cognition, compassion, and emotion, must be maintained to enhance user experience and benefits for all.

It will be useful to quote Mr. Bernard Marr[3], one of the top global influencers of digital technology. He says, *"Since AI algorithms are built by humans, they can have built-in-bias by those who either intentionally or inadvertently introduce them into the algorithm. If AI algorithms are built with a bias or the data in the training sets they are given to learn from is biased, they will produce results that are biased. This reality could lead to unintended consequences like the ones we have seen with discriminatory recruiting algorithms and Microsoft's Twitter chatbot that became racist."*

CXOs need to understand the difference between outstanding technologies, and organisational priority for alignment of those with its vision, mission, culture and strategies before implementing those in real life systems. Success will dependent on analytically crafted change management with agile strategies. This author suggests 'RAGE Analysis' as the first step for making an organisation future ready with successful digital transformation. CXOs may conduct 'Required, Available, Gap and Essential' analysis before deployment of digital tools and platforms. This will help focussed attention with needful alignment of those and trained manpower for attaining organisational objectives in order of priority.

Digital Solutions for Common People

Acute lower respiratory infections and pneumonia kills about one million children every year worldwide. Unfortunately, about 5% of global population has access to higher level of treatment starting with X-Ray imaging. Scientists of John Hopkins School of Medicine[5] have reinvented Stethoscope, the two centuries old instrument and symbol of medical treatment. They will soon successfully equip general physicians to diagnose such killer diseases more effectively through extensive use of AI and connecting a small digitally enabled tool to a smart phone. The process of diagnosis will no longer be expensive and time-consuming.

Kolkata traffic police[4] could reduce road accidents and deaths by 34% and 30% from 2015 to 2,456 and 294 respectively in 2018 by using 3 Es, viz., education, engineering and enforcement through digital platforms. The department has its central data storage server. Officials can now better perform analytics to study accident patterns. Road signals are more being centrally controlled and synchronised that allows better management by tracking traffic profile at different time slots. They also extensively use digital media for intensive awareness campaign and handle violators by sending notices, collecting fines and tracking progress through digital platforms.

In December 2018 the Municipal Corporation of the same city issued the birth certificate of a new-born baby through a Blockchain platform. This digital facility will be the simplest, cost effective, yet safe and secured method for identity management of a human being throughout his / her life.

One of the top ten strategic technology trends, as identified by Gartner[5], is 'Human Augmentation'. Digital scientists will leverage technology to augment inherent physical and cognitive capabilities of a human being by implanting and / or hosting a digital device on his / her body, such as a wearable device. That digitally enabled item will be connected to a smart phone / device. Cognitive augmentation will help accessing information and utilising applications on traditional computer systems and the emerging multi-experience interface in smart spaces. Major benefits will be for aged people who will be able to lead a much better, safe and meaningful life. This will also improve processes for farmers engaged in animal husbandry. MA

Webliography

1. *https://www.livemint.com/technology/tech-news/why-india-needs-deep-tech-startups-11572250462873.html*
2. *http://www.timherglotz.com/digitalisation/why-empathy-matters-in-the-digital-age/*
3. *https://www.linkedin.com/pulse/what-negative-impacts-artificial-intelligence-ai-bernard-marr/?published=t*
4. *https://indianexpress.com/article/cities/kolkata/safe-drive-save-life-how-kolkata-made-its-roads-less-accident-prone-6090688/*
5. *https://www.techrepublic.com/article/hyperautomation-human-augmentation-and-distributed-cloud-among-top-10-technology-trends-for-2020/*

Paritosh.Basu@sbm.nmims.edu

CMA Sunil Chacko
C F O
Cochin International Airport Limited

Mr. Chacko is a Fellow Member of The Institute of Cost Accountants of India. He had served as a Chairman, Southern India Regional Council of Institute of Cost Accountants of India (2007-08) and Chairman, Cochin Chapter of Institute of Cost Accountants of India (2003-04). He was also a Member of Southern India Regional Council of Institute of Cost Accountants of India (2004-2011). He is having more than 31 years of industrial experience in different organizations. Mr. Chacko is presently working as CFO in Cochin International Airport Ltd. (CIAL) and Director of Cochin Dutyfree and Retail services Ltd. Joined CIAL as CFO in April 2014. Before that worked in Kerala Minerals and Metals Ltd. (KMML) as Executive Director till April 2014 with overall responsibility of Finance, Marketing, Corporate Affairs and Internal Audit etc. Prior to that, worked as Financial Controller (CFO) of Travancore Cochin Chemicals Limited (TCC). Served TCC Ltd. from the year 1990 to 2008 in different capacities. He was a Professional Associate to Enterprise Reforms Committee (ERC) of Govt. of Kerala (2002-04). Further, served as Guest Faculty in professional institutions and presented papers for national and international seminars and workshops.

Q1. The unique rehabilitation package, the astonishing public participation and a sustainable business model have made Cochin International Airport Limited (CIAL) - the company which operates the airport - an international brand. Where do you see your organization Cochin International Airport Ltd. 5-years from now?

A: Cochin International Airport started operations in 1999 in a humble manner with annual passenger traffic of seven lakhs and it was a tremendous and eventful journey thereafter over the years. We have joined the 10 Million Passenger Traffic Club in the year 2017-18. At present, we are the fourth busiest airport in the country in terms of international passenger traffic. The last five years' of the company really existed as we could facilitate large capacity additions both in International and Domestic terminals to cope-up with the growth in the aviation industry in the country. We are targeting exponential growth in the same manner for the coming five years. The fruits of major investments in the last five years will be mostly reaping in the coming years. Accordingly, we expect substantial increase in the turnover, may be to the tune of 2-3 times in aero and non-aero revenue by 2024.

The capacity addition in Indian airline business is sharp in contrast to other sectors. Scheduled carriers in India are adding atleast 30 aircrafts by this year end and the Government is planning to privatise 25 more airports in the next phase. Therefore CIAL will also aggressively participate in the bidding and want to consolidate its position in the airport infrastructure space, though the process will take some time.

CIAL has already established it as a socially responsible and committed organization in the last 25 years of existence. We are carrying the society along with us while targeting the corporate growth. For example, we experienced a severe flood in August 2018, by which the airport operations were closed for 15 days. All flood mitigation programmes and measures focus on the safety of the airport, but our master plan emphasises interalia protection of the villages and towns around the airport from the natural calamities.

Q2. Keeping in mind the demands of stakeholders, what are CIAL's expansion plans?

A: As outlined earlier, we have created capacity taking into consideration the passenger traffic growth projections for the next 20 years both in international and domestic terminals. So the monetisation of unutilised land available with the company is the first agenda now. We have already diversified into sectors such as power, inland water ways, retail and MRO and we are in the threshold of generating sizeable revenues out of these diversified activities.

Apart from diversification, we are also sensing the opportunities in constructing or operating new green field or brownfield airports. We are actively exploring to grab opportunities within the airport sector. In the long run, we need to double our revenues out of airport operations and an equivalent stream of revenue to be generated out of diversified activities.

The airport is operating with a single runway which can cater to the growth of traffic for another 15-25 years. However we are seriously proceeding with the plan of acquiring sufficient extent of land and develop it for the construction of secondary runway well in advance now.

In spite of operating in the infrastructure sector, CIAL has a track record of constantly paying high dividend to its stakeholders. Our revenue and bottom line planning are also in accordance with the high expectations of our stakeholders.

Q3. What are some of the key emerging constraints (if any) you are facing in successfully implementing your strategy?

A: The slowdown in the economy has already impacted in the traffic growth in all major airports in the country. The airports in Kerala including Cochin International Airport have large dependency on the Arabian Gulf bound passengers. The decline of Middle East economies definitely will have strong influence on the traffic growth projections.

Incidentally, the business friendliness of economic eco system in the country is still trailing behind the expectations. All attempts for simplification of tax regime are not really fruitful, especially in view of unsettled tax disputes, which are of decades old and involving huge amounts refund claims.

The construction of a new runway definitely involves acquisition of land from the common public, which is always a nightmare for any industry across the country, especially in the present legal frame work including environmental regulations.

Q4. India's aviation industry is largely untapped with huge growth opportunities. How are you planning to seize the opportunities?

A: Smaller airports in India receive only a limited number of flights in a week, and the costs of air travel are disproportionally high considering the per capita income.

A "smart product mix", i.e. the establishment of good integration between aviation and other service and commodity sectors, is required. For example, developing state-of-the-art air transport facilities would not only be a sensible move for competitiveness.

Therefore, there is tremendous scope for Improvements in airport infrastructure. Installation of advanced air traffic control and air navigation systems, better safety and security services will incentivise more air travel in the country.

Our existing model ensured modular development of airport infrastructure on a viable basis. We would like to utilize our expertise and resources to replicate in the case of new green field or brown field airport projects are received in our hold.

Even though we are located at the southern-most tip of the sub-continent, we are surrounded by a handful of smaller airports. Therefore, our long term intentions include development of Cochin International Airport as a Regional Hub. We hope that with our extensive connectivity to all major centres in the Middle East, South East Asia and all major airports within India, this dream will become a realty soon.

Q5. How economic slowdown is creating headwinds for airlines sector?

A: In the Indian context, affordability of air fares to passengers and aircraft load factor is the prime determinants of airline sustainability. The economic slowdown has caused the decline in the affordability and is surely going to affect passenger volumes too. If slowdown continues, it will surely impact the industry for a short to medium term. As indicated earlier, we expect a larger impact in view of the Gulf crisis and our sizeable dependence on Middle East traffic.

Q6. What are the probable challenges airports may face in terms of attracting new airlines and routes in the years to come?

A: Airlines want minimal airport costs in their cost of operations as they face stiff uncertainty in other major costs such as fuel which is uncontrollable to them. Meantime, cost of construction and maintenance of airport operations especially the cost of security and safety is also increasing disproportionality in the hands of airport operators. Attracting new routes and retaining airlines under these circumstances is the biggest challenge Apart from that world over, regional disturbances, global economic slowdowns are also a cause of worry in retention and attracting new airlines.

It is understood that Government of India is trying to rewrite the aviation policies including bilateral agreements and Open Sky policies. Hopefully the much awaited changes may provide the required flexibility for marketing the airports in a bigger way.

Q7. The Government of India has launched regional connectivity scheme named UDAN (Ude Desh ka Aam Nagrik) to make flying affordable for common man. How much impact it's having on this Airlines business?

A: The implementation of the scheme and development of local airports will definitely lead to establishment of regional hubs in the country. This will also encourage Middle Income Group in the society to utilise the facilities of air traffic more and more in the coming years.

UDAN needs to view more on the unlocking of latent demand from Tier 2 and Tier 3 cities of India. This will spurt the overall future demand of aviation in India. The UDAN has ensured connectivity to unconnected regions and also ensures affordable flying to passengers in that segment. The real favourable impact of the scheme will be unveiled only after few years. Perhaps this scheme has helped us to retain the positive traffic growth despite slowdown in the economy.

Q8. Is technology the only way forward in improving the customer service?

A: Though technology is imperative in enhancing the customer service, it cannot be regarded as the only way forward. Airports are not virtual worlds but are a point of interaction of humans, which requires comfort and personalised experience. We believe in providing customised and personalised experience to our travellers. Technology can surely assist us in this regard, however, emphasize is on development human skill and their competence suitable for airline and airport industry, especially in view of the fact that

India has the availability of large human resources.

However, efforts are going on for simplifying the process of air traffic by using technological developments and innovations, especially in view of intricate security concerns. The government's Digi Yatra scheme, which envisaged to provide hassle-free movement of passengers for boarding is a good example. It is a fact that noting can replace human interaction, even in the era of artificial intelligence. However, technological innovations will add value to the services extended to the passengers. As far as CIAL is concerned, we have been continuously adopting the world-class and most modern technology to save time and money and also to ensure Total Passenger Satisfaction, by enhancing the safety and security aspects.

Q9. The Cochin International Airport Limited (CIAL) has been selected for the Champion of Earth Prize-2018, the highest environmental honour instituted by the United Nations. What more eco-friendly and cost-effective measures are you planning to make our Nation proud?

A: Our entire terminal constructions, air-conditioning systems, lighting systems, water management system are already designed in the most energy efficient, technology oriented, eco-friendly and cost effective manner. In the solar front, we are already generating power above our requirements and transferring the surplus production to the State Electricity Board. We are also about to commission a 4MW small hydel project allotted to us. The first time in the world entire airport parking facility is now converted into a solar car port. We have also provided charging facilities for the electric vehicles in our carport. Further, we are seriously in the process of converting all our vehicles running in the airside to electric fuel so as to minimise airside emission.

Our diversification activities include development and revival of inland water ways of Kerala, by partnering with the Government of Kerala, primarily intended to shift a substantial portion of road traffic to water ways, which will certainly reduce the carbon emissions in the State of Kerala.

Innovations and social transformation orientations are in the DNA of CIAL. This is a part of the culture inculcated by our founder Managing Director, Shri V.J. Kurian, who continues to lead this organization in this Silver Jubilee year now. It is certain that we will come out more with innovative initiatives in the years to come.

Q10. The CMA professionals are trained to be cost competitive, utilize available resources in an efficient and cost-effective manner through cost optimization, efficient deployment of scarce resources leading to cost control, cost reduction and cost consciousness. Please suggest in what ways Cost and Management Accountants (CMAs) may offer their expertise more effectively in this quest?

A: Airport Industry in India though attracted heavy infusion of capital investments has not so far rendered adequate levels of return except in the case of Cochin international airport, this could be achieved only on account of cost effective airport constructions, optimisation of operating expenses and efficient utilisation of resources. Evidently, this is the way forward to ensure adequate level of return from this Industry. In this regard, CMA can definitely contribute substantially.

Further, in the years to come, we have to develop a number of Tier-2 and Tier-3 functional airports in the country at affordable costs. The skills and expertise of CMA professionals will be handy in implementation of these facilities. Such an attempt is very important in extending the facilities, technological advancement and easy travel to the under privileged masses in the country.

It is accepted that making the goods and services affordable is the key initiative required for overcoming the hurdles of slowdown. The expertise of professionals in the strategic cost management and target costing will definitely be an advantage in achieving this, especially in a price sensitive society like ours.

Q11. What are the various ways your organization can integrate with our Institute for the diverse avenues in professional development matters?

A: One primary area where airport industry and institute can align is the area of Airports Economic Regulatory matters. As of now, professional institutes play a limited role in framing and implementing the regulatory cases of the Industry.

Apart from that, CIAL being a pioneer in the field of cost efficient airport construction and its viable operations, the various verticals of this model can be documented and can be made as reference for development of cost efficient airport in India.

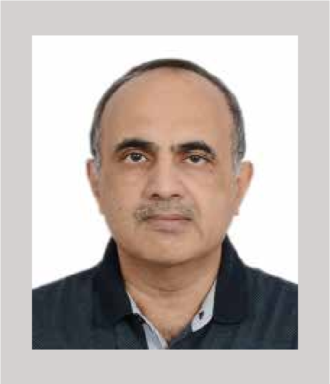
Our airport is already utilizing the expertise of CMA professions by engaging them in various key positions and employing the members and trainees at corporate level and in the subsidiaries.

The Institute can think of more and more publications of handouts focusing on aviation industry, which is going to be a major driver of the economic development of the country. The expertise of the member professional working in this industry can be utilised for this purpose.

Kind Attention !!!

UGC Approved List of Journals has been revisited by UGC-CARE (University Grants Commission - Consortium for Academic and Research Ethics) w.e.f. 14.06.2019. We are in the process of getting enlisted in it and will inform as soon as we get enlisted.

VALUE CREATION THROUGH COST-OPTIMIZATION



CMA A Mathews
Registered Valuer
Bangalore

Abstract

A big opportunity to create value in an enterprise is by cost-optimization. Cost-optimization succeeds if it is driven by top management and is run by cross-functional teams. Valuers need to critically examine such initiatives when valuing an enterprise.

Valuation of enterprises can be done by valuers who view the enterprise from the outside and determine the value of that enterprise. Typically, such valuers would be investment analysts, credit rating agencies, etc. Valuation can also be done by those who are within the enterprise, who look at creating enterprise value from within. We examine below role of those creating value from within the enterprise.

Value creation can be done through revenue enhancement, or through changes in the cost structure, though it is typically done by following a holistic approach.

In order to identify the opportunities to create value, there has to be **a critical analysis of the enterprise in comparison to others in the industry,** and the performance of the enterprise over time. This requires using the E-I-C model, i.e., assessing the economy, the industry and then the company. A common size analysis would enable comparison of the enterprise with others in the same industry and against itself over time. Based on the analysis, we get insights about the industry growth rates vs the company's growth rate, the high performers and laggards in the industry, the cost structures in the industry, industry segmentation, customer segmentation, an assessment of product features and positioning in relation to competition.

Focusing on value creation through cost-optimization, once we have common size analysis of the company's cost structure, potential areas for a further deep-dive analysis are identified.

Take the example of a services company where manpower cost is the single largest cost, and is therefore the single largest opportunity to save on costs.

Saving Manpower cost requires

- an analysis of the profiles of people to see if there is a right fit for the job
- Identify market salaries of these profiles
- Make a demand and supply assessment
- Identify the pools from which recruitment can be made
- Identify the cost of recruiting, with productivity metrics
- Create a manpower model, showing the skill profiles of the organization
- Create a cost model over time
- Get a sense of the cost of managing the organization structure, such as organization development cost, training costs, recruitment costs, engagement costs.

Cost-optimization requires

- defining the processes

- measuring available data
- analyzing the data
- identifying improvement opportunities
- controlling the process of improvement.

This fits in very neatly into the DMAIC framework, used for Six Sigma improvements.

Cost - optimization succeeds if it is driven by top management, using inter-functional teams and sustainable value is created by ensuring the processes created are manageable over time. Sponsorship of the cost-optimization initiatives should be done by the CEO. The ideal inter-functional team would be program managed by the quality function, who have the experience in the DMAIC and Six Sigma frameworks. Each cost-optimization program should be set up as a Six Sigma project.

Projects need to be identified, and parceled among the interested parties. The programs that have the maximum impact, should necessarily involve the CFO.

To continue with our example of optimizing manpower cost:

- In a service delivery framework, a pyramidal structure of manpower is essential. The span of control between layers determines the average cost of the delivery pyramid. Typical accounting work requires a ratio of 1:6, while a delivery framework for sales order processing would be 1:16.
- The average cost of each layer has to be defined, as also the expected age of each layer.
- A promotion policy needs to be outlined. Typically, manpower promoted from within, costs less than external manpower.
- Training costs: Optimization of training costs requires running training batches at optimum capacity, determining whether trainers will be in-house or external, number of training programs, number of training days for manpower, etc.
- Hiring costs: Optimization of hiring cost, requires an ABC analysis of vendors used in hiring, reducing and consolidating the vendors, putting in place incentives to improve hiring quality and retention of hires (best fit), defining the productivity norms for in-house recruiting teams, etc.
- Manpower planning: Since financial planning is done by the CFO's office, and typically, the constraint in planning is sales driven, the other plans, including the manpower plan, are derived from the sales plan. The Manpower plan needs to be aligned to the sales plan, with a high degree of flexibility built in, to cater to the change in sales estimates. De-risking the plan: Means of de-risking the manpower plan should be identified, such as working out optimistic, realistic and pessimistic scenarios, and building out the manpower plan to suit the most likely scenario. This would result in the most optimal holding cost of manpower, without loss of revenue.
- Caveats: optimizing manpower planning requires a close watch to be kept on revenue growth, and market forces, and contract wins by the company vs competition.

Transport costs in the services industry

Typically transportation is seen as a benefit offered to employees, and is typically wasteful in nature, due to the lack of accountability for utilization of the service being provided. To quote from our experience, optimizing transport costs involved analyzing the costs to identify the drivers of transport costs. These drivers are:

- Shift timings
- Mode of transport
- Cost per trip
- Vendor consolidation
- Capacity utilisation

A holistic approach needs to be followed in optimizing costs. Since it is a very touchy topic, as it results in employee dissatisfaction, it needs to be driven by consensus across the organization. The first step to optimizing costs is to consolidate shift timings, with most employees coming in to work or leaving at the same time. This enables better capacity utilization. The second step is to identify the size of vehicles to be used, based on the capacity need, as well as availability from vendors. Once the optimal vehicle size has been identified, the contracting needs to be done on the basis of the right metric (e.g., cost per trip, cost per head). Extra frills in transportation need to be removed (air-conditioning, use of taxis during the day). The ideal method to optimize costs is to place the responsibility on the employee, to manage his own spend on transport, by putting the amount into his paycheck, and asking him to pay for transport. Optimizing costs is not a responsibility to be placed on the vendor, since it is abdicating organizational responsibility. Assessing costs and returns from the vendor perspective needs to be done, to ensure that cost per trip fixed is realistic, and is sustainable. The entire process of vehicle allocation, and manpower allocation to vehicles is a process that needs automation and timely intervention from a transport team well-versed in logistics to ensure that the transport department is well run, with high levels of employee satisfaction, while optimizing costs. In the process of cost-optimization, it is necessary to fight the larger battles, and let the smaller battles be lost, to ensure that the entire organization sees a process of give and take, while arriving at the optimal solution for transportation.

Following the principles outlined above, it is possible to reduce transport costs by as much as 60%.

Pricing of services to customers

One may wonder what is the connection of pricing to cost-optimization. Firstly, **the relevant cost structure needs to be an input into pricing.** Secondly, the cost assumptions made in pricing need to be clearly spelt out, and made known to the delivery teams, with **a clear cut mandate to the delivery team to remain within cost assumptions,** and with a means for the finance team to monitor. This process of 'controlling' ensures the sanctity of the pricing process, with a linkage of pricing to business realities. Simultaneously, the finance team is mandated to be attuned to market deliverables.

Improving utilization of infrastructure

When the utilization of space is measured and monitored, it is possible to optimize utilization of space. A coordinated effort needs to be undertaken using key personnel from procurement, technology, inhouse architects and the planning team. The design of space can be optimized by taking a modular approach to infrastructure in terms of the seating capacity of engagement floors, the network design, location of hub-rooms, availability of digital / ip phones. A forecast of space requirements over 3 years can also done, given the infrastructure creation timeline of 18-24 months. With these inputs, space utilization can be moved up from 70% to 95% over the period of 3 years, resulting in a cost improvement of 1% of revenue.

Improving Days Sale Outstanding

In my experience, using six sigma methodology (DMAIC – Define, Measure, Analyse, Improve, Control), key members of the accounts receivable team were tasked with improvement in DSO. They defined the scope of the improvement sought, assessed how improvements could be done – such as changing billing cycles, reducing cycle time for invoice generation, coordination with account managers to ensure prompt delivery of invoices into client payable systems, tracking and following through with account managers for overdue invoices; and based on the improvements implemented, improved the DSO by about 5 days, with a key member earning a black belt in the process.

Moving operations to low cost centers and optimizing costs

A typical suggestion is to cut costs by moving operations from higher cost locations to lower cost locations. Based on study of competitive advantage, its normally apparent that India is the lowest cost economy with the appropriate skills being available. In case there are other geos that are chosen, they would be chosen on the basis of language or technical skills availability. Within the country, one may decide whether to move from a higher cost location to a lower cost location. Firstly, one should identify the key variables in taking such decisions

- space and infrastructure availability
- availability of skilled manpower
- availability of surrounding infrastructure
- transportation costs
- connectivity
- client compatibility (clients may be co-located).

Secondly, moving projects and costs to new locations should become an organization mandate, and all functions should work towards the common objective. This would be a long term strategic cost initiative, that sees results over a span of 3-5 years. It is possible that in initial years, costs may actually be higher.

Improving business decision-making

A Key Component in the optimization journey, is making available sufficient information to the operating managers who take operating decisions that affect costs. Decision-making should never be pushed into the finance function, nor should the timeliness of decision-making be adversely affected by asking for validation from the finance function. The feedback loop should be sufficient to ensure that the controller's job in ensuring cost control is met. In certain instances, where there is a lack of organizational discipline, or too many satisficing decisions being taken by operating managers, who are unable to achieve cost targets, the prior approval of costs moves from operating teams to the finance teams. In such cases, the finance team needs to be adequately staffed to ensure timely decision-making. Therefore, the role of the finance team comprises pulling out analytics of costs vs budgets, enabling managers to assess where they are going wrong, or ensuring data is available to managers taking decisions, in a timely manner.

Valuation of an Enterprise post cost-optimization

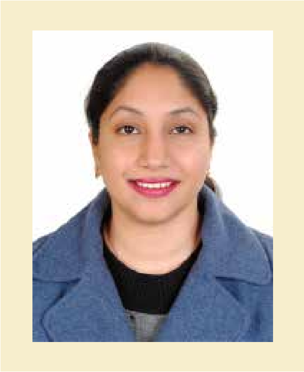
It is possible that an enterprise is expected to be valued, **AFTER** considering the impact of cost-optimization. If a valuer is expected to provide an independent viewpoint on such initiatives, he will need to consider the following factors before deciding on whether enterprise value is likely to be enhanced:

- Credibility and commitment of the management team in driving cost-optimization.
- Likelihood of achievement of the cost-optimization initiatives, by comparing industry metrics against the specific company's metrics.
- Clarity in definition of the initiatives, the degree of planning that has gone into the programs, and progress against objectives outlined.
- Sustainability of the cost structure achieved, post the initiatives.

An assessment of the value creation arising out of the cost-improvement initiatives, in relation to the total value of the enterprise should also be done, as a sensibility check, since such initiatives should not be relied upon to provide the bulk of the enterprise value. As with all valuations, a healthy dose of realism is required. MA

abraham_mathews@yahoo.com

DIGITAL CURRENCY AND ITS IMPLICATIONS FOR INDIA



CMA (Dr.) Manpreet Kaur
Associate Professor
Bharati Vidyapeeth Institute of Management and Research
New Delhi

Abstract

The demonetization of currency in year 2016 by Modi government revolutionized the movement towards usage of digital payment methods in India. Though it was strenuous decision for country like India where 90% of the transactions are in cash, people adopted digital mode of payments in short span of time. The adoption of digital methods for payments is facilitated by phenomenal increase in ownership of smart phones and presence of user friendly payment modes like PAYTM and BHIM UPI. The paper tries to explore the global trends in digital currencies in selected countries and tries to examine the implications of digital currency for India through SWOT analysis.

The demonetization of currency in year 2016 by Modi government revolutionized the movement towards usage of digital payment methods in India. The decision to demonetize bank notes of Rs 500 and Rs 1000 aimed at i) lowering cash circulation in the country which is directly related to black money and corruption ii) eliminating fake currency and iii) reducing terrorism funding. Though it was strenuous decision for country like India where 90% of the transactions are in cash, people adopted digital mode of payments in short span of time. The adoption of digital methods for payments is facilitated by phenomenal increase in ownership of smart phones and presence of user friendly payment modes like PAYTM and BHIM UPI.

Though, initially people in India were reluctant to use digital system, but it has come to stay largely due to its prevalence in many developed countries of the world and ease of use. Over the years, focused effort has been made to develop national payment infrastructure and technological platforms through Immediate Payment Service (IMPS), Unified Payments interface (UPI), Bharat interface for money (BHIM), Bharat bill Pay system(BBPS) or Aadhaar enabled payment system (AePS). As a result, there is substantial increase in retail electronic payments which, in turn, led to decline in currency in circulation as a percentage of GDP. India spent nearly $ 90 million to print currency notes in 2018 (RBI Report). Due to transition from physical currency to digital mode, the concept of digital currency becomes inevitable. The rapidly changing landscape of digital payments and rising banknote bill is reinforcing the authorities to digitalize and think on the possibility of introducing fiat digital currency. The issue of volatility associated with crypto currencies like bitcoin or ethereum can be handled by digital currency as it is backed by an asset like gold or fiat. The introduction of digital currency will not only help reduce the cost of printing currency, provide transparency in monetary transactions besides helping going cashless. In this regard, an interdepartmental unit has been formed by Reserve Bank of India to study the feasibility and desirability of Central Bank Digital Currency (RBI Annual Report 2017-2018). The findings of this report are not yet made available to public.

Technology behind digital currencies-Blockchain

Blockchain is the future of finance industry which will revolutionize the financial dealings in the times to come. A blockchain is a digitized, decentralized, public ledger of all cryptocurrency transactions. Blockchain Technology is also named "The Trust Machine" as it allows people having no confidence in each other to collaborate without intervention of central neutral authority (The Economist, 2015). Through this technology, market participants can keep track of digital transactions without central recordkeeping which can be downloaded automatically by each computer connected to the network. Digital currency will do for financial transactions what an email does for communication. As a result, it is expected that it will bypass the centralized financial infrastructure in its entirety. It is expected that block chain technology can reduce costs in cross border transactions and in securities trading. Blockchain technology can function at two levels:- Private blockchain, where banks become the custodian of cryptographic keys, and public blockchain, where each participating user acts independently.

Global Trends in Digital currencies

The attitude of countries regarding adoption of digital currencies is different irrespective of their economic conditions. Although there is greater interest manifested in digital currency, many countries still refrain to implement it due to limitations like security, availability of technology, adaptability, legal issues, role of central bank etc. Few countries have taken care of the legal issues pertaining to digital currencies and modified their legislation accordingly. For instance, E-money balances are denominated in the currency issued by Central bank and can be easily exchanged or redeemed at par (EU Legislation, 2015). The current status of digital currencies in some select countries is mentioned below:

Tunisia

Tunisia pioneered the field of digital currency with introduction of eDinar in 2015 based on the concept of block chain. La Poste (Tunisia's national postal service) is an authorized financial institution licensed by its national bank to issue this e-currency pegged to the national currency. Tunisians can pay their bills and salaries, send remittances, buy goods and services and can also manage official government identification documents digitally. It is immensely useful for countries like this where the population having access to banking services is substantially less in number. The major limitation is that this system is interoperable only in Tunisia. Also, government has no plans to expand it further.

Senegal

By the end of 2016, the regional bank for francophone west issued a digital currency named as eCFA (CFA Franc). The unique feature of eCFA is that it enables central bank to control money supply just like physical currency. Further, it is tied to the fiat currency of the West African nation, one of two African regional currencies backed by the French treasury and pegged to the euro, yet compatible with neighboring countries. As a result, central bank is able to stabilize the purchasing power of entire region rather than country alone.

Kenya

Kenya's mobile money system, M-PESA, launched in 2007 by Safaricom is used by 17 million Kenyans representing two-third of adult population. It is estimated that around 25% of country's gross national product flows through it. (The Economist, 2015). Initially the system was designed to allow microfinance loan repayments but later on broadened to become a money transfer scheme. After signing up on the portal, a person hands over cash to Safaricom's agent who credits it to M-Pesa account of that person. The notable feature of the system is that it enables withdrawal from another agent who checks the amount of funds in account before handing over cash. Workers who are working in cities can send money to their families in rural areas easily, safely and quickly through this system. It helped in reducing poverty and raising the GDP by offering opportunities for small businesses and its social value.

Sweden

According to Bloomberg Billnerg 2018, the central bank of Sweden aims to develop electronic currency named as e–krona, which will constitute a prepaid value without interest and transaction will be traceable.

Estonia

Estonia in the Baltic States is extremely blockchain friendly, using that technology in several levels of government services. For example, their entire healthcare system is on the blockchain. Even U.S. President Donald Trump is an e-resident of Estonia. And, the release of the so-called "Estcoin" seems to be on the horizon awaiting implementation. However, being a member of the European Union (EU), Estonia is legally obligated to use the Euro as its national currency. As a consequence, it is facing difficulty in assigning value to an Estcoin to move forward on the proposal.

China

In order to enhance control over its financial system, People Bank of China is planning to introduce its own digital currency. Till August 2018, bank had 44 blockchain related patents (IPR Daily China Trade Publication). The introduction of the digital currency in China will be gradual which will be used initially for making and receiving payments only. It is expected that investment products will be outside the ambit of currency to minimize the impact on monetary policy (Bloomberg news 2018). China will use the concept of mobile wallet for digital currency.

Russia

Russia is planning to introduce its national digital currency between 2020 and 2021. The main objective of this initiative is to create a reliable international payment system not tied to US dollar. The Financial Market Committee of Russia plans to introduce digital ruble, which is encrypted from of country's fiat currency.

Japan

The cash dependent economy like Japan is one of the top crypto friendly nations of the world. Several banks in Japan are launching their own digital currencies which are pegged 1;1 with the Japanese Yen to enable users to make payments with their smartphones and free cash transfers between users.

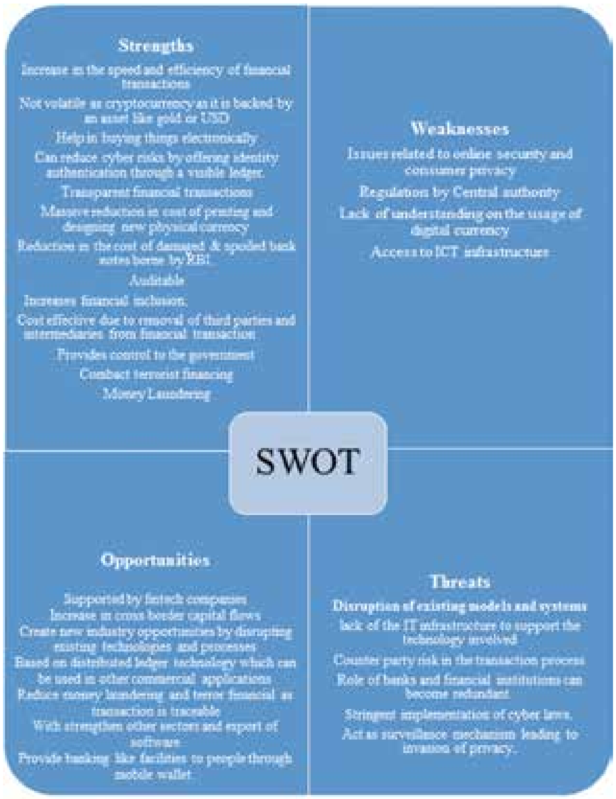
Dubai

Dubai has successfully launched its government backed cryptocurrency as Emcash to enable customers to pay for goods and services. UAE will be the first nation to have fully functional state digital currency system. Instead of single authority, it is joint management by three organizations, Pundi X which supplies digital payment devices (xPOS) to retailers, DLT is provided by Ebooc Fintech and Loyalty Labs and Dubai's credit bureau is looking after the financial aspect of the currency.

Venezuela

The Government of Venezuela issued a government backed digital currency named Petro backed by the oil reserves of the country in order to provide respite from hyperinflation prevailing in the economy. In spite of suspicion regarding the currency raised by Reuters, leaders claim it as real and they have pushed Venezuelans to use it for executing financial transactions.

SWOT analysis of Digital Currency in India



Difference between cryptocurrency and Digital currency

Basis	Cryptocurrency	State backed digital currency
Meaning	Currency which is encrypted , non-physical and transmitted electronically	Currency in non-physical form but backed by regulatory authority
Examples	Bitcoin, Etherum, Litecoin etc.	Digital fiat currency like Em-cash, Petro and M-Pesa
Transaction path	Monitored by Ledgers in the block chain maintained by users	Monitored by regulatory authority
Structure	Decentralised	Centralised
Volatility	Highly volatile as it not backed by any asset	Less volatile as it backed by asset like gold or reserves
Regulation	User regulated	Regulated by Central authority
Third Party Involvement	Not required as other user validates the transaction when he pays	Validated by third party or custodian like bank
Record	Data is recorded publically	Privately recorded on digital ledger
Data Sharing	Data is shared by all participating nodes	Restrictive sharing
Transparency	Cryptocurrencies are transparent as anyone can see the transaction of other user	Not transparent as information is confidential
Legal framework	No legal laws and standards	Regulate by legal framework in many countries like EU (E-money directive), US and China

The way forward

Digital currencies are integral part of fintech revolution which will impact many areas including payment & settlement systems and services. Though this concept of digital currency is less persistent now, it will emerge and disrupt the existing processes and systems (how). Since inception, India's stance on crypto currencies hasn't been encouraging. This was evident from RBI directive to halt dealings in cryptocurrencies leading to fall of ZEBpay, India's largest crypto exchange, by disabling deposit and withdrawal in Indian rupees. However, it is revealed that the move was not backed by enough research. Also, the report of the committee set up for determining the feasibility of digital currency is still awaited. Though RBI is apprehensive about crypto but it has no doubt in the utilization of distributed ledger technology in payment and settlement solutions and the power of Machine learning and Artificial intelligence. Currently, RBI shelved its plan to develop digital currency due to lack of understanding and preparedness in dealing with it. However, 11 Indian banks are planning to collaborate to develop new blockchain system in order to facilitate financing needs of MSMEs (Economic times, Jan 28). A dedicated district in Telengana is planned to be formed in association with Tech Mahindra to be named as "Block chain district". For country like India, digital currencies can be introduced initially for retail transactions with in accessible security features and can be used later for investment transactions. Central bank can examine the viability of using digital currency in combination with existing systems or providers. It can be said in conclusion that the block chain will rule the economies all over the world in years to come and its adoption is necessitated either by compulsion or choice. MA

References

1. ***Dharampalan, J and Grey Rohan (2017),*** *THE CASE FOR DIGITAL LEGAL TENDER The Macroeconomic Policy Implications of Digital Fiat Currency, ecurrency Ltd.*
2. *Mehta Ivan (2018), India contemplates introducing a national digital currency to avoid printing money, the next web. Available at https://thenextweb.com/hardfork/2018/09/06/indias-central-bank-mulling-own-digital-currency/, accessed on 13 May 2019.*
3. *Christopher, Nilesh (2018), RBI panel to study feasibility of digital currency, Economic Times. Available at https://economictimes.indiatimes.com/news/economy/policy/rbi-panel-to-study-feasibility-of-digital-currency/articleshow/65601646.cms*
4. *PTI (2019), Economic Times, Available at https://economictimes.indiatimes.com/news/economy/finance/currency-in-circulation-as-percentage-of-gdp-declines-since-demo-finmin-official/articleshow/68598744.cms*
5. *Pani, Priyanka (2019), RBI shelves plan to launch digital currency. Available at https://www.thehindubusinessline.com/money-and-banking/rbi-shelves-plan-to-launch-digital-currency/article25883102.ece*
6. *Kumar P. and Kumar V. (2019), Cryptocurrency: The scene in India. Available at https://www.livemint.com/money/personal-finance/opinion-cryptocurrency-the-scene-in-india-1552473571058.html*
7. *Bank of International Settlements (2015), Committee on Payments and Market Infrastructures report on Digital currencies.*
8. *Das Shaktikanta (2019), Opportunities and Challenges of FinTech, Keynote Address delivered at NITI Aayog Fintech Conclave 25 March 2019.*
9. *Aitken, R. (2018), Does Venezuela's Oil-Backed 'Petro' Have The Power To Showcase National Cryptocurrencies? Forbes.*
10. *Kurmanath KV (2018), Telangana, Tech Mahindra ink MoU for India's first Blockchain district, Available at https://www.thehindubusinessline.com/info-tech/telangana-tech-mahindra-ink-mou-for-indias-first-blockchain-district/article24595587.ece*
11. *Manikandan, A (2019), ICICI, Kotak, Axis among 11 to launch blockchain-linked funding for SMEs, Available at https://economictimes.indiatimes.com/markets/stocks/news/icici-kotak-axis-among-11-to-launch-blockchain-linked-funding-for-smes/articleshow/67718025.cms*
12. *Esteves, R (2018), Is Russia on Its Way to Adopting Its Own State-Backed CryptoRuble?*
13. *O'Keeffe, D (2018), EmCash – The Worlds First Government Backed Cryptocurrency Going Live In Dubai*

manpreet3015@yahoo.com

OBITUARY

The Institute and its members deeply mourn the demise of CMA Nathulal Jain who left us for his heavenly abode on 8th October 2019 at his residence.

CMA Nathulal Jain, in his illustrious career spanning about 50 years, had left an indelible mark on the profession of Cost and Management Accountancy. In the truest sense, he could be acknowledged as one of the flag bearers of the profession in the entire North East region in general and Guwahati in particular. His initiatives in the formation and running of Guwahati Chapter shall be remembered with reverence. He had his schooling from Rajasthan and graduated from Jadavpur University of Kolkata. He qualified as a Cost Accountant in the year 1966 from Kolkata and started practice. He had a brief stint with Accountant General (Audit), Kolkata for about 3 years. He was also an advisor with the KVIC, Guwahati. He took proactive part in including Cost Accountants as Auditors under the AVAT Act and was successful in his efforts.

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

EXPLORING CONSUMERS ADOPTION OF MOBILE WALLET IN KOLKATA

Saba Parveen
Assistant Professor & HOD
Seth Anandram Jaipuria College
Kolkata

Abstract

Technological advancement in digitalisation has changed the way business is done nowadays. The mobile payments market in India is growing at a rapid pace, as a result of growing smart phones and internet penetration. The present study aims to identify the factors that influence consumers in adopting Mobile Wallet and various risk and challenges faced by the users of Mobile Wallet. A structured questionnaire was prepared and data was collected from 120 respondents and the obtained data were analysed using ANOVA to get the statistical result. It is found availability, safety and accessibility plays an important role in adoption of mobile wallet.

Introduction

Digitalisation and high technological advancement have changed the way; the business is done and has also influenced the purchasing behaviour of consumers. In this new digital era, mobile phones are fast becoming a tool that acts as a catalyst for digital payment solutions. To reduce cash transactions and promote payments through digital means, the Government has cleared a proposal withdrawing surcharges', service charges and convenience fees on cards and digital payments. This will help to gradually reduce the size of unbanked population thereby bringing them under financial inclusions.

MW is an electronic prepaid account, where a registered user can preload a certain amount of money with any service provider which can be used for anything from grocery to movie tickets without having to swipe a card. It is digital equivalent to physical wallet in which we store cash and make payments from. According to RBI, four types of wallets are there:-

(i) **Closed Wallet:** These are payments instruments generally issued by business establishments for use at their respective establishment only. It does not permit cash withdrawal or redemption.

(ii) **Semi-closed Wallet:** These are payment instruments which are redeemable at a group of clearly identified merchant location/establishments which contract especially with the issuer to accept the payment instrument.

(iii) **Semi-open Wallet:** These are payment instruments which can be used for purchase of goods and services at any card accepting merchant locations (point if scale terminals). These instruments do not permit cash withdrawal and redemption by the holder.

(iv) **Open Wallet:** These are payment instruments which can be used for purchase of goods and services and also permit cash withdrawal and ATMs.

Paytm, Mobikwik, Freecharge, Oxigen, and Citrus are few leading MW companies in India.

Literature Review

1. *D.H Shin (2009)* conducted a study to examine consumer's behavioural intention to use mobile wallet.

After testing with SEM, the result showed that in addition to perceived security, social influence and trust ease of use and perceived usefulness have significant effects on user's attitude towards mobile wallet.

2. *Norman Shaw (2014)* made a study to identify the reason of not having wider acceptance of applications that enable Smartphone users to replace Plastic Payment cards. Analyzing with Smart PLS the result showed that perceived usefulness has the most significant influence on consumer acceptance.
3. *Sanaz Zarrin Kafsh (2015)* had carried out a study to identify the factors that influence the consumer's adoption of mobile Wallet and the result showed that there is a relationship among perceived ease of usage, perceived usage and perceived security in predicting the adoption of mobile wallet.
4. *Hanudin Amin (2009)* conducted a study to know the factors encouraging bank customers to adopt mobile wallet and found that perceived usefulness, perceived ease of use, knowledge about mobile wallet and perceived expressiveness are important determinants of mobile wallet acceptance.

Objectives of the study are

i) To study the factors that influence consumers in adoption of mobile wallet.

ii) To study the factors refraining the consumers to adopt mobile wallet.

Methodology

The current study is based on primary data collected from 120 respondents from Kolkata districts of West Bengal. The respondents were the users of Mobile Wallet. A well-structured questionnaire was designed to collect the information from the respondents for the month of November 2018- January 2019 and analysed by using statistical tool ANOVA through excel.

Analysis and Interpretation

Table 1: Demographic Analysis

Basics	Category	No. of respondents	Percentage
Age	18 - 30 Years	70	58.33%
	31 - 45 Years	30	25.00%
	Above 35 Years	20	16.67%
Gender	Male	70	58.33%
	Female	50	41.67%
Education	School Level	10	8.33%
	Graduate	60	50.00%
	Post Graduate	20	16.67%
	Professional Degree	30	25.00%
Occupation	Student	50	41.67%
	Business	10	8.33%
	Service	40	33.33%
	Profession	20	16.67%
Monthly Income	Below 10,000	50	41.67%
	10,001 - 25,000	34	28.33%
	25,001 - 35000	26	21.67%
	Above 35,000	10	8.33%

(Source: Primary data generated from questionnaires attached at the back)

Interpretation

It is inferred from the above table that out of the total respondents taken for the study 58.33%, 25% and 16.67% of the respondents are in the age group 18-30 years, 31-45 years and above 45 years. 58.33% of the respondents are male and 41.67% of the respondents are female; out of the total respondents 50% are graduate, 16.67% are post graduate and 25% are having professional degree; 8.33% of the respondents are business men, 33.33% are service holder and 16.67% are doing private jobs. 28.33%, 41.67%, 21.67% and 8.33% of the respondents belong to the monthly income slab of Rs. 10001-25000, below Rs.10000, Rs. 25001-35000 and Rs. 35000 per month respectively.

Anova Table

Table 2: Show analysis of various factors that affect the selection of Mobile wallet as a mode of payment with reference to different age groups.

H_0: There is no relation between factors that affect selection of Mobile wallet as a mode of payment and age group.

H_1: There is relation between factors that affect selection of Mobile wallet as a mode of payment and age group.

Factors		*Sum of Square*	*df*	*Mean Square*	*F*	*Significance*
24*7 Service available For making payments	Between Groups	340	4	85	7.727	0.00417
	Within Groups	110	10	11		
	Total	450	14			
Shopping offers and Discounts	Between Groups	290	4	72.5	2.224	0.13923
	Within Groups	326	10	32.6		
	Total	616	14			
Hassle free mode of Payment	Between Groups	52.667	4	13.1667	0.326	0.85401
	Within Groups	403.33	10	40.3333		
	Total	456	14			

Safe and secure mode of payment	Between Groups	340	4	85	7.727	0.00417
	Within Groups	110	10	11		
	Total	450	14			
Anywhere and anytime access is possible	Between Groups	550.27	4	137.567	5.488	0.01332
	Within Groups	250.67	10	25.0667		
	Total	800.93	14			

Source: Primary data

Interpretation

From the above table, it is clear that Service availability, Safe and secure mode of payment and accessibility is below 0.05, so it can be concluded that there is a statistically significant difference between age group and factors affecting selection of mobile wallet as a mode of payment. Here H_1 stands.

Table 3: Shows analysis people face some barriers while using Mobile wallet as a mode of payment with reference to different occupation.

H_0: There is no relation between some barriers while using Mobile wallet as a mode of payment and different occupation.

H_1: There is relation between some barriers while using Mobile wallet as a mode of payment and different occupation.

Probable barriers		*Sum of Square*	*df*	*Mean Square*	*F*	*Significance value*
It is fraud and risky operation	Between Groups	255	4	63.8	2.315	0.1049
	Within Groups	413	15	27.5		
	Total	668	19			
There are many online stores that doesn't offer Mobile wallets	Between Groups	282.5	4	70.6	1.971	0.1509
	Within Groups	537.5	15	35.8		
	Total	820	19			
Sometimes your wallet may hacked by someone	Between Groups	186.5	4	46.6	1.99	0.1479
	Within Groups	351.5	15	23.4		
	Total	538	19			
Danger of losing your money if you lose your smart phone	Between Groups	178.5	4	44.6	1.783	0.1849
	Within Groups	375.5	15	25		
	Total	554	19			
Security	Between Groups	239	4	59.8	2.978	0.0539
	Within Groups	301	15	20.1		
	Total	540	19			
It's depends on the Internet Connection	Between Groups	431.5	4	108	6.027	0.0043
	Within Groups	268.5	15	17.9		
	Total	700	19			

Source: Primary data

Interpretation

From the above table, it is clear that security and dependence on internet connection is below 0.05, so it can be concluded that there is a statistically significant difference in the mean between occupation and mode of payment. Here H_1 is accepted.

Findings

- Paytm wallet is most popular among the users of mobile wallet in Kolkata and it can soon become an alternate choice for online payments.
- Availability, safety and accessibility play an important role in adoption of mobile wallet and users of Mobile wallet are satisfied with the service provided to them
- Security and connectivity are the important challenging factors for the users and one of the major reasons for less adoption of Mobile Wallet.
- 24*7 service availability are the most liked feature among the users of Mobile Wallet.

A Comparison of Mobile Wallet Adoption among different cities of India or in India

Researchers	Results of the researchers
Dr. S. Manikandan et al., (2017) 150 respondents from Chennai	Brand loyalty and convenience of shopping play a important role in adoption of Mobile Wallet.
R Varsha et al., (2016) 300 respondents from Tamil Nadu	Secured Privacy and Secured transactions are important determinants for preferring Mobile Wallet.
Vipul Patel (2017) 274 respondents from Ahmadabad	Performance Expectancy, Effort Expectancy and Facilitating Conditions were determinants factors.
Khusbu Madan et al., (2016) 210 respondents from Delhi	Performance Expectancy, Social Influence, Perceived Value, Perceived Regulatory support, Promotional Benefits and Facilitating Conditions were determinants factors.
Dr. Ramesh Sardar (2016) 60 respondents from Jalgaon city of Maharashtra	This study will help in devising appropriate strategies for Mobile Wallet companies to tap the potential customers

Limitations

- The research area was restricted only within the city of Kolkata. This may not reflect the exact behaviour of the market.
- The study may suffer from selection bias as we are relying only on primary data.

Conclusion and Recommendation

Smartphone's and Government policy of demonization acts as a catalyst for increasing the usage of mobile wallet as a payment mode and for the development of new applications in the field of mobile based payment services. The study observed that respondents prefer using mobile wallet because of its availability, safety and anywhere accessibility. However, security and dependence on internet remains their major concern. For making mobile wallet popular, education to customers about the benefits of mobile wallet is required and programmes should be conducted to create awareness among the non-users and some feature of Mobile Wallet should be made so simple that it could be understood by everyone. MA

References

1. *Shin, D. H. (2009). Towards an understanding of the consumer acceptance of mobile wallet. Computers in Human Behavior, 25(6), 1343-1354.*
2. *Padashetty, S., & Kishore, K. S. (2013). An Empirical Study on Consumer Adoption of Mobile Payments in Bangalore City-A Case Study. Researchers World, 4(1), 83.*
3. *Madan, K., Madan, K., Yadav, R., & Yadav, R. (2016). Behavioural intention to adopt mobile wallet: a developing country perspective. Journal of Indian Business Research, 8(3), 227-244.*
4. *Shaw, N. (2014). The mediating influence of trust in the adoption of the mobile wallet. Journal of Retailing and Consumer Services, 21(4), 449-459.*
5. *Doan, N. (2014). Consumer adoption in mobile wallet: a study of consumers in Finland.*
6. *Thakur, R., & Srivastava, M. (2014). Adoption readiness, personal innovativeness, perceived risk and usage intention across customer groups for mobile payment services in India. Internet Research, 24(3), 369-392.*
7. *Rathore, H. S. (2016). Adoption of digital wallet by consumers. BVIMSR's Journal of Management Research, 8(1), 69.*
8. *Seetharaman, A., Kumar, K. N., Palaniappan, S., & Weber, G. (2017). Factors Influencing Behavioural Intention to Use the Mobile Wallet in Singapore. Journal of Applied Economics & Business Research, 7(2).*
9. *Singh, N., Srivastava, S., & Sinha, N. (2017). Consumer preference and satisfaction of M-wallets: a study on North Indian consumers. International Journal of Bank Marketing, 35(6), 944-965.*

sabame18@gmail.com

CONGRATULATIONS!!!

Our heartiest congratulations to CMA R. Rakesh Shankar Ravisankar, a Fellow Member of the Institute, who has been conferred with Best Researcher Award in appreciation and recognition of outstanding contribution in the field of Research and Development from ESN Research and Publication Group in Chennai.

He is engaged as Assistant Professor in the Department of Commerce, Dwaraka Doss Goverdhan Doss Vaishnav College, Chennai. His research papers have been published in several journals.

We wish CMA R. Rakesh Shankar Ravisankar the very best for all his future endeavors.

DEVELOPMENTS AND CHALLENGES IN PUBLIC SECTOR ACCOUNTING

CMA (Dr.) Niranjan Mahendranath Shastri
Associate Professor
NMIMS, Indore Campus

CA Khushboo Jain
Accounts Officer
Indian Institute of Management, Indore

Abstract

In Public Sector Accounting system, steps have been initiated for shifting from cash system to the accrual system of accounting together with double entry system of accounting but the complete adoption is a long process and will take time. In this study an attempt is made to discuss the concept of public sector accounting, history of the public sector accounting in India, present status of public sector accounting in India and other countries. This article also discusses major developments and challenges in complete adoption of accrual system in India and other countries. This article concludes with the present status of public sector accounting i.e. a mix of cash system and accrual system in some organizations, full adoption of accrual in some organizations and some are still working on cash system of accounting. There are many Challenges in the complete adoption of accounting standards as per requirement of public sector and full conversion to accrual system and all these challenges needs special attention.

1. The Concept of Public Sector Accounting

(Jones, 2000) "There is a range of meaning given to the phrase 'Public Sector'. This is significantly more than a matter of semantics because different disciplines, reflecting different world-views, define the public sector differently.

(Adams, 2004) Defined the concept of public sector accounting as a "process of recording, communicating, summarizing, analysing and interpreting government financial statements and statistics in aggregate and details; it is concerned with receipts, custody and disbursement and rendering of stewardship of public funds entrusted".

2. Objectives of Public Sector Accounting

(Ofordile, 2013) This study provide the main objectives of Public accounting system which includes:

a. Conformity of the transactions and disbursements in accordance with the applicable rules

b. Transparency and due diligence in transactions.

c. Proper planning and control toward utilization of public money

d. Evaluate the costs incurred and the benefit derived from it.

3. History of Public Sector Accounting

(Khumawala, 1997) After independence, the complete governmental accounting system was under the total control and supervision of the Central Government & rules has developed on gradual basis. Controller and Auditor-General (CAG) has recommended the standard format for governmental accounts and based on that President has made it compulsory to follow the format as mentioned in the Article 150 of the constitution.

"In 1980, under the Controller General of Accounts (CGA), an organization was created in the Ministry of Finance, Department of Expenditures. This organization has been separated from the Audit Department and reports directly to the Comptroller Auditor-General".

4. Regulations in Public Sector Accounting in India

(Secreteriat, Comm.on Public Fin.& Govt. Accounting, 2010)

"The Government accounting system in India is rule based and follows primarily cash basis of accounting. The preparation of government accounts in prescribed format in India is governed by the Government Accounting Rules, 1990 (GAR) framed under Article 150 of the Constitution of India. Accordingly the Government Accounting Standards Advisory Board (GASAB) was constituted by the C&AG for the Union and States".

5. Position of Public Sector Accounting

5 (i). Existing position of Public Sector Accounting in other countries

Status of accounting system of various countries are discussed below:

(Ellwood & Susan, 2016) This study discussed the evolution of basic framework of The International Accounting Standard Board's (IASB) which was introduced in 1989. The IPSASB has issued its own conceptual framework in 2014, and this has played very important part in development of public sector accounting at global level.

Various other countries has started following International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS).

5 (ii). Existing position of Public Sector Accounting in India

(Secreteriat, Comm.on Public Fin.& Govt. Accounting, 2010), "Government Accounting Standards Advisory Board (GASAB) at its Fifteenth meeting held on 30 July 2008 took a landmark decision to develop Accrual basis Accounting standards for Government. 21 State Governments have expressed their agreement to migrate to Accrual Basis. The Standards will be issued as 'Indian Government Financial Reporting Standards (IGFRS)' will be applicable to Government of India and State Governments in the preparation of accounts under Accrual basis accounting".

6. Developments in Public Sector Accounting

There has been much development over the years in public sector accounting in India as well as in other countries. The biggest change has been that the steps have been initiated for Conversion from Cash to Accrual Accounting System & Single to Double Entry Book Keeping.

6 (i). Conversion from Cash to Accrual Accounting System & Single to Double Entry Book Keeping

The two terms of accounting i.e. 'Cash' & 'Accrual' refers to two difference system of accounting.

There are defined rules and procedures for both the systems like time of transaction are recognized based on its occurrence. The accrual system works on the basis of double entry book keeping system where every transaction has two aspects. Whereas cash system of accounting recognizes the transactions on cash basis. The transaction for receipt and payment is accounted in the books on the basis of actual event of receipt or payment.

6 (ii). Development of International accounting standards and generally accepted accounting principles for public sector accounting

(Committee on Public Finance and Govt. Accounting, 2017), The IPSAS Board (IPSASB) is working on the development of international public sector accounting standards for proper preparation and presentation of transactions and events in general purpose financial statements.

The board is considering IFRS (International Financial Reporting standards) as base for development of IPSAS.

(Wynne, 2004) Various accounting standard boards are making best efforts to make private sector GAAP applicable to the public sector but these principles cannot be made applicable as it is and requires modification as per requirements of the public sector accounting.

6 (iii). Improved importance and research in the field of public sector accounting

(Goddard, 2010)"Public sector accounting research (PSAR) has become a well-established field with researchers publishing in dedicated journals such as Financial Accountability and Management (FAM), based in the UK and the Journal of Public Budgeting, Accounting and Financial Management (JPBAFM) in the US.

(Newberry, 2015)The adoption of IFRS throughout the world is one of the biggest developments at the political level. This has resulted due to the delegation of powers to the various bodies preparing and developing the accounting standards.

6 (iv). Importance of Conservatism in Accrual system for public sector accounting

(Glöckner, 2016) When the accrual based financial statement are used for budget preparation, conservatism should also be kept in view. This would help stakeholders as well as the entity as this increases the transparency in the public sector accounting.

(Rossi, Cohen, Caperchione, & Brusca, 2016) Accrual accounting is adopted for preparation of financial statements and accounts at all levels of public sector accounting in a country, does not mean the it has been developed at all the levels of government. In many countries including India, the reforms are under adoption stage.

6 (v). The role of management in public sector accounting

(Todericiu, R., Stanit, & A., 2016) Public management has modernized recently in all the major European countries & management plays a very important role on in the public sector accounting by focusing on the implementation of new policies in the system.

(Ionescu L. , 2017) The increased importance of management has been immerged in the last decades. The same is because of efforts put in by government and continuous improvement in the system and effective administration, to make the optimum utilization of public resources, control the public expenditure, review and analyze the information collected from accounts department.

(Zaman G & Ionescu L.,, 2016) “Management and public sector accounting in the central and local administration are strongly connected. Accounting techniques are important as an efficient instrument for public management and for fighting corruption in the public sector”.

6 (vi). Different accounting policies around the world for public sector accounting

There are different accounting policies prevailing in different countries across the world. Some Countries are now following cash system and some has already shifted to accrual system of accounting. Mostly developed countries are following accrual system of accounting and some are using mixed system of both cash and accrual accounting that can be termed as new development in the field of accounting.

(Félix Madrid García, 2014) Discussed the Standardization and Accounting Convergence. improvements in the public sector accounting system is being made continuously so that the same principles and standards can be made applicable for the preparation of governmental accounts at all differential levels. This will also increases the comparability of the financial information across all levels.

7. Status of adoption of Public sector accounting in the world

(Cavanagh, Flynn, & Moretti, 2016)“International Monetary Fund has conducted the study and it reveals that on status of convergence from cash based method to Accrual based accounting system. In 2015, 41 governments (21%) have completed the transition, 16 government (8%) accounts are working on modified accrual basis, 28 governments (17%) are working on modified cash basis, and 114 governments (57%) are still working on pure cash accounting system”.

(Committee on Public Finance and Govt. Accounting, 2017), Accrual accounting is mostly used in developed countries. OECD countries have developed system with accrual accounting system except some exceptions. Some countries have developed the modified system of accounting and following the same. In United States (“US”), the separate Governmental Accounting System is designed. In France and New Zealand the development of accrual accounting was a strong priority for the government and governments are now moving from IFRS to IPSAS.

8. Development of Standards for Public sector Accounting/ Government accounting in India

(The Institutte of Chartered Accountants of India, 2019) “C&AG have constituted Government Accounting Standards Advisory Board (GASAB) with the support of Government of India in the backdrop of the new priorities emerging in the Public Finance Management and to keep pace with International trends. The new priorities focus on good governance, fiscal prudence, efficiency & transparency in public spending”.

“GASAB develops accounting standards under cash basis known as Indian Government Accounting Standards (IGAS) for the existing accounting system, and standards for accrual basis under the nomenclature of Indian Government Financial Reporting Standards (IGFRS)”.

9. Challenges in Public Sector Accounting

“The Twelfth Finance Commission in its report submitted to Government of India at Chapter 14- Institutional Changes and Reforms had recommended introduction of accrual-based system of accounting. The Government has accepted this recommendation in principle and GASAB has been asked to draw a detailed road map and operational framework for its implementation”.

9 (i). Challenges in Public Sector Accounting in India

Like other countries, there is ongoing process of shifting over from cash system to accrual system for public sector accounting. The switchover in between two systems is not simple but involves several complexities and challenges. Key challenges in convergence are mentioned below:

(Committee on Public Finance and Govt. Accounting, 2017)

- To adopt relevant and correct accounting policies in consistent with applicable rules and accounting standards.
- To adopt the accrual system in line with cash system of budgeting adopted by the government as comparison between the two will be difficult.
- Shifting from current value method to historical method of valuation.
- Absence of non-availability of technical resources.
- Shifting to accrual system will require “change in thinking” and improved communication across all the levels.

9 (ii). Challenges in Public Sector Accounting in other countries

Many Challenges and barrier are also there in other countries as pointed out in various studies made and some of those ate discussed here:

(Ionescu L. , 2018) In current era number of employees are increasing due to complex processes which has resulted in wastage of resources thereby affecting efficiency of employees. The reason for the same includes lack of communication, lack of qualified accounting professionals.

(Harun, 2007). There is need of independent body or organization for the preparation for public sector accounting in Indonesia. The reason is government’s non interest due to lose of control over process & shortage of qualified professional with the requisite skills.

(Sellami & Gafsi, 2019) This article analyzed the impact of environmental factors based on which any country is deciding the adoption of the International Public Sector Accounting Standards (IPSAS).

(Rossi,, Jorge, Jesus, & Caperchione, 2015) This study reveals that there is lack of accountability under the existing system of public sector accounting and system further needs a switch to IPSAS as this will increase the accountability. Further there is also a need to control the public sector expenditure and deficit.

(Félix Madrid García, 2014) “This paper has analyzed the following recent changes that have been occurred in the public sector accounting:

- Standardization and accounting convergence;
- Consolidation of financial statements;
- Management indicators and additional information for disclosure".

(Barton, 2005), This study has provided a review that the standards of private sector cannot be applied to public sector as its as pattern of working, mode of operation and requirement of private sector (business sector) and public sector are different and accordingly standards must be amended or separately prepared by respective accounting standard boards as per the requirement of relevant public sector.

10. Conclusion and the way ahead

Cash System of Accounting has been in existence from the time of independence. Single entry system of accounting was in place with cash system. Measures have been initiated from long time to switch over to accrual system with double entry system. Some public sector organizations have already made a switchover to double entry method with accrual system of accounting and some are working on hybrid system of accounting.

The process of full conversion from cash system to accrual system needs special concern as this is very relevant part for efficient and effective implementation of required changes under public sector accounting. Following empirical evidences also support the argument of need for shift from cash based system of accounting to cashless or accrual system of accounting in India's Public Sector:-

- Rather than coming out with public offerings government is looking at inorganic growth options viz. Mergers & Acquisitions of State Owned Enterprises. HR management is very important for inorganic growth i.e. It is very important to bring coordination in HR issues even for better synergy in Mergers &Acquisitions (Shastri & Shastri, 2014). Employee engagement which is one of the important HR issues has a significant positive impact on firm value (Shastri & Rajpurohit, Employee Engagement Analytics: Enhancing the Firm Value, 2017). Use of technology is important in engaging millennial employees (Shastri & Rajpurohit, Engaging the Millennials: Need of the Hour for Indian PSBS, 2018). Thus cashless system which is technology based helps a firm in improving engagement levels of its employees. It can be inferred that cashless system helps in bringing superior HR practices, and it is vital, as inferior HR and Ethical practices may even lead to corporate frauds (Mittal & Shastri, 2018). All this discussion lead to the inference that even cashless or accrual accounting is more modern and need of the time for improvement in Public Sector Accounting so as to increase Employee Engagement Levels and thereby to enhance firm value and boost successful inorganic growth of public sector.
- India is likely to have the world's largest workforce by 2027, with a billion people aged between 15 and 64 (Sharma, 2017)". Thus Millennials are going to form substantial proportion of workforce in growing economies like India. Millennials have grown up with today's era of fast changing technology which has lowered their level of patience. They expect immediate feedback from their managers & they are uncomfortable with rigid corporate structures and dislike information silos. Cash based system may create a Skill gap for such Millennials. Skill gap is not only harmful for career prospects of the employee but also create hindrances for firm performance, value and growth (Shastri, Wadhwa, & Rampal, Skill Gap in Accounting Education for Prospective Managers, 2018). Cashless system helps in bridging the skill gap. (Shastri & Vaidya, Cashless India: The Way Ahead, 2019).
- India is all set to grow towards a cashless economy, however financial literacy, basic awareness about digital transaction alternatives, robust IT and telecom infra, high end IT security and Government incentives certainly needs to be uplifted (Shastri & Vaidya, Cashless India: The Way Ahead, 2019). This hold true not only for monetary transactions system but also to Public Sector Accounting System where a shift from cash based system to accrual system is quite inevitable.
- According to (Eccles, 2001) "companies with fuller disclosure win more trust from investors e.g. (Shastri, Shastri, & Agrawal, Mandatory Cost Audit and Investor Trust, 2015) found that Mandatory cost audit enhances investor trust. But it has the potential to do so directly if investors are educated about cost audit and its reports are made public through innovation in reporting mechanism". Since cashless system also brings better disclosure and transparency, it is likely to improve investor trust. Again this holds true not only for monetary transactions system but also to Public Sector Accounting System where a shift from cash based system to accrual system is quite evident because it will lead to better disclosure practices.

Switch over form cash accounting to accrual accounting would help the stakeholder in decision making and assessing the long term financial aspect of the decision taken for various policy matters. It will also help government in allocation of resources. Finally it may be summed up that accrual system will increase accountability, authenticity and transparency in public sector accounting system. It is likely to say that benefits are many and cannot be quantified. MA

Bibliography

1. *Adams, R. (2004). Public Sector Accounting and Finance made simple.*
2. *Barton, A. (2005). Professional Accounting Standards and the the Public Sector-a Mismatch. ABACUS, 41(2), pp. 138-158.*
3. *Cavanagh, J., Flynn, S., & Moretti, D. (2016). Implementing Accrual Accounting in the Public Sector. INTERNATIONAL MONETARY FUND, Fiscal Affairs Department. Autorization for Distribution by Sanjeev*

Gupta.

4. *Committee on Public Finance and Govt. Accounting. (2017). Government Accounting System in Developed and Developing Countries- A Comprative Analysis. The Institute of Chartered Accountants of India.*
5. *Eccles, R. (2001). The Value Reporting Revolution.*
6. *Ellwood, S., & Susan, N. (2016). New development: The conceptual underpinnings. Public Money & Management, 231-234.*
7. *Félix Madrid García. (2014). Developments and challenges in public sector accounting. Journal of Public Budgeting, Accounting & Financial Management, 26(2), 345-366.*
8. *Glöckner, A. (2016). New development: The protective role of conservatism in public sector accounting. Public Money & Management, pp. 527-530.*
9. *Goddard, A. (2010). Contemporary public sector accounting research – An international. The British Accounting Review, pp. 75-87.*
10. *Harun. (2007). OBSTACLES TO PUBLIC SECTOR ACCOUNTING. Bulletin of Indonesian Economic Studies, pp. 365-376.*
11. *Ionescu, L. (2017). The Role of Management in Public Sector. 25(1).*
12. *Ionescu, L. (2018). Bureaucreatic Management In Public sector Accounting. Economics, Management and Financial Markets, pp. 275–281.*
13. *Jones, R. (2000). Public Sector Accounting. Pearson Education.*
14. *Khumawala, S. B. (1997). Public sector accounting in india: a historical review and an analysis since independence to the economic reforms of the nineties. Journal of Public Budgeting, Accounting & Financial Management, 305-330.*
15. *Mittal, S., & Shastri, N. (2018). Risk Analysis in Banking Sector Stocks in Indian Capital Market. The Management Accountant, 53(4), 48-52.*
16. *Newberry, S. (2015). Public sector accounting: shifting concepts of. Public Money & Management, pp. 371-376.*
17. *Ofordile, U. D. (2013). Public Sector Accounting - The Nigerian Experience. International Journal of Finance and Accounting, 2(8), 446-451.*
18. *Rossi, F. M., Cohen, S., Caperchione, E., & Brusca, I. (2016). Harmonizing public sector accounting in Europe:. Public Money & Management, 189-196.*
19. *Rossi,, F., Jorge, S., Jesus, M., & Caperchione, E. (2015). Introduction to a Symposium on New Challenges for Public-Sector Accounting: IPSAS, Budgetary Reporting, and National Accounts. International Journal of Public Administration, pp. 237-239.*
20. *Secreteriat, Comm.on Public Fin.& Govt. Accounting. (2010). Accounting Reforms in India, A Bird 's Eye View. Instititute of Chartered Accountants of India.*
21. *Sellami, Y. M., & Gafsi, Y. (2019). Institutional and Economic Factors Affecting the Adoption of International Public Sector Accounting Standards. International Journal of Public Administration, pp. 119-131.*
22. *Sharma, M. (2017). India's Burgeoning Youth are the World's Future. Retrieved from Livemint: https://www.livemint.com/Opinion/2WSy5ZGR9ZO3KLDMGiJq2J/Indias-burgeoning-youth-are-the-worlds-future.html*
23. *Shastri, A., & Shastri, N. (2014). HR Disclosures by SBI and its Listed Associates. The Management Accountant, 49(12), 38-41.*
24. *Shastri, N., & Rajpurohit, N. (2017). Employee Engagement Analytics: Enhancing the Firm Value. The Management Accountant, 52(11), 31-35.*
25. *Shastri, N., & Rajpurohit, N. (2018). Engaging the Millennials: Need of the Hour for Indian PSBS. The Management Accountant, 53(1), 22-26.*
26. *Shastri, N., & Vaidya, P. (2019). Cashless India: The Way Ahead. The Management Accountant, 45-51.*
27. *Shastri, N., Shastri, A., & Agrawal, N. (2015). Mandatory Cost Audit and Investor Trust. The Management Accountant, 50(9), 41-45.*
28. *Shastri, N., Wadhwa, R., & Rampal, Y. (2018). Skill Gap in Accounting Education for Prospective Managers. The Management Accountant, 53(11), 66-70.*
29. *The Institutte of Chartered Accountants of India. (2019, February 15). ICAI. Retrieved from ICAI Website: https://www.icai.org/new_post.html?post_id=1529*
30. *Todericiu, R., Stanit, & A. (2016). Knowledge management practices improvement in public sector administration. Review of General, 24(2), pp. 50-56.*
31. *Wynne, A. (2004). Public Sector Accounting—Democratic. Public Money & Management, pp. 5-7.*
32. *Zaman G, & Ionescu L.,. (2016). Knowledge management practices. Economic Computation and Economic Cybernetics Studies and Research, 50(2), pp. 247-261.*

niranjan.shastri@nmims.edu
shastriniranjan@gmail.com

khushbooj@iimidr.ac.in
cakhushboo.1905@gmail.com

TAX TITBITS

CMA S. Rajaratnam
Retd. Member
Income Tax Appellate Tribunal
Advocate & Tax Consultants
Chennai

A brief review of the impact of Insolvency and Bankruptcy Code, 2016 (IBC) indicates that its objects to promote availability of credit and balancing of interest to shareholders, customers and such others are yet to be realised. It is moving in a direction contrary to the objective of making ease of business possible. There is no timely resolution on application of the Code especially in matter of constitution and functioning of Insolvency Law Committee.

National Company Law Tribunal (NCLT) before which an application is filed is meant to ensure implementation as a regulatory authority in charge of IBC. The guarantors are shut out from any remedy for reasons, which are not clear, while workmen have a right to invoke this law. The right is limited to operational creditors as understood by NCLT already creating controversies before NCLT as for example regarding the scope of inclusion or otherwise of certain assets under section 18(1)(f) of the Code and limiting the right to operational creditors. The effect of moratorium has given rise to different interpretation. The exception under section 18(1)(f) in respect of assets owned by third party in possession of corporate debtor by way of trust or contractual arrangement including bailment has also created practical difficulties.

The recent decision of NCLT that pendency of a suit cannot justify rejection of application by IBC limits the rights of a potential creditor, so is the exclusion of corporate guarantor. It is, therefore, not surprising that the orders of NCLT had to be held to be not an objection to continuing pending suits for recovery as observed by the Supreme Court in Innoventive Industries Ltd. v. ICICI Bank (2018) 1 SCC 407. A false and overstated claim was inferred from a conclusion gathered from the CBI and not on its finding on the relevant facts.

The precedents indicate that the banks could not expect the intended benefit under this law meant to benefit them. The objective of timely resolution of insolvency is still a distant dream. Attachment of property even during enquiry is another complaint against the committee. The manner in which NCLT and its committee as a regulatory body is functioning raises the unanswered question in Roman law "Who will guard the guards?" which can now be conjugated in the present law to read "Who will regulate the regulators?". MA

vsrajaratnam@yahoo.co.in

AT THE HELM

Our heartiest congratulations to CMA Ms. H.K. Joshi, a Fellow Member of the Institute, who joined The Shipping Corporation of India Ltd. (SCI) on 5th February, 2015 as Director (Finance) and was also appointed as CFO of the Company w.e.f the same date and upon the completion of tenure of CMD SCI on September 11, 2019, Ms. Joshi is now holding additional charge of CMD, SCI.

In July 2015, she was honoured with "CMA CFO Award 2014" from the Institute. She has been the recipient of "The Most Influential CFOs of India Award" from Chartered Institute of Management Accountants, UK for two successive years, 2015 and 2016. She has also been awarded with "The Tenth India CFO Awards – Excellence in Finance to enable a Turnaround" hosted by International Market Assessment India Private Limited in association with Pierian Services in May 2016. On 3rd of February 2018, she has been conferred with the Best Woman Employee Award 1st Place (Executive Category) by the Forum of Women in Public Sector (under the aegis of SCOPE).

We wish CMA Ms. H.K. Joshi the very best for all her future endeavors.

COMMUNITY CROWD FUNDING FOR CIVIC-INFRASTRUCTURE PROJECTS IN INDIA - A CONCEPTUAL MODEL

Dr. Abhishek Sinha
Assistant Professor
Vignana Jyothi Institute of Management
Hyderabad

Abstract

This research conceptualizes funds raising for civic infrastructural projects in India where civic infrastructure crowdfunding is conspicuous by its absence.

If India wants to become a global powerhouse it is important to have state of the art infrastructure. The same cannot be achieved without public participation. Philanthropists from across the globe with "India Connect" must contribute to this idea.

Introduction

Infrastructure growth is of paramount importance for community development and nation building for India. There is a deficit of $ 26 trillion in total requirement of funds to meet targeted infrastructural growth in Asia by 2020 **(Asian Development Bank, 2015).** Hence, India needs innovative methods of crowd funding.

Civic crowd funding is a form of crowd funding wherein local inhabitants along with the administration, finance infrastructure related to community service. It is in the early stages of development in developed countries where people engagement along with funding makes it an interesting field of study **(Davies R.,2014).** In some countries crowd funding for civic projects is gathering momentum. The countries include United States, United Kingdom and Brazil. However, civic crowd funding is conspicuous by its absence in India.

Challenges of building infrastructure in India

The aggregate investment in infrastructure in India is INR 50 trillion of projects under implementation, according to CMIE Capex database in 2018. It makes the job of managing and supervising these projects more difficult. Public private partnerships require considerable state capacity to award and manage contracts. Hence managing the construction of these infrastructure sector assets in timely manner is difficult.

Following are three factors that have impacted implementation of socially viable projects in India. These problems include:

1. Lack of Public Support – The public engagement in socially viable projects are low.
2. Red-tapism – Most of the projects which start with fanfare, in the long term suffer from dearth of activities. The present government has understood and taken cognizance of this phenomenon.
3. Gap between policy and implementation.

In 2016 budget the government of India allocated 2% of the total outlay on social spending. However, there was a huge under-utilization of the allocated funds.

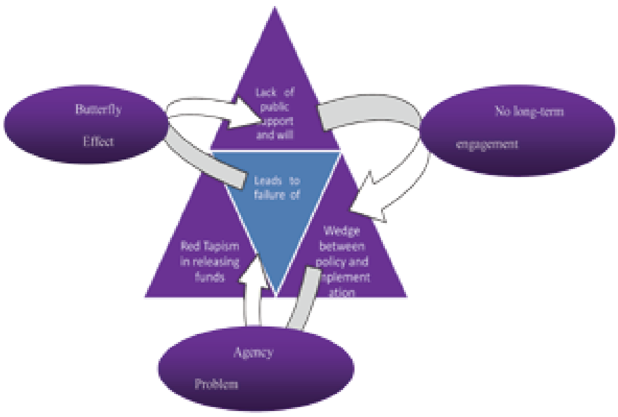


Figure 1: The Problem Triangle

Viable Civic Infrastructure Crowdfunding Project

It is not possible to fund all civic infrastructure projects with crowdfunding **(Aggarwal, 2011).** The field research points out at certain differentiators that would decide the success or failure of the project. The parameters include scope of projects, repeatability, direct and indirect benefits and amount of funding requirement as important determinants for determining the viability of the project to get funded. In the United States and developed countries certain projects such as parks and gardens have attracted maximum attentions.

Spacehive.com – Would it work in India?

Spacehive.com specializes in generating funds for the civic projects. To substantiate, patrons could help generate fund to repair a dilapidated dispensary through the website. A new suburban area could get drinking water through contribution from interested party. Spacehive.com has raised more than £2.1 million funds for 331 projects in the last six years of its existence. Following are the demand and supply dynamics of community investing at spacehive.com. The project success rate is 50%.

Figure 2: Fund Raising Dynamics of Spacehive.com

Case in the point is a recent project where £337,000 was collected in 80 days to save Ancoats dispensary in the Greater Manchester area. The total budget for the project is £370,000 and there is still 20 days left. If £33,000 is not collected the project would be vanquished. Hence, the raising of funds depends on the ability to attract potential investors from the community. Following is the snapshot of the same.

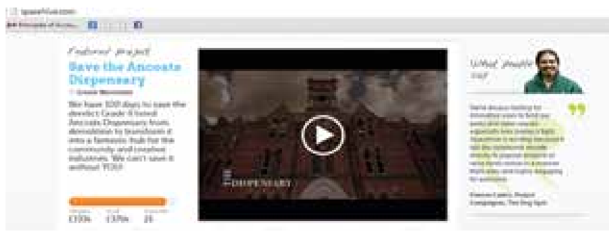


Figure 3: Snapshot of Spacehive.com

Demand Side Analysis

It may not be feasible to finance all the projects with the help of community funding (Bellfame, 2014). Globally a lot of companies and non-government organizations attempt to raise money through community funding. However, if one visits the community funding website, he would realize that the failure rate is abysmally high. For example, in the case of kickstarters.com, a fund-raising website in the United States as on 25th August 2018 the rate of failed projects was approximately 66%. Approximately 87% of these projects are not able to procure even 20% of their requirements. The civic fund-raising websites in the United States and UK have a success rate at around 50%. Thus, there is a need to understand factors which would make the project successful from demand side.

The viability matrix is aimed at creating a metrics which would help decide whether a project is viable to be sponsored through community funding.

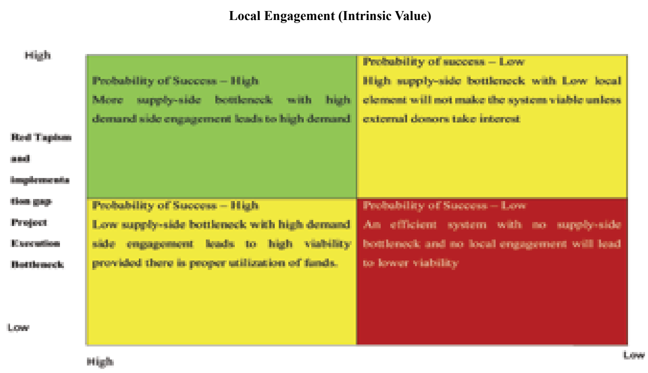


Figure 4: Demand Side Viability Matrix – Crowdfunding Infrastructure in India

Supply Side Dynamics

"Why should George Soros and Bill Gates have all the fun, deciding where charitable money goes?" – **Ethan Zuckerman, Director, Center for Civic Media, MIT**

Figure 5 captures the factors that impact willingness to contribute. According to well documented research in finance there exists a "home bias" which means there is a higher probability of transactions taking place between people of same geographical area. In the online crowdfunding platforms, also this bias exists. **(Lin, M. and Viswanathan, S., 2015).** Hence, Investment from Indian diaspora is expected to increase in the long run.

The difference between the haves and have-nots has increased considerably over the last few years. According to the 2016, Credit Suisse Wealth Report the lower half have access to only one percent of the global wealth while the top 10% hold more than 89% of the wealth. Bain Consultancy Report has also been prepared on the same line. This has also led to an increase in the philanthropic activities of "haves" segment of the society. In India, the story is no different. Figure 5 captures factors impacting philanthropy.

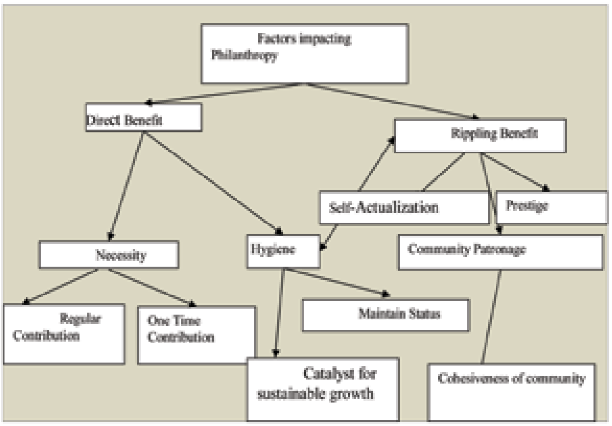


Figure 5: Conceptual Model - Directing Philanthropy for funding infrastructure

Conclusion

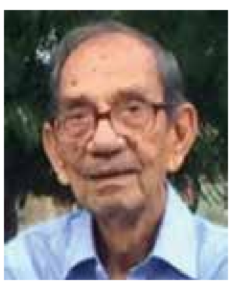
The future of any developing country hinges on the sustainable growth which in turn depends on the success of social programs. The government must think of proactive and innovative ways of making these programs work. One such solution is community funding for civic projects. This would not only help seamless running of the program but also help increase the public engagement in the projects. However, only those projects where government's involvement can be marginalized could be financed. MA

References

1. *Asian Development Bank website*
2. *Agrawal, A. K., Catalini, C., & Goldfarb, A. (2011). The geography of crowdfunding (No. w16820). National Bureau of Economic Research.*
3. *Bain Consultancy Report on "Philanthropy Report India -2017"*
4. *Belleflamme, P., Lambert, T. and Schwienbacher, A., 2014. Crowdfunding: Tapping the right crowd. Journal of business venturing, 29(5), pp.585-609.Belleflamme, P.,*
5. *Credit Suisse Wealth Report 2016*
6. *Davies, R., 2014. Civic crowdfunding: participatory communities, entrepreneurs and the political economy of place, BA, Oxford University. MIT (PhD thesis)*
7. *How do we make civic crowdfunding awesome? August 2012 Retrieved from http://www.ethanzuckerman.com/blog/2012/08/10/how-do-we-make-civic-crowdfunding-awesome/*
8. *https://www.kickstarter.com/help/stats*
9. *Lin, M. and Viswanathan, S., 2015. Home bias in online investments: An empirical study of an online crowdfunding market. Management Science, 62(5), pp.1393-1414.*
10. *Mayer, M., 2016. Civic crowdfunding and local government: an examination into projects, scope, and implications for local government (Doctoral dissertation, Old Dominion University).*
11. *Ordanini, A., Miceli, L., Pizzetti, M. and Parasuraman, A., 2011. Crowdfunding: transforming customers into investors through innovative service platforms. Journal of service management, 22(4), pp.443-470.*
12. *Winston C (2006). Government failure versus market failure: Microeconomics policy research and government performance. Washington, DC, USA: The Brookings Institution.*

abhishek.s@vjim.edu.in

OBITUARY



The Institute and its members deeply mourn the demise of CMA Aditya Kumar Mukhopadhyay, one of the oldest members of the Institute who left us for his heavenly abode on 14th September, 2019 at his residence.

He was a professional with profound knowledge in Accounting and Finance. He served in various positions in Jessop India Ltd and retired in 1984 as Manager, Accounts. Post retirement he was engaged in various activities including coaching accounting aspirants and all of his disciples earned good name in their respective fields.

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

COST GOVERNANCE IN HIGHER EDUCATIONAL INSTITUTIONS IN INDIA - A STUDY

Dr. Sankar Paul
Assistant Professor
Department of Commerce, Hooghly Mohsin College
Hooghly

Abstract

The paper seeks to examine the cost governance in Higher Educational Institutions relating to Central Universities in India. Total amount of fund and total amount of operating expenses for the year 2016-17 in all the Central Universities in India have been shown. Indian Universities are financed by Government grants or subsidies and academic receipts and tuition fees contribute little to the finances. Operating expenses in Central Universities of India are increasing over the years. So, Indian Universities have fund crunch to meet the huge amount of operating expenses. Students financial assistance, research projects are worst suffered due to budgetary reductions. Central Universities in India should implement the strategies from the view points of academic, administrative and students to reduce the huge amount of operating expenses like eliminating academic programs with poor enrolments, reducing University purchases etc. Finally, Central Universities should implement long term strategies for reducing budget gaps or manage costs.

Introduction

"All around the world, the pace of change in higher education is accelerating. In the face of continued increases in participation, demographic change and – in the West at least – profound fiscal crises, higher education institutions are increasingly being required to raise funds from students as opposed to relying on transfers from governments. Indeed, the face of policy change is coming so quickly that it is difficult to keep track of all the relevant developments in different parts of the world" (Marcucci and Usher, 2011: p.1).

The above quote in the introductory section on global higher education trends reflects that the higher education sector is currently facing its greatest financial challenge. Indian higher education sector is not an exception. Costs in higher education sector have risen substantially. This paper exhibits the cost governance in Central Universities in India. Most of the Central Universities in India are funded by Governments. For Central Universities in India, the challenge seems insurmountable as discriminate cost cutting may have an adverse impact on the quality of education provided. So sizeable amount of funding gap is been seen among the Central Universities in India.

Role of UGC and Central Universities in India

University Grants Commission (UGC) was set up in 1953 and was constituted as statutory body under the Act of parliament in

1956 to determine and maintain standards in Public Universities in India. The major initiatives taken by UGC in its XII plan guidelines for the Public Universities are:

- UGC in its XII plan guidelines provides funds for University industry linkage.
- Setting up Centres for Prevention and Promotion of Endangered language in Central Universities.
- Provide funds for human Resource Development Centres (HRDCs) and Regional Centres for capacity Buildings (RCCBs).
- General development assistance to all central and State universities in India.

Table 1: No. of Central Universities in India

States/UTs	No. of Central University	Name of the Central University
Arunachal Pradesh	1	Rajiv Gandhi University
Assam	2	Assam University Tezpur University
Telangana	3	English & Foreign Languages University Moulana Azad National Urdu University University of Hyderabad
Delhi	5	Indira Gandhi National Open University Jamia Millia University Jawaharlal Nehru University South Asian University University of Delhi
Madhya Pradesh	2	Dr. Harisingh Gour Vishwavidyalaya The Indira Gandhi National tribal University
Maharashtra	1	The Indira Gandhi National Tribal University
Mizoram	1	Mizoram University
Meghalaya	1	North Eastern Hill University
Manipur	3	Central Agricultural University Manipur University National Sports University
Nagaland	1	Nagaland University
Pondicherry	1	Pondicherry University
Sikkim	1	Sikkim University
Tripura	1	Tripura University
Uttar Pradesh	5	Aligarh Muslim University Babasaheb Bhimrao University Banaras Hindu University Rajiv Gandhi National Aviation University University of Allahabad
West Bengal	1	Visva Bharati
Uttarakhand	1	Hemwati Nandan Bahuguna Garhwal University
Tamil Nadu	2	Central University of Tamil Nadu Indian Maritime University
Rajasthan	1	Central University of Rajasthan
Punjab	1	Central University of Punjab
Orissa	1	Central University of Orissa
Kerala	1	Central University of Kerala
Karnataka	1	Central University of Karnataka
Jharkhand	1	Central University of Jharkhand
Jammu & Kashmir	2	Central University of Jammu Central University of Kashmir
Himachal Pradesh	1	Central University of Himachal Pradesh
Haryana		Central University of Haryana
Chhattisgarh	1	Guru Ghasidas Vishwavidyalaya
Bihar	3	Central University of South Bihar Mahatma Gandhi central University Nalanda University
Gujarat	1	Central University of Gujarat
Total	48	

Source: www.ugc.ac.in/ List of Central University.

Objectives of the Study

- To show the total amount of Fund in all the Central Universities in India over the year 2016-17.
- To highlight the total amount of operating expenses of all the Central universities in India over the year 2016-17.
- To identify the areas or activities which have been affected by budgetary reductions in all the Central Universities in India.
- To highlight the strategies for reducing the operating expenses in all the Central Universities in India.
- To highlight the long term strategies for reducing budget gaps or manage costs in all the Central Universities in India.

Research Methodology

The entire study is based on both exploratory and empirical in nature. Data has been collected from the available annual reports/annual accounts for the year 2016-17 of each of Central Universities in India. Moreover data has been collected from Ministry of Human Resource Development MHRD), Govt. of India and UGC.

Data analysis, Presentation and Findings

1. To show the total amount of Fund in all the Central Universities in India over the year 2016-17

In this section, we have shown the total amount of fund in all the Central Universities in India over the year 2016-17. Fund is collected from Government as grants or subsidy or Universities have academic receipt and other income.

Table 2: Total Amount of Fund in all the Central Universities in India over the year 2016-17.

States/UTs	Name of Central University	Academic Receipts (Rs.)	Grants/ Subsidies from Government (Rs.)	Other Income (Rs.)	Total Fund (Rs.)	% of Government Grant on Total Fund	% of Academic Receipts and Other Income on Total Fund
Jammu & Kashmir	Central University of Jammu	9672524	331537000	76916027	418125551	79.29125575	20.70874425
	Central University of Kashmir	22395208	292426589	47936636	340363225	85.91603544	20.66376119
Arunachal Pradesh	Rajiv Gandhi University	80787536	6129841	51039830	137957207	4.443291607	95.55670839
Assam	Assam University	92417266.26	778798134	28854083.89	900069484.2	86.52644576	13.47355424
	Tezpur University	124310227	615021000	58566576	797897803	77.08017213	22.91982787
Telangana	The English and Foreign Language University	15836408	646224975	63949431	726010814	89.01037871	10.98962129
	Moulana Azad National Urdu university	183764273.3	856500000	71488194.73	1111752468	77.04053057	22.95946943
	University of Hyderabad	75433370	2325621361	68638930	2469693661	94.16638985	5.833610147
Delhi	Jamia Millia Islamia University	189505271	3706903557	176496638	4072905466	91.01373916	8.986260841
	Jawaharlal Nehru University	69957474	3327247303	166140799	3563345576	93.37425271	6.625747292
	South Asian university	32167925	787599667	1171480	820939072	95.93886975	4.061130252
	University of Delhi	954040785	4535349679	150053936	5639444400	80.42192382	19.57807618

Madhya Pradesh	Dr. Harisingh Gour Visvavidyalaya	246786781	900551861	108040768	1255379410	71.73543343	28.26456657
	The Indira Gandhi National Tribal University	13906293	1024677287	42509580	1081093160	94.78159005	5.218409947
Mizoram	Mizoram University	83077159	727338834	60369285	870785278	83.52677203	16.47322797
Manipur	Central Agricultural University	3828713	805483346	36095089	845407148	95.27756512	4.722434876
	Manipur University	164332995	932960399	18141836.43	1115435230	83.64092989	16.35907011
Nagaland	Nagaland University	54421024	834363624	6317012	895101660	93.21439802	6.785601984
Pondicherry	Pondicherry University	178012876	1450426294	58092352	1686531522	86.00054461	13.99945539
Sikkim	Sikkim University	15849547	408035603	51467613	475352763	85.83848349	14.16151651
Tripura	Tripura University	58373589.87	729644257.7	40486689	828504536.5	88.06762371	11.93237629
Uttar Pradesh	Aligarh Muslim University	287980647	8643446641	145502713	9076930001	95.22433951	4.775660493
	Babasaheb Bhimrao Ambedkar University	158894413	536387381	53628087	748909881	71.62242008	28.37757992
	Banaras Hindu University	529713946	8092447639	1950336160	10572497745	76.54243901	23.45756099
West Bengal	Visva Bharati University	43736687.32	2248421531	32078421.33	2324236640	96.73806413	3.26193587
Tamil Nadu	Indian Maritime University	6977147	325886637	1023295204	1356158988	24.03012035	75.96987965
Rajasthan	Central University of Rajasthan	13277101.75	262918150.6	20534539.11	296729791.4	88.60524226	11.39475774
Punjab	Central University of Punjab	18610091	261946128	4202764	284758983	91.98871454	8.01128546
Orissa	Central University of Orissa	9650448	97706980.2	101197396.3	208554824.5	46.84954204	53.15045796
Jharkhand	Central University of Jharkhand	66964909	378323000	39571880	484859789	78.02729956	21.97270044
Himachal Pradesh	Central University of Himachal Pradesh	5686916	120000000	54399453	180086369	66.63469349	33.36530651

Chhattisgarh	Guru Ghasidas Visva Vidyalaya	82763252	515667092	30700110	629130454	81.96505013	18.03494987
Bihar	Central University of South Bihar	16960585	251311202.6	69277141.52	337548929.1	74.45178489	25.54821511
	Nalanda University	18139477	152421236	10519106	181079819	84.17350804	15.82649196
Gujarat	Central University of Gujarat	6030683	198586069	3615973	208232725	95.36736793	4.632632071

Source: Annual Reports/ Annual Accounts of the Central Universities over the year 2016-17.

Central Universities in India are primarily financed by Govt. of India as Grants or Subsidies through the Department of Ministry of Human Resource Development and UGC. So, most of the Central Universities in India are depended on Government funds in every year through budget allocation. Tuition fees, Admission fees and other academic receipts contribute very little to the finances of all the Central Universities in India. Table 2 has shown that 20 Central Universities out of 35 Central Universities belonging to States/UTs have more than 80% funds as grants or subsidies coming from the government. So, Government funds are the major source of fund for most of the Central Universities in India. On the other hand, academic receipts and other income of most of the Central Universities in India are very little. So, Universities' own fund is not significant. It contributes only 4% to 33% of the total fund of the University. It signifies that most of the Central Universities in India depend on Government grants through budget allocation in each year. It is not possible for the University to meet huge amount of operating expenses out of government funds. So, Budget gap is seen in all the Central Universities. If recession may happen, then obviously government cuts budget allocation for the Central Universities.

2. To highlight the total amount of operating expenses of all the Central Universities in India over the year 2016-17

In this section, total amount of operating expenses in all the Central Universities in India over the year 2016-17 has been shown. Operating expenses are salary of staff, rent, repairs & maintenance, finance cost, depreciation etc.

Table 3: Total Amount of Operating Expenses of all the Central Universities in India over the year 2016-17

States/UTs	Name of Central University	Operating Expenses (Rs.)
Jammu & Kashmir	Central University of Jammu	273731999
	Central University of Kashmir	346162825
Arunachal Pradesh	Rajiv Gandhi University	1100319038
Assam	Assam University	1058588919
	Tezpur University	830371431
Telangana	The English and Foreign Language University	946942883
	Moulana Azad National Urdu university	1524628115
	University of Hyderabad	2596843796
Delhi	Jamia Millia Islamia University	5991619779
	Jawaharlal Nehru University	5184969905
	South Asian university	787612852
	University of Delhi	8820586752
Madhya Pradesh	Dr. Harisingh Gour Visvavidyalaya	1198987701
	The Indira Gandhi National Tribal University	260293862
Mizoram	Mizoram University	1342168183
Manipur	Central Agricultural University	1282844631
	Manipur University	892800739.3
Nagaland	Nagaland University	884883267
Pondicherry	Pondicherry University	1585999704
Sikkim	Sikkim University	486273813
Tripura	Tripura University	843634003.7
Uttar Pradesh	Aligarh Muslim University	45614141118
	Babasaheb Bhimrao Ambedkar University	662337422
	Banaras Hindu University	10694674186

West Bengal	Visva Bharati University	2222923726
Tamil Nadu	Indian Maritime University	987936356
Rajasthan	Central University of Rajasthan	318065691.5
Punjab	Central University of Punjab	261946128
Orissa	Central University of Orissa	155596253.3
Jharkhand	Central University of Jharkhand	242270801
Himachal Pradesh	Central University of Himachal Pradesh	155878480
Chhattisgarh	Guru Ghasidas Visva Vidyalaya	581619384
Bihar	Central University of South Bihar	278673999.9
	Nalanda University	284095897
Gujarat	Central University of Gujarat	267359251

Source: Annual Reports/ Annual Accounts of the Central Universities over the year 2016-17.

Operating expenses in Central Universities are staff payment, academic expenses, administrative expenses, finance cost, repairs & maintenance, depreciation etc. Universities over the year have to pay the operating expenses. These costs are the burden of the University against of which huge amount of funds should be required. Table 3 shows the amount of operating expenses of all the Central Universities in India. From the above table, it has been seen that most of the Central Universities have huge amount of operating expenses to pay off. Universities in India should adopt some strategies to reduce the operating expenses over the years.

3. To identify the areas or activities which have been affected by budgetary reductions in all the Central Universities in India

The following areas or activities are worst suffered by budgetary reductions in all the Central Universities in India;

- Faculty/ staff travel
- Student Financial Assistance
- New academic staff recruitment
- New administrative staff recruitment
- Access for under-represented groups (socio economic background, minority students)
- Ongoing research projects
- Academic programs and course offering for students
- Academic staff exchange program

4. To highlight the strategies for reducing the operating expenses in all the Central Universities in India.

Central Universities in India are facing huge amount of operating expenses every year. So, Universities must adopt the following strategies to reduce the operating expenses from the view points of Academics, Administrative and Students.

Table 4: Strategies for reducing Operating Expenses in all the Central Universities

Academics	Administrative	Students
Exploring collaboration opportunities for academic programs with other institutions.	Using technology for cost efficiency	Requesting donors to allow restricted gifts to be used for other purposes
Consolidating redundant units/ departments/ faculties	Reducing utilities costs	Reducing number of graduate assistantships
Reducing part time lecturer's position	Exploring collaboration opportunities for administrative services with other institutions	Reducing funding for student activities
Eliminating academic programs with poor enrolments	Reducing part time administrative staff positions	Eliminating graduate assistantships
Collapsing course section into fewer, larger sections	Limiting overseas travel	Reducing amount of scholarships
Reducing elective course offering	Reducing University purchases	
Increasing teaching load for full time academic staff	Outsourcing more administrative services	
Outsourcing more academic programs	Reducing maintenance expenses	
Reducing required course offering	Promoting early retirement for staff	
Reducing permanent academic staff positions	Reducing permanent administrative staff positions	

5. To highlight the long term strategies for reducing budget gaps or manage costs in all the Central Universities in India.

In order to reduce budget gaps or manage costs, Central Universities should implement the following strategies;

- A strategic review of academic support services should be conducted.

- A strategic review of institution operations should be conducted.
- A strategic review of course schedules and calendars to ensure full use of facilities should be conducted.
- A strategic review of online/ distance education should be conducted.
- A strategic review of outreach/ continuing education/ extension programs should be conducted.
- A strategic review of academic programs should be conducted.
- A strategic review of research niche areas should be conducted.
- A strategic review of student support service should be conducted.
- A strategic review of tuition fee level should be conducted.
- Enrolments in specific areas should be decreased.
- Operations/ services should be outsourced (e.g. IT services, bookstores).

Conclusions

The present study examined the cost governance in Central Universities in India. The study also highlighted the total fund and total amount of operating expenses in all the Central Universities in India over the year 2016-17. The studies also showed the various strategies for reducing operating expenses and long term strategies for reducing budget gaps or manage costs. It has been seen that Central Universities in India are exclusively financed by having grants or subsidies from Central government. Tuition fees and other academic receipts contribute little to finances of the Universities. Operating expenses of all the Central Universities in India are increasing significantly. So, Central Universities in India don't have ample fund to meet huge amount of operating expenses. As a result, areas like student financial assistance, new academic staff recruitment, research projects have been worst suffered by having reduced budget allocation from government. Central Universities in India should implement long tern strategies for reducing budget gaps or manage costs over the years. Universities should also focus on strategies like outsourcing more academic program, reducing maintenance expenses and reducing amount of scholarships for students for reducing operating expenses over the years. MA

References

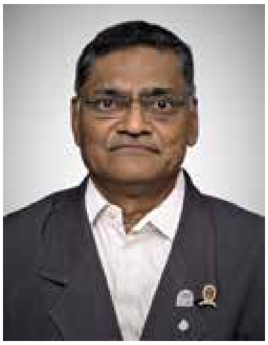
1. *Siraj, SitiAlawiah, Ahmed, Nik. Nazli, Ismail, Suhaiza, Cost Management in Public Higher Education Institutions in Malaysia: Challenges in Financial Sustainability, Kulliyyah of Economics & Management Sciences IIUM.*
2. *Ahmad, A. R., Farley, A., and Kim-Soon, N. (2013), Funding reforms in Malaysian public universities: Transitions towards competitive funding, Australian Journal of Basic and Applied Sciences, 7 (10), 553-561.*
3. *Ahmad, A.R., Farley, A., and Naidoo, M. (2012), An examination of the implementation federal government strategic plan in Malaysian public universities, International Journal of Business and Social Science, 3(15), 290-301.*
4. *Amran, F. H., Rahman, I. K. A., Salleh, K., Ahmad, S. N. S., and Haron, N. H. (2014), Funding trends of research universities in Malaysia, 164, 126-134.*
5. *Cameron, K., and Smart, J. (1998), Maintaining effectiveness amid downsizing and decline in institutions of higher education, Research in Higher Education, 39(1), 65-86.*

Websites

1. *www.ugc.ac.in*
2. *www.mhrd.gov.in*
3. *Websites of all the Central Universities in India.*

paulsankar16@yahoo.in

AT THE HELM



Our heartiest congratulations CMA (Dr.) Paresh Shah, a fellow member of the Institute being conferred for "Life Time Achievement Award" announced by Global Outreach Research and Education Association for his post-doctoral research and acknowledging globally at large, the Modern Approach of Accounting (Accounting without Debit and Credit). The said work is highly appreciated by University of Oxford, England, United Kingdom, and published by Oxford University Press (Very recently third edition has been published, and highly accepted by European Countries, and US based countries).

He is member of six international editorial board and eleven national editorial board. He is also member of Board of Studies of three Universities. Till date recipient of six globally recognized awards related to research, teaching and authoring. He has also conducted nine colloquia at International conferences.

We wish CMA (Dr.) Paresh Shah the very best for all his future endeavors.

ETHICAL ISSUES FOR GOODS AND SERVICES TAX PRACTITIONERS

Kritika Tekwani
Research Scholar, Management
Bhartiya Skill Development University, Jaipur

Dr. Rinku Raghuvanshi
Associate Professor, Management
Bhartiya Skill Development University, Jaipur

Abstract

GST is a new indirect tax, implemented in July 2017. Persons who are doing business, dealing with taxes, and filing returns are still confused about GST and its guidelines. This paper highlights the GST practices which are performed by the GST practitioner and ethical issues related while performing these practices. This study suggests that GST Practitioners have to follow professional ethics to fulfil all compliances correctly and ethically.

Introduction

Tax practitioners are professional experts in tax practices. They work on behalf of their client. These practitioners help businesses in various areas such as registration, returns, refund, cancellation, etc. Tax practitioners are directed to ethics, code of conduct, and various standards as per their area of practice.

Goods and Services Tax

This new tax came with effect from July1, 2017 through the implementation of 101st amendment in the Indian Constitution. The structure of indirect taxes as existing up to 30-6-2017, which includes various taxes like VAT, entertainment tax, luxury tax, service tax, surcharge, etc., merged into GST. The main reason behind the implementing this tax is to merging all these indirect taxes in a single indirect tax and eliminating the cascading tax effect. Goods and Services Tax law includes unique principles, these principles are influenced by the indirect tax system of European Union, New Zealand, Australia, Organization for Economic Corporation and Development, etc.

Goods and Services Tax Practitioners (GSTP)

GSTP is a person who is authorized by the Government to furnish tax information on behalf of their client as per section 48 of the CGST Act. A person is certified as a GST Practitioner after fulfilling all the eligibility and conditions as per the rule 24 and 25 of the GST Act. GST Practitioner has to file various forms which are available on the GST portal including GST PCT-1, GST PCT-2, GST PCT-3, etc. GST Practitioners work as an e-mitra and known as a GSTP. GSTP has to pass the examination which is organized by NACIN (National Academy of Customs, Indirect Taxes & Narcotics), in terms of sub-rule (3) of rule 83 of the CGST Act, 2017, vide Notification No. 24/2018.

Literature Review

The Author has reviewed various papers to get more knowledge about the GST and tax practitioners. A few studies have been conducted to show the ethical issues related with the tax practitioners. Some of these are listed below.

Devi Seema (2016)[1] studied, **"Goods and Service Tax in India: A SWOT Analysis"** discussed the history of the Indian taxation system, Manu Smriti system, Kautilya's Arthasastra on Taxation, and GST structure. This study discussed the strength, weakness, opportunity, and threats of GST. Strengths include the elimination of cascading effect and the increase in GDP. Researcher presumed that alcohol, real estate, & electricity will be exempted from GST, and it will be based on dual taxation charged by the Government. Weaknesses include GST is based on IT and people are not very much habitual of technology and this will be costly to the Government. Opportunities include that it will reduce the transaction cost and will bring transparency in the system. Threats include interstate supply will be treated like export/import and on this supply, Integrated GST will be levied. This study concluded that GST would help the Government, Exporters, Customers, Importers, etc.

Doyle Elaine et. al. (2014)[2] studied, **"Ethics in Tax Practice: A Study of the Effect of Practitioner Firm Size"** and discussed the duty of practitioners & ethical issues related with the tax practices. Researchers categorized practitioners in two categories which include large practitioners and small practitioners. This study found that the ethical perception of tax practitioners varies with the size of the firm. Large tax practitioners follow the tax avoidance method for the big multinationals. This study used primary data and interview method for the collection of data. This study is carried out on tax practitioners of Ireland. This study concluded that large tax practitioners and small tax practitioners both use the same ethical and moral reasoning while performing tax practices.

Rupa R (2017)[3] in her research entitled **"GST in India: An Overview"** found various challenges which hinder the implementation of GST effectively. The researcher discussed the history of GST in the world and found that GST was first implemented in France in 1954. Singapore has an only a single rate of tax and Standard rate of GST in the world ranges between 15-20%. This study discussed four slabs of GST like 5%, 12%, 18%, and 28%. The author showed the three pillars of it, which include CGST, SGST, and IGST. This study is entirely based on secondary data. This study concluded that GST will improve the functioning of businesses and firms will become more organized as compare to the earlier tax system.

Yetmar, S.A. & Eastman (2000)[4] studied, **"Tax Practitioners' Ethical Sensitivity: A Model and Empirical Examination"** and discussed five factors that affect tax practitioners'. These all factors are related to ethical interest. This study suggested that practitioners should consider ethical issues while taking decisions and use the correct course of action because they perform all tax practices on behalf of their clients.

These studies discussed GST which includes dual indirect tax structure, where Central and State Government work mutually. After the reviewing of literature, it is found that tax practitioners work on behalf of their clients so it is there duty to perform all the activities in an ethical way.

Objectives of the study

1. To know the practices of GST.
2. To identify ethical issues for GST Practitioners.

Methodology

This study is Descriptive in nature. This research study used secondary data, which has been gathered from books, websites, reports, journals, conference papers, magazines, and other published data from government and non-government institutions. The researcher analyzed and interpreted the secondary data to validate the objectives of the study.

Discussion/ Analysis

This research paper discusses the GST practices, eligibility to become a GSTP, ethical issues for GST Practitioners, and actions against GSTP.

1. GST Practices

GST Practitioners perform various practices on behalf of their registered taxpayers. These practices are as follows.

Table 1: GST Practices

GST Practices	Description
Registration	Migration from VAT/Service Tax to GST Regular/Composition Scheme Input Service Distribution (ISD) registration Casual Taxable Person registration TDS/TCS
Refund	Excess amount in GST cash ledger Excess amount in ITC ledger Recipient of Deemed Exports IGST (Integrated Goods and Services Tax)
Reverse Charge Mechanism (RCM)	Entries of RCM Supplies made with URD (Unregistered Dealer) Inward supplies liable to reverse charge
Supply	Place of supply Time of supply Nature of supply Delivery of goods or services
Assessment & Audits	Regular/Special Assessment Department/Special Audit
Amendments by GST Council	Tax Rates E-Way Bills Return Format
Levy of taxes	CGST SGST IGST

Valuation	Discount/bad-debts Depreciation/ITC (Capital Goods)
Returns	Regular Scheme: GSTR1, GSTR2, GSTR3, GSTR3B, Annual Return Composition Scheme: GSTR4 Stock details in TRAN1, TRAN2, TRAN3

2. Eligibility criteria for becoming GSTP (Goods and Services Tax Practitioner)

(i) A person who is graduate or postgraduate in commerce, finance, banking, law, business studies.

(ii) A person who is retired from the CTD (Commercial Tax Department) of any state or of the Central Board of Excise and Customs (now it is CBIC).

(iii) A person who qualified other examination directed by the Government.

After identifying the eligibility criteria, it has been observed that there is no need of any experience to become a GSTP. A fresh graduate can handle the practices of the client so there is a chance of making errors while filing the return or doing the registration.

3. Ethical issues related to GST Practitioners

Furnishing wrong details

The GST Practitioner prepare all statements on behalf of the registered person, and confirmation comes on the registered mobile number/ e-mail, however failure to respond on such confirmation, it is treated as a deemed confirmation. So at this time, it is the duty of GSTP to get the confirmation from the registered person.

Responsibility for the correctness of details

GSTP works on behalf of the client but an obligation for the correctness of any particular field in the GST return or in other GST forms remains with the registered taxpayer only because that person is registered under GST. GSTP is not responsible for the correctness of any particular, so it is the ethical duty of GST Practitioner to furnish all the detail correctly.

Tax evasion

GSTP should enter proper ITC (Input Tax Credit) of CGST, SGST, and IGST. GSTP should not claim more ITC against the liabilities if ITC is not available.

GST updates

Government of India is making changes in GST for the convenience of traders, manufacturers, exporters, consumers, etc. Goods and Services Tax Practitioners should update themselves with the updates in Goods and Services Tax practices (Tax rates, return formats, threshold limits, RCM, etc.).

Representation of case

GSTP is allowed to represent the case of the taxpayer who is registered under GST before any officer, department, authority, and tribunal. So it is the ethical duty of GSTP to represent case properly and correctly.

4. Actions against Unethical Practices run By GSTP

Goods and Service Tax Practitioner does misconduct in connection with any process under the GST Act, 2017 then the authorized officer can give SCN (Show-Cause Notice). If the Goods and Services Tax Practitioners is found guilty or not performing their work in ethical way and misconduct while presenting the case of their registered client, then GSTP's enrollment or registration number will be canceled. The authorized officer will give reasonable time to defend or present their case in Form GST PCT-04, If GSTP fails to do so then the authority has the right to declare GSTP disqualified under section 48 to perform any practices of GST.

Conclusion

Goods and Services Tax as it's a new tax so Government of India has started various training programs to train GST Practitioners for the performance of the activities to make all the compliances easy for the business and hassle-free. GST Practitioner performs GST practices on the behalf of its registered client so it is the duty of GSTP to perform all the activities or practices in an ethical way. GSTP should file all the returns and forms (GSTR1, GSTR2, GSTR3, GSTR4, GST PCT-1, GST PCT-2, etc.) in a proper way. GSTP's are the professional practitioners so they have to follow professional ethics to fulfill all compliances ethically. MA

References

1. *Devi Seema. (2016). Goods and Service Tax in India: A SWOT Analysis. International Journal of Research –GRANTHAALAYAH, Vol.4 (Iss.12), December 2016, ISSN- 2350-0530(O), ISSN- 2394-3629(P).*

2. *Doyle Elaine, Frecknall Jane –Hughes, & Summers Barbara.(2014). Ethics in Tax Practice: A Study of the Effect of Practitioner Firm Size. Journal of Business Ethics, 122:623–64.DOI: 10.1007/s10551-013-1780-5.*

3. *Rupa R. (2017). GST in India: An Overview. International Education & Research Journal, Vol. 3, Issue 2, February 2017, E-ISSN No: 2454-9916.*

4. *Yetmar, S.A., & Eastman. (2000). Tax Practitioners' Ethical Sensitivity: A Model and Empirical Examination. K.K. Journal of Business Ethics, 26: 271. https://doi.org/10.1023/A:1006294517573.*

kritika.tekwani@ruj-bsdu.in

SOCIALLY RESPONSIBLE INVESTING

Jasbir Singh Matharu
Associate Professor
Institute of Management Technology, Nagpur

Abstract

Socially Responsible Investing (SRI) is the process of integrating personal values and societal concerns into investment decisions. In India, assets deployed under SRI stood at USD 30 billion in 2017. BSE Limited currently has two prominent indexes namely S&P BSE 100 ESG index and S&P BSE Carbonex. National Stock Exchange has launched indexes called NIFTY100 ESG and NIFTY100 Enhanced ESG Index in 2018. Most of the indexes based on SRI have performed better than the overall market. Thus it may make sense to invest in schemes which are socially responsible.

Introduction

Scheuth (2003) defines Socially Responsible Investing as "the process of integrating personal values and societal concerns into investment decisions". Socially Responsible Investing (SRI) is also known by various other names such as Sustainability Investing or Sustainable and Responsible Investing or Sustainable, Responsible and Impact Investing.

SRI takes into consideration environmental (E), social (S) and governance (G) factors to select companies for creation of portfolios. Thus socially responsible investing is popularly known as ESG investing. Environmental criteria include use of natural resources, waste and effluent management, environmental pollution, contribution to global warming etc. Social criteria would include community development, ethical advertising, business relations with suppliers, customer health and safety, customer privacy, gender equality, or corporate social responsibility beyond the minimum required. Governance criteria include financial transparency, board structure and independence, business ethics, conflict of interests etc.

Global Sustainable Investment Alliance (GSIA) is an alliance of seven sustainable investment organizations of the world. According to GSIA, socially responsible investing could be done on the basis of

a. negative screening such as exclusion of companies producing alcohol or companies that are into business of gambling

b. positive screening such as investments based on ESG criteria

c. theme based investing such as clean energy, water, sustainable agriculture

d. impact investing or community investing that aims to generate specific beneficial or environmental effects, tries to make a positive impact by investing that benefit the community or investing in clean technology enterprises. Impact or community investing attempts to give back to the community by helping the less fortunate.

Evolution of SRI

According to the report by Deutsche Bank Group (2012), SRI started with ethical investing, in the 1960s in the United States (US), which prohibited investing in gambling, alcohol or tobacco. In the 1980s, mutual funds in the United States invested based on both positive and negative screening. In the 1990s, the funds started to incorporate social and environmental factors and this came to be known as Socially Responsible Investing. Domini Social Index was formed in 1990 to measure performance of such funds. In 2000s SRI included governance in addition to environmental and social factors.

United Nations launched the Principles for Responsible Investment (PRI) network in 2006 with around 100 signatories (now there are around 1900). There are six principles that investors are expected to follow which would help to incorporate the ESG factors in their investment decisions. The Global Reporting Initiative (GRI) is an organization that promotes reporting of sustainability practices. It was launched in 1997 and as per a report by KPMG Survey of Corporate Responsibility Reporting 2017, "93% of the world's largest 250 corporations report on their sustainability performance". United Nations, with other partners, launched The Sustainable Stock Exchanges (SSE) initiative in 2009 to promote "sustainable capital markets". According to SSE Initiative's Report on Progress 2018, 78 stock exchanges have joined hands to promote the idea of sustainable markets.

How big is SRI?

According to the Report on US Sustainable Responsible and Impact Investing Trends 2018 by US SIF, SRI grew from USD 8.7 trillion in beginning of 2016 to USD 12 trillion in beginning of 2018. This is about 26% of the total US assets (i.e. USD 46.6 trillion) under professional management. According to Global Sustainable Investment Review 2016, USD 22.89 trillion of assets, worldwide, are deployed under socially responsible investment. If we categorize these investments, negative screening has the largest share followed by strategies using ESG criteria. Impact investing has been growing over the years, even though the amount of funds invested is not very large.

SRI in India

According to Oxfam India and cKinetics report, in India, assets deployed under SRI, in 2017, stood at USD 30 billion as compared to USD 22.89 trillion worldwide, a mere 0.14% share. Of this USD 30 billion, USD 25 billion are in equities and about USD 5.1 billion in green bonds. The investment in SRI assets was about USD 13 billion in 2012. This shows an increase of about 19% per annum.

SRI in India is evolving over time. Ministry of Corporate Affairs (MCA) announced their theme of responsible business in 2008. After consultations with various government bodies, large businesses, MSMEs, and feedback from various national as well as international agencies, the National Voluntary Guidelines (NVGs) were released in July 2011. In August 2012, Securities and Exchange Board of India (SEBI) came out with the idea of Business Responsibility Report (BRR) and mandated its inclusion in the annual reports of the 100 largest companies (on the basis of market capitalization). BRR was a report on how the companies have adopted responsible business practices based on the NVGs. Under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, SEBI made BRR compulsory for the largest 500 (in terms of market capitalization) companies.

How to invest?

Generally investors invest through mutual funds but there are very few socially responsible funds available to the investors. Tata Ethical Regular Fund, Taurus Ethical Fund and Reliance ETF Shariah BeES are a few names. There are instances where the fund was launched but did not succeed. One such example is the JM Ethical Fund.

So if investors cannot invest through mutual funds, the way out for the investors is to buy stocks of companies that follow the ESG criteria. The investors can thus invest in companies which are a part of the indexes based on socially responsible investing, floated by stock exchanges. Both the National Stock Exchange (NSE) and BSE Limited (earlier known as Bombay Stock Exchange) floated such indexes.

BSE Limited (BSE) currently has two prominent indexes namely S&P BSE 100 ESG index and S&P BSE Carbonex. The S&P BSE 100 ESG Index mirrors the S&P BSE 100 but does not invest in companies having business of tobacco, nuclear weapons, landmines etc. S&P BSE Carbonex is also based S&P BSE 100 but the weights of the individual companies are changed according to amount of greenhouse gas emissions and their carbon policies.

NSE has launched new indexes called NIFTY100 ESG and NIFTY100 Enhanced ESG Index in 2018. NIFTY100 ESG is based on NIFTY 100 but the weights of the constituent companies are changed on the basis of its ESG score. ESG score is impacted by factors such as whether there are any controversies related to ESG factors or whether a company is in the business of gambling, tobacco, alcohol etc.

Performance of SRI indexes in India

The performance of SRI indexes on BSE Ltd. have been calculated for the one year, three year and five year period ending on 31 January 2019 and compared with three benchmark indexes, namely, S&P BSE Sensex, S&P BSE 100 and S&P BSE 500. The holding period returns have been shown in the table 1. 5 year returns are not shown for the ESG index as the base date of the index is 30 April 2014.

Table 1: Holding Period Returns of BSE indexes

	S&P BSE SENSEX	S&P BSE 100	S&P BSE 500	S&P BSE CARBONEX	S&P BSE 100 ESG Index
1 year	0.97%	-3.07%	-7.06%	-2.89%	-1.10%
3 years	37.88%	36.82%	35.46%	38.17%	40.03%
5 years	58.45%	61.32%	65.70%	61.71%	-

For the last one year, Carbonex and BSE 100 ESG index have been able to generate higher returns than the BSE 100 and BSE 500 but not the Sensex. For the last three years, both BSE Carbonex and BSE 100 ESG index have outperformed the benchmark indexes. For the five year period, BSE Carbonex is able to beat the Sensex and the BSE 100.

In Table 2, annualized returns for the 3 year period are computed and adjusted for the risk taken.

Table 2: Risk-adjusted Returns of BSE indexes for 3-year period

	S&P BSE SENSEX	S&P BSE 100	S&P BSE 500	S&P BSE CARBONEX	S&P BSE 100 ESG Index
Risk-adjusted Return	1.05	0.99	0.95	1.03	1.09
Annualized Standard Deviation	12.15%	12.54%	12.67%	12.53%	13.01%
Annualized Returns	12.77%	12.46%	12.03%	12.93%	14.13%

The BSE 100 ESG index has given the highest risk adjusted returns and beaten all the benchmarks. The BSE Carbonex has been able to generate higher risk adjusted returns than the BSE 100 and BSE 500 but not the Sensex.

Annualized returns of the NSE's indexes, Nifty 100 ESG index and Nifty 100 ESG Enhanced index, have been calculated from April 2011, their base date, and shown in Table 3. The returns have also been adjusted for risk. They are compared to the benchmark indexes namely, Nifty 50, Nifty 100 and Nifty 500.

Table 3: Risk-adjusted Returns of NSE indexes

	Nifty 100 Enhanced ESG Index	Nifty 100 ESG Index	Nifty 50	Nifty 500	Nifty 100
Risk adjusted return	0.58	0.59	0.53	0.58	0.56
Annualized Standard Deviation	15.75%	15.78%	15.16%	14.94%	15.08%
Annualized returns	9.08%	9.27%	8.05%	8.61%	8.51%

One sees that both the ESG indexes have given higher risk adjusted returns than the benchmark indexes.

Conclusion

Most of the indexes based on SRI have performed better than the overall market. Thus it may make sense to invest in schemes which are socially responsible. Though there are very few socially responsible mutual fund schemes available but looking forward we may see more funds launching such schemes when there is more awareness about incorporating environmental, social and governance factors into investments. More astute investors may study and invest in individual companies that give adhere to the ESG factors. One caveat though, some companies worldwide have been found to indulge in 'greenwashing' i.e. companies claiming to be more environment friendly than they really are. MA

References

1. *DB Climate Change Advisors, Deutsche Bank Group, (2012). Sustainable Investing: Establishing Long-Term Value and Performance. Retrieved from: https://www.db.com/cr/en/docs/Sustainable_Investing_2012.pdf*
2. *Global Sustainable Investment Alliance (2016). The Global Sustainable Investment Review 2016. Retrieved from: http://www.gsi-alliance.org/wp-content/uploads/2017/03/GSIR_Review2016.F.pdfSchueth, S. (2003). Socially Responsible Investing in the United States. Journal of Business Ethics, 43(3), 189-194.*
3. *KPMG's Global Center of Excellence for Climate Change and Sustainability (2017). The road Ahead: The KPMG Survey of Corporate Responsibility Reporting 2017. Retrieved from: https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/kpmg-survey-of-corporate-responsibility-reporting-2017.pdf*
4. *Oxfam India and cKinetics (2017). Drops before the rain? India Sustainable and Responsible Investing Landscape 2017. Retrieved from: https://www.responsiblebiz.org/wp-content/uploads/2018/03/Drops-Before-the-Rain-India-Sustainable-and-Responsible-Investing-Landscape-2017-Oxfam-India-cKinetics.pdf*
5. *Sustainable Stock Exchanges Initiative (2018). 2018 Report on Progress: A paper prepared for the Sustainable Stock Exchanges 2018 Global Dialogue. Retrieved from: http://www.sseinitiative.org/wp-content/uploads/2018/10/SSE_On_Progress_Report_FINAL.pdf*
6. *US SIF Foundation (2018). Report on US Sustainable Responsible and Impact Investing Trends 2018. Retrieved from: https://www.ussif.org/files/Trends/Trends%202018%20executive%20summary%20FINAL.pdf*

jsmatharu@imtnag.ac.in

NATIONAL PENSION SYSTEM (NPS)

CMA Mohd Asif
Assistant Manager (Finance)
NHDC Limited, R&R Office, Khandwa

Abstract

NPS is a Government approved voluntary defined contribution pension scheme. Due to its tax saving features, it is going to become one of the best tax saving instrument after PPF (Public Provident Fund). One who is not covered mandatorily under NPS scheme, and in liquidity crunch then he may invest in NPS if he is coming under tax bracket of 20% or 30% for saving tax of Rs.10400/- or Rs.15600/-(as the case may be).

National Pension System (NPS)

National Pension System (NPS) may be said as Government approved, voluntary defined contribution pension scheme which is being controlled/managed by PFRDA (Pension Fund Regulatory Development Authority). NPS covers New Pension Scheme and Atal Pension Yojna. Before the implementation of NPS, a defined benefit pension was in existence but later it was stopped by the government for those employees who joined government services on or after 01.01.2004. Any Indian citizen including NRIs who are in the age group of 18 to 65 years can invest suo motto in this scheme. An unique Permanent Retirement Account Number (PRAN) is being allotted to every subscriber for NPS. There are two types of NPS Account:-

Tier I:- Contributions done under Tier-I account are eligible for additional tax deduction, details of which are enumerated below. Tier-I account matures at the age of 60 years but it can be continued till the age of 70Years. Withdrawal from this account can be made only for the specified purposes which are also enumerated below. All the Tax benefits are applicable for investments in Tier I account only.

Tier II:- Subscribers can invest an additional amount in Tier II NPS Account but No tax deductions/benefits were available in this account till the announcement of Budget 2019. In Budget 2019, the government proposed to allow contribution made by government employees to Tier II account for income tax benefits under Section 80C, provided that the money is to be locked in for a period of 3 years, meaning thereby no tax deduction/benefit will be available for the private sector employees or other subscribers. Tier II account is like a bank/investment/mutual fund account or like a mutual fund investment in which amount can be invested/withdrawn as and when required basis. Tier-II account cannot be opened without opening tier-I account and it will also close once you request for closure of Tier I account. Units under Tier II account will be redeemed and amount will be transferred to the given bank account.

The contributions of NPS are managed by 8 Pension Fund Managers (PFM) appointed by PFRDA. Subscriber may invest in NPS through below mentioned fund managers:-

1. HDFC Pension Management Company Limited
2. UTI Retirement Solutions Limited
3. Kotak Mahindra Pension Fund Limited
4. LIC Pension Fund Ltd
5. SBI Pension Funds Private Limited
6. ICICI Prudential Pension Funds Management Company Limited
7. Birla Sunlife Pension Management Limited

Investment Portfolio under NPS:- Under NPS, Subscribers have the option to select allocation pattern for their investment across various asset classes. The following options are there-

(A) Active Choice: In this option investment can be done in the following category of assets:-

» In Equity (E): Investment in equity is always considered as 'High risk – High Return' investment option as the funds are invested in equity Subscriber can choose to invest up to 50% (Maximum) in this class

» Corporate Bonds (C): In this option, Funds are invested in fixed income bearing instruments

» Government Securities (G): In this option, Funds are invested only in Government Securities

(B) Auto Choice- Life Cycle Fund: In this option, the funds are invested as per the age of the subscriber and according to pre-defined ratio. The investment will be higher in equity at a younger age and will be moderated progressively to get a balance among high, medium and low risk investment. For example, till the age of 36 years, allocation in equity would be 50% in "E" , 30% in "C" and 20% in "G" asset class and after the age of 36, the allocation will starts decreasing from "E" and "C" and increases in "G" till it reaches 10% in "E" & "C" and 80% in "G" asset class.

Annuity: - An Annuity is a contract for deferment payment. Basically it is a plan that pays a regular income/pension to its subscriber. After completing the age of 60 years or for starting Annuity, the subscriber will have to start/purchase annuity from the following companies which are registered with PFRDA:-

1. HDFC Standard Life Insurance Company Limited
2. Star Union Dai-Chi Life Insurance Company Limited
3. Life Insurance Corporation of India Limited
4. ICICI Prudential Life Insurance Company Limited
5. SBI Life Insurance Company Limited

Annuity schemes available under NPS:-

1. **Annuity for life–** In this scheme, subscriber shall get payment of annuity till his life. It ceases on death of the annuitant and no return of purchase price is allowed to the nominee.
2. **Annuity for life with return of purchase price on death–** In this scheme, subscriber can get monthly pension/Annuity during his life time. On death of the annuitant, payment of Annuity ceases and the purchase price is returned to the nominee.
3. **Annuity payable for life with 100% or 50% Annuity payable to spouse on death of annuitant–** In this scheme, subscriber payment of annuity is ceases on death of the Annuitant and, full or half (as the case may be)Annuity is paid to the surviving spouse during life time. If the spouse predeceases the annuitant, payment of Annuity will cease after the death of the annuitant. It can be with or without the return of the purchase price.
4. **Annuity for life increasing with the simple rate of 3% p.a.-** In this scheme, subscriber can get payment of annuity till he/she is alive and payment of annuity ceases on death and no return of purchase price is allowed to the nominee.
5. **Annuity guaranteed for 5,10,15,20 years and for life thereafter-** In this scheme, subscriber shall get annuity and after his death during the guaranteed period, annuity is paid to the nominee till the end of the guaranteed period after which the same ceases and no return of purchase price is allowed to the nominee. In case subscriber gets payment of annuity till he is alive even after the guaranteed period, then annuity will be ceased after his death and no return of purchase price is allowed to the nominee.

Taxability of NPS Contribution

(A) **Tax benefit to Individual:-** Employer's contribution to NPS is firstly included under Salary Income of the employee and then deduction u/s 80CCD(2) is allowed up to the 10% of salary (Basic +DA/DP+ Commission if paid on fixed percentage of turnover). Employee's contribution to NPS up to the 10% of salary is allowed as deduction u/s 80CCD (1) but as per section 80CCE, the aggregate amount of deduction u/s 80C, 80CCC & 80CCD(1) cannot exceed Rs.1,50,000/-. If contribution to NPS is made by the individual who is not an employee, then deduction up to 20% of his Gross Total Income shall be allowed under section 80CCD(1). However an employee or any other person contributing in NPS, can claim additional deduction of Rs.50000/- u/s 80CCD(1B) in respect of his contribution made, means this contribution is over and above the overall ceiling limit of Rs. 150000/- U/s 80CCE. This deduction of 80CCD(1B) can be claimed even if no claim has been made under Section 80CCD(1). As per the proposal of Budget 2019, Investment made in Tier-II account by any government employees will also be eligible for deduction u/s 80C and it shall have lock-in period of 3 years.

(B) **Tax benefit to Corporate:-** Employer's Contribution towards NPS up to 10% of salary (Basic + DA) is deductable as 'Business Expense' from their Profit & Loss Account.

(C) **Tax benefit on partial withdrawal:-** Amount withdrawn up to 25% of Employee's contribution is exempt from tax u/s 10(12B). Partial withdrawal exemption is limited only up to 25% of an employees' contribution, means exemption cannot be availed by the non-employee subscriber.

(D) **Tax benefit on lump sum withdrawal:-** After attaining the age of 60 years, up to 60% of the total corpus withdrawn in lump sum is exempt from tax.

Withdrawal from NPS account:- Amount can be withdrawn from Tier-II account as and when required basis as there is not any lock-in-period in Tier-II account (except the budget 2019 proposal for government employees). In case of withdrawal from Tier-I account, there are some restrictions/conditions which are given below:-

(A) Full/Partial Withdrawal:- After attaining the age of 60 years, if the corpus of the NPS is up to Rs.200000/-, then full amount can be withdrawn. In other case only 60% of corpus amount can be withdrawn and the balance 40% has to be mandatorily invested in buying an Annuity plan (pension plan) that would provide a regular monthly pension. The lump-sum amount withdrawn (i.e. 60% of the accumulated corpus) is now Tax free as per section 10(12A) of Income Tax Act 1961. Rest 40% which has to be utilized in purchasing the Annuity plan is also Tax free but monthly Income/Pension received from this Annuity plan is fully taxable in the year of receipt of pension under income from other sources as per the slab rates of the individual. If a person is a NPS subscriber for at least 3 years then only he can make partial withdrawal up to 25% of his contribution. Partial withdrawal from Tier-I account is allowed only for specified purpose like critical illness, marriage of children & acquiring higher education of the children (including legally adopted child)/technical or professional skill of self, starting a new business, purchase/construction of residential house in his name or spouse name, if he is not having any residential house/flat in his name or joint name other than ancestral property etc. This partial withdrawal is tax free only if it is related to an employee, meaning thereby other subscriber will not get tax benefit/exemption in case of partial withdrawal [As per Section 10(12B)].

Apart from this, withdrawal from NPS account shall be allowed maximum of three times during the lifetime of NPS Tier-I account. The request for withdrawal shall be submitted by the subscriber to the central record keeping agency or the NPS trust for processing through their nodal office.

(B) **Pre-mature Exit** – A subscriber can exit from NPS only after completion of 10 years. In case of pre-mature exit from NPS, subscriber can withdraw up to 20% of the corpus in lump sum and he has to invest at least 80% of the accumulated corpus for purchasing an Annuity that would provide a regular monthly pension. However, if the total corpus is less than or equal to Rs. 1,00,000/-subscriber can opt for 100% lump sum withdrawal.

(C) **Upon Death of Subscriber** – In this situation, the entire accumulated pension corpus (i.e.100%) would be paid to the nominee/legal heir of the subscriber. However an option to purchase the Annuity is also available to the nominee of the deceased if he desires so.

Option to the subscriber on attaining the age of 60 Years:-

1. He may differ withdrawal and stay invested in NPS up to 70 years of age. Deferment can be done only for lump sum Withdrawal or only for Annuity or for both lump sum as well as Annuity.
2. If he does not wish to continue/defer NPS account, he/she can exit from NPS. He/she can initiate exit request online and start receiving pension.

Summary

S. No	Particulars	Tax Treatment
1	Partial withdrawal up to 25% of employee's contribution	Exempt
2	Partial withdrawal in other case (i.e. for non employee subscriber)	Fully Taxable
3	Amount received on closure of his account or opting out of the NPS	60% Exempt
4	Amount received on death of the employee to his nominee	Fully Exempt
5	Pension received from the annuity plan purchased	Taxable in the year of receipt as Income from Other Sources
6	Amount received from NPS but invested in purchasing the annuity in the same year	Exempt
7	Contribution to NPS by the subscriber u/s 80CCD(1)	Deduction allowed up to 10% of salary or 20% of GTI subject to limit of section 80CCE
8	Contribution to NPS by the Employer u/s 80CCD(2)	Deduction allowed up to 10% of salary for employee
9	Contribution to NPS by the subscriber u/s 80CCD(1B)	Deduction allowed up to Rs.50000/-
10	Contribution to NPS Tier-II account by Government Employer u/s 80C (As per the proposal of Budget 2019)	Max. Deduction is Rs.1,50,000/-(i.e. within the limit of Sec 80C)

Author's View on Investment in NPS

- As per my opinion, one who is not covered mandatorily under NPS scheme, and he is not in liquidity crunch then he may invest in NPS if he is coming under tax bracket of 20% or 30% because by investing under NPS, he will be allowed to claim deduction of Rs.50000/-, resulting saving of Rs.10400/- or Rs.15600/-(as the case may be) in the same year. It means his net investment would be Rs.39600/- or Rs.34400/- (as the case may be). But the amount invested in NPS will be BLOCKED till attaining the age of 60 Years, so this Option is advisable if the person may spare/lock his funds till attaining the age of 60 years. However the amount can also be withdrawn before the age of 60 years as explained above, but it is advisable to invest suo motto in NPS only in case you are having a fund which you can block till attaining the age of 60 years, else PPF investment may be used as safer investment. If a person who is an employee and in the age group of 57 years or more and not covered mandatorily under NPS, then it is advisable to him to invest under NPS till attaining the age of 60 years as in this situation his funds would get blocked only for 2 or 3 years and he can get additional tax benefit as explained above and can withdraw full amount as full amount can be withdrawn in case corpus is less than or equal to Rs.2,00,000/-
- Under NPS, since Pension is based on Annuity purchased which is linked with stock market so your pension will depends on performance of stock market viz-a-viz your Fund Manager. So there is possibility that on the same amount of annuity purchased by two difference people at the same time, one might get higher pension and other might get lesser, depending on the performance of NPS fund. So care must be taken while deciding your fund manager.
- As per my view, Tax benefit/deduction should also be allowed in case of investment made under Tier-II account of NPS by a non government employee or other subscribers and exemption on partial withdrawal u/s 10(12B) should be extended to non-employee subscriber also. Since monthly pension which is being received on the basis of Annuity purchased at the time of exit, hence tax deduction from Gross Total Income should also be given for the amount invested in purchasing the Annuity. No clarification has been given any where about the taxability of amount received from NPS at the time of closure/exit if a subscriber did not claim deduction u/s 80CCD. MA

References

1. *NSDL Website i.e. https://npscra.nsdl.co.in*
2. *Income Tax Website i.e. https://www.incometaxindia.gov.in*

Disclaimer: The content of this article are solely for informational purpose. It does not constitute professional advice. The author does not accept any liability for any loss/damage of any kind arising out of above information. While due course has been taken in preparing above information, the existence of mistakes/omissions herein is not ruled out. (Source used Internet mainly NSDL website.

ca.asiffarooqui@gmail.com

Down The Memory Lane

November 2009

International Seminar organized on 'Role of Cost and Management Accountants in Regional Economic Development' organized by SAFA and ICWAI at Vigyan Bhawan in New Delhi on November 26, 2009

Seen in picture from L To R: Mr. K.R.S. Sastry, past President, SAFA; Mr. V. Kalyanaraman, Past President, SAFA & ICWAI; Mr. G.N. Venkataraman, president, ICWAI; Mr. Salman Khurshid, Hon'ble Minister of State for Corporate Affairs; Mr. Komal Bahadur Chitracar, Vice President, SAFA; Prof. Lakshman R. Watawala, Past President, SAFA and President, Institute of Certified Management Accountants of Sri Lanka and Mr. B.M. Sharma, Vice President of ICWAI

Hon'ble MoS for Corporate Affairs, Mr. Salman Khurshid addressing on the occasion of International Seminar organized by SAFA & ICWAI

Shri G.N. Venkataraman, President, ICWA of India addressing the Inaugural Session of International Seminar organized by SAFA and ICWAI in New Delhi on November 26, 2009

On occasion of inauguration of CMA, Oman in technical collaboration with ICWAI during 15th & 16th November 2009, *seen in picture from left to right: Mr M.M. Khan, H.E. Anil Wadhwa, Ambassador of India in Oman, Mr. G.N. Venkataraman, President of ICWAI and Mr. Yusuf Sulaiman Al Rawahi, Ministry of Manpower Oman*

On occasion of All Kerala Cost Convention 2009 organised by Thrissur Chapter, *seen from Left to Right are:S/shri A.V.N.S. Nageswara Rao, Chairman, SIRC; N.P. Sukumaran, Past President, ICWAI; Sunil Chacko, Past President, SIRC; G.N. Venkataraman, President, ICWAI;K.S. Srinivas, IAS, Chief Guest; M. Gopalakrishnan, CCM, ICWAI and C.A. Thulsidas, Chairman, Cochin Chapter*

Seen from Left to Right: Shri K.R.S. Sastry, Adviser, IPE and Past President SAFA; Shri Shekhar Agarwal; Shri C. Ramkrishna, ED, AMDISA; Dr.R.K. Mishra, Director, IPE; shri R. Bandopadhyay, IAS, Secretary, MCA;Shri G.N. Venkataraman, President, ICWAI; Shri S. Thiagarajan, Director(F), NMDC Ltd. And Dr. Shefali Gautam, President, AIMS on occasion of release of Souvenir at Conference on Cost Audit and Enterprise Governance held at Hyderabad on 13.11.2009. The National Conference was organized by IPE & ICWAI was the Knowledge Partner

Down The Memory Lane

November 1999

11th AFA is being hosted by Philippines Institute of Certified Public Accountants on 24th to 27th November 1999 at Davao City, Philippines

Mahesh Shah President ICWAI is seen with Danilo A. Principe President, PICPA at Philippines

Mahesh Shah President ICWAI is seen along with Roberto F. De Ocampo Financial Secretary of Philippines

Silver Jubilee Commemoration Lecture at Bangalore Chapter held at Hotel Ashok on 27 November, 1999 on Information Technology Bill 1999-Ramification for Professionals. *From Left A.V.S. Moorthi, Chairman-PDC; Sanjay Dasgupta, Secretary-Information Technology, Govt. of Karnataka; S. Venkanna, Chairman-Bangalore Chapter and A. Om Prakash, Secretary, Bangalore Chapter*

November 1989

The Northern India Regional Cost Conference was hosted by Udaipur Chapter on 4th & 5th November 1989 at Hotel Hill Top Udaipur, on the theme "Nehru's Philosophy in Economic Development of India". *Seen in picture: Chief Guest Dr. (Miss) Girija Vyas, Minister of State for Tourism and Woman Development, Finance & Taxation, Govt of Rajasthan.; Shri A.C. Wadhawan CMD (HLL) with President ICWAI Shri J.K. Puri, Chairman NIRC Shri R.J. Goel, Chairman & Secretary Udaipur Chapter Shri K.V.K. Seshavataram & Shri Parwal*

Seminar on Omani Taxation Law was jointly organised by Oman Japan Friendship Association Rusayl Industries Estate Authority and the Oman Overseas Centre of the Institute on 11th November 1989

H.E. Suleiman Bin Muhanna Al Adawi Acting under Secretary of Financial Affairs in the middle and Mr. John Adcock & Moorestephens is to his right and Mr. Michael J. Muston of Coopers & Lybrand is to his left

Mr. John Adcock speaking on Omani Taxation Law

Mr. Michael J. Muston speaking on Omani Taxation Law

Down The Memory Lane

November 1979

Management Development Programme for officers in the Finance and other divisions of the Ordnance Factory Board held on 19th November, 1979 at J.N. Bose Auditorium of the Institute. *Mr. B. M. Prabhu delivering the Inaugural Address, seated from Left to Right:- Mr. H. P. Ray Chaudhury, Director, Professional Development; Mr. P. Rajagopalan, Member, Ordnance Factory Board; Mr. V.S. Bhir, Member, Ordnance Factory board; Mr. N.K. Roy, President, ICWAI; Mr. N.K. Bose, Central Council Member, ICWAI; Mr. S. Swaminathan, Controller of Defence Accounts (FYS); Mr. S.N. Ghose, Secretary, ICWAI*

Regional Cost Conference organized and hosted by the Bhopal Chapter of Cost Accountants on 03rd & 04th November, 1979 at the Technical Teachers' Training Institute's Auditorium

Shri K. Santhanagopalan, Chairman, Bhopal Chapter outlines the activities of the Chapter. Left to Right: Shri V. Sunderajan; Shri Pramod Parkhi, Hon'ble Minister Commerce Industries and Power Shri Kailash Joshi, Chief Guest; Shri N .K. Roy, President, ICWAI; Shri K.B. Chakaraborti; Shri Rakesh Mehra

Shri Rajendra Dharkar, Hon'ble Minister for Local Govt., Law and Regulations, M.P., Chief Guest addressing the Session on "Why Madhya Pradesh". Left to Right: Shri Pramod Parkhi, Shri N.K. Roy, Dr. Sarin, Shri K.B. Chakaraborti, Shri J.K. Mehta, Shri Sugdev, Hon'ble Minister Shri Rajendra Dharkar

November 1969

On 30th November 1969 the Silver Jubilee of the Institute was celebrated in SIRC. Shri H.V.R. Iengar past governor of Reserve Bank of India and Chairman & MD of EID Parry Ltd inaugurated the celebration. Shri H.V. R. Iengar addressing on the same

Source: *Extracted from the various issues of The Management Accountant Journal*

EASTERN INDIA REGIONAL COUNCIL

EIRC had observed the Direct Taxation Month on the Theme "Income Tax Act and Direct Tax Code – Expectations & Way ahead" by organizing a seminar on the Topic "Compliance under the Income Tax Act 1961 in the present scenario" on 26th September 2019 at its premises. Shaikh Shamsher Alam, IRS, Additional Commissioner of Income Tax was the Chief Guest on the occasion. CMA Shyamelendu Bhattacharjee, Additional Assistant Director, Income Tax (Former) and CMA Tapan Kumar Biswas, Practicing Cost Accountant were the Guest Speakers. CMA Biswarup Basu, Vice President, CMA C.R.Chatterjee, CCM, CMA Arundhati Basu, Chairperson – Members in Industry Committee and RCM, CMA Asish Banerjee, RCM and CMA Pallab Bhattacharyay, Chairman-EIRC were also present in the seminar. The RCMs & CCMs elaborated the role of CMAs as Accountants in the Income Tax Act 1961 & in the new Direct Tax Code and explained Shaikh Shamsher Alam, IRS, Additional Commissioner of Income Tax the need of inclusion of CMAs in the Accountant definition u/s 288(2) of the Income Tax Act 1961 & in New DTC. CMA Biswarup Basu, CMA C.R.Chatterjee, CMA Arundhati Basu and CMA Asish Banerjee had a discussion with the Addl CIT regarding a joint programme with EIRC of ICAI-CMA & the Income Tax Department for the general public awareness on various aspects of Direct Taxation for the ease of doing business. Shaikh Shamsher Alam, IRS, Additional Commissioner of Income Tax addressed the august gathering on modifications made by the Income Tax Department for ease of filing. He elaborately explained the e-assessment procedures & the ease of filling & compliances under Income Tax Act 1961. CMA Shyamelendu Bhattacharjee, Additional Assistant Director, Income Tax (Former) discussed about the various sections related to compliances under the IT Act,1961 and CMA Tapan Kumar Biswas, Practicing Cost Accountant highlighted the duties of the tax payers, Prompt payment of Advance Tax, Timely deduction and payment of TDS,Prompt and accurate compliance in response to departmental notices.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

As a part of the Brand Building Activity, CMA Saktidhar Singh, Chairman of the Chapter and CMA Uttam Kumar Nayak, Secretary, EIRC met Dr. Sudhansu Sarangi, IPS, Hon'ble Commissioner of Police, Bhubaneswar-Cuttack, Bhubaneswar on August 22, 2019 to have a discussion for association of Commissionerate of Police, Bhubaneswar – Cuttack with the Chapter for organizing Blood Donation Camp and requested him to inaugurate and grace as "Chief Guest" on the occasion. To develop relation with department GST, Central Excise & Customs, Bhubaneswar Zone, CMA Saktidhar Singh, chairman of the chapter and CMA BibhutiBhusan Nayak, vice chairman, EIRC met Shri Naresh Penumaka, IRS, Hon'ble Chief Commissioner, GST, Central Excise and Customs, Bhubaneswar Zone & Shri Sanjeev G Dewalwar, IRS, Commissioner , GST, Central Excise & Customs, Bhubaneswar Zone on August 24, 2019 and also discussed for conducting GST Annual Return and Audit Seminars by the chapter in association with departments for CMA members and stakeholders. Students of the chapter celebrated the Teachers day at the conference hall of the chapter on September 5, 2019. To discuss various professional development issues, CMA Saktidhar Singh, Chairman of the Chapter and CMA Uttam Kumar Nayak, Secretary, EIRC met Shri Pratap Chandra Sarangi, Hon'ble Union Minister of State (Independent Charge), Micro, Small and Medium Enterprises, Animal Husbandry, Dairying and Fisheries, Govt. of India at Bhubaneswar on September 6, 2019. The chapter organised successfully 12-days soft skill and communication skill development programme at its premises to enhance the employability skill of the Intermediate CMA students of the chapter on September 20, 2019. CMA Ajay Kumar Samal, chairman, career counseling and students Training Committee coordinated the entire programme .The chapter organized one career counseling program at Kamala Neheru Women's College, Bhubaneswar on September 11, 2019 through a seminar on GST-Overview. CMA Mukesh Chaubey, chairman, PD Committee of the chapter guided the students and highlighted about career prospectus in CMA Course and clarified all the queries of the students. CMA Dr. Prafulla Kumar Swain, Professor in Finance, SOA University and one of the senior members of the chapter delivered on GST-Overview and interacted with the students.The chapter successfully conducted pre-placement orientation programme from September 11, 2019 to September 22, 2019 for June 2019 term qualified students.The Chapter organized a seminar on "GST-Annual Return" in association with Department of CGST, Bhubaneswar Zone and Tax Research Department of the Institute on 12th September, 2019 at CMA Bhawan, Bhubaneswar for members and stakeholders to mark its Closing Ceremony of Golden Jubilee month. Shri Bijoy Kumar Kar, IRS, Principal Commissioner of CGST, Central Excise & Customs, Bhubaneswar Zone inaugurated and graced the seminar as "Chief Guest" and CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee, ICAI graced the Seminar as "Special Guest". Shri Sribas Nath, Asst Commissioner, CGST, Central Excise & Customs, Bhubaneswar Zone and CMA Shiba Prasad Padhi, Practicing Cost Accountant had delivered on the topic in detail as "Resource Person" on the occasion. CMA Saktidhar Singh, chairman of the chapter delivered welcome & key note address and CMA Himoj Mishra, secretary of the chapter extended formal vote of thanks.The Chapter organized "Bankers and Borrowers' Meet on 13th September, 2019 at CMA Bhawan in association with Oriental Bank of Commerce.Sh. Taufique Alam, Deputy General Manager and Circle head, Oriental Bank of Commerce, Bhubaneswar graced and inaugurated the program as "Chief Guest". Shri Dillip Kumar Pattanayak, Asst. General Manager & Cluster Head of MSME, Oriental Bank of Commerce, Bhubaneswar and CMA Niranjan Swain, Advocate, Odisha High Court & Tax Consultant were the "Resource Persons" on the occasion. CMA Niranjan Mishra, Council Member and Chairman, Indirection Committee of the Institute and CMA Bibhuti Bhusan Nayak, Vice Chairman EIRC graced the function as "Special Guest". The chapter successfully organized a seminar on "Practical Aspects on GST- Audit" in association with Tax Research Department of ICAI on 19th September, 2019 at CMA Bhawan, Nayapalli, Bhubaneswar to mark its Closing Ceremony of Golden Jubilee. Shri Sanjeev G. Dewalwar, IRS, Commissioner of GST-Audit, Central Excise & Customs, Bhubaneswar Zone inaugurated and graced the seminar as Chief Guest. CMA Anil Sharma, Chairman, NIRC & Sr. Partner M/s SDM

& Associates, Cost Accountants delivered on the topic as "Resource Person".The chapter has organized a seminar on Corporate Governance on the theme "Current Economic Scenario- Opportunity & Challenges" on September 24, 2019 at CMA Bhawan. CMA V. Murali, Council Member and Chairman, Corporate Laws Committee of the Institute delivered on the topic as "Resource Person" on the occasion. CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee graced the seminar as "Special Guest". CMA Saktidhar Singh, chairman of the chapter delivered welcome and key note address. To discuss on various professional issues and to invite to the seminars of the chapter, CMA Saktidhar Singh , chairman of the chapter met Dr. Arun Kumar Sahoo, Hon'ble Cabinet Minister of Agriculture & Farmers' Empowerment, Fisheries & Animal Resources Development & Higher Education, Govt. of Odisha, Bhubaneswar on September 24, 2019. The Chapter has successfully organized a Seminar on "Amendment on Direct Tax, TDS, Filing of Return and E – Assessment" in Association with Commissionerate of Income Tax, Bhubaneswar Zone & Tax Research Department of ICAI on September 27, 2019 at CMA Bhawan, Nayapalli, Bhubaneswar to mark its Closing Ceremony of Golden Jubilee cum 50th Annual Function-2019 and observance of Direct Tax Month as per notification of the Institute. Shri Asit Kumar Mohapatra, IRS, Commissioner of Income Tax (TDS), Bhubaneswar Zone inaugurated and graced the occasion as "Chief Guest". During his address, he praised a lot to the various initiatives taken by the chapter and Tax Research Department of the Institute. CMA H Padmanabhan, Council Member & Chairman, RCs & Chapters Coordination & CAT Committee graced the occasion as "Special Guest". CMA Niranjan Mishra, Council Member & Chairman, Indirect Taxation Committee graced the occasion as "Guest of Honour", CMA Niranjan Swain, Advocate, Odisha High Court and Tax Consultant, Bhubaneswar and Shri Suman Sundar Sahoo, Income Tax Officer (TDS) were the "Resource Persons" on the occasion. Shri Suman Sundar Sahoo, delivered on "Amendments in Direct Tax, TDS & Filing of Returns" and CMA Niranjan Swain delivered on "E-Assessment".The RCs & Chapters Coordination Committee of the Institute organized All Odisha Chapters meet at CMA Bhawan, Bhubaneswar in association with the chapter on September 28, 2019, where representatives from six Chapters at Odisha participated and shared their valuable constructive suggestions and also appraised their difficulties. CMA H Padmanabhan, Chairman, RCs and Chapters Coordination Committee presided over the meeting in the presence of CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee and CMA Arup Sankar Bagchi, Secretary, RCs &Chapters Coordination Committee of the Institute.To highlight series of activities organized by the chapter to mark its Closing Ceremony of Golden Jubilee cum 50th Annual Function -2019, a press meet has been organized on September 28, 2019 at CMA Bhawan, Bhubaneswar. On the occasion, CMA H Padmanabhan, Council Member and Chairman, RCs & Chapters Coordination Committee, ICAI and CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee of the Institute highlighted various initiatives taken by the Institute not only for the betterment of the CMA profession but also for the stakeholders. CMA Saktidhar Singh, chairman of the chapter highlighted about the series of activities undertaken by the chapter for the betterment of CMA Students, General Students, CMA Members, Stakeholders and Society at large to mark not only in the closing month of golden jubilee but also activities organized in the entire golden jubilee year. As part of Professional Social Activity/ CSR Activity and to mark the Closing month of Golden Jubilee of the Chapter, just after completion of the CMA Green Mini Marathon, one Traffic Awareness Campaign has been organized by the chapter at Bhubaneswar Smart City on September 28, 2019. To memorialize the closing ceremony of Golden Jubilee as well as 50th Annual Function - 2019 , the chapter has organized a Mega Blood Donation Camp in association with Commissionerate of Police, Bhubaneswar-Cuttack, Odisha on September 29, 2019 at its premises at CMA Bhawan. This was the last activity among the series activities organized by the chapter to mark its closing ceremony month of Golden Jubillee. ShriAnanta Narayan Jena, Hon'ble MLA, Bhubaneswar (Central) constituency and Ex-Mayor of Bhubaneswar Municipality Corporation inaugurated the Mega Blood Donation Camp in the presence of CMA H Padmanabhan, Council Member and Chairman, RCs & Chapters Coordination Committee and CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee, CMA Saktidhar Singh, chairman of the chapter and all members of managing committee. The chapter has celebrated its "Closing Ceremony of Golden Jubilee cum 50th Annual Function-2019 and Students Felicitation Function" on September 29, 2019. Shri Ananta Narayan Jena, Hon'ble MLA, Bhubaneswar (Central) Constituency inaugurated and graced the Closing Ceremony of Golden Jubilee-2019 cum 50th Annual Function-2019 and "Students Felicitation Function" as "Chief Guest", CMA H Padmanabhan, Council Member & Chairman, RCs and Chapter Coordination & CAT Committee graced the Occasion as "Special Guest". CMA Niranjan Mishra, Council Member and Chairman, Indirect Taxation Committee of the Institute and CMA Pallab Bhattacharya, Chairman, EIRC graced the occasion as "Guest of Honour" during inaugural session. CMA Saktidhar Singh, chairman of the chapter delivered welcome address and highlighted in brief about various Students, Members and other activities undertaken by the chapter to mark its closing month of Golden Jubilee. CMA Himoj Mishra, secretary of the chapter extended formal vote of thanks during inaugural session. The chapter observed Swachhta Pakhwada on October 2, 2019 to commemorate 150 years Birth Anniversary of Mahatma Gandhiji. Department of Commerce, Bhadrak (Auto) College, Bhadrak has organized a Professional Awareness Programme on October 16, 2019 by inviting representatives of three professional bodies (Cost Accountants of India, Chartered Accountants of India & Company Secretaries of India). Theme of the seminar was "Future of Commerce Education: Issues and Challenges in 21st Century". On behalf of the chapter, CMA Dr. Prafulla Kumar Swain, Professor in Finance, SOA University and one of the senior members of the chapter and Shri Hemanta Kumar Biswal, AAO of the chapter represented. CMA Dr P K Swain delivered on career prospectus in CMA Course and Shri H K Biswal highlighted about the course curriculum.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA RAJPUR CHAPTER

The Chapter organized a seminar in consequence of its Annual CMA Members Meet on "CMA PROFESSION IN INDIA'S GLORIOUS DESTINATION" on 12th October, 2019 at Kolkata. The main speaker of the seminar was CMA Biswarup Basu, Vice President of the Institute and other speakers included CMA Chittaranjan Chatterjee, CCM, CMA Pallab Bhattacharya, Chairman, EIRC and CMA Abhisek Singh, RCM. Some members suggested new areas of practice for CMAs, such as certification of CSR activities of companies, certification of maintenance of cost records in every industry, etc. CMA Pallab Bhattacharya, Chairman, EIRC answered some specific questions from members on the above subjects specially on GST and DTC. CMA Chittaranjan Chatterjee, CCM in reply to members' opinions stated from council side that in each and every area of practice by a CMA is under active consideration of the council and council is taking every possible step for the benefit of the profession. Being Chairman of Banking and Insurance Committee of the Institute, he informed about the people and places where he interacted, specially in insurance sector. The programme ended with a vote of thanks by CMA S.N. Das, chairman of the chapter to all the members.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ORISSA CHAPTER

The Chapter conducted the 150th birth day celebrations of Mahatma Gandhi on 2nd October 2019.Plantation of saplings were conducted and members, staffs and faculties co-operated with much enthusiasm. Debate competitions among students were conducted and in the evening the chapter conducted 'Plastic Free India' event.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA CUTTACK JAGATSINGHPUR AND KENDRAPARA CHAPTER

The Chapter had organised an evening talk on "Assessment Procedure" on 28th Sept 2019 as part of the observance of Direct Taxation Month. Sj. Kishor Chandra Mohanty, Dy Commissioner of Income Tax had graced the occasion along with CMA. H Padmanabhan, CCM & Chairman, Regional Council and Chapter Coordination Committee and CMA Niranjan Mishra, CCM and Chairman, Indirect Taxation Committee.Chairman of the Chapter CMA. L.K. Mishra had coordinated the seminar.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA GUWAHATI CHAPTER

The Chapter organised a seminar on Direct Taxation on the theme 'Income Tax Act and Direct Tax Code – Expectations and Way Ahead' on 28th September at Guwahati. The seminar was organised for capacity building among the members and also to put across the reasonableness of the request of the Institute to include Cost Accountants in the definition of 'Accountant' under the Income Tax Act. Shri B.C. Medhi, Joint Commissioner of Income Tax, Guwahati graced the occasion as Chief Guest. Advocate Brajesh Sharma, Treasurer of Tax Bar Association, who was present in the meeting, was also of the opinion that he found Cost Accountants, who handled direct taxation matters, capable of interpreting the Income Tax Laws and analysis of the financial statements. Chairman of the Chapter, CMA Rana Bose, made an elaborate presentation showing that Cost Accountants have similar curriculum and training system for their students and they are equally competent in the areas of accountancy, audit, corporate laws, direct as well as indirect taxation and the members are subjected to same disciplinary mechanism, professional ethics, accounting and auditing standards and accordingly are fully competent to take up audit work prescribed under the Income Tax Act. CMA Mrityunjay Acharjee, Sr. Vice President of Balmer Lawrie& Co. Ltd., was the resource person for the seminar and he spoke in length about how the profession of Cost and Management accountancy can effectively contribute and provide value added services to the business, industry and the nation as a whole under the new Direct Tax laws if Cost Accountants are included into the definition of 'Accountant' under the Income Tax Act. Students who passed the Intermediate and Final Examinations of the Institute held in June 2019 were also felicitated in the function. An interactive session with the officials of Ministry of Corporate Affairs in respect of Ease of Doing Business was organized jointly on 21st September 2019 at Guwahati by all the three professional bodies. The Chapter was one of the organizers. The session was attended by the Regional Director, Deputy Director and Registrar of Companies of the North Eastern Region.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAMSHEDPUR CHAPTER

The Chapter organised one day seminar on Income Tax Act and Direct Tax Code - Expectations and Way Ahead on 28th September 2019 in the Auditorium of Centre for Excellence. The seminar started with lighting the lamp by the Principal Commissioner of Income Tax, Sri Avinash K Sahay, IRS, Sri R C Nandrajog, Ex-Vice President, Tata Steel, Chairman CMA Jyoti Prakash, Vice Chairman CMA Ramesh Sharma, CMA K N Choubey and Treasurer CMA Piyush Kedia. Chief Guest Sri Sahay talked about the challenges being faced by the Govt of India and by Income Tax Department and the need to have the code at the earliest. The speakers on the occasion were CMA Kamlesh Kumar who spoke on TDS. It was followed by presentation on Exemption of Non-Profit Organisations by Shri Saibal Sengupta, ITO. CMA K N Choubey proposed the vote of thanks.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA KOTA CHAPTER

The Chapter organised a seminar on sabkavishwas(Legacy Dispute Resolution Scheme) 2019 at Lagat Bhawan, Kota. CMA Akash Agarwal, chairman of the chapter was the key speaker of the seminar. The Chapter organized a felicitation programme on September 8, 2019 for CMA passed out students at CMA Bhawan Kota. CMA Akash Agarwal, Chairman of the chapter and all management committee and other members participated in the program. The Chapter has organised Plantation Programme on September 15, 2019 at CMA Bhawan Kota. The Chapter organized a Seminar on "New Income Tax Rules that impact on TDS w.e.f 01-09-19 on 15th September, 2019. Key Speaker, CMA J. P. Sarda, Practicing Cost Accountant discussed about this topic in details.The Chapter has organised a seminar on Insolvency and Bankruptcy Code,2016 on 21st September 2019 at CMA Bhawan, Kota. Ms Karishma Rastogi (Grievance Officer), Shri Vishnu Upadhyay (Speaker), Shri Umesh Sharma (Chief Gen. Manager, IBBI) were the guests of honor of the programme.The Chapter had organised a seminar on "Progressive Reforms undertaken by the Ministry for ease of doing business in India" on 21st September 2019 at CMA Bhawan, Kota. Key Speaker, CMA Akash Agarwal, Cost Accountant discussed about this topic in details.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NOIDA CHAPTER

The Chapter organized a program on" Income Tax Act and Direct Tax code". Chairperson of the chapter CMA Swati Chaturvedi said that the program was attended by more than 100 participants. Dignitaries on the dais were guest of honour, CMA Rakesh Bhalla, CCM and Chairman, Direct Tax Committee of the Institute. CMA AnuragGoel Past Chairman, Speaker - CMA Mushtaq Ahmed, CMA Swati Chaturvedi, Chairperson, CMA B Ashok Patra- Vice Chairman, CMA Pawan Dixit, secretary of the chapter. The Role of Cost Accountants in Direct Tax was discussed in details. Guest of honor CMA Rakesh Bhalla CCM and Chairman of the Direct Tax Committee of the Institute informed the members of the various steps taken by the Institute to strengthen the Cost Accountants profession by signing various MOUs with professional bodies at domestic and international level. The speaker, CMA Mushtaq Ahmed guided the participants by sharing his practical experiences and motivated the members to venture in the field of Financial Accounting and Taxation in order to strengthen the base of CMA profession.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA CHANDIGARH PANCHKULA CHAPTER

The chapter organised an Industrial tour for CMA Final students at Kurali near Chandigarh. Students showed keen interest while visiting two unique industries viz M/s. Bharij Fabricators- Bullet Proofing Unit and M/s. Guru Nanak Forgings-an Auto spare parts unit located at Focal Point, Chanalon district Mohali. CMA DS Bhatia, chairman of the chapter accompanying the students assured students of such visits in future also.

SOUTHERN INDIA REGIONAL COUNCIL

SIRC organised study circle meetings at its premises on various topics like Business Analytics, Remuneration To KMPs -Legal & Practical Aspect and many eminent dignitaries were the speakers of the meetings from 6th September to 27th September 2019. Pre Placement Orientation Programme for June 2019 Batch CMA Final pass outs was held at its premises from 12th September to 23rd September 2019. The programme was formally inaugurated by CMA Mrs. Jyothi Satish, Chairperson – SIRC on 12th September 2019. The function was graced by CMA H. Padmanabhan, CMA P. RajuIyer, Council Members, CMA JyothiSatish, Chairperson-SIRC, CMA Rajesh SaiIyer, RCM-SIRC and CMA Arup S. Bagchi, Sr. Director, Membership – Membership & Infrastructure of the Institute. On 29th September, 2019, a certificate distribution function was arranged at its premises for the participants of RVO – Education Course on Valuation (8th Batch) of the Institute. CMA H. Padmanabhan, Council Member participated in this event and distributed the course completion certificate to all the students.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA VISAKHAPATNAM CHAPTER

The Chapter had organized a Professional Development Meet on Companies Act, 2013 with special reference to Chapter IX Accounts of Companies on 14th Sept 2019 and State Level Chapters Meet- Andhra Pradesh & Telangana on September 15, 2019 at the chapter. CMA Dr.CMA PVS Jagan Mohan Rao, President SAFA, CMA H. Padmanabhan, CMA S. Papa Rao, CMA Jyothi Satish, Chairman SIRC, CMA K. Panduranga Rao, CMA M. Ramakrishna, Chairman of the chapter, CMA S. Ramprasad, Secretary of the chapter attended the Meet.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BANGALORE CHAPTER

The Chapter organized Swatch Bharat on the occasion of Mahatma Gandhi & Sri Lal Bahadur Shastri Jayanthi on 2nd October, 2019. The programme was organised in coordination with "Abhyudaya Kalika Kendra". Chairman, CMA Sreepada H.R., Vice-chairperson, CMA Manjula B. S., Secretary CMA Kumar H.N., MC Member, CMA Jayarama A.V. along with members and staffs participated in the programme.The Chapter organized professional development meet on September 7, 2019 on Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS)". Two Practitioners' Meets were organized on September 2019.Inauguration – Pre orientation Programme by Shri K L Subramanya & Communication Soft Skill Training by Mrs Keerthana on September 11, 2019 and Shri K. L. Subramanya, Deputy Secretory, Department of Higher Education, GOK, CMA. Sreepada H.R. - Chairman of the chapter, CMA Vijayalakshmi K R – Coaching Chair Person, CMA Satish R – Treasurer of the chapter, CMA Kumar H.N – Secretary, CMA Pranabandhu Dwibedy - MC Member attended the programme. Technical Session: Basics of Accounting by CMA Shiva Kumar T A, Audits in Corporate World by CMA SriramA N on September 12, 2019. All IND AS (in detail) & Standards with IFRS by CMA VINAYAK PAI on September 13, 2019. "New Opportunities for Practicing CMAs in Arbitration & Conciliation Act" **at Bengaluru Chapter Premises** by CMA Guruprasad V, Management Consultant, CMA Sreepada H. R. - Chairman BCCA, CMA Kumar H.N – Secretary, CMA Jayarama A.V - M.C. Member - BCCA on 14th September 2019. Allowable and Disallowable expenses under Business Profit & Gain Direct Tax Code (DTC) by CMA KUMAR S, Corporate Accounting & Financial Management (Practical Aspects) by CMA ANIL B SHENOY on September 14, 2019. GST overview by CMA T K JAGANATHAN & GST Practical Issues by CMA VENKANNA on September 15, 2019. Filing of Income Tax Return, TDS Statement and Online Filing, List of Income Tax Exemptions, Computation of Income under Head 'Salaries', Capital Gain by CMA VIJAY KUMAR C.S & ERP Knowledge by CMA SUBRAMANI on September 17, 2019. Company Laws (Special emphasis to Companies Act 2013), Securities Market/ International Finance by CMA VIVEK MISHRA on September 18, 2019. Assessment Procedure under Income Tax Act 1961" **at Bengaluru Chapter Premises** by CMA Mahesh Kumar, Practicing Advocate - Practicing Cost Consultant, CMA Jayarama A.V - M.C. Member - BCCA, CMA Kumar H. N - Secretary on 18th September 2019 .Direct Interaction with HR/Finance Heads of various organizations, (Group Discussion & presentation by students to HR and Finance Heads) by Mrs. Keerthana on September 19, 2019. Emerging issues: Valuation, Insolvency & Bankruptcy Code on September 20, 2019. Advanced Excel/Power Point Presentation - ERP Knowledge by Mrs. RAJINI SINGH & Cost Sheet Preparation/ Companies (Cost Records and Audit) Rules, 2014/Cost Accounting Standards by CMA VENKANNA on September 21, 2019. GST by CMA Vishwanath Bhat & Valedictory Session – Certificate Distribution on September 22, 2019. Inauguration of Fifth Batch GST Certification Course, at its premises on September 15, 2019. Shri.Rajesh Kumar, IRS, Asst. Commissioner of Central Taxes, Bengaluru, CMA. Sreepada H. R. - Chairman of the chapter, CMA Kumar H N- Secretary, CMA Vishwanath Bhat – Treasurer SIRC, CMA T. K. Jaganathan, CMA Ragavendra B.K- MC Member of the chapter inaugurated the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TRIVANDRUM CHAPTER

The Chapter celebrated Swacha Pakhwada to commemorate the 150th Birth Anniversary of Mahathma Gandhi. A meeting was arranged in the CMA Hall of the chapter in which CMA S Hariharasubramanian, the senior most member of the chapter and a contemporary of Mahatma Gandhi presided over. CMA Joseph Louis, chairman, CMA Prasanth S, vice chairman, CMA S Hariharasubramanian, senior member, CMA Students, Kumari Khadeeja Sulthana A, Dince Bosco, Surya, Liji Thomas, Paul V Silas, Anjana Mohan, Draupathy Raj, also spoke on Mahathma Gandhi. The meeting concluded with vote of thanks by CMA PranaveJayan, secretary of the chapter. Large number of students and members participated in the function. The chapter celebrated "Hindi Divas" on September 29, 2019. CMA N P Sukumaran, the former president of the Institute was the chief dignitary in the dais. CMA Joseph Louis, chairman of the chapter, in his inaugural address stated that study of Hindi will augment national integration and voluntary study of Hindi along with English and mother tongue should be an accepted language formula. CMA N P Sukumaran, former president of the Institute also emphasised the importance of Hindi as a National language.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COCHIN CHAPTER

The chapter conducted a 3 day communication and soft skill training programme for the intermediate students from September 24, 2019 to September 26, 2019. The chapter celebrated Gandhi Jayanti on October 2, 2019. Vice Chairman of the chapter, CMA Suresh Kumar K.P. presided over the meeting.The Taxation Committees of the Institute decided to observe Direct Taxation Month throughout India from 5th September 2019 to 5th October 2019. In connection with this, the Managing Committee of the chapter arranged a professional development programme with the theme of "Income Tax Act and Direct Tax Code – Expectations and Way Ahead". The programme was opened by CMA Anil Xavier, chairman of the chapter and the session was handled by CMA Ramesh kumar M.N., Assistant Registrar, Cochin University of Science and Technology. The chapter in association with Confederation of Indian Industry with the patronage of SIRC organized and conducted a two day workshop on TCM Tools. CMA Anil Xavier, chairman of the chapter welcomed the speakers and participants and introduced the programme to all. The seminar was inaugurated on 11thOctober 2019 which was followed by the keynote session given by CMA Sankar P. Panicker, vice chairman, SIRC. CMA P. Thiruvengadam, Rtd Senior Director – Management Consultancy Services, Deloitte

Touche Tohmatsu, India Pvt. Ltd, CMA (Dr) K. Prasanna Sai, Director, Valcon Management Consultants and Mr. M. Nagesh Babu, Principal Counsellor, Confederation of Indian Industry were the eminent speakers who handled the sessions.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TIRUCHIRAPALLI CHAPTER

To commemorate 150th Birth Anniversary of Mahatma Gandhi and to promote Swachta, a function was organized by the chapter on 2nd October, 2019. The function was well attended by CMA Members and students. CMA C. Subramanian, chairman gave his welcome address. CMA K. Rajagopal, SIRC Member addressed the gathering and CMA M. Venkataraman, Vice – Chairman introduced the Chief Guest Dr. V. Gopalakrishnan, former CEO, BHEL, Trichy. Dr. V. Gopalakrishnan, Chief Guest, addressed the gathering and shared his thoughts about Mahatma and Swachta. CMA P. Manoharan, secretary of the chapterrendered vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA RANIPET VELLORE CHAPTER

The Chapter organized a special campaign at Arni S. V. Nagaram, Thiruvanamalai District on September 27, 2019 to visit the famous Handlooms process for Pattu Silk sarees with banners depicting the ideology of Gandhiji. The weavers spent their valuable time to explain about the process of Handlooms for CMA students. With guidance from Management committee, Mr. A. Sivakumar, Asst Co coordinator of the chapter presented the memento to the Khadi/Silk weaver who keeps our tradition and makes us to remember Father of our great nation.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

The Chapter inaugurated Pre-Placement Orientation Programme on September 14, 2019 and CMA N. Rajasekhar, Executive Director - CFO & Secretary, Shantha Biotech was invited as a Chief Guest. He had given his valuable suggestions to the recently qualified students. A Career Guidance Programme with Members of Advisory Board was organized on September 14, 2019 and the Board, comprising of CMA Dr. A. S. Durga Prasad, CMA N. Srinivasan, Sri V. V. Parasuram had taken up questions and gave suggestions to CMAs for their career building. 5th batch of the GST certificate course was inaugurated by the chapter on September 15, 2019. The Chapter conducted an interaction program for awareness about the progressive reforms undertaken by MCA for Ease of Doing business in India for the year 2019. Shri M.P. Shah, Regional Director and Shri Ramesh Chandra Mishra, Registrar of Companies discussed about MCA Initiatives in Ease of Starting a Business, Ease of doing Business, Ease of Closing business on September 16, 2019. The Chapter conducted a programme on Income Tax and Direct Tax Code – Expectations and way Need as a part of observance of Direct Taxation Month on September 21, 2019. The program started with a discussion on amendment rules in income tax by Shri Y.V.S.T. Sai, IRS, Commissioner of Income Tax and Judicial Member. CMA Dr. Rajendra Prasad Talluri presented a power point presentation on the recent amendments in the Taxation Laws (Amendment) Ordinance, 2019 dated 20th Sep 2019, some proposal in the Direct Tax Code and key features of the E-Assessment Scheme 2019.The Chapter organized a valedictory session of pre-placement orientation programme on September 22, 2019 and CMA Dr. K.Ch.A.V.S.N. Murthy, Central Council Member was the chief guest, CMA D.L.S. Sreshti, past central council member and CMA D. Surya Prakasam, past chairman of the Chapter were the special guests of the programme. CMA VSRM Kasyapa explained the objectives of the Legacy Dispute Resolution Scheme on September 28, 2019. He explained in details about litigation, arrears, investigation, enquiry, audit and voluntary disclosure.

WESTERN INDIA REGIONAL COUNCIL

WIRC organized felicitation function for the students who completed Foundation, Intermediate and Final in June 2019 Examination, on 16th September 2019 at Sydenham College Auditorium, Mumbai. CMA Neeraj Joshi, Chairman WIRC, CMA (Dr.) Ashish Thatte, CCM, CMA Chaitanya Mohrir, RCM-WIRC, CMA Vinayak Kulkarni, RCM-WIRC were present on the occasion. CMA Chittaranjan Chattopadhyay, CCM was also present for the occasion. CMA Kedar Narayan Upadhye, Global CFO, CIPLA Ltd was the Chief Guest of the programme. WIRC also felicitated all the Rank holders from the Western Region on this occasion. WIRC organized Faculty Meet on 14th September 2019 and the objective of the programme is to address the issues which the students, faculty and other stakeholders are facing during conduct of oral coaching classes with the core objective to improve the standard of coaching services. The meeting was an interactive event for the faculties to address their concerns.Chairman stated that the Council has target to start dedicated full time classes at Mumbai like ICSI. He also stated that 15 months articleship training would be made compulsory for the newly passed students in course of time. He requested to provide the modalities of crash course for the students. CMA Neeraj Joshi, Chairman WIRC, CMA (Dr.) Ashish Thatte, CCM, CMA Ashsih Bhavsar, Hon. Secretary WIRC, CMA Vinayak Kulkarni, RCM-WIRC were present on the occasion.WIRC organised Series of CEP Programmes on GSTR 9 & 9C - a Detailed Analysis from 1st to 15th October 2019 at its Office. Mr. Pratik Shah was the speaker of the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

To celebrate Direct Taxation month, the chapter had organized a seminar on October 2, 2019. The session was chaired by Mr. Haren Bhatt, chairman of the chapter. CMA Dakshesh Choksi, chairman of PD & P Committee welcomed speakers, members and students and briefed about technical session. The speaker CMA Dr. P G Tulsian & Mr. Saumya Sheth were felicitated by offering memento. The Chapter celebrated 150th Birth Anniversary of Mahatma Gandhi on October 2, 2019. CMA Haren Bhatt, Chairman welcomed CMA Ashish Bhavsar, Hon. Secretary of WIRC, office bearers, members, family members, staff, participants & their parents and briefed about Essay competition and Drawing competition. CMA Ashish Bhavsar advised to contribute towards clean and healthy environment not only to present but also for on our future generation. CMA Malhar Dalwadi, Secretary proposed vote of thanks.The chapter had organized felicitation function on August 30, 2019 at Haribhai Auditorium for all the students who have passed Foundation, Intermediate and Final examination of June 2019 and faculties. CMA PD Modh, chairman of oral coaching committee welcomed dignitaries on dais, managing committee members, faculties, students and their parents and gave brief about student's activities carried out for students and how to get success in examination. CMA Haren Bhatt, chairman of the chapter felicitated chief guest to Dr. K B Rao and CMA Ashish Bhavsar, secretary, RCM of WIRC by offering memento & bouquet and explained about chapter's activities for members and students. CMA Ashish Bhavsar congratulated all the students and explained about opportunities for the job in industries, Govt and PSU sector. Dr. K B Rao, Chief Guest advised students to work in job efficiently, effectively and in co-operative manner. CMA Kushal Desai, Jt. Treasurer proposed vote of thanks. The chapter organized pre-placement Orientation Training Program for the fresh CMAs pass out in June'19 exam during September 10, 2019 to September 21, 2019. 12 days Pre-placement Orientation program was inaugurated by CMA Amitabh Banerjee, ED of Cadila Pharmaceuticals Ltd on 10th Sept'19. CMA Nikunj Shah, Vice Chairman and Chairman of Training & Placement Committee welcomed chief guest, dignitaries on dais and students and gave introduction of chief guest. Chief Guest CMA Amitabh Banerjee explained about various opportunities in CMA profession. The chapter had organized inauguration function of 5th batch of GST course on September 21, 2019. CMA Ashish Bhavsar gave brief about syllabus, schedule and opportunities for practice in GST.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter organized a cleanliness drive and tree plantation as part of the Swachh Bharat Pakhwada on October 2, 2019 at K.B. Patil College, Vashi. The speaker for this event was vice chairman of the chapter, CMA VaidyanathanIyer. The programme commenced with the speaker emphasizing on the importance of cleanliness in day to day activities at home and in society. The chapter conducted a CEP programme on the topic "TDS Provisions" on 29th September 2019 at K.B. Patil College, Vashi on the occasion of the "Direct Taxation Month" celebrations. The speaker for this event was CMA Virag Shah, Practicing Cost Accountant. The chairman of the chapter, CMA Sirish Mohite introduced the speaker to the audience and the programme commenced with the speaker examining the existing TDS Provisions and the recent amendments with its implications. The speaker analyzed the consequences of failure to deduct TDS citing provisions of interest, penalty, imprisonment etc. Sec 271, 272, 276B.CMA VaidyanathanIyer, vice chairman of the chapter proposed the vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AURANGABAD CHAPTER

A seminar on "Assessment Procedures under the Income Tax Act, 1961 and TDS Law & Practice" was organized by the Chapter on 27th September, 2019. Shri Vijay Netke, IRS, Dy. Commissioner of Income Tax, Aurangabad graced the occasion as the chief guest. Chairman of the chapter, CMA Parag Rane made a presentation on Sec 288(2) in which definition of Accountant needed to be modified to include the Cost Accountant. CMA Arun Agrawal, speaker explained "Assessment" proceeding including search, seizure and gave tips as how to face the same. Another speaker, CMA Suresh Pimple explained regarding "TDS-Law and Practice", an inseparable part of collection of income tax in modern times. CMA Pravin Mohoni and CMA Srushti Bedekar conducted proceedings of the program. The program ended with thanks from secretary of chapter, CMA Kiran Kulkarni.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NASIK OJHAR CHAPTER

The Chapter celebrated felicitation programme for all passed students on 31st August 2019 at Nashik. The programme started with introduction of Chief Guest of CMA Sunetra Ganesan by chapter committee member CMA Nikhil S. Pawar. Chairman of the chapter, CMA Dipak Joshi welcomed and felicitated chief guest as well as all successful students on behalf of the chapter. The Chief Guest also guided students and also cleared importance of CMA degree in their corporate life. Vote of thanks was delivered by CMA Swapnil Kharade, secretary of the chapter.CMA Arpita Fegde, CMA Mayur Nikam , Treasurer, CMA Dipak Jagtap and CMA Kailash Shinde and other members of the chapter were present at the programme.The Chapter successfully conducted 3 days Communication & Soft Skill Training programme in the month of September for Intermediate Students. Various programmes were conducted during the 14th to 16th September, 2019. During this three days programme, Industrial Visit was also arranged by the Chapter to "Sahyadri Farm Producer Ltd" Mohadi, Nashik. All managing committee members and staffs actively participated in the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BARODA CHAPTER

The Chapter arranged a seminar on 'How to face an Interview' on September 5, 2019. The speaker was Ms.Mausam Madam. CMA KartikVasavada felicitated the speaker. An Evening talk on 'Different aspects of GST' was arranged on September 14, 2019. The speaker was Mr.MukeshJhanwar. The event was inaugurated by CMA Nilesh Mistry and vote of thanks was given by CMA Dilip Athawale. The Chapter started GST Certification Course – Batch 5 on September 15, 2019. The guest was CMA V M Rao, GM F&A, PGCIL, Vadodara. CMA HardikDiwanji, chairman of the chapter felicitated the guest. The chapter also conducted industrial orientation programme for CMA Final year students. CMA Mitanshu Shah delivered his valuable lecture to the students on September 27, 2019. The chapter jointly arranged programme with FGI. ShriAnurag Thakur, Hon'ble Minister of State for Finance & Corporate Affairs, was invited for discussion on various issues relating to industries. CMA Hardik Diwanji, chairman of the chapter felicitated him.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT SOUTH GUJARAT CHAPTER

The Chapter organized a CEP on the subject of "Recognition of Startups, its Advantage in Direct Tax and Various other laws" on 22nd September 2019 at Chapter's Premises. CMA Nanty Shah, Secretary of the Chapter welcomed all the participants. CMA Bharat Savani, Vice Chairman & CMA Bhanwarlal Gurjar, member of the Chapter offered the flowers and memento to the faculty CA Mehul Shah, who is a Practicing CA at Surat. CA Mehul Shah guided all the participants about the startup programme and its advantage in Direct tax and other various laws. CMA Kishor Vaghela, Member of the Chapter presented formal vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE DEWAS CHAPTER

The Chapter organised CEP Program on 21st September, 2019 at Hotel Surya, Indore for observing Direct Taxation Month with MR. Devesh Gupta (Joint Commissioner, Indore). Renowned speakers were CMA Harshad Deshpande (Western India Regional Council member), CMA ANIRUDDH GUPTA (Chairman of IDCCA OF WIRC OF ICAI) and Prof. Nakul Shrivastava (Tax Expert).

DIRECT & INDIRECT TAXES UPDATES - OCTOBER 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

* **Clarifications in respect of option exercised under section 115BAA (related to lower rate of 22%) inserted through The Taxation Laws (Amendment) Ordinance, 2019 -** related to allowability of brought forward loss on account of additional depreciation; and allowability of brought forward MAT credit. ***(Circular no. F, No. 142120/2019-TPL dated 2nd October 2019)***
* **Central Board of Direct Taxes hereby directs that the Income-tax Authority of Regional e-Assessment Centres (read as ReAC) hall exercise the powers and functions of the Assessing Officer concurrently to facilitate the conduct of e-assessment proceedings *(Notification No. 77/2019 dated 3rd October 2019)***
* **CBDT sets up ReACs under the e-assessment Scheme 2019** *(Order no. F No. 187/7/2019-ITA-I dated 3rd October 2019)*
* **Agreement between the Government of the Republic of India and the Government of the Kingdom of Morocco for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes *(Notification no. 84/2019 dated 22nd October 19)***
* **Central Government notifies IDFC Infrastructure Finance Limited as an infrastructure debt fund** for the assessment year 2020-21 and subsequent assessment years ***(Notification No. 83/2019 dated 21st October, 2019)***
* **CBDT notifies Corrigendum to Income Tax Notification No. 48/2018 dated 14/09/2018-** (related to notifying Gujarat Water Supply and Sewerage Board', Gandhinagar, a Board constituted by Government of Gujarat, under section 10(46)) - For "Grant received from state government" read "Grant received from Government, Local Bodies and Other Government Agencies" ***(Notification No. 81/2019 dated 21st October, 2019)***
* **CBDT exempts cash withdrawal** by the **authorised dealer and its franchise agent and sub-agent; and Full-Fledged Money Changer (FFMC)** licensed by the Reserve Bank of India and its franchise agent from TDS under Section 194N **(TDS on cash withdrawals)** subject to conditions ***(Notification No. 80/2019 dated 15th October, 2019)***
* **Central Government designates Special Court in the State of Karnataka u/s 280A(1)** ***(Notification No. 79/2019 dated 11th October, 2019)***
* **Central Government notifies 'Kerala Bamboo, Kattuvalli and Pandanus Leaf Workers' Welfare Fund Board',** a Board constituted by the Government of Kerala, **u/s 10(46) in respect of specified income *(Notification No. 78/2019 dated 9th October, 2019)***
* **CBDT invites application for prescribing eligible electronic payment mode u/s 269SU** (provides that every person having a business turnover of more than Rs 50 Crore shall mandatorily provide facilities for accepting payments through prescribed electronic modes) ***(FTS- 1275045/2019 dated 18th October 2019)***

Income Tax Compliance calendar – November 2019

Date	Things to remember
7th November	-Due date for deposit of tax deducted/collected for the month of October, 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.
14th November	Issue of TDS certificate u/s 194IA and 194IB
15th November	- Issue of quarterly (July to September 2019) TDS certificate in respect of withholding on payments other than salary in Form 16A - Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of October, 2019 has been paid without the production of a challan - 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 October, 2019

30th November	- Filing of income tax return and other certifications (in Form 3CEB) for taxpayers subject to TP compliance, for the tax year 2018-19 - Challan-cum-statement for TDS u/s 194IA and 194IB for the period October 2019. - Report in Form No. 3CEAA by a constituent entity of an international group for the accounting year 2018-19 - Country-By-Country Report in Form No. 3CEAD by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the accounting year 2018-19. - Statement of income distribution by Venture Capital Company or venture capital fund in respect of income distributed during previous Year 2018-19 (Form No. 64) - Statement to be furnished in Form No. 64D by Alternative Investment Fund (AIF) to Principal CIT or CIT in respect of income distributed (during previous year 2018-19) to units holders - Due date to exercise option of safe harbour rules for international transaction by furnishing Form 3CEFA - Due date to exercise option of safe harbour rules for specified domestic transaction by furnishing Form 3CEFB - Due date for filing of statement of income distributed by business trust to unit holders during the financial year 2018-19. This statement is required to be filed electronically to Principal CIT or CIT in form No. 64A - Due date for e-filing of report (in Form No. 3CEJ) by an eligible investment fund in respect of arm's length price of the remuneration paid to the fund manager. - Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on November 30, 2019) - Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or 11(1) (if the assessee is required to submit return of income on November 30, 2019 - Submit copy of audit of accounts to the Secretary, Department of Scientific and Industrial Research in case company is eligible for weighted deduction under section 35(2AB) [if company has any international/specified domestic transaction] - Statement by scientific research association, university, college or other association or Indian scientific research company as required by rules 5D, 5E and 5F (if due date of submission of return of income is November 30, 2019) - Due date for claiming foreign tax credit, upload statement of foreign income offered for tax for the previous year 2018-19 and of foreign tax deducted or paid on such income in Form no. 67. (if due date of submission of return of income is November 30, 2019).

Important cases decided

* **Letters in refutal of allegations contained in news items cannot be treated as admission of non- disclosure (M/s Goodyear India Ltd. Vs CIT (Supreme Court)-16/10/2019)**
* **After conclusion of proceeding u/s 147, AO cannot take aid of Exp 3 to section 147 to make any addition (M/s JDC Traders Pvt. Ltd. Vs DCIT (ITAT Delhi)-11/10/2019)**
* **Term "Recovery" includes adjustment thereby reducing demand (Volvo Group India Pvt. Ltd Vs DCIT (ITAT Bangalore)- 14/10/2019)**

INDIRECT TAXES UPDATES

GST

- GST Compliance Calendar – Returns for the M/O Oct. 2019 to be filed in Nov. 2019

Return		Last Date
GSTR-1	**Outward supply for the month of October 2019**	**11th November 2019**
GSTR-5	**Non-resident foreign taxpayers return for the month of October 2019**	**20th November 2019**
GSTR-6	**Input service distributor for the month of October 2019**	**13th November 2019**

GSTR-7	**Tax Deducted at Source for October 2019**	**10th November 2019**
GSTR-8	**Tax Collected at Source by e-commerce operator for October 2019**	**10th November 2019**
GSTR-3B	**Summary return tax payment for the month of October 2019**	**20th November 2019**

Notifications and Circulars

Central Goods and Services Tax Rules, 2017 ('CGST Rules') vide Notification No. 49/2019-Central Tax dated October 9, 2019. Vide this amendment, the Government has inserted Rule 36(4) in the CGST Rules to provide restriction on availment of Input Tax Credit ('ITC').

Restriction

ITC on invoices and debit notes not uploaded by the suppliers in GSTR-1, shall not be available to the extent it exceeds 20% of ITC on invoices and debit notes uploaded.

Applicability

The restriction shall apply on invoices and debit notes uploaded by the suppliers (including supplies made by registered suppliers covered under reverse charge mechanism).

Non-applicability

The transactions of ISD, import of goods, import of services, other reverse charge procurements from unregistered suppliers (where the suppliers do not upload invoices and debit notes).

The restriction same can be understood by way of following illustration:

(Inward supplies other than Section 17(5) of the CGST Act) (Tax amount in ₹)

S. No.	Document for availing ITC	ITC	ITC reflected in GSTR-2A	ITC not reflected in GSTR-2A
1	Tax invoice *(including issued by registered RCM suppliers)*	100	70	30
2	Debit note	50	40	10
3	Bill of entry	50	NA	NA
4	ISD invoice *(not relevant for this computation)*	20	20	-
5	Self-invoice *(issued by recipient for unregistered RCM suppliers)*	30	NA	NA
	Total	**250**	**130**	**40**

- ITC on invoices and debit notes uploaded by taxpayers (₹70+ ₹40) = ₹110
- ITC on invoices and debit notes not uploaded by taxpayers (₹30+ ₹10) = ₹40
- Restriction for ITC availment = 110 X 20% = ₹22

In the above example, out of ITC of ₹40 not reflected in GSTR-2A of the recipient, the taxpayer is eligible to claim ITC of ₹22 only.

Vide *Notification No. 49/2019-Central Tax dated October 9, 2019,* the Government has amended Rule 61(5) of the CGST Rules to make Form GSTR-3B a return under Section 39(1) of the Central Goods and Services Tax Act, 2017 ('CGST Act') where due date of filing return under Form GSTR-1 or Form GSTR-2 is extended. The amendment has effectively replaced Form GSTR-3 with Form GSTR-3B with effect from July 1, 2017.

The impact of this retrospective amendment on last date to avail Input Tax Credit (ITC) for FY 2017-18 and FY 2018-19- ***Notification No. 10/2017-Central Tax dated June 28, 2017*** amended Rule 61 of the CGST Rules to provide that if filing of return under Form GSTR-1 or Form GSTR-2 is extended, then the return under Section 39 of the CGST Act shall be filed in Form GSTR-3B.

The last date of availing ITC under Section 16(4) of the CGST Act is earlier of:

1. Due date of filing of return under Section 39 for March of succeeding year (FY 2017-18) and for September of succeeding year (FY 2018-19 onwards); or
2. Date of filing of annual return.

With this amendment, the date of return under Section 39 shall be due date of filing Form GSTR-3B. **Hence, the last date of availing ITC shall be earlier of:**

- FY 2017-18 – April 20, 2019 or date of filing of annual return
- FY 2018-19 – October 20, 2019 or date of filing of annual return

With this amendment, taxpayers who took credit of FY 2017-18 post April 20, 2019 will need to reverse the same. Similarly, the taxpayers will not be allowed to avail ITC for FY 2018-19 post October 20, 2019.

Case Laws

Confiscation of conveyance and goods – Hearing and

passing of speaking order mandatory: Observing that principles of natural justice were violated by the adjudicating authority, the Gujarat High Court has set aside the order of confiscation of conveyance and goods, earlier found to be not in possession of mandatory documents. The Court noted that petitioner was not afforded opportunity of hearing inasmuch as matter was kept for hearing on 28-8-2019 but the impugned confiscation order was passed on 24-8-2019. It also observed that the confiscation order was not a speaking order and did not reflect the reason as to why the officer had concluded on confiscation. The impugned order was also found to be silent as regards which provision was violated and which clause of Section 130 was attracted. The Court also noted that the departmental officer had levied more than the maximum fine leviable in terms of Section 130(2) of CGST Act. The matter was remanded for decision afresh. ***[Sitaram Roadways v. State of Gujarat – 2019 VIL 510 GUJ.]***

Refund of IGST after adjusting higher rate of duty drawback: Kerala High Court has directed the department to adjust the amount already availed by the petitioner on account of higher rate of duty drawback and pay the balance of IGST payable to the petitioner on account of exports. The petitioner was earlier granted drawback of Central Excise component and denied refund of IGST paid on zero-rated transaction, during the transition period. The Court noted that the department did not deny refund of IGST to petitioner, an exporter, on a zero-rated transaction under Section 16 of IGST Act but contended that the petitioner had already drawn higher rate of duty drawback and was supposed to refund the same. ***[G NXT Power Corp. v. UoI – 2019 VIL 456 KER]***

Anti-profiteering – Discount due to slump in market is not passing of ITC benefit: Accepting the DGAP report that assessee-respondent availed additional benefit of ITC of 2.42% after implementation of GST as ITC ratio to the turnover during the pre GST period was 2.06% as compared to the post GST period, where it was 4.48%, NAPA has directed the respondent-builder to pass the benefit of ITC to the flat buyers. The Authority rejected the plea that amount had been passed to home buyers as shown in their ledger. It observed that there was no evidence to prove that the amount was released because of ITC benefit. Further, NAPA was of the view that entry was made on account of the discount which the assessee had offered to the buyers due to slump in the market. It also rejected the plea that it was difficult to calculate ITC in real estate business as benefit of ITC was available during the whole period of construction however the sale of houses was not linked to it. It observed that the assessee had obtained the completion certificate and hence complete details of ITC availed as well as the turnover realised were available. ***[Gaurav Gulati v. Paramount Propbuilt (P) Ltd. – Order dated 26-9-2019 in Case No. 47/2019, NAA]***

Recovery of parental health insurance premium from employees is not "supply": Maharashtra AAR has held that providing mediclaim policy to parents of employees through an insurance company and recovering 50% of insurance premium from employees is not a supply of service. The AAR was of the view that such provision neither satisfies the conditions of Section 7 of the CGST Act nor is it covered under the term 'business' of Section 2(17). The Authority observed that such activity cannot be treated as an activity done in the course of business or for the furtherance of business as applicant was not in the business of providing insurance. It also noted that said insurance scheme was optional for the employees and that non-provision of such insurance would not affect applicant's business. ***[In RE: Jotun India (P) Ltd. – 2019 VIL 296 AAR]***

No ITC in respect of goods or services attributable to incentives provided to dealers: Karnataka AAR has denied ITC in respect of goods or services which are attributable to the incentives provided in the form of gifts to the dealers and painters under various incentive schemes run by the applicant, a manufacturer of paints. The applicant incentivized its dealers/painters by providing them goods or services in the form of gifts or foreign or local trips and itself procured such goods or services on payment of applicable tax. The Authority referred to Section 17(5)(h) of the CGST Act, 2017, which provides that ITC in respect of goods disposed by way of gifts shall not be available. Further, Circular No. 92/11/2019-GST, dated 07.03.2019, wherein it was clarified that "ITC shall not be available to the supplier on the inputs, input services and capital goods to the extent they are used in relation to the gifts or free samples distributed without any consideration", was also relied upon. ***[In RE: Surfa Coats (India) Pvt. Ltd. – 2019 VIL 30 AAR]***

Customs

Case Laws

No late fee for delay in filing Bill of Entry where importer takes all efforts to clear goods within reasonable time: CESTAT Chennai has held that late fee imposed on the appellant for delay in filing of Bill of Entry was not proper, since the delay had occurred only because the original importer had failed to clear the goods. The Tribunal observed that present importer had taken efforts to get the IGM amended, get the earlier Bill of Entry cancelled within a reasonable time and filed the new Bill of Entry within three days from the cancellation order of the earlier Bill of Entry, and hence could not be saddled with the late fee. CBIC's standing order that the late charges due to delay in filing the Bill of Entry has to be considered judiciously, was also relied upon. ***[ECOM Gill Coffee Trading Pvt. Ltd. v. Commissioner - Final Order No. 41155/2019, dated 30-9-2019, CESTAT Chennai]***

DFIA – Benefit available even when specific name of import product not mentioned in licence: Observing that there was no doubt that the green cardamom was used in making biscuits and pickles as flavouring agent and food additives, respectively, CESTAT Ahmedabad has rejected the department's plea that since specific name of the product was not mentioned or ITC (HS) did not match in the DFIA licence, benefit thereunder was not available. It noted that the imported goods were covered under the broad description in the licence. The Tribunal also noted that there was no requirement of any actual use and that the only requirement was that whether the goods are capable of being used in export goods. ***[Pace Ventures Pvt. LTD. v. Commissioner – 2019 TIOL 2959 CESTAT AHM]***

Valuation - Ship demurrage charges are not includible: Following the decision of the High Court of Orissa in the case of Tata Steel v. Union of India & Ors. [W.P. (C) No. 7917 of 2009], where in the Explanation to Rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 was struck down as ultra vires, being beyond the scope of Section 14 of the Customs Act, 1962, to the extent it includes demurrage charges in the assessable value of imported goods, CESTAT Delhi has held that ship demurrage charges are not includible in the assessable value of the imported goods. The Tribunal in this regard noted the fact that the department had not produced any ruling to the contrary. ***[Jubilant Life Science Ltd. v. Additional Director General (Adjudication) - Final Order No. 51288/2019, dated 3-10-2019, CESTAT Delhi]***

Refund available even in absence of payment challan: A claim of refund was denied on the ground that the duty payment challans were not been produced. CESTAT Ahmedabad however observed that the amount had been deposited, received by the department through banker's cheque and had also been realized, and that no challan was taken by the assessee. It was held that even in the absence of challan, where such payment has been made correctly, the assessee was entitled for refund. ***[Deep Exports v. Commissioner – 2019 TIOL 2933 CESTAT AHM]***

Central Excise, Service Tax & VAT

Case Laws

Withdrawal of exemption from duty/tax – Principle of promissory estoppel not invokable if public interest so warrants: 3-Judge Bench of Supreme Court has held that the inapplicability of doctrine of promissory estoppel is established when the larger public interest demands so. Observing that pan masala (with or without tobacco) was found to be one of the causes of oral cancer, the Court was of the view that withdrawal of exemption for said items was in the larger public interest. Setting aside the High Court order, the Apex Court reiterated that an exemption notification does not make the items which are subject to levy as items not leviable to such duty. It only suspends the levy and collection, and that such an exemption by its very nature is susceptible of being revoked or modified or subjected to other conditions. The Court noted that under the General Clauses Act, an authority which has the power to issue a notification has the power to rescind or modify the notification in the like manner, and that supersession or revocation of an exemption notification in public interest is an exercise of the statutory power by the State under the law itself. ***[Union of India v. Unicorn Industries – Judgement dated 19-9-2019 in Civil Appeal No. 7432 of 2019, Supreme Court]***

No service tax on surrender charges for pre-mature termination of insurance policy: CESTAT Delhi has held that surrender charges in case of pre-mature termination of ULIP policy were not liable to service tax. It observed that the service tax was leviable only on management fee or fixed charges as approved by the IRDA or levied by the insurer, whichever was higher. The Tribunal in this regard noted that the legislature had clarified by substituting, on 1-7-2010, clause (ii) in Explanation to Section 65(105)(zzzzf) of the Finance Act, 1994, that service tax was leviable only on management fee or charges. Further, observing that explanation was meant for clarifying the provision of the main section and accordingly had retrospective effect, i.e. normally effective from the date of the statute, unless otherwise provided, CESTAT set aside the demand of service tax for the period 1-10-2008 to 30-6-2010. ***[Max Life Insurance Co. (I) Ltd. v. Commissioner – 2019 TIOL 2884 CESTAT DEL]***

Repeal of VAT Act – Savings clause saves all rules, regulations, orders, notifications, etc.: Section 78 of Maharashtra Goods and Services Tax Related Laws (Amendments, Validation and Savings) Act, 2017, which saves Section 64 of Maharashtra Value Added Tax Act, 2002 is constitutionally valid. Bombay High Court has held that by virtue of Section 78 of State GST Savings Act read with Section 19 of Constitution (One Hundred and First Amendment) Act, 2016, the VAT Act, the rules and regulations, and notifications issued thereunder continue to have effect including for assessment, reassessment, production and inspection of accounts and recovery of any tax under the VAT Act, relating to any period before the appointed day of the State GST Act. The Court was of the view that to survive the repeal, there is no need of specific mention of subordinate legislation in the saving clause and that saving provision is both explicit and expansive. It held that a saving clause saves all rules, regulations, orders, notifications, form, certificate and notices, appointments and delegation of powers issued under the VAT Act. ***[Magma Fincorp Ltd. v. State of Maharashtra – 2019 VIL 372 BOM].*** MA

nancybhalla@yahoo.com

Information Source - *M/s LKS, CBIC.gov.in., various internet websites including Income tax website, Dailyhunt, Deloitte, livemint.com, related links and various notifications, circulars, orders, press releases and other sources-many thanks to all.*

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

TECHNICAL CELL (Cost Audit & Statutory Compliances)

SYMPOSIUM ON
"COST AUDIT - STAKEHOLDERS VALUE PROPOSITION"

Theme of the Symposium:
The Cost Audit mechanism has a great potential to add value for all its stake holders. Technical Cell of the Institute is organising a Symposium on Cost Audit so as to get feedback from the Stakeholders on how the Cost Audit adds value for them and their requirements from this mechanism which can determine the future developments. With this objective in mind the Technical Cell of the Institute has organised a Symposium on Cost Audit – Stakeholders Value Proposition.

Program Details :

Day & Date	:	Friday, 20th December 2019
Timing	:	10.00 am to 05.00 pm
Venue	:	Y B Chavan Auditorium, Nariman Point, Mumbai, Maharashtra 400021
Delegate Fee	:	Rs. 100 (incl of GST) For Institute Members
CEP Credit	:	4 Hours (FOUR Hours)

Brief Program Schedule :

From	To	Duration	Program
09.30 am	10.00 am	30 min	Registration
10.00 am	11.30 am	90 min	Inauguration
11.30 am	01.00 pm	90 min	Technical Session 1 - Government & Regulators
01.00 pm	01.45 pm	45 min	Lunch Break
01.45 pm	03.15 pm	90 min	Technical Session 2 - Industry & Industry Associations
03.15 pm	03.30 pm	15 min	Tea / Coffee Break
03.30 pm	05.00 pm	90 min	Technical Session 3 - Society at Large

Eminent speakers representing various Stakeholders will express their views on the Value addition through Cost Audit & further expectations from this mechanism.

The Symposium is aimed at showcasing the value proposition of the Cost Audit Mechanism. **You are requested to block your dates to attend the symposium and make it a grand success.**

This is the First Announcement of the Symposium, a detailed schedule and further information will soon be made available.

With best regards

CMA (Dr.) Dhananjay V Joshi
Former President and
Chairman, Technical Cell of the Institute (2019-20)

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2019

FOUNDATION COURSE EXAMINATION

Day & Date	Foundation Course Examination Syllabus-2016 Time 2.00 p.m. to 5.00 p.m.
Tuesday, 10th December, 2019	Fundamentals of Economics & Management
Wednesday, 11th December, 2019	Fundamentals of Accounting
Thursday, 12th December, 2019	Fundamentals of Laws & Ethics
Friday, 13th December, 2019	Fundamentals of Business Mathematics & Statistics

Examination Fees

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

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

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

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

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

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

5. **Last date for receipt of Examination Application Forms is 10th October, 2019.**

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

7. **A candidate who is completing all conditions for appearing the examination as per Regulation will only be allowed to appear for examination.**
8. **Probable date of publication of result**: **21st February, 2020.**

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

CMA S. C. Gupta
Secretary (Acting)

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2019

PROGRAMME FOR SYLLABUS 2016

ATTENTION: INTERMEDIATE & FINAL EXAMINATION (DECEMBER – 2019 TERM) WILL BE HELD ON ALTERNATE DATES FOR EACH GROUP.

Day & Date	INTERMEDIATE (Time: 2.00 P.M. to 5.00 P.M.)		FINAL (Time: 2.00 P.M. to 5.00 P.M.)	
	(Group – I)	(Group – II)	(Group – III)	(Group – IV)
Tuesday, 10th December, 2019	Financial Accounting (P-05)	-------------------	Corporate Laws & Compliance (P-13)	-------------------
Wednesday, 11th December, 2019	-------------------	Operations Management & Strategic Management (P-09)	-------------------	Corporate Financial Reporting (P-17)
Thursday, 12th December, 2019	Laws & Ethics (P-06)	-------------------	Strategic Financial Management (P-14)	-------------------
Friday, 13th December, 2019	-------------------	Cost & Management Accounting and Financial Management (P-10)	-------------------	Indirect Tax Laws & Practice (P-18)
Saturday, 14th December, 2019	Direct Taxation (P-07)	-------------------	Strategic Cost Management – Decision Making (P-15)	-------------------
Sunday, 15th December, 2019	-------------------	Indirect Taxation (P-11)	-------------------	Cost & Management Audit (P-19)
Monday, 16th December, 2019	Cost Accounting (P-08)	-------------------	Direct Tax Laws and International Taxation (P-16)	-------------------
Tuesday, 17th December, 2019	-------------------	Company Accounts & Audit (P-12)	-------------------	Strategic Performance Management and Business Valuation (P-20)

EXAMINATION FEES

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

1. **Application Forms for Intermediate and Final Examination has to be filled up through online only and fees will be accepted through online mode only (including Payfee Module of IDBI Bank). No Offline form and DD payment will be accepted for domestic candidate.**
2. **STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.**
3. **(a) Students can login to the website www.icmai.in and apply online through payment gateway by using Credit/Debit card or Net banking.**
   (b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.
4. **Last date for receipt of Examination Application Forms is 10th October, 2019.**
5. **The provisions of direct tax laws and indirect tax laws, as amended by the Finance Act, 2018, including notifications and circulars issued up to 31st May, 2019, are applicable for December, 2019 term of examination for the Subjects Direct Taxation, Indirect Taxation (Intermediate), Direct Tax laws and International Taxation and Indirect Tax laws & Practice (Final) under Syllabus 2016. The relevant assessment year is 2019-20. For statutory updates and amendments please refer to: http://icmai.in/studentswebsite/Syl-2016.php**
6. **Companies (Cost Records and Audit) Rules, 2014 as amended till 31st May, 2019 is applicable for December, 2019 examination for Paper 12- Company Accounts and Audit (Intermediate) and Paper 19-Cost and Management Audit (Final) under Syllabus 2016.**
7. **The provisions of the Companies Act 2013 are applicable for Paper 6-Laws and Ethics (Intermediate) and Paper 13-Corporate Laws and Compliance (Final) under Syllabus 2016 to the extent notified by the Government up to 31st May, 2019 for December, 2019 term of examination. Additionally, for applicability of ICDR, 2018 for Paper-13-Corporate Laws & Compliance (Final) under Syllabus 2016 refer to relevant circular in website for December, 2019 term examination by following link: http://icmai.in/studentswebsite/Syl-2016.php**
8. **For Applicability of IND AS and AS for Paper 5 - Financial Accounting, Paper 12 - Company Accounts and Audit (Intermediate) and Paper 17 - Corporate Financial Reporting (Final) refer to relevant circulars and notifications in website for December, 2019 term examination in the given link: http://icmai.in/studentswebsite/Syl-2016.php**
9. **Pension Fund Regulatory and Development Authority Act, 2013 is being included in Paper 6-Laws and Ethics (Intermediate) and Insolvency and Bankruptcy Code 2016 is being included in Paper 13-Corporate Laws and Compliance (Final) under Syllabus 2016 for December, 2019 term of examination. Please refer to http://icmai.in/studentswebsite/Syl-2016.php**
10. **Examination Centres: Adipur-Kachchh (Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Asansol, Aurangabad, Bangalore, Baroda, Berhampur (Ganjam), Bhilai, Bhilwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bikaner (Rajasthan), Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Ghaziabad, Guntur, Guwahati, Haridwar, Hazaribagh, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kolhapur, Kolkata, Kota, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Palakkad, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Shillong, Siliguri, Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Vindhyanagar, Waltair and Overseas Centres at Bahrain, Dubai and Muscat.**
11. **A candidate who is fulfilling all conditions specified for appearing in examination will only be allowed to appear for examination.**
12. **Probable date of publication of result: Inter & Final – 21st February, 2020.**

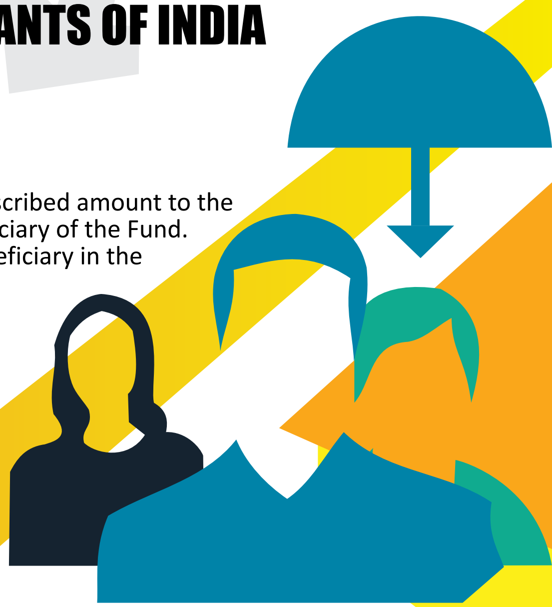
*** For any examination related query, please contact exam.helpdesk@icmai.in**

CMA S. C. Gupta
Secretary (Acting)

Benevolent Fund

FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016



OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

BENEFITS

- ***Income Tax Benefit under section 80G***
- ***Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.***
- ***Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.***

Coverage of Critical Illness, leading to hospitalization, may cover the following -

- Cancer / Malignancy
- Coronary Artery Bypass Graft Surgery
- Stroke / Cerebral Attack / Paralysis
- Heart Valve Replacement Surgery
- Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- Major Organ Transplant
- Hemophilia
- Thalassaemia
- Neurological Diseases
- Flue Blown acquired Immune Deficiency Syndrome
- Multiple sclerosis
- Tuberculosis / Bronchopneumonia/ Pleurisy
- Permanent disablement
- Any other disease that may be considered by the Board of Trustees to be critical in nature.

To apply for life membership or for further details please visit

https://eicmai.in/External/Home.aspx#

RNI NO. 12032/1966

Postal Registration No.: KOL RMS /139 /2019 – 2021
'D' Number MH/MR/TECH/47/10/2019
License to post without prepayment, WPP License No.: MR/TECH/WPP/KOL RMS/354/2019
Posted at Mumbai Patrika Channel Sorting Office, Mumbai - 400 001
Posting Dates: 10th, 11th & 12th day of each English month only
Date of Publication: 10th of every month