

# THE MANAGEMENT ACCOUNTANT

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## **COST MANAGEMENT IN THE MODERN ERA**

**REDEFINING BUSINESS STRATEGIES FOR  
SUSTAINABLE GROWTH AND OPERATIONAL EFFICIENCY -  
THROUGH COST MANAGEMENT LENSES**



*Journal of*  
**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(Statutory Body under an Act of Parliament)

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COST ACCOUNTANTS OF INDIA  
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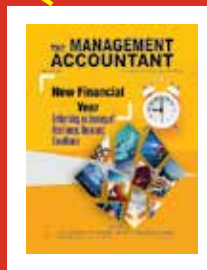


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- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of Cost & 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 recognized statutory professional organisation and licensing body in India specialising exclusively in Cost & Management Accountancy.

#### 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."

#### 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."

#### Institute Motto

असतोमा सदगमय  
तमसोमा ज्योतिर् गमय  
मृत्योर्मांमृतं 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

#### IDEALS THE INSTITUTE STANDS FOR

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



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

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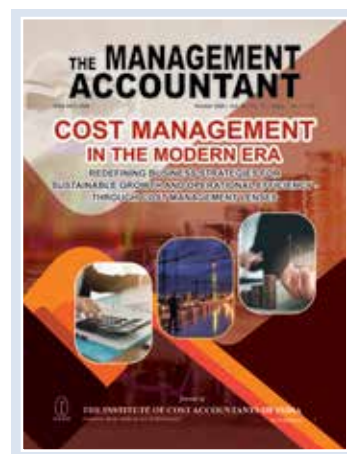
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# From the EDITOR'S DESK

As we welcome the festive season of joy and new beginnings, we extend our heartfelt wishes to all our readers. May this season bring prosperity, inspiration, and success to your personal and professional journeys. It is with great enthusiasm that we present this October 25 edition of our journal, "*Cost Management in the Modern Era: Redefining Business Strategies for Sustainable Growth and Operational Efficiency through Cost Management Lenses.*"

In today's rapidly evolving and highly competitive business environment, effective cost management transcends traditional notions of expense control—it has become a strategic enabler of innovation, sustainability, and long-term resilience. This edition delves into how forward-looking organizations are reshaping their cost structures, embracing digital transformation, and integrating sustainability into their business models to drive enhanced value creation. Through insightful research papers, case studies, and expert commentaries, we aim to provide readers with a comprehensive understanding of how cost management serves as a cornerstone for operational excellence and sustainable growth in the modern era.

A few highlights from this edition include:

- ⊙ *Behind Every Successful Business Decision There Is Always a CMA – Enabling Transformation:* This article explores the evolving role of the Cost and Management Accountant (CMA) and outlines a roadmap for ensuring that CMAs play a pivotal role in every major business decision.
- ⊙ *Strategic Cost Perspective – Building Competitive Advantage in Business:* A

conceptual overview that helps readers understand the Total Cost Management (TCM) journey undertaken by the CII TCM Division to strengthen competitive positioning.

- ⊙ *Sustainability as Part of the Value Strategy:* This paper examines the critical role of sustainability in shaping long-term enterprise value, with a focus on ESG integration and the emergence of the "Green Bottom Line."
- ⊙ *Kraljic Matrix – Is it still Relevant in Procurement Cost Reduction?:* An exploration of the enduring significance of the Kraljic Matrix in helping organizations optimize procurement strategies and reduce costs.
- ⊙ *Integrating Sustainability Goals into Cost Management: Achieving Profitability and Operational Efficiency:* As global challenges intensify, this article emphasizes that sustainability and profitability are interconnected rather than conflicting goals, urging businesses to rethink value creation for the greater good of society and the environment.
- ⊙ *Behavioural Aspects of Cost Management Organisations Shifting Emphasis from Cost to Value:* A comprehensive four-step roadmap that contrasts cost control with value creation, explores behavioral dimensions, and connects strategic cost classification with technological innovations such as AI and robotic surgery.

- ⊙ *Evolving Dimensions of Customer Profitability Analysis with Emerging Predictive Technologies:* This study investigates how predictive analytics will revolutionize Customer Profitability Analysis (CPA) and support smarter, data-driven decision-making.
- ⊙ *Cost Management in the Modern Era: Redefining Business Strategies for Sustainable Growth and Operational Efficiency:* A detailed case study showcasing how a leading sugar refinery in Andhra Pradesh successfully reduces its fuel costs—one of its major conversion cost components—through effective cost management.
- ⊙ *Digital Twin Economics: A Real-Time Cost Optimization for India's Industry 4.0 Transformation:* A forward-looking study examining how digital twin technologies enhance operational efficiency, drive cost optimization, and redefine the role of CMAs in leveraging these emerging tools.
- ⊙ *Managerial Costing Techniques: Unlocking the Path to Competitive Advantage:* An in-depth exploration of key managerial costing techniques, their practical applications across industries, and the evolving trends that make them indispensable in today's dynamic marketplace.

In addition to these theme-based contributions, this issue features expert perspectives on emerging trends shaping the future of Management Accountancy. We are also pleased to introduce a new column, **Applied Insights**, dedicated to case studies and management puzzles—designed to foster analytical thinking and practical problem-solving among professionals.

We are especially privileged to feature an exclusive interview with **CMA S. P. Patnaik**, Director – Finance, Gliders India Limited, Kanpur. His insights on leadership, adaptability, and strategic decision-making in a technology-driven world offer valuable guidance for professionals navigating modern business complexities.

As businesses continue to operate in an era defined by digital disruption, environmental responsibility, and global uncertainty, cost management stands as a critical lever for achieving strategic resilience and sustainable success. The insights and perspectives shared in this edition underscore the importance of integrating financial discipline with innovation and sustainability. We hope this issue inspires professionals and organizations alike to adopt forward-thinking approaches that transform cost management from a control mechanism into a catalyst for long-term value creation and growth.

Wishing all our readers a joyous and prosperous Diwali!



# President's Communiqué

**CMA TCA Srinivasa Prasad**

President

The Institute of Cost Accountants of India

*“The best way to find yourself is to lose yourself  
in the service of others.”*

**-- Mahatma Gandhi**

My Dear Professional Colleagues,  
Namaskaar!

**T**he month of October brings with it, the spirit of joy, devotion and celebration across the country. The festivals celebrated during the month symbolize the victory of good over evil, the triumph of knowledge and light and the spirit of community and togetherness. These festivals offer an opportunity to reflect on values of harmony, discipline and service, while fostering gratitude and renewal in both personal and professional life.

### **Special scheme for students from the North Eastern states, Jammu & Kashmir and Ladakh**

In keeping with our mission of inclusivity and regional empowerment, the Institute has introduced a special scheme for students from the North Eastern states, Jammu & Kashmir and Ladakh, offering a 50% waiver on registration fees. This initiative ensures affordability, accessibility and equity, allowing talented students from these regions to acquire professional skills and secure rewarding careers. It also aligns with the Government of India's vision of strengthening educational and employment opportunities in these parts of India.

To ensure that this scheme reaches deserving

students across the country, the Institute will actively engage with Institutions, Universities and Colleges to popularise the initiative. Through collaboration and outreach, we are committed to spreading awareness so that no eligible student is left behind in accessing this opportunity.

CMA Rajendra Singh Bhati, Chairman, CAT is commended for vision and tireless efforts in spearheading this initiative. Leadership and dedication have been instrumental in shaping a scheme that will positively impact countless young lives. Appreciation is also extended to the esteemed Council colleagues, whose unwavering support has been pivotal in transforming this idea into reality.

### **Meeting with dignitaries**

It was a privilege to meet Ms. TCA Kalyani, Controller General of Accounts (CGA), Department of Expenditure, Ministry of Finance, on 8<sup>th</sup> September 2025 at New Delhi, accompanied by CMA Neeraj Dhananjay Joshi, Vice President and CMA Manoj Kumar Anand, Council Member. The discussion provided an opportunity to strengthen collaboration between the Institute and the CGA, Department of Expenditure, enhancing professional dialogue on key financial and accounting matters.

Additionally, CMA Manoj Kumar Anand, Council Member had a meeting with Ms. Nidhi Khare, IAS, Secretary, Department of Consumer Affairs (DoCA), Ministry of Consumer Affairs, Food & Public Distribution, Government of India on 10<sup>th</sup>

September 2025 at New Delhi, reinforcing the Institute's engagement with government authorities for advancing regulatory and professional initiatives.

### **MOU with IIM-Jammu**

The Institute signed a Memorandum of Understanding (MoU) with Indian Institute of Management–Jammu (IIM–Jammu) on 17<sup>th</sup> September 2025 at IIM Jammu Campus. The MoU signing ceremony was attended by CMA Navneet Kumar Jain, Council Member, CMA (Dr.) D.P. Nandy, Secretary (Officiating) and Dr. B.S. Sahay, Director, IIM Jammu, marking a significant step towards collaboration in academic and professional initiatives.

### **MOU with IICA, MCA**

The Institute signed a Memorandum of Understanding (MoU) with the Indian Institute of Corporate Affairs (IICA), Ministry of Corporate Affairs (MCA), on 24<sup>th</sup> September 2025 at the Office of the DGCoA, New Delhi. The MoU facilitates engagement of Young Professionals (YPs) and Associate Young Professionals (AYPs) at Central Facility Centres, MCA. The signing ceremony was attended by Shri Sanjay Shorey, Director General of Corporate Affairs, Shri Anil Yadav, ROC, CRC, Central Facility Centres, IICA, Shri M.K. Sahu, Director, DGCoA, CMA Tarun Kumar, Director, ICAI and other representatives from ICAI, ICSI and MCA, marking a significant step in strengthening collaboration between the Institute and government authorities.

### **Swachhata Hi Sewa' (SHS) – 2025 Campaign**

As known, 2<sup>nd</sup> October is observed as Swachh Bharat Diwas, a tribute to the Father of the Nation on his Jayanti. Since 2017, a fortnight of Swachhata Hi Sewa (SHS) has been observed nationwide to strengthen voluntarism and collective action for Swachhata.

In alignment with this national mission, ICAI launched the SHS 2025 campaign with the theme “Swachhotsav.” The fortnight-long campaign from 17<sup>th</sup> September to 2<sup>nd</sup> October 2025, was implemented across the Institute's Regional Councils and Chapters, reaffirming commitment to the Government's vision of a “Swachh Bharat.”

The campaign commenced with the administration of the Swachhata Pledge across various Regional Councils and Chapters. Through this initiative, ICAI seeks to reinforce values of cleanliness, hygiene and public participation, inspiring collective responsibility in building a cleaner and healthier India.

All members, students and stakeholders of the Institute are encouraged to continue contributing actively to this national movement, carrying forward the ideals of Mahatma Gandhi and working together for a sustainable and swachh future.

### **CAT Course in partnership with Directorate General Resettlement (DGR), Ministry of Defence, Government of India**

Recent activities under the Certificate in Accounting Technicians (CAT) Course of DGR (Calendar 2025–26) were successfully conducted.

In September 2025, two batches commenced, one at CMA Bhawan, Noida and the other at the Patna Chapter. The Patna batch was inaugurated on 17<sup>th</sup> September 2025, graced by CMA Avijit Goswami, Council Member, in the presence of the Managing Committee Members of the Patna Chapter and other dignitaries.

These initiatives once again highlight the joint endeavour of ICAI and DGR to equip retiring and retired defence personnel with the skills, discipline and opportunities required to build successful second careers with the help of CAT Course. They stand as a testament to our shared vision of enabling them to contribute effectively to both the profession and the nation.

### SAFA Meetings and Events

It was an honor to lead a delegation from the Institute comprising CMA Neeraj Dhananjay Joshi, Vice President, CMA (Dr.) Ashish Prakash Thatte, Chairman of the International Affairs Committee and CMA Suresh Rachappa Gunjalli, Council Member, to the 89<sup>th</sup> SAFA Board Meeting, various Committee meetings of SAFA and the CMA Sri Lanka Silver Jubilee National Management Accounting Conference 2025, held from 15–17 September 2025 at Colombo, Sri Lanka.

The occasion also provided the privilege to participate in the Panel Discussion on “Artificial Intelligence (AI) and the Impact on the Professional Accountancy Organisations (PAOs).” Additionally, CMA Neeraj Dhananjay Joshi, Vice President, addressed the gathering with a talk on “Cost Records and Cost Audit.”

### Issuance of the KYC Guidelines

The Council of the Institute in its 358<sup>th</sup> meeting issued the Know Your Client (KYC) Guidelines for the Practicing Members of the Institute (PCMAS), in line with the instructions of the Ministry of Finance, Government of India, through the Financial Intelligence Unit – India (FIU-India). These KYC guidelines have been approved by the FIU-India on 17<sup>th</sup> September 2025 through its communication to the Institute.

It is pertinent to mention here that the Financial Action Task Force (FATF) on Anti Money Laundering (AML) Standards and on Combating Financing of Terrorism (CFT) recommends that practicing Cost Accountants, carrying out specified financial transactions on behalf of their clients, are required to undergo the Know Your Client (KYC) process before commencing any work on behalf of their clients. The PCMAS are considered as “reporting entities” under Prevention of Money Laundering Act, 2002 hence are obligated to report any dubious specified financial transactions undertaken during their professional activities carried out on behalf of their clients, to the

FIU-IND. These KYC guidelines are intended to ensure professional accountability and prevent the misuse of services provided by the PCMAS for any dubious transactions.

The KYC Guidelines are available at [https://icmai.in/upload/CAASB/KYC\\_Guidelines\\_PCMA\\_s\\_2803\\_2025.pdf](https://icmai.in/upload/CAASB/KYC_Guidelines_PCMA_s_2803_2025.pdf)

### WIRC Students' Felicitation Programme

It was a privilege to participate in the Students' Felicitation Programme organized by WIRC on 21<sup>st</sup> September 2025 at Mumbai. The event was graced by Shri Arvind Sawant, Hon'ble Member of Parliament, Mumbai South, as the Chief Guest.

The programme was also attended by CMA Neeraj Dhananjay Joshi, Vice President, CMA (Dr.) Ashish Prakash Thatte, Council Member, CMA Harshad Shamkant Deshpande, Council Member, CMA Vinayaranjan P., Council Member, CMA Mihir Narayan Vyas, Chairman, WIRC, CMA Nanty Nalinkumar Shah, Vice Chairman, WIRC, along with other Regional Council Members of WIRC.

### 12 Days Advanced Skill Training Programme (ASTP)

The Institute inaugurated the 12 Days Advanced Skill Training Programme (ASTP) for recently qualified CMAs of the June 2025 term on 6<sup>th</sup> September 2025. ASTPs were conducted across various locations through the Regional Councils and Chapters of the Institute.

- ⦿ Interacted with ASTP participants at EIRC on 10<sup>th</sup> September 2025 along with CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee and CMA Chittaranjan Chattopadhyay, Council Member.
- ⦿ Interaction with ASTP participants was held at Coimbatore 13<sup>th</sup> September 2025. CMA (Dr.) R Maheswaran, Chairman, Coimbatore Chapter, CMA D Kalaichelvan, Chairman, Dindigul Chapter and members of the

Coimbatore Chapter were present.

- ⊙ Addressed the participants of ASTP (Batch 1 & 2) at Thrissur on 14<sup>th</sup> September 2025. CMA Praveen Kumar, RCM, SIRC and CMA D Kalaichelvan, Chairman, Dindigul Chapter, CMA Subramaniam Kumar, Secretary, Coimbatore Chapter and members of Thrissur Chapter were also present.
- ⊙ Interaction with ASTP participants (Batch 1 & 2) at SIRC was held on 15<sup>th</sup> & 18<sup>th</sup> September 2025 respectively. CMA Vijay Kiran Agastya, Chairman, SIRC, was also present during the interaction on 18<sup>th</sup> September 2025.
- ⊙ Interacted with ASTP participants at NIRC on 20<sup>th</sup> September 2025 along with CMA Manoj Kumar Anand, Council Member.
- ⊙ Interacted with participants of ASTP at Hyderabad (Batch 1 & 2) on 23<sup>rd</sup> September 2025. CMA (Dr.) K Ch AVSN Murthy, Council Member, CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee, CMA Vijay Kiran Agastya, Chairman, SIRC, CMA Khaja Jalal Uddin, Chairman, Hyderabad Chapter and members of Hyderabad Chapter were present during the interaction.
- ⊙ Interaction with ASTP participants was held at Vijayawada on 23<sup>rd</sup> September 2025. CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee, CMA PSR Swamy, Chairman, Vijayawada Chapter and members of Vijayawada Chapter were present during the interaction.

### Members Meet at Salem and Dindigul Chapters

It was a pleasure to visit the Salem Chapter and interact with the Managing Committee members on 12<sup>th</sup> September 2025.

An interactive session with students and members was also held at the Dindigul Chapter on the same day. The session was attended by CMA D.

Kalaichelvan, Chairman, Dindigul Chapter and CMA (Dr.) R. Maheswaran, Chairman, Coimbatore Chapter and CMA (Dr.) Kumararajan Sethurajan, Member, BFSI Board fostering meaningful discussions and knowledge sharing.

Heartfelt greetings are extended to all, on the auspicious occasions of Vijayadashami, Diwali, Govardhan Puja and Chhath Puja. May these celebrations inspire harmony, strengthen the spirit of service, and bring joy, prosperity and lasting success to everyone.

Jai Hind!

With warm regards,



**CMA TCA Srinivasa Prasad**

1<sup>st</sup> October 2025

## BRIEF SUMMARY OF THE ACTIVITIES OF VARIOUS DEPARTMENTS/ COMMITTEES/ BOARDS OF THE INSTITUTE DURING THE MONTH OF SEPTEMBER 2025

### **BANKING, FINANCIAL SERVICES AND INSURANCE BOARD**

The Banking, Financial Services & Insurance Board continued its various activities and initiatives in September 2025, a synopsis of which is presented herein under:

#### **A. Webinars**

- ☉ Innovations and Market Dynamics Driving the \$ 5 Trillion Capital Market Evolution:

The Board organized the webinar on 6<sup>th</sup> September 2025. Dr. Pradiptarathi Panda, Assistant Professor, Finance & Accounts, Indian Institute of Management Raipur was the Speaker.

- ☉ SEBI Circular on Cybersecurity and Cyber Resilience Framework:

The Board organized the webinar on 11<sup>th</sup> September 2025. Dr. Saurabh Maheshwari, Consultant was the Speaker.

- ☉ Securing Gen AI, LLM and Agentic AI:

The Board organized the webinar on 18<sup>th</sup> September 2025. CMA Ravikumar Ramachandran, Practicing Cost Accountant was the Speaker.

- ☉ CMAs Role in Receivables Audit, Stock Audit and Monitoring of end-use of Funds:

The Board organized the webinar on 27<sup>th</sup> September 2025. Ms. R Sumitra, Credit Management Specialist was the Speaker.

#### **B. Certificate Courses**

The Certificate Course on Concurrent Audit of Banks (12<sup>th</sup> Batch) concluded on 28<sup>th</sup> September 2025.

The Certificate Course on Credit Management in Banks (12<sup>th</sup> Batch) started from 21<sup>st</sup> September 2025. Shri Sivakumar Bose, Chief General Manager, Reserve Bank of India inaugurated the course.

The Certificate Course on Treasury and International Banking (10<sup>th</sup> Batch) will commence from 12<sup>th</sup> October 2025.

#### **C. CPE on Fraud and Investigation- Role of Cost and Management Accountants**

The Board organized the CPE on 20<sup>th</sup> September 2025 at CMA Bhawan, J N Bose Auditorium, Kolkata. CMA Balbir Singh, General Manager, Punjab National Bank was the Chief Guest and CMA

Sanchit Goyal, Assistant General Manager, SEBI was the speaker. It was an outreach programme of SEBI and the event was attended by members with lot of takeaways on practical case studies of fraud and how to investigate by professionals.

#### **D. Opportunities for CMAs**

CMAs are eligible to apply for recruitment of Manager (Credit Analyst) in State Bank of India and Credit Manager in Punjab & Sind Bank.

### **CAREER COUNSELLING & PLACEMENT COMMITTEE**

The Institute successfully organised the 12 Days Advanced Skill Training Programme (ASTP) for the June 2025 batch from 7<sup>th</sup> - 27<sup>th</sup> September 2025. The programme was conducted across 15 locations in 21 batches, covering major cities including: Delhi, Kolkata, Mumbai, Chennai, Bhubaneswar, Vijayawada, Ahmedabad, Pune, Bengaluru, Hyderabad, Jaipur, South-Surat Gujarat, Bhilai, Noida, Coimbatore and Thrissur.

The programme was formally inaugurated on 6<sup>th</sup> September 2025 via online mode by the Directorate of Career Counselling & Placement in the esteemed presence of CMA TCA Srinivasa Prasad, President, CMA Neeraj Dhananjay Joshi, Vice President, CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee, other Council Members, CMA (Dr.) D.P. Nandy, Secretary (Officiating) and eminent industry experts. Approximately 1,780 newly qualified CMAs from the June 2025 term participated in this extensive training initiative. These sessions were designed to enhance the practical and strategic competencies of the newly qualified CMAs through expert-led training and real-world insights.

The ASTP sessions were conducted in a structured and organized manner and were graced by the presence of Council Members, Regional Council Members, Management Committee Members and other eminent dignitaries, who inspired and guided the participants with their valuable insights and encouragement.

CMA TCA Srinivasa Prasad, President addressed the participants at ASTPs conducted across all four Regional Councils, as well as at Coimbatore, Thrissur, Hyderabad and Vijayawada Chapters.

During his sessions, he provided valuable guidance on interview techniques, presentation skills and other important topics, equipping the candidates with essential competencies to enhance their industry readiness and professional confidence.

CMA Neeraj Dhananjay Joshi, Vice President addressed and encouraged the participants of the Advanced Skill Training Programme held at Mumbai and Pune. His presence and words of motivation added significant value to the programme, inspiring candidates to pursue excellence in their professional journey.

CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee along with other Council Members addressed and motivated the participants at various ASTP centres. Each centre concluded the programme with a Valedictory-cum-Certificate Distribution Ceremony, formally marking the successful completion of the ASTP for June 2025 batch.

### **DIRECTORATE OF CAT**

- ⦿ CAT Course Part - I Examination – December 2025 term

The CAT Directorate has issued the notification for the CAT Course Part-I Examination – December 2025 term. The examination is scheduled to be held on 14<sup>th</sup> December 2025 in an offline, OMR-based format at designated centres.

- ⦿ Online Classes for CAT Students

The CAT Course Part I e-learning classes began on 17<sup>th</sup> September 2025. Guided by expert resource persons, these sessions have been redesigned to be more interactive, giving students the chance to connect directly with faculty and make learning truly engaging.

The initiative taken forward by the CAT Directorate reflects a strong commitment to enhancing student learning. All students are encouraged to attend these classes regularly for their journey towards success in the upcoming CAT Examination.

- ⦿ Career Counselling

The CAT Directorate conducted a Career Counselling Programme on the Certificate in Accounting Technicians (CAT) Course at IIS (Deemed to be University) on 3<sup>rd</sup> September 2025 at Jaipur. Departments of Accounting & Taxation and Management Studies of IIS jointly organised the session.

The session was attended by nearly one hundred

students from B. Com and BBA programmes of IIS. During the programme, the CAT Directorate familiarised students with the structure of the CAT Course, its academic and professional relevance, and the diverse career pathways it offers. CMA Purnima Goyal, Chairperson, Jaipur Chapter also addressed the participants and shared her insights.

The Directorate took the initiative to conduct such a highly informative and motivating session, especially relevant for prospective students aspiring to complement their academic qualifications with professional skills. The strong participation and positive reception of the programme reflect the growing interest in skill-oriented courses that enhance employability alongside traditional degrees.

### **DIRECTORATE OF STUDIES**

- ⦿ On 16<sup>th</sup> September 2025, the Directorate of Studies (DoS) conducted an online awareness programme for all Regional Councils and Chapters on the National Scholarship Schemes and the National Accreditation Policy (NAP) of the Institute.
- ⦿ DoS has incorporated new Multiple-Choice Questions (MCQs) into the MCQ Bank of Intermediate Group I and Final Group III and uploaded the updated versions on the Institute's website.
- ⦿ DoS has uploaded the Model Question Papers (MQPs) – Set 1 for the Foundation, Intermediate and Final levels on the Institute's website for the December 2025 term of Examination.
- ⦿ Online Coaching Classes for the Postal students of the Intermediate and Final Levels, who will appear in the forthcoming December 2025 term of examination has started.
- ⦿ Accreditation has been granted so far to 7 (seven) educational institutions under the National Accreditation Policy (NAP) of the Institute.
- ⦿ The new database for Intermediate Students for December 2025 term has been shared with NPTEL. The orientation session was conducted on 17<sup>th</sup> September 2025.
- ⦿ Reminder mail has been sent to the First Batch i.e. December 2024 term students, to complete the required Skills Training Programme by December 2025.

### **MEMBERSHIP DEPARTMENT**

The Institute extends heartfelt congratulations and

a warm welcome to all 237 new members who have been granted Associate membership and 32 Associate members who have advanced to Fellowship during the month of September 2025.

As part of our ongoing efforts to ensure smooth communication and transparency, the Membership Department has sent out updates to all members regarding their membership fee dues for the financial year 2025–26.

In support of the Membership Drive, the Membership Department, working in close coordination with the Regional Councils and Chapters, is actively reaching out to members through calls and emails. These efforts aim to assist members with the restoration of lapsed memberships and to help them update their contact details, ensuring they stay informed and connected with the Institute. The Membership Department also collaborates and communicates with all Regional Councils and Chapters to engage CMA final pass-out students who have not yet taken membership, with the aim of strengthening the growth of the CMA community.

For any further clarification, it is requested to contact the membership department at: [membership.director@icmai.in](mailto:membership.director@icmai.in) and [membership@icmai.in](mailto:membership@icmai.in), mentioning the membership number.

### **PROFESSIONAL DEVELOPMENT & CONTINUOUS PROFESSIONAL EDUCATION (PD & CPE) COMMITTEE**

The Professional Development & CPE Directorate successfully concluded the 13<sup>th</sup> Batch of Online Mandatory Capacity Building Training (MCBT) on 12<sup>th</sup> September 2025. The technical sessions were very much appreciated by the participants. The eligible CoP holders must ensure to undertake this mandatory training. Please note that the next batch will commence in November 2025. For details, visit <https://eicmai.in/MCBT/Home.aspx>

HMT Limited has considered Cost Accountants for appointment as Tax Consultants for filing GST and TDS/TCS returns.

Members are advised to visit the PD Portal for details of Tenders/EOIs published during September 2025 where services of Cost Accountants are required by the Jute Corporation of India Limited, Rajasthan Urban Infrastructure Development Project, Himachal Pradesh Power Corporation Limited, Gujarat Urja Vikas Nigam Limited, Engineering Projects India, Limited, Jute Corporation of India Limited, The Central Goods & Services Tax Commissionerate,

Shimla, Jute Corporation of India Limited, Indian Medicines Pharmaceutical Corporation Limited (IMPCL), Engineering Projects India Limited, Spices Board, Airports Authority of India - Amritsar, Tripura Industrial Development Corporation Limited, Uttar Pradesh State Construction and Infrastructure Development Corporation Limited, Bihar Gramin Bank, Madhya Pradesh Power Generating Company Limited, Rajiv Gandhi National Aviation University, among others.

In the monthly webinar series, 21<sup>st</sup> Webinar discussion with the practitioners on “Law-Making Process in India: Implications for Practicing CMAs in Corporate, Taxation & Regulatory Compliance” was conducted on 3<sup>rd</sup> September 2025 wherein Shri Pradeep Chaturvedi, Governance Strategist, Legal Architect and Legal Reformer presented his perspective in the interest of CMAs.

The Committee in association with PHD Chamber of Commerce and Industry conducted seminar and conference on the topic “SEBI (LODR) & PIT Regulations” and “GST Conclave-GST 2.0” on 19<sup>th</sup> September 2025 and 23<sup>rd</sup> September 2025 respectively at PHD House, New Delhi.

During the month of September, 83 programmes in physical mode and 50 programmes in online mode were organised by the different Committees, Regional Councils and Chapters of the Institute on various topics such as GST 2.0: From Transition to Transformation, AI for tomorrow's CMA, GSTAT And the Way Forward, MCA V3 Unlocked: Mastering Companies V3 forms Filings, Cybersecurity Compliance in India: DPDP Act, RBI Guidelines, and CERT-In, Internal Audit for Life Insurance Companies, Construction Cost Management, AI Driven Finance 2025: Unlocking Business Growth and Cost Optimization, Structural Reforms in the Income Tax Bill, 2025, ESG & Sustainability Framework; United National Sustainable Development Goals (UNSDG), among others. Members are expected to have derived significant benefit from the rich deliberations in these sessions.

### **TAX RESEARCH DEPARTMENT**

The Tax Research Department (TRD) of the Institute participated in the prestigious program on ‘Next-Gen GST Reform Committee, West Bengal’ held on 18<sup>th</sup> September 2025. The event was graced by the esteemed presence of Smt. Nirmala Sitharaman, Hon’ble Finance Minister, Government of India. The session focused on the landmark decision regarding GST Rate Rationalization, in line

with the recommendations of the 56<sup>th</sup> GST Council Meeting and highlighted the strategic importance of the upcoming Next-Gen GST reforms to key stakeholders.

As part of its outreach and knowledge-sharing initiatives, the department, in collaboration with the Hyderabad Chapter, organized a physical seminar titled “GST 2.0: The New Era – Change, Challenges, Competitiveness” at the Chapter premises in Sanath Nagar, Hyderabad. The session was honoured by the presence of Shri G. Shreenivasa Rao, IRS, Principal Commissioner, CGST, Rangareddy, Hyderabad, as the Chief Guest. The session was enriched by a detailed presentation from CMA B. M. Gupta, whose insightful delivery made the 4-hour seminar engaging and informative. The event witnessed the participation of over 120 attendees, including a significant number of recently qualified CMAs from the June 2025 Examination Term.

Furthering its engagement with policy-making bodies, the department submitted a formal representation to Shri Sanjay Kumar Agarwal, IRS, Chairman, Central Board of Indirect Taxes and Customs (CBIC) on 26<sup>th</sup> September 2025. The representation emphasized the role of CMAs in ensuring the benefits of tariff reduction under GST 2.0 reach the end consumers.

Meanwhile, the department has expanded its academic initiatives by commencing GST and Income Tax courses for college and university students, starting with Batch 1 at Bhonsala Military College, Nashik, from 5th September 2025.

The classes for the ongoing taxation courses concluded in September 2025 and admissions for the next batches have now begun. Interested candidates can register via the following link: <https://eicmai.in/OCMAC/TRD/TRD.aspx>:

Courses Offered:

- ⦿ Certificate Course on GST (CCGST-19)
- ⦿ Advanced Certificate Course on GST (ACCGST-15)
- ⦿ Certificate Course on TDS (CCTDS-15)
- ⦿ Certificate Course on Filing and Filling of Return (CCFR-15)
- ⦿ Certificate Course on International Trade (CCIT-9)
- ⦿ Advanced Course on Income Tax Assessment and Appeal (ACITAA-12)
- ⦿ Advanced Course on GST Audit and Assessment Procedure (ACGAAP-12)

In addition, the department successfully conducted

a series of webinars during September 2025, featuring eminent speakers from the taxation domain. The details are as follows:

| Dates      | Topic                                                                                                                          | Speakers                                                             |
|------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 07.09.2025 | Key Recommendations of the 56 <sup>th</sup> GST Council Meeting and Its Impact on Various Industries, Including the Common Man | CMA Rohit Kumar Singh<br>Cost Accountant                             |
| 12.09.2025 | Structural Reforms in the Income Tax Act, 2025                                                                                 | CMA Mrityunjay Acharjee, GM (Finance) at Numaligarh Refinery Limited |
| 17.09.2025 | Income Tax Law 2.0: Insights on the Income-tax Act, 2025                                                                       | CMA Nitta Ravi Kishore<br>Cost Accountant                            |
| 25.09.2025 | GSTAT and the Way Forward                                                                                                      | CMA Dipak N Joshi<br>Practicing Cost Accountant                      |

The Tax Research Department remains committed to facilitating informed discussions, professional development and capacity building in the evolving landscape of taxation.

### ICMAI REGISTERED VALUERS ORGANIZATION (RVO)

ICMAI RVO has successfully organised a “50-Hour Training Program” for securities or financial assets and one program for the Land and Building asset class, also organized seven (7) Professional Development Programs in September 2025. In its efforts to bring out relevant publications for the development of the valuation profession, ICMAI RVO released its monthly journal, The Valuation Professional.

### ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

ICMAI SAO organised an Online Preparatory course for Social Auditors exam and a Social Stock Exchange awareness Program was organized at New Delhi on 29<sup>th</sup> September 2025. ICMAI SAO also released its monthly journal, The Social Impact Assessor.



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Smt. Nirmala Sitharaman, Hon'ble Union Minister of Finance & Corporate Affairs being felicitated by Dr. Medha Kulkarni, MP (RS) and CMA Harshad Deshpande, Council Member, ICAI on 25<sup>th</sup> September 2025 at Pune



WIRC – ICMAI Students' Felicitation Programme held on 21.09.2025 at Mumbai. Shri Arvind Sawant, Hon'ble Member of Parliament, Mumbai South was the 'Chief Guest' of the event



CMA TCA Srinivasa Prasad, President along with CMA Neeraj D. Joshi, Vice President and CMA Manoj Kumar Anand, Council Member, ICAI, called on Ms. TCA Kalyani, Controller General of Accounts (CGA), Department of Expenditure, Ministry of Finance on 08.09.2025 at New Delhi



On 14/09/25, CMA TCA Srinivasa Prasad, President addressed the participants during the Advanced Skill Training Program (Batch 1) at Thrissur. CMA Praveen Kumar, RCM, SIRC and CMA D Kalaichelvan, Chairman, Dindigul Chapter, CMA Subramaniam Kumar, Secretary, Coimbatore Chapter and members of Thrissur Chapter were also present



On 14/09/25, CMA TCA Srinivasa Prasad, President addressed the participants during the ASTP (Batch 2) at Thrissur. CMA Praveen Kumar, RCM, SIRC and CMA D Kalaichelvan, Chairman, Dindigul Chapter, CMA Subramaniam Kumar, Secretary, Coimbatore Chapter and members of Thrissur Chapter were also present



CMA TCA Srinivasa Prasad, President with participants of ASTP at Coimbatore on 13/09/25. CMA (Dr.) R Maheswaran, Chairman, Coimbatore Chapter, CMA D Kalaichelvan, Chairman, Dindigul Chapter and members of the Coimbatore Chapter were present during the interaction



CMA TCA Srinivasa Prasad, President with members of Coimbatore Chapter on 13/09/25. CMA (Dr.) R Maheswaran, Chairman, Coimbatore Chapter, CMA D Kalaichelvan, Chairman, Dindigul Chapter, were present during the interaction



Meeting with the HCL team during the Advanced Skill Training program at the Headquarters Delhi on 20.09.2025



CMA TCA Srinivasa Prasad, President, with participants of ASTP at Hyderabad (Batch 2) on 23/09/25. CMA (Dr.) K Ch AVSN Murthy, Council Member, CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee, CMA Vijay Kiran Agastya, Chairman, SIRC, CMA Khaja Jalal Uddin, Chairman, Hyderabad Chapter and members of Hyderabad Chapter were present during the interaction



CMA TCA Srinivasa Prasad, President, with participants of ASTP at Hyderabad (Batch 1) on 23/09/25. CMA (Dr.) K Ch AVSN Murthy, Council Member, CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee, CMA Vijay Kiran Agastya, Chairman, SIRC, CMA Khaja Jalal Uddin, Chairman, Hyderabad Chapter and members of Hyderabad Chapter were present during the interaction



CMA TCA Srinivasa Prasad, President, with participants of ASTP at Vijayawada on 23/09/25. CMA Vinayaranjan P, Chairman, Career Counselling & Placement Committee, CMA PSR Swamy, Chairman, Vijayawada Chapter and members of Vijayawada Chapter were present during the interaction



CMA TCA Srinivasa Prasad, President with Students and Members at Dindigul Chapter on 12.09.25. CMA D Kalaichelvan, Chairman, Dindigul Chapter and CMA (Dr.) R Maheswaran, Chairman, Coimbatore Chapter were also present during the interactive session



CMA Harshad Deshpande, Council Member met Dr. P.V. Raveendran (Vice Chancellor) & Dr. Denoj Sebastian (Registrar) of Calicut University, Kerala to update about various initiatives of the Institute



Valedictory of CAT Course under DGR (Calendar 2025–26) on 12<sup>th</sup> September, 2025 at Jaipur, graced by Col. Nitin Bhikane (Col. Aviation), CMA Rajendra Singh Bhati, Chairman-CAT, ICAI, CMA Rakesh Yadav, Chairman-NIRC, ICAI, CMA S.N. Mittal, RCM-NIRC, ICAI, CMA Purnima Goyal, Chairperson, Jaipur Chapter, MC Members of Jaipur Chapter & other guests



Shri Pradeep Ramakrishnan, Executive Director, IFSCA, being felicitated by CMA TCA Srinivasa Prasad, President, ICAI along with CMA Chittaranjan Chattopadhyay, Chairman, BFSI Board, CMA Amit A. Apte, Former President and CMA Mihir Vyas, Chairman, WIRC, during the Seminar on “Navigating the Dynamic Regulatory Landscape: Strategic Role of ICAI” organized by BFSI Board in association with WIRC on 5<sup>th</sup> October 2025 at Goa



Launching of the Banner of CMA NYCO 2025 - National Youth Commerce Olympiad by the Chairman and members of the Public Relation Committee of the Institute



CMA Manoj Kumar Anand, Council Member, ICAI extending greetings to Ms. Nidhi Khare, IAS, Secretary, Department of Consumer Affairs (DoCA), Govt. of India on 10.09.2025 at New Delhi



Valedictory of CAT Course under DGR (Calendar 2025–26) on 12<sup>th</sup> September, 2025 at Madurai, graced by Col. Samit Karki, CMA A. Arumugam, Chairman, Madurai Chapter and other MC members of Madurai Chapter



Inauguration of CAT Course under DGR (Calendar 2025–26) on 17.09.2025 at Patna, graced by CMA Avijit Goswami, Council Member, ICMAI; CMA Pankaj Kumar Singh, Chairman, Patna Chapter, other MC members of Patna Chapter and invitee



Swachhata Hi Seva 2025 Campaign – Human Chain formation by ICMAI at New Delhi on 23.09.2025, spreading awareness on cleanliness, unity and collective responsibility



CMA Manoj Kumar Anand, Council Member, ICMAI, extending greetings to CMA Niraj Priyadershi, Director (Finance), Central Warehousing Corporation at New Delhi on 29.09.2025 and sought his support for the ongoing Placement Drive of newly qualified CMAs



CMA Harshad Deshpande, Council Member and CMA Jeewan Chandra, RCM, NIRC met CMA Gaurav Gulati, Director (Finance), NSIC and CMA Partha Majhi, Sr. General Manager, to discuss potential avenues for further strengthening the MSME ecosystem



Signing of MoU between ICMAI and Indian Institute of Management–Jammu (IIM–Jammu) on 17.09.2025 at IIM Jammu, in presence of CMA Navneet Kumar Jain, Council Member, ICMAI, CMA (Dr.) D.P. Nandy, Secretary (Officiating), ICMAI and Dr. B.S. Sahay, Director, IIM Jammu



Signing of MOU between ICMAI and IICA, MCA on 24.09.2025 at O/o DGCoA, New Delhi, for engagement of YPs and AYPs at Central Facility Centres, MCA, in presence of Shri Sanjay Shorey, Director General of Corporate Affairs, Shri Anil Yadav, ROC, CRC, Central Facility Centres, IICA, Shri MK Sahu, Director, DGCoA, CMA Tarun Kumar, Director, ICMAI and other representatives of ICMAI, ICSI and MCA

# BEHIND EVERY SUCCESSFUL BUSINESS DECISION THERE IS ALWAYS A CMA - ENABLING TRANSFORMATION

## Abstract

The recent developments happening at a fast phase in the business processes through the well publicised capabilities of AI, have led to intense discussions in the professional forums on how to leverage its capabilities, for playing a value-added role. While the rule or regulations-based professions are said to be facing a major threat, the CMA profession, seems to have the unique advantage of leveraging on the developments and convert them to their advantage. The Cost Management over history has always been looking at more granular approach to identify the true and fair cost, starting with ABC, ABCM, etc., The AI models have given the confidence to reach any granular level as is warranted by the user requirements, due to its inherent capability to process large volumes of both structured and unstructured data and come out with results of different hue. This article explores the contours of the current developments and is aimed at creating a road map to a CMA to be behind every successful business decision in the true sense.

## Introduction

All of us are very familiar with the epithet “Behind every successful Business Decision there is always a CMA”, which we see day in day out in all the Institute communications. Each word in the epithet is important as it conveys a deeper meaning than what appears with a first reading. In a way it represents the essence of the Vision and Mission of ICMAI profession, as it reflects the true



**CMA M. Gopalakrishnan**

Former President of ICMAI (2011-12)

Practicing Cost Accountant

Chennai

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spirit of CMA profession. In the past, it represented the decision-making collective, which starts with strategy, evaluation of alternatives, assessing each of those alternatives on the profitability platform and taking the best decision based on the current environment. It becomes evident that decision-making occurs throughout the organisation, spanning multiple levels, timeframes and functions. While the information considered for the decision making can be of various hues, the final selection of the best is based on economics of the decisions based on human judgement and its estimated financial impact on the entity. This gives rise to the next question, of the number of decisions that are taken. If we really do a count, it will reveal a mind-boggling number, majority of which may have to be tested on the cost platform, which is rarely done, leading to a lopsided hit or miss situation. Ultimately, the success of the entity depends on providing the best stakeholder value which is more often measured in monetary terms with few exceptions (Eg. ESG, Regulatory etc.). For the decisions taken to be progressively more successful, the system which provides the cost information should be robust be able to process information from varied cross functional sources across timelines and should be self-correcting based on changing scenarios.

## **.The Importance of Robust Cost Information Systems in Decision Making <sup>1</sup>**

A system that delivers cost information must possess resilience and reliability to ensure the long-term viability through the validity of its outputs. If the infrastructure behind cost reporting is not sufficiently robust, any decisions derived from such data may be compromised or may not yield the intended results. Therefore, it is crucial for organisations to implement and maintain cost information systems that can withstand the test of time and adapt to evolving business environments. Only then can decision makers rely on the cost data provided to drive successful outcomes more consistently.

### **Emerging environment to support Robust Cost Information System**

A major metamorphosis is happening in the Corporate World, through the rapid progression of Artificial Intelligence, which has become an enabler of what seemed impossible till recently. Cost Management Systems so far have been successful in processing historical information which usually is available in a structured form. The Management Decision making, while learning from the past, depends on the current (near real time) and predictive information, to have a menu of choices to identify business improvement possibilities leading to better profits. While the existing IT based cost accounting system through any ERP can effectively cater to arrive at cost for Inventory valuation and consequently for Financial Reporting purposes, the cost reporting for profitability analysis at a granular level, requires a different set of advanced modules such as COPA (For SAP) and EPM (For Oracle). Even they have limited facility to provide dynamic cost information “on the go” based on changes in key variables, as well as on a “futuristic or predictive mode”. In the CII TCM©<sup>2</sup> terminology this is termed as Does Cost (Historical), Would Cost (Current) and Should Cost (Predictive). The Would Cost and the Should Cost are not shackled by the (artificial) Assignment and Allocation requirement as they only require costs relevant to decisions, which in most cases are linear relating to the specific cost object, which can be a product, service or process.

### **Transformation enabled by emerging capabilities**

The increased AI capability which is being updated

with mind boggling pace has astounded its most ardent critiques. The dependence on historical cost accounting for Decision making is slowly ebbing out as the non-financial disciplines have started experimenting with the AI Capabilities which they use in their domain. By applying the value part, to the quantitative results from AI, they are able to get a ball-park figure, which is sufficient for real time decisions. The recent developments of leading business entities creating cross functional business finance teams, which provide the real time cost related information as well as information on factors leading to such costs, to the decision-making process by Operations, supply chain, marketing, HR as well as CEO on business strategy, has shifted the costing from under finance to enterprise wide. We also see situations, where the costing and MIS team report to the SBU head, and also as part of the Executive Assist team to the CEO. Leading entities have shifted the focus of the CFO more towards business strategies after having carved out financial team under him taking care of compliance matters leaving his valuable time for the crucial aspect of financial evaluation of business strategies. In effect, he becomes the Chief Business Finance Enabler. This has vastly reduced the friction between the finance and non-finance teams, as the later looked at Finance as a bottleneck for implementing growth strategies. The creation of Business Finance Teams has also shifted the role of Finance professionals from a bean counter role to a bean grower role.

### **Financial Reporting Systems**

The Financial Accounting Standards, which form the basis of financial reporting are largely rule based, with strict guard rails, which reduce the subjective element in Financial Reporting. Another aspect of Financial Audit is the emphasis on “Internal Control Over Financial Reporting”, and its compliance. The AI Capabilities have also helped the Auditors to jettison sample testing approach and go for full/maximum verification of all transactions on the ICFR platform. The large audit firms have built this capability long back through their IT systems and have retuned the same with the AI Capabilities. The competition among the AI providers have also enabled cascading down of costs, because of which small entities can also afford it. We are witnessing the advent of AI Apps which are said to be providing free service to CA practicing fraternity (For a limited

period) and claims to provide AI powered book keeping and reconciliation function, which is said to automate 75% of the routine workload of small practitioners, combined with getting linked to Tally and Zoho.

### Cost Reporting Systems- Current Status

The same argument which is discussed in the earlier para can be applied to the Cost Information Reporting. But one major aspect in this case, is that the Cost Reporting for Compliance is restricted to Cost Audit. The concept of “Internal Control Over Cost Reporting”, strongly advocated by the author in his previous, Articles in The Management Accountant Journal, is yet to take root in the corporate world, as the Financial Reporting team which looks after the Cost Audit, naturally bracket the cost accounting system into a compliance mode. The Business Finance Teams approach, discussed earlier, is yet to take root in most of the business entities. A robust Internal Cost Reporting System is capable of delivering compliance as well as decision making requirement. All the Tools starting with Variance Analysis, Target Costing, ABCM and similar ones are yet to get embedded in the IT systems, which provide the basic information for cost reporting. The processing is still done in the Excel Mode, which is an easier template, but involves human validation to test the robustness of the result and prone to errors. This may change in future as the MS office has already embedded the Co-Pilot in the menu, which has started giving useful prompts (Including in this article). Unlike the Financial Reporting Systems, Cost Reporting Systems, require human in the loop, with deep domain knowledge, as one size does not fit all. Even the Cost Accounting Standards, provide the flexibility, based on materiality, significance, Focus on

drivers of value, Cost for a purpose, cost effectiveness, Comparability & consistency and Transparency & auditability.<sup>3</sup>

### Metamorphosis of cost information system

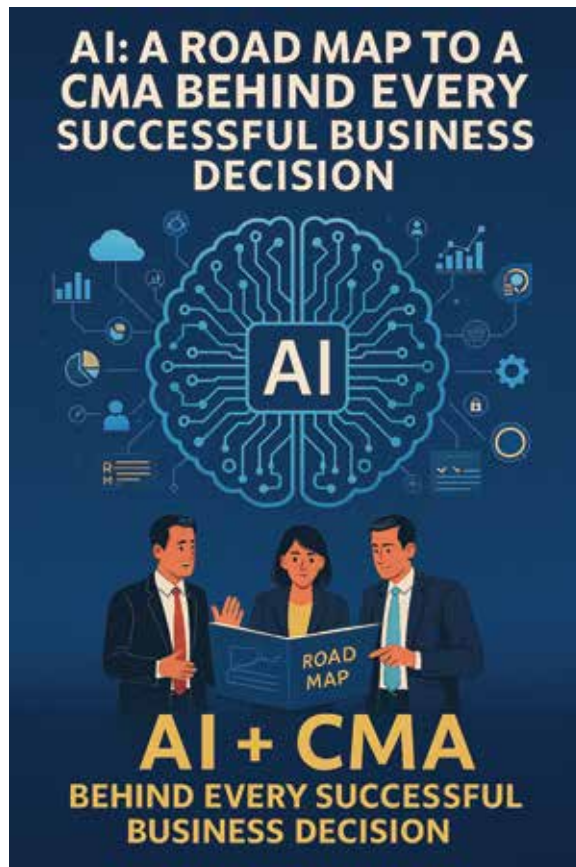
The demand from the users of the cost information system, who are involved in each node of the Business Process Flow, are not satisfied with the existing Historical Cost (even within a shorter time frame of

say a week). To illustrate, the Operations executive would like to know the cost of processing each batch of the product as soon as it comes out. The key elements of cost he deals with on the batch may be limited to a maximum of 5 items, Viz., Materials, Labour, Machine Time, related power consumption and consumables. Since the quantity of each item is already available to him, he would like to see the summarised effect of all these in cost terms, which is termed as operations cost, which is a single KPI. Once he looks at the trend of the cost batchwise, he can compare the same with the Technical Standard converted Cost and see whether the deviations are range bound. He will not be

bothered about other overheads relating to governance, such as factory overheads, administration overheads and similar ones, as they are anyhow artificially allocated to cost objects based on best judgment of the drivers of those costs. In any case, such costs are mostly time driven and are not variable, to managed at organisational level. The 5 items which he evaluates are the ones which decide the Value Addition from operations batch wise, which he is bothered about. The Use Case at the end of this articles gives a glimpse of the practical reality.

### The Capability Gap to be faced by CMA

For the traditional Cost Accountant, who works on



excel sheets, it will be a humungous task to provide a batchwise cost, as he will be more worried about the allocation and assignment, which he considers as vital for arriving at total cost. The operations head on the other hand will know that he has all the key quantity parameters at his bidding and requires only to apply the corresponding rates to arrive at the operations relevant cost. This is where the AI comes into the picture, as it is not constrained by the number of transactions. Once a cost algorithm-based model is developed, it can apply the same to the information which is auto populated from the AI driven operations system, with the rates picked up from the Entity database to provide a ballpark figure to the operations head to identify better operations decision. Many scenarios can be built through the now popular Digital Twins, even before starting the production. Through a series of iterations, it can also enhance the cost algorithm model through the inherent Learning Capabilities and provide a reasonably reliable result, which can be depended upon for real time decision making. All these can be done in minutes compared to the manual process which may involve hours of number crunching. Once a model is tested for its robustness, it can be integrated into the IT systems with suitable MCP (Model Context Protocol) plugged in, so that the information provided to the user is system driven.

### The Use Case Scenario

The author had a first-hand experience of putting the raw data thru the AI model, during the recent Online Meeting organised by the Institute's forum **"ICMAI Ignites Digital Transformation"** under the aegis of **AI Strategy & Capacity Building Board** which is being held regularly on every week on Fridays. The participants tested a sample (Imaginary) Raw Data from a machine shop through the various AI Tools such as Perplexity, Co-Pilot, ChatGPT, Gemini etc.,

The prompt given was

***"You are an entrepreneur with engineering background and deep knowledge about engineering operations with various types of Lathe, Millers, Drilling Machines, Boring Machines, Hobbing, etc. Analyze attached excel and provide your inferences and possible improvement areas. After analysing, draw a flow diagram identifying and depicting possible bottlenecks and process frictions."***<sup>4</sup>

The sample reply was

### Response

I've reviewed your Excel file, which contains machine utilization, idle hours, capacity/value loss, and machine hour rate data. Here's a quick **analysis and inferences** before I design the **flowchart of bottlenecks**:

#### Key Findings

##### 1. High Idle Hours

- ⊙ Top idle reasons (from MIHSUM sheet):
  - ⤴ **Material Not Available (ID11)** – 24% of total idle time.
  - ⤴ **Operator Absence/Leave (ID51)** – ~24%.
  - ⤴ **Operator Not Allotted (ID54)** – ~15%.
  - ⤴ **Reconditioning (ID45)** – ~11%.
- ⊙ Together, these account for **~75% of total idle losses**.

##### 2. Capacity & Value Loss Impact

- ⊙ Material shortages and manpower issues (leave/unallotted) are the biggest contributors to lost production hours.
- ⊙ Mechanical breakdowns (ID41) and electrical breakdowns (ID42) are smaller but still significant contributors.

##### 3. Machine Hour Rate (MHR)

- ⊙ Machine rates vary between **₹800 – ₹935/hr** (cost) vs **₹1,066 – ₹1,248/hr** (pricing).
- ⊙ This means idle losses directly translate into **substantial financial leakage**.

##### 4. Process Frictions & Bottlenecks

- ⊙ **Upstream Planning** – Poor raw material planning & scheduling.
- ⊙ **Manpower Management** – Operators absent/not allocated.
- ⊙ **Maintenance Practices** – Reconditioning + breakdowns.
- ⊙ **Logistics/Handling** – Crane availability also adds downtime.

#### Suggested Improvements

- ⊙ **Material Planning:** Implement MRP/ERP-driven material planning & supplier coordination.

- ⊙ **Manpower Management:** Cross-train operators & optimize shift allocation.
- ⊙ **Preventive Maintenance:** Schedule predictive maintenance to reduce breakdowns & reconditioning delays.
- ⊙ **Shopfloor Logistics:** Improve crane utilization & handling equipment availability.
- ⊙ **Monitoring System:** Use digital dashboards to track idle codes in real time.

With appropriate prompts it is also possible to obtain graphical outputs in the form of visuals and dashboard formats.

### Road map for CMAs

This requires a Wake-Up Call for CMAs (both in practice and employment) to leverage of the unique capability of looking beyond the “Cost Accounting Veil”, which will become a game changer for Futuristic Cost Management System capable of delivering value to the user. The Cost Audit can be a useful tool which can provide a platform to propagate “Internal Control over Cost Reporting”. While the compliance-oriented entities will continue to consider Cost Audit as one more compliance exercise, the Cost Auditor can leverage on two of the key paras in the Main Cost Audit Report Viz.,

- (v) *In our opinion, the company has adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business.*
- (vii) *Detailed unit-wise and product-wise cost statements and schedules thereto in respect of the products under reference of the company duly audited and certified by us are kept in the company.*

This will require a physical Visit to the Unit and interact with the Business Heads and seek their opinion on what they require from the Cost Accounting System for day to day decisions. The author is sure that it will open a plethora of opportunities for CMAs to strengthen the tag Line of the Institute “**Behind every successful Business Decision there is always a CMA**”. Even an Internal report to the company on the key aspects observed will add value to the Cost Audit Exercise. Even if the business entity continues to be compliance oriented, the experience will enable to apply the same to other audit and non-audit clients.

### Conclusion

#### Embracing Technological Change: Opportunities for CMAs

Throughout history, technological advancements have consistently brought about both challenges and opportunities. For some, these new developments have posed significant hurdles, while for others, they have opened doors to growth and success. The critical difference lies in how individuals and professionals perceive these changes—whether as obstacles or as opportunities waiting to be seized.

Currently, a similar opportunity is emerging for Cost and Management Accountants (CMAs) in the evolving era of artificial intelligence and digital transformation. Those CMAs who are prepared to meet these technological challenges head-on can distinguish themselves with confidence and competence.

The Institute of Cost Accountants of India is playing a pivotal role in this transformation by providing substantial support in building the capacity of CMA professionals. Through its focused efforts on upskilling, the Institute is enabling CMAs to enhance their capabilities and remain relevant in the changing landscape.

By embracing these upskilling opportunities, the longstanding aspiration of CMAs to play a more value-adding role—one that is actively sought after by users of the profession—can become a reality. If the profession collectively harnesses the potential of ongoing learning and skill development, CMAs will be well-positioned to deliver enhanced value and contribute meaningfully to business success. MA

### References

1. *This para is provided by the AI App Perplexity based on the last sentence of the previous para.*
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# STRATEGIC COST PERSPECTIVE – BUILDING COMPETITIVE ADVANTAGE IN BUSINESS

## Abstract

The article is a concept level brief for readers to understand the TCM journey embarked by CII TCM Division.

India's economic outlook is buoyed by plethora of positive factors – tax friendly rates, elevated customer demand, broadened investment outlook, softened inflation trends, digital penetration and government friendly policies. Structural and Statutory tail winds can fuel growth across industry sectors – manufacturing, service and MSME sectors.

India as the fourth largest economy in the world is fuelled by growth across sectors. Key indices of IIP aligned to manufacturing sector growth at 5.40% (YoY), HSBC India PMI at 59.1 (highest in 16 months), service sector PMI at 62.9 is crafting a unique growth path for Indian economy.

India's journey towards global competitive



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ranking and benchmark metrics is still journey ahead. Global competitive index ranking (Rank 41), merchandise exports inching towards 500 billion USD, Corporate profit to GDP just cross 4.7%, global logistics index (LPI) at 3.4/6 are in a lag to catapult India's global competitive position.

Historically, perspective of 'cost' in Indian businesses is reactive, short-term, oriented to accounting domain, profit induced exercise.

*The mythical chaos surrounding 'costs' in businesses are – cost Vs expense (GL head), enterprise level wide process Vs accounting function, strategic Vs tactical reduction approach, cost culture Vs cost transparency, total cost Vs product / process cost, Cost Vs Value*

Conventional profit sources of businesses are typically strewn around – volume (scale), value (price), product mix, NPI (new product introduction) and cost-efficient value chain. TCM plays a vital role in building resilient and efficient value chain.

CII TCM Division works with stream of business sectors to sensitize leadership hierarchy on 'business connect to cost'. TCM Framework effectively traces cost incidence to both external and internal factors to business.



Strategic Business Environment

The objectives of TCM are:

- To determine the efficiency and effectiveness of all major activities performed in the enterprise.
- To identify and evaluate new activities that can improve the future performance of the organisation.

TCM scopes key business processes to achieve the goal of efficient value chain. Host of TCM tools enable deployment of TCM in business to eventually build resilience into the business model.

| Scope                              | Owner                       | TCM Scope / Tools                                                         | Impact                                                                                                         |
|------------------------------------|-----------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Business Strategy</b>           | CEO / Board of Directors    | Cost Strategy blueprint                                                   | Economic business model, Efficient value chain, viable customer delivery solutions, Competitive cost structure |
| <b>Marketing and branding</b>      | CMO                         | Product cost / customer cost algorithm                                    | Profitable product / customer portfolio                                                                        |
| <b>R &amp; D or NPD</b>            | Head – R&D                  | Cost efficient BOM, Target cost model, Cost-Feature Matrix                | Product cost by design, Future revenue / profit streams                                                        |
| <b>Manufacturing / Operational</b> | Chief Manufacturing Officer | Resource efficiency & Productivity<br>OE – Operational Excellence journey | Trade off inflation with real time saving, NVA (Nonvalue added costs)                                          |
| <b>Procurement</b>                 | Chief Procurement Officer   | Clean sheet costing, Should costing, Total Cost of ownership              | Landed cost Vs Total cost, WC impact, customer warranty traceability.                                          |

Finance function metamorphosed into ‘business finance’ plays a significant role in working with key functions of business to embed connect business to cost, embed TCM tools, create positive business metrics.

CII TCM Division has worked with close to 200 companies across sectors in India to calibrate companies on a 5-level cost maturity hierarchy to move the needle of manufacturing competitiveness in India ahead. MA

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# SUSTAINABILITY AS PART OF THE VALUE STRATEGY

## Abstract

In its pursuit of economic benefits, organizations often prioritize profitability over sustainability. This eventually risks the very ecosystem which help them to sustain. The present paper is a sincere attempt to examine this critical role of sustainability in shaping long-term enterprise value focusing on ESG integration and emergence of "Green Bottom-Line"

## Introduction

**T**he story of Kalidas, the great Sanskrit poet and scholar, provides a timeless lesson on sustainability. In his early life, he is said to have sat on a tree branch while attempting to cut it, unaware that his actions would cause him to fall. The moral of the story is clear: one must not destroy the foundation on which one's own existence depends. In a broader context, this analogy applies to humanity's relationship with the environment.

Our planet has been the foundation of prosperity, providing abundant resources for growth. However, in our pursuit of economic gains, enterprises often prioritize profitability over sustainability, thereby risking the very ecosystem that sustains them. This paper examines the critical role of sustainability in shaping long-term enterprise value, with a particular focus on ESG (Environmental, Social, and Governance) integration and the emergence of the "Green Bottom-Line."

## Profitability Versus Sustainability

For decades, enterprises have measured success primarily through financial metrics: booming topline and expanding bottom-lines. The principles of cost allocation and measurement have been designed to track attributable expenses and maximize reported profitability. Yet, these measurements fail to capture the hidden costs borne by the environment and society.

Deforestation, carbon emissions, water depletion, unfair labor practices, and community displacement are



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rarely quantified within financial statements. Enterprises often view these as externalities—issues for governments, NGOs, or “social workers” to address. Even Corporate Social Responsibility (CSR), once a voluntary initiative, is now largely seen as statutory compliance. While enterprises report CSR expenditures as part of annual disclosures, the essence of responsibility is often lost.

However, the business landscape is evolving. Investors increasingly demand evidence of sustainable profitability. The critical question is no longer “Are you profitable?” but rather “Is your profitability sustainable, and what evidence supports this claim?”

## The Rise of ESG as a Valuation Metric

Environmental, Social, and Governance (ESG) metrics have emerged as a central consideration in enterprise valuation. ESG scores have become a critical Key Performance Indicator (KPI) for global investors, influencing both capital allocation and market perception.

Enterprises that focus solely on financial profitability without addressing sustainability now face increased scrutiny. Investors seek not only strategy documents but also tangible, measurable action plans. Carbon footprint reduction, ethical labor practices, transparent governance, and responsible supply chain management are being evaluated alongside traditional financial performance.

This transformation signals a paradigm shift: sustainability is no longer a peripheral responsibility; it is an integral component of value strategy.

### A Case Illustration: The Packet of Chips

The life cycle of a seemingly simple product—a packet of potato chips—provides a compelling illustration of hidden sustainability costs.

**Agricultural Stage:** Potatoes require farmland, labor, water, and fertilizers. Often, forests are cleared for cultivation, releasing carbon into the atmosphere. Tractors and mechanized tools contribute additional emissions. Yet these costs are absent from product pricing.

**Post-Harvest Logistics:** The produce travels through mandis, auctions, and middlemen. Transportation incurs fuel emissions, while socio-economic issues such as low wages or child labor remain unaccounted for.

**Manufacturing Stage:** Reputed manufacturers may partially address sustainability through compliance with legal standards. However, emissions, waste, and labor exploitation often resurface downstream in the supply chain.

**Consumer and Disposal Stage:** Consumers evaluate freshness based on the “puffed” state of packaging, unaware of the carbon cost of transporting air-filled packets. After consumption, packaging is disposed of, frequently in non-biodegradable forms, imposing long-term environmental stress.

This product journey demonstrates how environmental degradation, social exploitation, and governance gaps remain invisible in conventional cost structures, yet profoundly influence sustainability outcomes.

### Towards the Green Bottom-Line

The central objective of sustainability is to ensure that enterprises function as going concerns—thriving today without compromising tomorrow’s resources. To achieve this, the conventional definition of profitability must evolve into what may be termed the Green Bottom-Line.

The Green Bottom-Line incorporates hidden environmental and social costs into financial performance assessments. Enterprises must develop frameworks to measure and manage sustainability through the following dimensions:

**Environment:** Quantifying carbon emissions, water usage, waste generation, and biodiversity impacts.

**Society:** Ensuring fair wages, ethical labor practices, and equitable community outcomes.

**Governance:** Upholding transparency, ethical

conduct, and compliance beyond statutory requirements.

A sustainable environment fosters a resilient society, and a resilient society provides enterprises with sustainable revenue streams. Thus, the pursuit of the Green Bottom-Line is not only ethical but also strategic.

### Current Challenges and the Road Ahead

While awareness of ESG has grown significantly, current ESG scores are often based on weighted parameters and extrapolations rather than precise measurements. This lack of standardized, quantifiable metrics poses a challenge for enterprises seeking to integrate sustainability rigorously into cost structures.

Nevertheless, this should not deter action. Enterprises must:

1. **Develop Sustainability-Centric Cost Strategies:** Begin by identifying hidden costs in operations and supply chains, even if precise measurement is not yet feasible.
2. **Integrate Qualitative Disclosures:** Publish transparent reports that highlight the environmental and social journey of products, alongside financial disclosures.
3. **Leverage Governance as an Enabler:** Ensure that sustainability is embedded not as an isolated function but as a governance mandate across all business units.

A future where product packaging includes both nutritional information and sustainability impact is within reach. Such disclosures will empower consumers to make responsible choices while holding enterprises accountable.

### Conclusion

Sustainability is no longer optional. It is not charity, nor is it a public relations exercise. It is a critical component of long-term enterprise value.

The lesson of Kalidas reminds us that cutting the very branch on which we sit leads to inevitable downfall. Enterprises that ignore sustainability risk undermining their own foundations. Conversely, those that embrace the principles of ESG, measure hidden costs, and pursue the Green Bottom-Line will secure not only profitability but also relevance and resilience in the decades to come.

**Sustainability, therefore, is strategy. It is value. And ultimately, it is survival.** MA

# KRALJIC MATRIX – IS IT STILL RELEVANT IN PROCUREMENT COST REDUCTION?

## Abstract

Research and development costs, procurement costs, manufacturing costs, administrative costs, selling and shipping costs are examples of costs when classified based on their position in the value chain. Procurement costs are costs incurred to purchase products or services that eventually become inputs used by the purchasing organization when the said organization is manufacturing its own products or rendering its services. These costs often form a significant portion of overall costs of the purchasing organization. One of the ways in which procurement costs can be reduced is the application of the Kraljic Matrix. This matrix can be used to perform an analysis of the upstream section of the supply chain where activities are performed just before the products or services are purchased. This article explains the Kraljic Matrix and attempts to understand its relevance in helping the purchasing organization reduce its procurement costs.

## INTRODUCTION

In the year 1983, a procurement practitioner named Peter Kraljic described a 2 x 2 matrix which provides a structured approach based on two factors: supply risk and profit impact. The term 'profit impact' refers to the impact that an item being purchased can have on a purchasing organization's profit. An expensive item will have a higher profit impact compared to an inexpensive item. The term 'supply risk' refers to the possibility of an instance wherein a purchasing organization is looking to purchase an item but there is either no supply or inadequate supply of the item. Based on

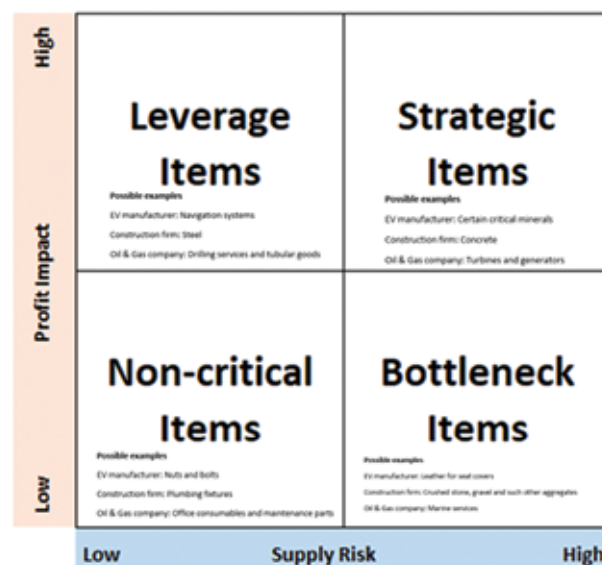


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the aforementioned two factors, purchases made by an organization can be classified into **Strategic**, **Bottleneck**, **Leverage** and **Non-critical** purchases (see **Figure 1**). This classification guides the procurement strategies of organizations and helps in identifying opportunities for cost reduction.



**Figure 1**

## PURCHASE CLASSIFICATIONS EXPLAINED

The Kraljic Matrix has four quadrants that help

classify purchases based on supply risk and profit impact. These classifications are explained below:

1. **Non-critical items:** These items come with low supply risk as several suppliers are available. Besides, these items are not very expensive and have low impact on an organization's profits. While an organization may need these items, the lack of supply of these items from any one supplier does not jeopardize the organization's operations and the immediate supply of these items does not have any significant impact on the organization's operations. For instance, for an electric vehicle (EV) manufacturer, non-critical items would include nuts and bolts which are easily available from several suppliers and do not have any great impact on the EV manufacturer's profits. For a construction company, plumbing fixtures would be non-critical items. For a company in the oil and gas sector, office consumables and maintenance parts will be good examples of non-critical items. In case of non-critical items, cost savings can only be possible from reduction of administrative efforts that go into the sourcing and handling of these items. This will help with a positive impact on profits, even though the impact may not be huge.
2. **Leverage items:** These items also come with low supply risk but have a high impact on a purchasing organization's profits. Navigation systems can be a good example of leverage items in case of an EV manufacturer. While these are available without much supply risk, these are expensive and have a high impact on the EV manufacturer's profits. In case of a construction company, steel may be a good example of a leverage item. For a company in the oil and gas sector, drilling services and tubular goods will be good examples of leverage items. Because procurement practitioners possess the balance of power in their relationships with various suppliers, it is justifiable for them to exploit the powerful position to negotiate lower prices. Any purchasing organization that is able to get the same items from a supplier at a much lower cost will be able to see a significant positive impact on its profits.
3. **Bottleneck items:** These items come with a high supply risk and have a low impact on a purchasing organization's profits. For instance, leather for seat covers can be considered as bottleneck items for an EV manufacturer in markets where they are not easily available even though they may be less expensive. In the case of a construction company, crushed stone, gravel and such other aggregates often get classified as bottleneck items. For a company in the oil and gas sector, marine services will be good examples of bottleneck items. Because the supplier of bottleneck items is in a stronger position, there will not be much scope to get the suppliers to reduce their prices. One possibility may be to get the supplier to agree to relaxed payment terms (while ensuring other factors remain unchanged). This may not eventuate but if it does, the purchasing organization may benefit from a much better availability of working capital to fund its own operations. This way the purchasing organization can avoid borrowing funds from lending institutions and any costs associated with such borrowings. Cost savings from reduced borrowings would also mean positive impact on profits of the purchasing organization.
4. **Strategic items:** These items have a high profit impact as they are expensive. These items also come with a high degree of supply risk – there are hardly any alternative suppliers. Therefore, it is only strategic suppliers that the purchasing organization depends on for supply of such mission-critical items. For an EV manufacturer, certain critical minerals may be considered to be strategic items given that they are expensive and come with a high supply risk. For a construction company, concrete will be a strategic item. For a company in the oil and gas sector, turbines and generators will be good examples of strategic items. These items do not afford any opportunity to the purchasing organization to reduce costs.

## PROBLEMS WITH THE KRALJIC MATRIX

There are certain limitations, drawbacks and issues that a purchasing organization must keep in mind while applying the Kraljic Matrix to its unique situation.

1. ***Making mistakes in classification of purchases:*** A purchasing organization may end up misclassifying a strategic item (high supply risk) as a leverage item (low supply risk) or a bottleneck item (high supply risk) as a non-critical item (low supply risk). Misclassifications may also occur between low profit impact items and high profit impact items. These misclassifications may misguide the purchasing organization's strategies with their suppliers and cost savings may not materialize. Instead, sub-optimal decisions based on incorrect guidance may turn out to be very expensive for the purchasing organization.
2. ***Not addressing the potential for innovation or capabilities:*** In certain industries such as the auto industry, the potential for innovation or capabilities become critical in procurement decisions. However, the Kraljic Matrix fails to explicitly consider the same.
3. ***Retrospective and myopic focus:*** The Kraljic Matrix focuses on the current situation but this tends to be retrospective for the most part. This leads to the sidelining of opportunities for development of the supply market in a manner that strengthens the purchasing organization in the power relationships.
4. ***Disregard for supplier's side:*** The Kraljic Matrix focuses only on the purchasing organization's side and disregards the supplier side even though suppliers and purchasers collaborate along the value chain. In case of non-critical items, if the purchasing organization changes its requirements at the last minute such that the supplier will now need to supply lesser than originally ordered, it could mean lower wages for hourly workers employed by the supplier. In case of leverage items, if the purchasing organization overzealously manages to arm twist the supplier to reduce its prices significantly, the supplier may be compelled

to exploit its workforce through excessive work and lower wages. In fact, at some point the supplier may be at risk of going bankrupt if the supplier is heavily dependent on the purchasing organization for generating revenues. In the case of bottleneck items, relaxed payment terms offered by the supplier to the purchasing organization would cause some financial stress for the supplier and this could negatively impact the supplier's workforce since their wages may get reduced or wage increases may be delayed.

5. ***Choice of factors:*** It is often very difficult to determine if the factors being considered in the matrix are the most appropriate ones in the light of the unique circumstances and situation of the purchasing organization.
6. ***Dyadic context:*** From an industrial network perspective, the Kraljic Matrix fails to take into consideration all the factors that would influence or dictate the relationship between a purchasing organization and its suppliers. The matrix is based on just two factors and analysis that is based on just two dimensions may not always be useful or adequate for a purchasing organization in deducing strategies. Besides, strategies based on this matrix may often end up being independent of each other. This can raise questions on recommendations such as exploiting the purchasing organization's position of power or to reduce the supply risk by being less dependent on a specific supplier within the network.

## ALTERNATIVES TO THE KRALJIC MATRIX

With the passage of time, several other procurement practitioners and researchers conducted deeper studies into the Kraljic Matrix, published books and papers, and developed variations of this matrix. Provided below are a few examples:

1. Year 1985: T. I. Elliott-Shircore and P. T. Steele: Their procurement positioning matrix used two factors, namely, profit or value potential and supply vulnerability. The matrix categorized products as being one of the following: strategic critical, tactical profit,

strategic security, and tactical acquisition.

2. Year 1994: B. J. Hadelar and J. R. Evans: Their supply strategy matrix used two factors, namely, value potential and complexity but did not categorize the products.
3. Year 1997: R. F. Olsen and L. M. Ellram: Their portfolio model used two factors, namely, strategic importance and difficulty in managing and categorized the items exactly the same as the Kraljic matrix.
4. Year 2002: A. J. Van Weele: This purchasing portfolio matrix used the exact same two factors and the four categorizations as the Kraljic matrix.

Likewise, the work of others such as R. Syson (year 1992), R. Nellore and K. Soderquist (year 2000), D. N. Burt, D. W. Dobler and S. S. Starling (year 2003), P. Baily, D. Farmer, B. D. Jessop and D. Jones (year 2004), S. M. Wagner and J. L. Johnson (year 2004), R. M. Monczka, R. J. Trent and R. B. Handfield (2005) also focused on factors that were not much different from those used by the Kraljic matrix and used product categorizations that were essentially aligned with those used by the Kraljic matrix. Therefore, the outcome of the work done by them as well as the final recommendations, in most of the cases, were also much aligned with the outcome and the recommendations of the Kraljic matrix.

## CONCLUSION

Since the purchase classifications from the Kraljic Matrix continue to guide procurement practitioners on cost reduction opportunities, the matrix continues to remain relevant from the cost reduction perspective. However, the matrix has received its own share of criticism because of its limitations and drawbacks. Purchasing organizations must, therefore, take these limitations and drawbacks into consideration while relying on the recommendations of the matrix for cost reductions. As part of networks, purchasing organizations may sometimes have to give more importance to their relationships with suppliers even though it may mean sacrificing some cost reduction opportunities. **MA**

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**CMA Rameshore  
Khanal**

## At the Helm!!!

We extend our warmest congratulations to CMA Rameshore Khanal for becoming Finance Minister of Nepal.

Previously he had served various positions viz. Economic Advisor to the Prime Minister of Nepal (Honorary), Secretary, Ministry of Finance, Government of Nepal.

We are proud to proclaim that he is a Member of the Institute of Cost Accountants of India. Further he had conducted cost analysis of National Textiles Corporation, Indian Drug and Pharmaceuticals, Steel Authority of India, Bharat Heavy Electricals, Hindustan Insecticides and different fertilizer companies of India for cost-plus contracts and subsidy administration while working as a trainee at the Cost Accounts Branch of Ministry of Finance, Government of India, July 1983 – July 1986.

We wish CMA Rameshore Khanal the very best in all his future endeavours.

# INTEGRATING SUSTAINABILITY GOALS INTO COST MANAGEMENT: ACHIEVING PROFITABILITY AND OPERATIONAL EFFICIENCY

## Abstract

The integration of sustainability goals into cost management is essential for modern organizations facing environmental, social, and regulatory challenges. This approach aligns cost control with broader ESG objectives, enabling companies to achieve operational efficiency, profitability, and long-term resilience. Strategic frameworks like activity-based costing, life cycle costing, and balanced scorecards help embed sustainability into financial decision-making by revealing hidden environmental costs and supporting circular economy practices. Operational benefits include lean-green operations, energy efficiency, sustainable supply chains, and digital transformation, which reduce waste and optimize resource use. Case studies of Patagonia and Interface illustrate cost savings through sustainable sourcing and product take-back programs. Furthermore, digital tools such as IoT and AI enable energy optimization and predictive maintenance, enhancing productivity. Firms also gain from improved brand equity, risk mitigation, and access to capital, as evidence links strong ESG performance to lower cost of capital. Despite barriers like upfront costs and cultural resistance, leadership, data analytics, and regulatory frameworks act as enablers. Overall, sustainability integration is a strategic imperative for competitive advantage and responsible value creation.

## Introduction

Organizations must rethink traditional business strategies in light of globalization, resource



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scarcity, and climate change. Simply cutting costs is no longer sufficient; effective cost control must align with sustainability goals. With the rising importance of environmental, social, and governance (ESG) issues, companies that neglect sustainability risk losing relevance and competitiveness. This article explores how integrating sustainability objectives into cost management can help companies meet stakeholder expectations while ensuring profitability and operational efficiency. It provides insights into strategic frameworks and operational processes that support both economic success and sustainability.

### Understanding the Intersection of Cost Management and Sustainability

The classical definition of cost management is the process of planning and controlling expenses in order to achieve competitiveness, profitability, and efficiency. At first, cutting costs and increasing immediate profits were the main priorities. However, as time passed, it developed into a strategic role that affects operational procedures, supply chain management, investment decisions, and product design. Contrarily, sustainability describes actions that satisfy current demands without endangering the capacity of future generations to satisfy their own. Reducing carbon footprints, increasing resource efficiency, ensuring fair labour standards, promoting the circular economy, and minimizing waste are the objectives of corporate sustainability.

At first, cost minimization and sustainability may seem conflicting, as sustainability initiatives often require upfront investments. However, they overlap significantly. For example:

- ⊙ Energy-efficient operations lower electricity costs and greenhouse gas emissions.
- ⊙ Optimizing logistics reduces transportation expenses and carbon emissions.
- ⊙ Waste reduction initiatives decrease disposal costs and environmental impact.

Ultimately, sustainability and cost management can combine to create more efficient and resilient organizations.

### Strategic Importance of Integration

Integrating sustainability goals into cost management is becoming essential due to various

reasons:

- ⊙ **Regulatory pressure** – Governments worldwide are enforcing strict environmental regulations that require organizations to disclose their carbon emissions and implement sustainable practices. Ignoring these regulations may result in penalties and increased compliance costs.
- ⊙ **Consumer expectations** – Today, consumers are willing to pay more for sustainable products and prefer brands that demonstrate environmental sustainability. This makes sustainability not just a compliance issue, but a significant competitive advantage. For example, a study by IBM (2022), First Insight (2023) and the National Retail Federation (NRF) (2023) found that 55% of consumers are willing to pay more for sustainable brands, with younger generations (Gen Z) showing even higher (73%) willingness.
- ⊙ **Investor and Stakeholder Demands** - Institutional investors are directing funds towards companies that have strong ESG practices. Therefore, integrating sustainability into business practices directly affects access to capital and overall company valuation. Bloomberg Intelligence's (BI) *ESG 2021 Midyear Outlook* report expects global ESG assets to reach \$50 trillion by 2025, indicating a massive shift in investment priorities towards sustainable companies.

Therefore, integrating sustainability goals into cost management is not optional but a strategic necessity.

### Cost Management Techniques Linking Cost Efficiency and Sustainability

Effective integration of cost efficiency and sustainability needs structured methodologies. Activity-based costing (ABC), life cycle costing (LCC), balanced scorecard (BSC) etc., are some of the strategic cost management techniques that assist in linking cost efficiency and sustainability.

- ⊙ **Activity-Based Costing:** ABC allocates overhead costs based on the activities consumed. To enhance sustainability within the ABC framework, it is important to

incorporate environmental metrics such as carbon intensity, energy requirements, and water usage associated with each activity. This approach helps to reveal the hidden costs of sustainability.

Companies can identify “environmental activities” like waste treatment, pollution control, or energy consumption for specific processes. For example, a manufacturing firm might use ABC to allocate the cost of water purification (an environmental activity) to specific product lines based on their water consumption, revealing true environmental costs per unit, which might otherwise be hidden in general overhead.

- ◎ **Life Cycle Costing:** The entire cost of a product, from the extraction of raw materials to the disposal at the end of its useful life, is measured by life cycle costing. Life cycle costing emphasizes the long-term savings and lower risks connected to eco-efficient design by incorporating sustainability considerations.

When evaluating two material choices, LCC would not only compare purchase price but also consider energy used in production, transportation emissions, potential recycling revenue, and disposal costs. For example, an appliance manufacturer choosing between two types of plastic for a product casing would use LCC to factor in not just the raw material cost, but also the energy required for molding each, the recyclability at end-of-life, and potential landfill fees, showing a “greener” option may be cheaper long-term.

- ◎ **Balanced Scorecard:** Balanced scorecard is typically a scorecard of the business. This framework makes sustainability a key component of company reporting by integrating Environmental, Social and Governance (ESG) aspects into financial performance indicators. It offers a thorough perspective of value generation.

Beyond financial metrics, a sustainable BSC incorporates perspectives such as “environmental stewardship” (e.g., carbon reduction targets, waste diversion rates), “social responsibility” (e.g., employee safety,

community engagement), and “governance” (e.g., ethical supply chain audits). A logistics company might include KPIs like “ton-miles per gallon” (environmental efficiency) or “employee training hours on ethical sourcing” (social responsibility) alongside traditional financial metrics

- ◎ **Total Cost Ownership:** The total cost of ownership (TCO) takes into account maintenance, operation, and disposal expenses in addition to purchase prices. TCO, when enhanced with sustainability measures, shows how more environmentally friendly options frequently end up being less expensive over the course of a product’s life.

When purchasing new machinery, TCO would analyze not only the purchase price but also the energy consumption (and associated carbon emissions), maintenance costs, lifespan, and end-of-life decommissioning/recycling costs. A fleet management company considering electric vehicles (EVs) vs. internal combustion engine (ICE) vehicles would use TCO to compare purchase price, fuel/electricity costs, maintenance (often lower for EVs), and potential resale value, often finding EVs to be more cost-effective over their lifecycle despite higher upfront costs.

These frameworks give decision-makers the ability to think about cost management from the perspective of sustainability-driven value creation in addition to financial efficiency.

### Operational Efficiency Through Sustainable Practices

Operational efficiency is one of the most tangible benefits of cost management, which is motivated by sustainability. By incorporating sustainability into the operations, businesses can save costs and increase productivity.

- ◎ **Lean and Green Operations:** Lean management minimizes waste; when merged with sustainability principles, it reduces environmental costs. Lean-Green initiatives optimize processes, cut material waste, reduce waiting times, and lower carbon impact.

Toyota's production system, a pioneer in lean, has increasingly integrated "green" principles. By optimizing material flow and minimizing defects, they reduce not only operational waste (time, effort, materials) but also associated environmental impacts like energy consumption for rework and disposal of scrap.

- ⊙ **Energy Efficiency:** Organisations that implement smart grids, renewable energy, and energy audits save a lot of money. Optimized machinery, LED lighting, and effective Heating, Ventilation, and Air Conditioning (HVAC) systems not only reduce utility costs but also promote sustainability goals.

Walmart's "Project Gigaton" aims to avoid one billion metric tons of greenhouse gas emissions from its global value chain by 2030 (Walmart, Project Gigaton). Part of this involves massive investments in LED lighting and efficient refrigeration in its stores, which has led to significant reductions in electricity consumption and millions of dollars in annual energy savings.

- ⊙ **Sustainable Supply Chains:** Partnering with local suppliers, optimizing transport logistics, and ensuring ethical sourcing reduces procurement cost, lowers emissions, and strengthens corporate reputation.

Patagonia, known for its sustainable practices, focuses on using recycled materials and ensuring fair labour practices throughout its supply chain. While this might incur higher initial material costs, it builds strong brand loyalty, reduces regulatory risks, and mitigates potential reputational damage, ultimately proving cost-effective through enhanced brand equity and market position (Dragon Sourcing, 2024)

- ⊙ **Circular Economy Practices:** Circular economy practices such as recycling, reusing, and remanufacturing extend the life cycle of products. These circular models enable companies to recover value from waste streams, reducing raw material costs and minimising their environmental footprint.
- Interface, a leading manufacturer of modular

carpet tiles, has successfully implemented a take-back program for used carpet tiles. They recycle these into new products, significantly reducing their reliance on virgin raw materials, cutting waste disposal costs, and saving millions in production expenses (ACE Hub, 2020). Their "Mission Zero" initiative demonstrates substantial cost savings alongside environmental benefits (Interface, 2018).

- ⊙ **Digital Transformation:** Digital transformation leverages technologies like IoT sensors, AI-driven predictive analytics, and data dashboards for real-time monitoring of energy consumption and waste. This digitalization reduces inefficiencies, supports compliance, and enhances decision-making through accurate sustainability metrics.

Companies in heavy industry are using IoT sensors on machinery to predict maintenance needs, reducing downtime and optimizing energy usage. For example, a smart factory might use AI to analyze production line data, identifying inefficiencies that lead to energy waste, and optimizing machine schedules to reduce overall power consumption by up to 15-20% (Xyte, 2025).

Through such measures, sustainability becomes a driver of operational excellence rather than a cost burden.

### Profitability Benefits of Implementing Sustainable Cost Management

Incorporating sustainability into cost management is not just a trend; it's a transformative strategy that significantly boosts profitability.

- ⊙ **Direct Cost Savings:** By minimising energy consumption and reducing waste, companies enjoy tangible financial benefits. Efficient resource utilization leads to lower operational costs, creating a robust foundation for financial stability. . For instance, a study by the Carbon Trust found that companies could typically achieve 10-30% energy cost savings through efficient practices.
- ⊙ **New Revenue Opportunities:** As the market steadily shifts toward green products,

companies are able to charge higher prices and access previously untapped new market niches. This commitment to sustainable innovation helps businesses stand out from the competition and increase their market share. Unilever reported that its “Sustainable Living Brands” grew 69% faster than the rest of its business and constituted 75% of its total growth in 2018.

- ⊙ **Decreased Financial Risks:** Organizations can protect themselves against a range of financial risks by proactively implementing sustainable practices. Businesses set themselves up for a more stable future by predicting and reducing the risks of supply chain interruptions, regulatory penalties, and potential damage to their reputations. Companies with strong ESG performance generally experience a lower cost of capital, as a 2021 report by S&P Global indicates that they are perceived as less risky by investors.
- ⊙ **Intangible Value Creation:** A firm’s brand is enhanced by a strong alignment with ESG principles, increasing its attractiveness to investors and consumers. Long-term profitability is eventually driven by this improved reputation, which also encourages employee loyalty and customer retention.

Global studies show a compelling story: businesses that fully embrace sustainability over time regularly generate higher shareholder returns than their counterparts who ignore important ESG factors. As sustainability emerges as a key component of corporate strategy, the financial environment changes and rewards those that take the initiative.

### Integrating Sustainability into Reporting

Sustainability needs to be represented in managerial decision-making and reporting in order to be completely integrated into cost management.

- ⊙ **Integrated Reporting Frameworks:** Companies are encouraged to disclose ESG-related performance and cost indicators by international guidelines like the IFRS Sustainability Standards, SASB (Sustainability Accounting Standards Board), and GRI (Global Reporting Initiative). In

India, listed firms are required to disclose the Business Responsibility and Sustainability (BRSR) Report by the Securities and Exchange Board of India (SEBI). The report’s three primary sections—general disclosures, principle-wise performance, and management processes—are designed to establish a connection between sustainability initiatives and financial performance.

- ⊙ **Environmental Profit & Loss Statements:** Some organizations are now quantifying environmental impact in financial terms, such as converting CO<sub>2</sub> emissions into monetary values.
- ⊙ **Sustainable Key Performance Indicators (KPIs):** Sustainable KPIs include metrics like energy intensity, water usage per unit produced, or waste recycled as a percentage of total output, which are integrated into cost dashboards.
- ⊙ **Internal Management Tools:** A sustainability-oriented balanced scorecard provides managers with holistic insights, linking cost reductions with environmental and social benefits.

Thus, sustainability becomes quantifiable, enabling evidence-based strategies rather than abstract commitments.

### Barriers and Challenges

Despite clear benefits, integration faces barriers:

- ⊙ **Initial Costs:** Many initiatives, such as renewable energy projects or green certifications, require upfront capital, creating hesitation.
- ⊙ **Measurement Complexity:** Tracking the indirect cost benefits of sustainability practices remains challenging due to lack of standardized metrics.
- ⊙ **Short-Termism:** Managers often prioritize quarterly profitability over long-term sustainability ROI.
- ⊙ **Cultural Resistance:** Employees and leadership conditioned to traditional cost-minimization may resist sustainability-driven transformations.

- ⊙ **Lack of Standardization:** Differences in reporting frameworks across industries create confusion and inconsistency.

Overcoming these challenges requires strategic vision, technological adoption, and strong leadership.

### Enablers for Effective Integration

To address challenges, organizations can rely on key enablers:

- ⊙ **Leadership commitment** from executives is vital for aligning cost management with sustainability goals. This commitment helps overcome short-termism by clearly communicating the long-term benefits of sustainable practices and ensuring that resources are allocated appropriately.
- ⊙ **Training employees** in green practices encourages participation at all levels of the organization. This approach helps mitigate cultural resistance by empowering employees and fostering a collective sense of responsibility for sustainability outcomes.
- ⊙ **Technology and Data Analytics:** Leveraging digital tools enhances precision in measuring both financial and sustainability outcomes.
- ⊙ **Collaboration and Partnerships:** Engaging suppliers, industry peers, and governments helps achieve scale economies and shared sustainability impact.
- ⊙ **Incentives and Policies:** Financial instruments such as green loans, subsidies, and tax credits accelerate adoption.

These enablers create an ecosystem where sustainability and cost management reinforce each other.

### Policy and Regulatory Implications

Governments and regulators play a central role in driving sustainability integration:

- ⊙ **Carbon Pricing Mechanisms:** Taxes and cap-and-trade systems incentivize firms to minimize emissions by associating costs with carbon footprints.
- ⊙ **Mandatory ESG Disclosures:** Many countries now require large firms to report

sustainability impacts in financial filings.

- ⊙ **Green Finance Mechanisms:** Instruments like green bonds and sustainability-linked loans provide capital for sustainability projects at favourable terms.
- ⊙ **Standard-Setting Bodies:** Organizations such as IFRS Foundation and national regulators ensure comparability and transparency in reporting.

In India, initiatives such as the Business Responsibility and Sustainability Reporting (BRSR) framework are nudging companies toward greater alignment of cost management with sustainability objectives.

### Future Trends

The integration of cost management and sustainability is expected to deepen through several trends:

- ⊙ **Circular Economy Expansion:** Widespread adoption of closed-loop models will redefine value capture and cost optimization across industries.
- ⊙ **Net-Zero Commitments:** Global moves toward net-zero economies will compel firms to account for emissions costs in all financial decisions.
- ⊙ **Sustainability-Linked Finance:** Rising prominence of loans and bonds tied to ESG targets will directly connect cost of capital with sustainability performance.
- ⊙ **AI and Predictive Analytics:** Advanced data-driven analytics will enable predictive cost modeling based on environmental metrics.
- ⊙ **Stakeholder Capitalism:** Focus will shift from shareholder profits alone to broader stakeholder value, embedding sustainability into every financial process.

Such trends signify that sustainability integration is not a passing phase but the future of competitive cost management.

### Conclusion

A revolutionary shift in organizational strategy involves integrating sustainability into cost management. Rather than being a mere compliance

issue, sustainability now drives cost reduction, risk mitigation, innovation, and profitability. Companies that embrace this integration build stakeholder trust, enhance resilience, and improve efficiency.

As global challenges intensify, it is crucial to recognize that sustainability and profitability

are interlinked rather than opposing forces. The aim is to rethink value creation for the benefit of businesses, society, and the environment. Those leading this integration will set the competitiveness standards for the twenty-first century. **MA**

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# BEHAVIOURAL ASPECTS OF COST MANAGEMENT ORGANISATIONS SHIFTING EMPHASIS FROM COST TO VALUE

## Abstract

Healthcare organisations are shifting from a narrow cost-control mindset to a broader value-creation perspective. Traditional approaches that reduce expenses or standardize protocols often overlook intangible benefits such as patient trust, clinical excellence, and brand reputation.

This article explores how management accountants can lead this transformation by reframing expenditures on technologies like AI and robotic surgery as strategic investments rather than service costs. Behavioural insights reveal that clinicians, patients, regulators, and investors evaluate costs differently, often through perceptions of risk, trust, and outcomes.

By positioning themselves as “value architects,” management accountants can design innovative metrics, counter short-term decision biases, and communicate long-term benefits effectively. The profession thus plays a pivotal role in ensuring that healthcare investments deliver not only efficiency but also enduring value.

This article follows a four-step roadmap:

1. Contrast cost-control with value creation.
2. Examine behavioural dimensions shaping perceptions.
3. Explore strategic cost classification with AI and robotic surgery illustrations.
4. Link value creation to brand, payer support, and organisational valuation.



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## INTRODUCTION

Today, revolutionary changes in the economy, global markets, and rapid technological advancement have led to **huge investment costs** for organisations. The challenge is how these costs should be evaluated: they cannot simply be absorbed into product or service costs in the traditional sense. Instead, they must be assessed from the perspective of **value benefits** delivered to the organization, employees, government, stakeholders, and, most importantly investors.

Healthcare systems worldwide are under increasing scrutiny to balance financial sustainability with quality outcomes. Traditionally, the focus

has been on controlling costs, measuring inputs, reducing waste, and achieving efficiency. While cost control remains important, the conversation is evolving. This cost centric mindset often fosters risk aversion, siloed thinking, and resist change.

For example, in the case of healthcare sector, investments in **Artificial Intelligence (AI)** and **robot-assisted surgery** may appear burdensome if treated as service costs. However, when reframed through a value lens, they emerge as strategic enablers — enhancing clinical outcomes, building trust, strengthening brand reputation, and ensuring long-term competitiveness.

This article explores the **behavioural aspects of cost management in healthcare**, examining how perceptions, decision-making biases, and stakeholder expectations shape the shift from cost to value. For management accountants, this shift demands a new mindset: **from cost controllers to value architects**. Their role is to reframe expenditures as strategic investments, design innovative value metrics, and guide decision-makers to look beyond immediate costs toward sustainable, long-term benefits, **brand equity, and valuation of the company**.

## FROM COST CONTROL TO VALUE CREATION

Cost management in healthcare has historically been transactional, reducing the price of consumables, negotiating with suppliers, minimizing staff costs, and standardizing treatment protocols. This approach, while necessary, often ignores broader implications for patient well-being and long-term competitiveness.

**Value-based healthcare** expands the lens. According to Michael Porter's seminal definition, value in healthcare is the health outcomes achieved per dollar spent. This moves the debate beyond "how much does a procedure cost?" to "what impact does the expenditure deliver in terms of patient recovery, quality of life, and systemic efficiency?"

For management accountants, this requires a **paradigm shift**:

- ⊙ Moving from a narrow focus on **cost versus selling price** toward a broader evaluation of

the company's long-term value.

- ⊙ Reframing **strategic investment as value creation activity**, not just as expenditure.
- ⊙ Incorporating **intangible benefits** such as patient trust, brand reputation, and clinical excellence into decision-making frameworks.
- ⊙ Recognizing that the **behaviours of clinicians, managers, patients, regulators, and investors** play a critical role in shaping cost–value dynamics.

## BEHAVIOURAL DIMENSIONS OF COST MANAGEMENT

### ⊙ Clinician Behaviour and Cost–Value Alignment

Clinicians often resist cost containment initiatives if they perceive them as compromising care. However, the management accountant can frame this as a **value enhancement**, initiatives such as adopting AI diagnostics or minimally invasive robotic surgery gain acceptance. The behavioural insight here is that healthcare professionals align more readily with initiatives framed around **better outcomes** than **lower costs**.

### ⊙ Patient Perceptions of Value

Patients do not evaluate healthcare services solely on price. Their perception of value depends on confidence in technology, trust in the provider, convenience, and recovery experience. A **hospital investing in robotic surgery**, for example, **signals commitment to innovative care**, which enhances its brand and patient loyalty even if the immediate cost per surgery is higher.

### ⊙ Management and Investment Decisions

Healthcare executives often face behavioural biases such as **short-termism** (avoiding large upfront investments) or **anchoring** (benchmarking modern technology against outdated cost norms). Management accountants must counter these biases

by framing costs as **strategic enablers**: investments in visibility, credibility, and long-term efficiency.

### ⊙ Regulators and Payers

Regulators and insurance companies increasingly reward providers that demonstrate value through measurable outcomes. Behaviourally, they favour transparent reporting and innovations that reduce systemic costs, even if the provider's direct costs increase. Management accountants play a crucial role in **evidence-based communication** to these stakeholders.

**Table: Behavioural Factors in Indian Healthcare**

| Stakeholder       | Behavioural Bias                 | Value Alignment                                                       |
|-------------------|----------------------------------|-----------------------------------------------------------------------|
| Clinicians        | Fear of cost-driven restrictions | Position AI/robots as tools for prestige & precision                  |
| Patients          | Focused on affordability         | Communicate faster recovery & quality of life improvements            |
| Management        | Short-term ROI bias              | Emphasize brand visibility, long-term patient inflow, and brand value |
| Regulators/Payers | Reluctant to reimburse high-tech | Show outcome-linked benefits, reduced readmissions                    |

## STRATEGIC COSTS VS SERVICE COSTS

One of the **most significant behavioural shifts required** in healthcare cost management is in **classifying expenditures**. Traditional costing methods often allocate the costs of AI systems, robotic equipment, or digital health platforms directly to service lines. This makes each procedure appear disproportionately expensive, discouraging adoption.

However, such investments are not merely service

costs. They are **strategic costs** — akin to **brand-building expenditure** in consumer industries. The benefits include:

- ⊙ Enhancing **market visibility** and brand reputation.
- ⊙ Attracting top clinical talent who want to work with advanced technologies.
- ⊙ Differentiating the organization in competitive healthcare markets.
- ⊙ Creating patient confidence and willingness to pay for premium services.

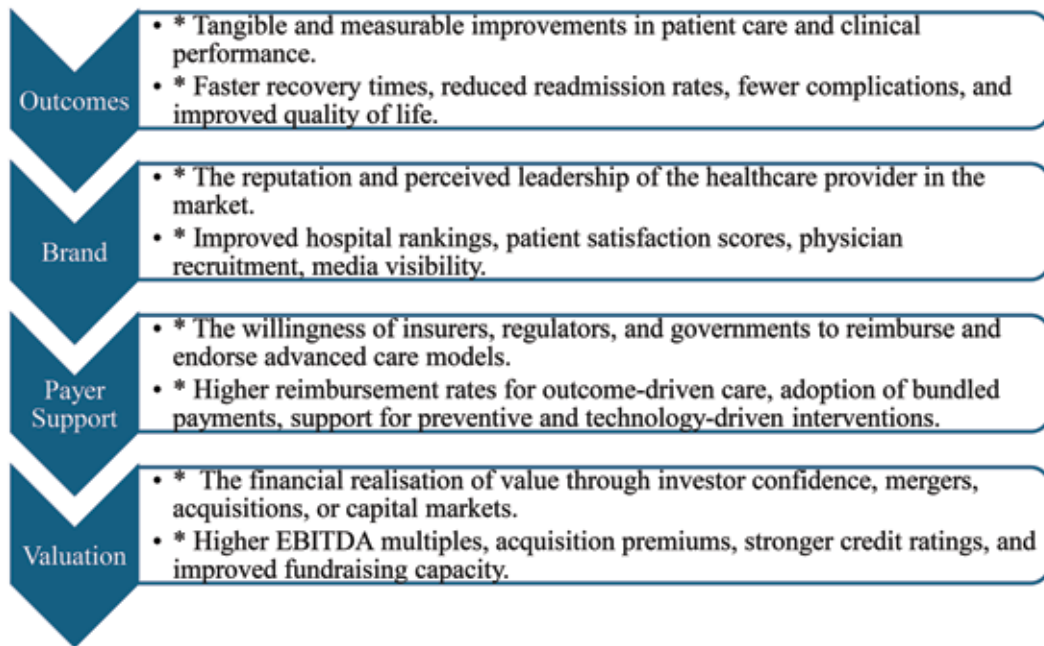
**Table: Costing Approaches and Their Impact on Value in Healthcare**

| Dimension                     | Cost Focused View                   | Value Focused View                          |
|-------------------------------|-------------------------------------|---------------------------------------------|
| Classification of AI/Robotics | Treated as service-level cost       | Treated as strategic investment             |
| Impact on Service Pricing     | Increases per-procedure cost        | Keeps procedure affordable                  |
| Behavioural Impact            | Resistance from patients & insurers | Seen as value creation, improves acceptance |
| Long-Term Effect              | Limits adoption of innovation       | Enhances brand, attracts patients & talent  |

By reclassifying these investments as **strategic value-creation costs**, management accountants can prevent distortions in service costing and support more informed decision-making.

## VALUE-REALIZATION PATHWAY

Shifting from a cost-centric to a value-centric paradigm requires a structured and communicable framework. The **Value-Realization Pathway** provides such a model, enabling management accountants to articulate how strategic healthcare investments translate into sustainable organisational advantage. The pathway progresses through four interlinked stages: **Outcomes, Brand, Payer Support, and Valuation**.



## AI IN HEALTHCARE: BEYOND COST REDUCTION

Artificial Intelligence in healthcare is justified often on efficiency grounds. Faster diagnostics, automated reporting, and reduced manpower needs. While these benefits are real, the **value narrative** is far broader:

- ⊙ **Clinical Accuracy:** AI systems reduce diagnostic errors, directly impacting patient outcomes.
- ⊙ **Scalability:** AI allows smaller hospitals to access expertise once confined to tertiary centres, expanding reach and equity.
- ⊙ **Brand Differentiation:** Early adopters of AI gain reputational advantages as “technology-driven institutions,” attracting patients and funding.
- ⊙ **Data as an Asset:** AI platforms generate vast clinical datasets, which, if ethically managed, become strategic resources for research and partnerships.

From a behavioural perspective, physicians may resist, AI, as replacing their expertise. However, if presented as an **augmented intelligence tool** that enhances their clinical judgment, acceptance increases significantly. Management accountants can frame the investment narrative around

**empowerment and prestige, not just cost efficiency.**

**Table: Value vs Cost Matrix**

|           | Low Value Created                                                         | High Value Created                                                                               |
|-----------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Low Cost  | Routine procedures (basic lab tests, X-rays)<br>Compete on efficiency     | Preventive healthcare packages<br>Low cost, but high perceived trust                             |
| High Cost | Over-investment in underutilized technology<br>Risk of patient resistance | AI diagnostics, robotic surgery<br>Strategic costs creating long-term brand & patient confidence |

Management accountants must move hospital strategy into the “High Cost–High Value” quadrant where investments build reputation, trust, and differentiation.

## ROBOTIC SURGERY: VALUE-DRIVEN JUSTIFICATION

Robotic-assisted surgery is a clear example of the tension between cost and value. The upfront capital expenditure and ongoing maintenance costs

are substantial. Allocating these costs directly to each procedure makes robotic surgery appear prohibitively expensive.

However, from a value perspective:

- ⊙ Patients benefit from **smaller incisions, reduced blood loss, shorter hospital stays, and faster recovery.**
- ⊙ Hospitals gain **differentiation in the market** as centres of excellence.
- ⊙ Clinicians experience **greater precision and less fatigue**, enhancing long-term productivity.
- ⊙ The organization develops a reputation for **innovation leadership.**
- ⊙ For investors, robotic surgery signals innovation leadership, diversifies revenue streams, and enhances long-term valuation multiples.

Treating robotic surgery as a **strategic cost** rather than a per-procedure service cost ensures that the broader organizational value is recognized. **Behaviourally, this requires shifting both managerial and patient mindsets away from narrow cost comparisons toward outcome-based valuation.**

### CASE ILLUSTRATION: STRATEGIC COSTING IN A HEALTHCARE SECTOR

Consider a tertiary care hospital in India that invests in a **robot-assisted surgical suite** costing ₹25 crores, with annual maintenance of ₹2 crores. Under traditional costing, these expenses would be spread across robotic procedures, inflating the cost per surgery by ₹1–2 lakhs. Patients and insurance companies may then resist paying, limiting adoption.

Instead, by classifying the investment as a **strategic brand-building cost**, the hospital reframes the narrative:

- ⊙ The technology signals leadership in advanced care, increasing overall patient inflow by 20%.
- ⊙ International collaborations and research

grants flow in, adding ₹10 crores annually in non-patient revenues.

- ⊙ Surgeons attracted by the technology bring their patient base to the hospital.
- ⊙ Patient satisfaction scores increase, raising the institution's rankings and visibility.

Thus, the hospital gains **system-wide value** that far exceeds the incremental service cost allocation. Behaviourally, this requires accountants to communicate with stakeholders in language that emphasizes outcomes, trust, and prestige.

### CAPITALISING BRAND VALUE IN STRATEGIC TRANSACTIONS

An often-overlooked dimension of cost and value management is the capitalization of **brand equity** during mergers, acquisitions, or sell-offs. For healthcare organizations, investments in advanced technology, clinical excellence, and patient trust are not only operational enablers but also **brand-building assets.**

When such an organization is sold, the intangible brand value, derived from reputation, trust, and differentiation significantly enhances the valuation multiple. Investors and buyers are willing to pay premiums not just for physical assets and cash flows, but for the perceived market leadership the brand commands.

These premiums represent the profitability impact of past strategic investments. Rather than the individual service costs, such investments create enduring value that is realised through higher transaction returns and stronger financial positioning.

### VALUE-REALISATION CHECKLIST FOR HEALTHCARE INVESTMENTS

This checklist translates the Value-Realization Pathway into a structured decision-support tool. It provides management accountants with a set of outcome, brand, payer, and valuation indicators that can be embedded into performance dashboards, strategic cost evaluations, and board-level communication.

| Dimension                            | Key Questions                                                                | Example Metrics                                                                             |
|--------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>Clinical Outcomes</b>             | Are we delivering measurable improvements in patient care?                   | Recovery times; readmission rates; patient safety indicators; complication rates            |
| <b>Brand &amp; Reputation</b>        | Are we strengthening trust, visibility, and competitive differentiation?     | Patient satisfaction scores; Net Promoter Score; hospital ranking indices; media visibility |
| <b>Payer &amp; Regulator Support</b> | Do payers and regulators recognise and reward the value created?             | Reimbursement approvals; bundled payment adoption; coverage endorsements                    |
| <b>Financial Valuation</b>           | Is the organisation realising value in financial markets and capital access? | EBITDA multiples; valuation premiums in M&A; investor ratings; fundraising success          |

### Conclusion: Leading Through Value Creation

The behavioural aspects of cost management are critical in evolving from a narrow focus on cost containment to a holistic focus on value creation. Organisations that succeed in this transition not only improve efficiency but also enhance service quality, innovation, and sustainability. The Indian healthcare sector's experience illustrates that well-designed cost frameworks combined with behavioural alignment can transform challenges into opportunities for adding lasting value.

This paradigm shift represents a fundamental evolution in organisational thinking and is essential for thriving in today's complex and competitive environment.

The **true measure of cost management** in healthcare lies not in how much strategic cost saved, but in how **value created for patients, professionals, investors, and society at large.** MA

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## NOTES FOR AUTHORS

Referencing is a crucial aspect of writing a journal article to avoid plagiarism. 'Plagiarism' refers to the act of using someone else's work or ideas without giving proper credit to the original source. To avoid plagiarism in your writing, you must properly reference all the sources that you use in your research.

- ⊙ **Choose a referencing style:** There are many different referencing styles, such as APA, MLA, Chicago, and Harvard, each with its own specific format and rules. Choose the style that is most appropriate for your field and stick to it consistently throughout your paper.
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By following these tips, you can effectively reference your sources in your journal article and avoid plagiarism. Remember that proper referencing is not only important for avoiding plagiarism, but it also helps to support your arguments and show the depth of your research.

# EVOLVING DIMENSIONS OF CUSTOMER PROFITABILITY ANALYSIS WITH EMERGING PREDICTIVE TECHNOLOGIES

## Abstract

The importance of customer profitability analysis (CPA) across sectors and domains is increasing daily. Primarily based on historical data, it has evolved due to the capture of real-time data, the adoption of AI tools, and, more recently, increased support from predictive analytics. In the future, it is possible that only service organisations, manufacturers, and other entities can effectively perform CPA by deploying and using AI tools in the CPA process, as this analysis can be more agile and nimble in meeting the marketplace's requirements. Real-time capture of data points has made predictive analytics a key tool to help management retain profitability, market share, and growth in the task of practical CPA analysis. It allows the long-term survival and development of the entities. This paper examines the relationships between CPA and how predictive analytics will support it in the future.

## INTRODUCTION

The importance of CPA in today's business across various sectors cannot be overemphasised. With growing competition and increasing price pressures forcing entities to operate on thin margins, this need is emerging as a mandatory imperative to sustain profitability and achieve long-term growth. Coupled with investor pressures to generate profits, decent dividend payments to shareholders, and reasonable returns to investors, the changing dynamics of the current market situation are making the Management Information System a part of all



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major entities and sectors. This study brings out the importance and relevance of CPA for entities today.

## OBJECTIVES OF STUDY

- To understand the Role played by Customer Profitability Analysis (CPA) in today's business and its importance
- To demonstrate how industries use CPA to cut costs, lift margins, and sustain growth—powered by predictive analytics.
- To create a generic framework for the effective implementation of Customer profitability analysis for different industries in India using

AI tools that can be applied across industries

## REVIEW OF LITERATURE

Customer profitability prediction has become a vital area of research as businesses face increasingly competitive markets. Chen, Guo, and Ubakanma (2015) address this by employing a dynamic systems approach to forecast customer profitability. Their method uses cluster analysis to develop RFM (Recency, Frequency, Monetary) score-based time series from transaction records. Profitability is then modelled through multilayer feedforward neural networks, trained on real online retail data from the UK, to capture shifting patterns of customer profitability. Nwabekee, Aniebonam, and colleagues (2021) expand on this perspective by emphasising the importance of cultivating long-term relationships in the retail and service sectors. They propose a predictive model powered by machine learning (ML), artificial intelligence (AI), and advanced analytics to uncover consumer behaviour trends, preferences, and buying patterns. Findings show that tailored recommendations, dynamic pricing, and optimised reward programs can significantly enhance customer retention and financial outcomes. In the insurance sector, Fang, Jiang, and Song (2016) introduce a methodology using random forest regression, a Big Data technique, to predict client profitability. By factoring in liability reserves alongside past purchasing and expected future cash flows, they highlight customer demographics and insurance attributes as critical variables. Their results demonstrate that random forest outperforms conventional forecasting methods in accuracy. Earlier, Gurău and Ranchhod (2002) emphasised the strategic necessity of measuring and managing customer profitability to withstand intense competition. They suggested frameworks that link customer satisfaction measurement to profitability forecasting, emphasising its role in long-term business viability. Recent contributions have highlighted the broader applications of predictive analytics. Ezeife, Eyeregba, and colleagues (2024) propose that small businesses can now adopt cloud-based predictive analytics at relatively low cost, minimising risks and enhancing decision-making. Their work underscores the importance of cultivating a data-driven culture and investing in workforce training to build analytical capacity. Similarly, Adekunle, Chukwuma-Eke, and others (2021) focus

on operational efficiency, noting how predictive analytics powered by ML reduces delays, resource misallocations, and costs, enabling more flexible and intelligent decision-making frameworks. Agu, Chiekezie, and co-authors (2024) present cross-industry case studies to showcase the transformative potential of predictive analytics. In healthcare, predictive models improve resource allocation and patient outcomes. In financial services, they enhance fraud detection, credit evaluation, and personalised offerings. Within industrial settings, predictive maintenance and supply chain optimisation increase efficiency and profitability. Collectively, these examples demonstrate the role of predictive analytics in boosting sustainability, mitigating risks, and supporting strategic, long-term growth. Overall, the literature illustrates predictive analytics as a cornerstone for profitability forecasting, customer satisfaction, and sustainable business practices across industries.

## METHODOLOGY

The study uses an exploratory methodology. After reviewing past studies and considering emerging tools and technologies, the author proposes to develop a new framework for a generic model to perform Customer Profitability Analysis.

## DISCUSSION

- a) To understand the Role played by Customer profitability Analysis(CPA) in today's business and its importance

While profitable customers are to be kept and nurtured the rest are used as fillers for volume or dropped by, and as the cost of obtaining a new customer is more than retaining an existing customer, with activities creating costs, it becomes imperative to find out the unprofitable customers and eliminate or gradually ease them out of service, by suitably pricing the products and services, phasing out of specific products or imposing certain additional costs for the customers in a careful and calibrated manner. Consulting majors like KPMG, EY, PwC, Deloitte, etc., continuously monitor their customer profitability and follow a strategy of overquoting or underquoting, depending on the project's profitability, past experiences with the client, and associated risks. CPA is thus a function of past experiences, risks, typical customer needs versus costs, and the industry in which they operate. In

particular, today it is most relevant in industries as diverse as Airlines, Banking and Insurance, Manufacturing, Retail, and services, where a large number of transactions occur daily, giving rise to Big data that needs to be captured and interpreted meaningfully for informed decision-making.

- b) To demonstrate how industries use CPA to cut costs, lift margins, and sustain growth—powered by predictive analytics

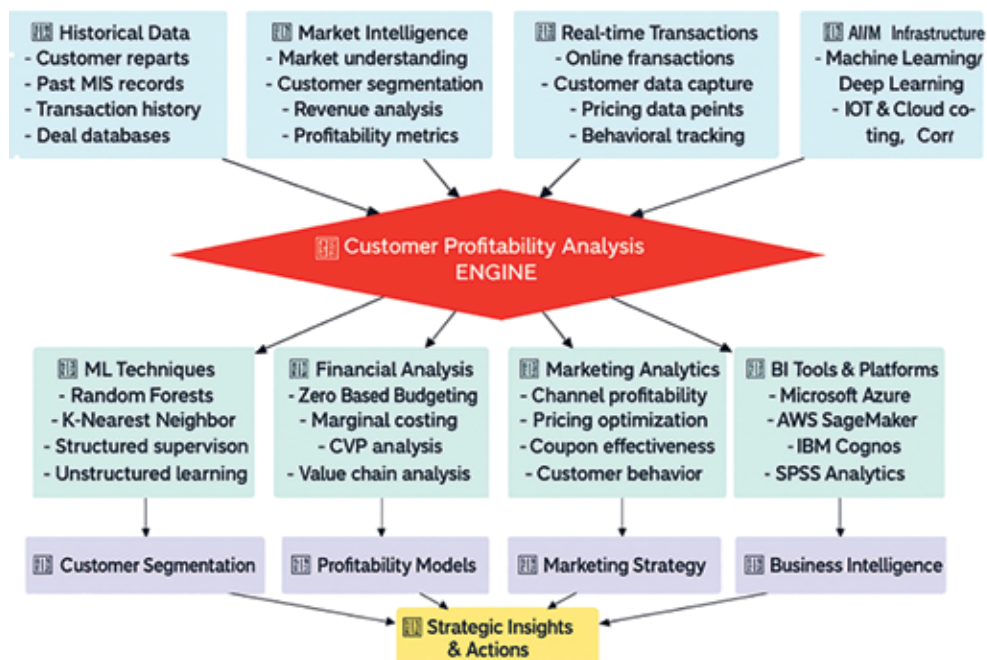
Customer Profitability Analysis (CPA) has become a core management tool for product leaders, CXOs, marketing, and finance to sharpen profit planning. Regulatory scrutiny and market expectations make CPA-driven product continuation or exit decisions even more critical for listed companies. Equally important, customers must be cultivated for the long term to make marginal accounts profitable—an outcome that depends on a disciplined CPA grounded in an organisation's MIS: costs, revenues, regional mix, collections, delinquency trends, and more. Traditional batch reporting, or “last year + x%,” budgeting, no longer suffices. Firms need to capture, integrate, and analyse data continuously, reviewing history, monitoring current operations, and ingesting

new transactions in near real time. This is especially true in BFSI, retail, airlines, and hospitality, where data volumes are high and scattered across systems. Many legacy ERPs and MIS lack tight real-time integration, prompting companies to adopt a new data approach that integrates operational feeds, device and sensor signals, and customer interactions into unified analytical pipelines.

Modern analytics and automation can sift large datasets, highlight drivers of customer value, and deliver concise, actionable reports for decision-makers. In the Industry 4.0 context, these capabilities are increasingly accessible through cloud platforms and flexible commercial models (e.g., SaaS, pay-as-you-go variants), allowing organisations to scale with budgets. Predictive analytics adds a forward lens, linking customer behaviour and profitability to long-range planning and strategic choices. Evidence from practice shows benefits for both large enterprises and SMEs. Given SMEs' outsized role in India's employment, GDP, and regional balance, upgrading to predictive, continuous CPA is no longer optional—it is foundational to product portfolio discipline, profitable customer engagement, and durable growth.

- c) To create a generic framework for effective implementation of Customer profitability analysis for different industries in India using AI tools that can be applied across industries.

**Diagram-1-** Flow diagram for CPA for entities – A generic approach



Source -Author's contribution

In the above diagram, CPA is performed using the master database at the entity level, along with market understanding of key customers' behaviours and past experiences, while capturing data points from online transactions using various tools and AI applications. While conventional accounting and budgeting tools continue to constitute a fundamental component of organisational practice, their capacity to remain effective is increasingly constrained by rapidly evolving business environments. Such tools are often inadequate in producing timely insights or in supporting advanced predictive analytics relating to costs, revenues, investments, and customer-specific profitability. Consequently, a critical transition towards the adoption of artificial intelligence (AI) and machine learning (ML)-based tools and algorithms, specifically designed to address the requirements of individual entities, becomes imperative. This generic model can be applied across diverse industries with some tweaking or changes to factor in the inputs and data points arising in the process using the IOT sensors, AI interface tools, etc, which can significantly help to get effective and validated data on CPA for management decisions. For strategic insights into the future, it is desirable to utilise predictive analytics and tools that can be readily integrated using apps on a plug-and-play or subscription model basis, to process and integrate data for final solutions to be implemented by top management.

The following table (annexure-1 below) lists tools and techniques for Predictive Analytics in CPA.

**Top Predictive Analytics Tools for Customer Profitability Analysis**

|                                                                                     |                                                                                                              |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
|  | <b>SAP Analytics Cloud</b><br>Real-time data modeling, profitability forecasting, integration with ERP & CRM |
|  | <b>SAS Viya</b><br>Advanced ML models, customer segmentation, churn prediction analysis                      |
|  | <b>Alteryx</b><br>Code-free predictive workflows, real-time data blending, profitability analysis            |
|  | <b>RapidMiner</b><br>ML pipelines, customer lifetime value (CLV) modeling, real-time scoring                 |
|  | <b>IBM SPSS</b><br>Statistical modeling, regression analysis, customer behavior prediction                   |
|  | <b>TIBCO Spotfire</b><br>Real-time (visual) analytics, profitability heatmaps, customer segmentation         |
|  | <b>Microsoft Azure ML</b><br>Scalable ML models, integration with                                            |

Source – Author's Contribution

## LIMITATIONS OF STUDY

This study is exploratory, does not consider any empirical data, and is not empirical in nature.

## CONCLUSION

CPA is crucial in today's industry and commerce across various entities. Over the years, with access to technologies and emerging dimensions, it will be imperative for enterprises to adopt them so that their long-term profitability, survival, and growth can be adequate and sustained. Currently, organisations are increasingly adopting advanced tools, while enterprise resource planning (ERP) systems are being customised to facilitate the periodic generation of CPA reports. In practice, these systems often incorporate limited manual adjustments, which, based on experience, have proven to be a more cost-effective approach than fully tailoring CPA reports for each individual entity. MA

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# COST MANAGEMENT IN THE MODERN ERA: REDEFINING BUSINESS STRATEGIES FOR SUSTAINABLE GROWTH AND OPERATIONAL EFFICIENCY

*Sustainability Linked Cost Management –  
Case study of a Sugar Refinery in Andhra Pradesh*

## Abstract

The Article describes the growth story of a leading Sugar refinery in Andhra Pradesh as to how it has reduced its fuel cost, which is one of the major cost components of its conversion cost. It was done through cost management and operational efficiency by re-defining its business strategy over the recent years. This refinery was able to run the operations by adopting improved operational efficiencies and cost management over time.



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**S**trategic Cost Management is necessary for any business to achieve sustainable competitive advantage by aligning costs with long-term goals, optimizing resource allocation, enhancing customer value and improving profitability. It moves beyond short-term cost reduction to incorporate strategic decision-making, value chain analysis, and continuous improvement to navigate a dynamic business environment and secure long-term success.

Refined Sugar exports from India are restricted by the Government of India's [GoI] policies from time to time in order to maintain a stable sugar pricing in

India. GoI is allowing export of Refined sugar from India based on sugarcane crop, monsoon impact and refined sugar stocks in the country.

The story is of a Company having its sugar refinery located in Andhra Pradesh. The Company imports Raw Sugar from Brazil, converts the same to Refined Sugar and exports to various countries in Africa, UAE and other neighboring South Asian Countries.

Raw Sugar is moist coarsely crystalline mass with sucrose content of about 95-98%. The solid cores of raw sugar crystals are further covered with a layer of syrup. These covering substances make raw sugar moist and tacky giving it a typical yellowish brown colour and malty, burnt flavor.

Raw sugar is used in the manufacture Refined sugar and so its quality becomes a critical factor for the cost performance of a refinery.

Major costs involved in converting the Raw Sugar into Refined sugar include Process Loss, Steam Cost, Chemicals, Packing, Logistics and other admin costs. From a broader perspective, process loss reduction mainly depends on the quality of the Raw Sugar, which is not in the hands of the refinery,

whereas the steam cost, which contributes to around 30% to 35% of the total conversion cost of the refinery, is within the control parameters of the refinery. In order to reduce the cost of fuel, which in turn reduces the overall cost of conversion, the Management had taken several strategic initiatives to reduce the cost. The key initiatives taken by the Management to reduce the fuel cost included the introduction of Biofuels as a part supplement for the existing fossil fuel as well as the introduction of Double Effect Falling Film Evaporator to reduce the steam consumption etc., These initiatives helped the Company to reduce its cost for sustainable growth and progressively improved the operational efficiencies.

### Methodology Adopted by the company in the Cost Reduction:

Two Methods followed by the company for total cost reduction process. In method -1, it started using the alternatives to the fossil fuels ( Paddy Husk & Saw Dust). Once they felt, the methodology followed has reached the optimum results, then the used the second method of new investment on the new machinery, which will reduce the steam consumption, which will reduce the use of fossil fuels. These two methods were deployed in a phased manner. Details as below.

The sustainable cost reduction has taken place in the recent years in two phases. Phase 1, in which

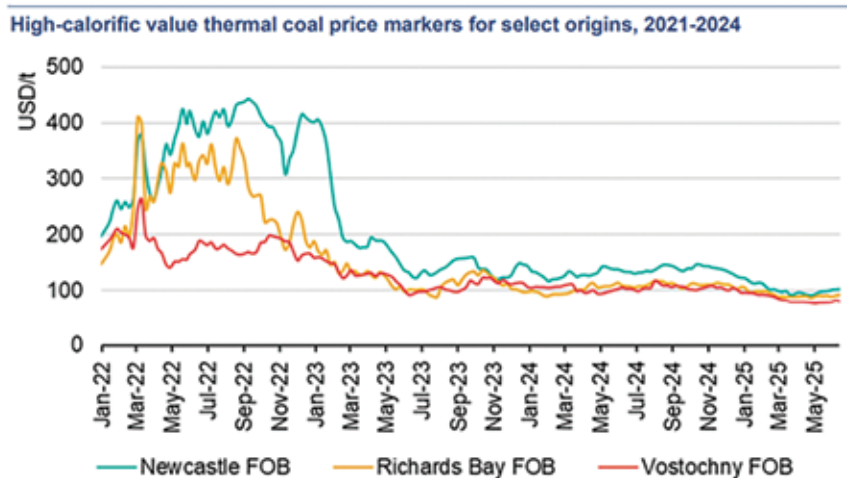
the Company has introduced the Bio Fuels as an alternative to the fossil fuel and in Phase 2, investment in new equipment for the reduction of its steam consumption, which in turn directly reduces the overall fossil fuel consumption requirement. Various steps taken in these two phases are described below.

### Phase I: Introduction of Biofuels as alternative to Fossil Fuels

Throughout 2022, coal prices saw a significant increase. This was largely due to greater fuel and electricity demand as countries slowly exited more stringent coronavirus restrictions, as well as fallout of the Russia-Ukraine war. As many European countries moved to curtail gas imports from Russia, coal became the alternative to fill the power supply gap, more than doubling the annual average price index between 2021 and 2022.

Although China makes up by far the largest share of worldwide coal production, it is among those countries consuming the majority of its extracted raw materials domestically. In terms of exports, Indonesia, the world's third-largest coal producer, trades more coal than any other country, followed by Australia and Russia. Meanwhile, Japan, China, and India are among the leading coal importers, as these countries rely heavily on coal for electricity and heat generation.

**Following is the trend of prices of High Calorific value thermal coal of select origins**



Note: FOB = free on board.

Source: IEA analysis based on data from Argus Media group. All rights reserved.

During the year 2022, in order to reduce the fuel cost, Management had done extensive study and brainstorming to optimize on the fuel cost. As a result, they introduced Husk, a byproduct generated from the milling of Paddy. The results of the introduction of the paddy husk were very encouraging in terms of cost as well as operational performance. Due to its seasonal availability and use of the same in other industries as fuel for their boilers, continuous availability of the paddy husk in sufficient quantities became critical.

As a result, the refinery started looking at other biofuels, which could be available throughout the year as an alternate fuel. In this process, they identified Saw Dust (particles generated from wood cutting process at local sawmills) as another fuel mix to coal along with Paddy Husk. This biofuel has given good result in reduction of the fuel cost. Even though the results of using Saw Dust were encouraging, the availability of suitable volumes for the operational requirements was not sufficient. Since the dust generation at sawmills is of lesser volumes, the process was further fine-tuned with installation of new equipment at sawmills, which would generate the required size dust, from the waste wood chips while cutting the wood. This additional equipment for generating the saw dust from the waste wood chips, helped in generation of the required quantity of saw dust for boiler operation. As a result, the Refinery was able to use a mix of biofuels (Saw Dust from waste wood) along with Coal for the Boiler.

In order to optimize the cost, the Refinery started using a mix of Paddy Husk and Saw dust as fuel for the boiler, with reduction of the Coal quantity in the boiler. With this change, the management was able to utilise up to 20% of their fuel requirements by using low cost and sustainable products i.e., Paddy Husk and Saw Dust. This process helped in reducing their fossil fuel consumption cost, without making any major functional changes to the Boiler. **Usage of Saw Dust as a fuel source in boiler is a first of its kind in the region.**

In this journey of Cost Management, sustainable fuels usage for continuous operational efficiency was moved another step forward with the Double effect falling film evaporator in Phase II in Financial Year 25 [FY25].

## Phase II: Introduction of Double Effect Falling Film Evaporator

In second phase, the Company Management had invested in technology for reduction in steam consumption for refining the sugar. They commissioned a project in FY25 with external agency support viz., Double Effect Falling Film Evaporator, aimed at reduction in steam consumption.

A double effect falling film evaporator uses the vapor from the first evaporator to heat the second, increasing evaporation efficiency. It consists of two or more falling film evaporators connected in series. The liquid to be concentrated is fed into the first evaporator, where it flows down the inside of tubes as a thin film, partially vaporizing. The vapor from the first evaporator then becomes the heating medium for the second evaporator.

The process of improvement in the existing system of decolorization of liquor by using single effect rising film plate evaporator to double effect falling film evaporation is intended to reduce the steam consumption. By this process, the Company was able to achieve steam consumption reduction of 10% from the existing consumption levels; average coal consumption reduced by ~ 12%. Efforts of the Company Management seeking continuous improvement in cost reduction through operational excellence coupled with the objective of sustainable growth had helped the organization in significant reduction of its conversion cost of refining the Raw Sugar into Refined Sugar with special focus on the fuel cost. This helped the organization in maintaining its premier position in the international market as one of the key low cost refining supplier of refined sugar. **IMA**

### Conclusion:

*The operational excellence by reducing the cost with sustainable business strategies for Growth and Operational Efficiency - Through Cost Management seems to be 'a journey and not a destination' for this Organization.*

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# DIGITAL TWIN ECONOMICS: A REAL-TIME COST OPTIMIZATION FOR INDIA'S INDUSTRY 4.0 TRANSFORMATION

## Abstract

Digital twin technology, which involves the development of dynamic, virtual replicas of actual assets, systems, or processes, is transforming organizational cost management in the contemporary landscape. Through the integration of real-time sensor data, artificial intelligence (AI), and sophisticated analytics, digital twins provide exceptional insight into operations, facilitating predictive decision-making and proactive cost management. In India, where the adoption of Industry 4.0 is rapidly advancing through programs such as Make in India and Digital India, digital twin economics offers a strategic opportunity to evolve cost management from a retrospective function into a dynamic, proactive competence. This study examines digital twin economics, its significance for Indian business, sector-specific applications for operational efficiency, and the changing role of Cost and Management Accountants (CMAs) in utilizing this disruptive technology. It also tackles adoption barriers and outlines strategies for incorporating digital twin-enabled cost management into the nation's manufacturing and service sectors for sustainable, competitive advancement.

## Introduction

India's industrial and economic landscape is undergoing a transformation that is both rapid and profound. Over the past decade, policy interventions such as Make in India, Atmanirbhar Bharat, and Digital India have encouraged industries to adopt advanced



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manufacturing techniques, accept automation, and invest in data-driven decision-making. These initiatives are not merely policy slogans; they represent a strategic national push to build resilient supply chains, improve productivity, and position India as a global manufacturing and service hub. In order to realize the vision, which is to become an economy worth \$5 trillion, it will be necessary to simultaneously make progress in the areas of productivity, operational efficiency, cost competitiveness, and sustainability. The environment in which this transformation is taking place, on the other hand, is very different from the one that existed in the past. Supply chain disruptions, raw material price volatility, and environmental compliance pressures now coexist with conventional obstacles, including infrastructure constraints and skill gaps. Regardless of whether they are large conglomerates in Mumbai or MSMEs in Coimbatore, businesses must adjust to this ever-changing environment by abandoning cost management strategies that are solely reactive and historical. In India, traditional cost management systems often rely on data that is too far back in time, like monthly variance reports, reviews every three months, and post-facto reconciliations. These ways of doing things are still useful for long-term

performance evaluation and financial reporting, but they aren't very good at giving us the speed and accuracy that modern competition needs. Today's markets are very competitive and linked to each other, so choices made in hours, not months, can mean the difference between making money and losing money. So, cost control is being rethought as real-time cost optimization, where streams of practical and financial data come together to let people make decisions based on simulations. At the heart of this paradigm shift is digital twin technology. By creating a dynamic, virtual replica of a physical process, machine, or even an entire factory, a digital twin allows businesses to simulate, monitor, and optimize operations before costly inefficiencies occur. Imagine a pharmaceutical plant in Bhopal that can virtually test production schedule changes, evaluate their impact on both compliance and energy costs, and identify the most cost-effective configuration before making a single real-world adjustment. The potential savings are enormous, not only in terms of rupees, but also in terms of time, resource utilization, and avoided production downtime.

For Indian enterprises, ranging from micro, small, and medium enterprises (MSMEs) to large-scale corporations, the benefits are particularly compelling. MSMEs, which contribute nearly 30% of India's GDP, often operate on thin margins where even small cost inefficiencies can ruin competitiveness. Large corporations, meanwhile, face the complexity of managing multi-location operations, fluctuating input prices, and international compliance requirements. In both cases, the ability to virtually test scenarios, forecast cost implications, and identify waste sources can dramatically improve profitability while supporting India's broader sustainability and carbon reduction goals.

### Understanding Digital Twin Economics

The concept of a digital twin refers to a continuously updated, high-fidelity virtual model of a physical object, system, or process. This model is not static; it evolves in real time, drawing from multiple streams of data including IoT sensors, production control systems, and enterprise resource planning (ERP) platforms. Artificial Intelligence

(AI) and Machine Learning (ML) algorithms then process this data to generate actionable insights, predictive models, and optimization suggestions (Tao et al., 2019). In simple terms, a digital twin is like having a "living blueprint" of your operations, one that responds instantly to changes in the real world. The value multiplies when this technology is applied specifically to cost management, a discipline now referred to as digital twin economics. Here, the emphasis is on leveraging the twin not just for operational monitoring, but for real-time cost control, scenario planning, and predictive budgeting.

With digital twin economics, organizations can:



- i. **Monitor real-time operational costs:** Tracking variables like energy consumption, labor hours, and material usage on a minute-by-minute basis.
- ii. **Predict cost fluctuations:** Using historical patterns and live market data to forecast changes in input costs, production overheads, and delivery expenses.
- iii. **Optimize resource allocation:** Ensuring machinery, manpower, and materials are deployed in the most cost-efficient manner.
- iv. **Simulate alternative scenarios:** For example, testing the impact of a change in supplier, a modification in product design, or a shift to renewable energy sources before committing to costly physical changes.

Consider the example of an automotive assembly plant in Pune. Earlier, optimizing assembly line efficiency would require physical trials i.e., adjusting machinery, reassigning labour, or reconfiguring material flow impacting each change in costing time and money. With a digital twin, the plant's managers can run hundreds of "what-if"

simulations in a virtual environment, instantly seeing how each option affects energy usage, labour costs, production throughput, and defect rates. The most cost-effective solution can then be implemented in the real plant with confidence, eliminating expensive trial-and-error.

Globally, companies such as Siemens, General Electric, and Rolls-Royce are already using digital twins to drive operational efficiency and cut costs. In India, early adopters include Tata Motors, which uses digital twins for vehicle prototyping; JSW Steel, which applies them for blast furnace optimization; and NTPC, which is experimenting with plant efficiency monitoring. Yet, the potential is far from fully realized. Sectors such as pharmaceuticals (optimizing production compliance), textiles (reducing material waste), food processing (energy and logistics efficiency), and logistics (route and fleet optimization) stand to gain significantly from adopting digital twin economics. As costs of IoT sensors, cloud computing, and AI tools continue to fall, digital twin adoption in India is moving from an elite, large-enterprise technology toward a scalable solution for MSMEs. This democratization of technology means that the benefits of predictive cost control and simulation-driven decision-making are no longer restricted to Fortune 500-level organizations but they can now be leveraged by a precision tool manufacturer in Rajkot or a food packaging unit in Kerala. Digital twin economics is not just about technology; it is about reshaping cost management culture across the Indian industrial landscape.

### The Indian Context: Why Now?

Several factors make this the right moment for India to embrace digital twin economics:



- i. **Industry 4.0 Acceleration:** Automation, robotics, and data-driven manufacturing are gaining ground in India. However, without real-time cost understandings, these investments may not yield their full potential (PwC India, 2023).
- ii. **MSME Competitiveness:** Micro, small, and medium enterprises contribute nearly 30% of India's GDP but face persistent challenges such as inefficient material usage, energy wastage, and unplanned downtime. Affordable, cloud-based digital twins can address these gaps (Ministry of MSME, 2024).
- iii. **Volatile Input Costs:** Commodities such as steel, coal, and crude oil are subject to sharp price swings. Digital twins can simulate procurement strategies and production schedules to minimize the cost impact (Deloitte, 2023).
- iv. **Sustainability Imperatives:** India's Business Responsibility and Sustainability Reporting (BRSR) requirements mandate integrated financial and environmental reporting. Digital twins can track metrics like carbon cost per unit in real time, enabling compliance and competitive advantage (SEBI, 2022).
- v. **CMA Skill Transformation:** Cost and Management Accountants are expected to provide forward-looking, data-driven insights. Digital twin tools empower CMAs to become strategic partners in organizational decision-making.

### Strategic Applications in Cost Optimization

Twin Economics, which integrates digital twins (virtual replicas of physical systems) and real-time economic modelling, can significantly enhance strategic cost optimization by enabling:



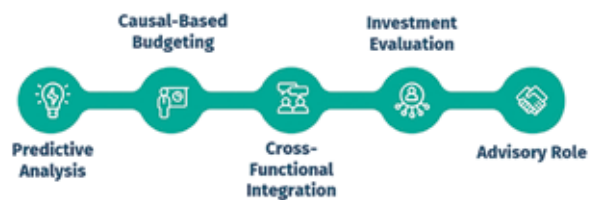
- i. **Predictive Maintenance Cost Control:** Unexpected machine breakdowns in industries like cement or steel can cost crores in lost production. Digital twins use sensor data to predict wear and tear, enabling just-in-time maintenance that reduces both repair costs and downtime (Siemens AG, 2022).
- ii. **Material Wastage Reduction:** In textile manufacturing, defects can cause significant scrap. A digital twin can simulate production runs to identify optimal machine settings, raw material combinations, and workflows to reduce wastage.
- iii. **Energy Efficiency and Sustainability Tracking:** Energy expenses often represent 15–30% of operational costs in Indian manufacturing. Digital twins can monitor consumption patterns and suggest process modifications that lower both costs and greenhouse gas emissions, aligning with India's net-zero by 2070 commitment (IEA, 2022).
- iv. **Procurement and Supply Chain Optimization:** By modelling supplier lead times, transport costs, and inventory risks, digital twins can help Indian companies decide on the most cost-effective procurement and logistics strategies. This is particularly relevant given India's geographically dispersed supply chains.
- v. **Service Industry Potential:** Beyond manufacturing, hospitals can use digital twins to track medical equipment usage and predict replacement cycles, while IT service firms can

apply them to optimize cloud infrastructure costs (Microsoft Azure, 2023).

### Role of CMAs in Driving Digital Twin Adoption

The CMA's role in a digital twin-enabled enterprise extends beyond accounting into strategic leadership:

#### Role of CMAs in Driving Digital Twin Adoption



- i. **Predictive Analysis:** Using real-time simulations to forecast cost drivers.
- ii. **Causal-Based Budgeting:** Moving from incremental budgeting to models based on cause-and-effect relationships.
- iii. **Cross-Functional Integration:** Collaborating with engineering, IT, and procurement teams to embed cost efficiency in all functions.
- iv. **Investment Evaluation:** Simulating the ROI of capital projects before execution.
- v. **Advisory Role:** Guiding MSMEs on low-cost digital twin solutions to improve competitiveness.

CMAs, with their expertise in performance measurement, cost control, and strategic analysis, are uniquely positioned to champion digital twin economics in India.

### Case Examples of Cost Optimization through Digital Twin Economics in India

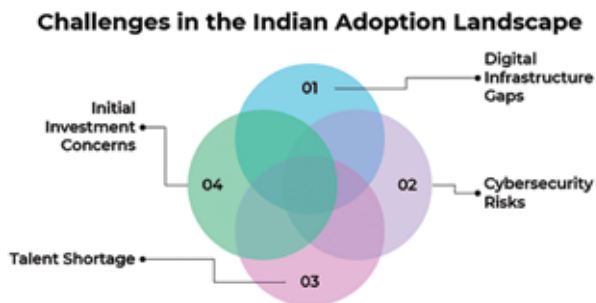
Several Indian enterprises, both MSMEs and large corporates, have already begun leveraging digital twin technologies to optimize costs and improve profitability:

| Organization                                        | Sector                                         | Type of Digital Twin             | Cost Optimization                                                                                                                                                                                                                            |
|-----------------------------------------------------|------------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ecolibrium Energy (Ahmedabad-based MSME)</b>     | Energy Management                              | Prototyping Optimization         | This enabled real-time testing of product designs, reducing prototyping costs by 30-40% and accelerating innovation cycles by 50%, improving profitability through minimized physical trials and faster market entry. (Gateway House, 2021). |
| <b>Precision Machinekraft, (Rajkot -based MSME)</b> | Manufacturing CNC and special purpose machines | Low-cost digital twin simulation | Demonstrated a 12–15% reduction in material wastage after implementing low-cost digital twin simulation tools.                                                                                                                               |

|                            |                   |                                                    |                                                                                                                                                                                                                                                                                      |
|----------------------------|-------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tata Motors (India)</b> | Automotive Sector | Vehicle Prototyping and Manufacturing Optimization | By creating a virtual model of its Pune plant, the company reduced prototyping costs by nearly 20%, cut down rework cycles, and shortened time-to-market. This has not only improved operational efficiency but also lowered cost per unit (Tata Consulting Engineers, 2024).        |
| <b>NTPC (India)</b>        | Energy Sector     | Power Plant Efficiency Monitoring                  | NTPC employs digital twins to monitor thermal plant equipment, predicting maintenance and optimizing energy use. This improves energy output by 5-10% and cuts maintenance costs by 15-20%, saving INR 20-50 crores annually per plant, enhancing profitability. Ken Research, 2023. |

### Challenges in the Indian Adoption Landscape

Despite the numerous advantages of Digital Twin Economics, including its potential for real-time cost simulation, predictive analytics, and process optimization, significant challenges hinder its adoption in the Indian landscape, such as:



- i. **Digital Infrastructure Gaps:** Many enterprises lack reliable connectivity, IoT sensors, and cloud infrastructure essential for accurate digital twins. For MSMEs, this is worsened by limited access to high-speed internet in rural or semi-urban areas, where 70% of India's MSMEs operate, leading to incomplete data streams and unreliable models (Ministry of MSME, 2024). Corporates, while better equipped, face integration challenges with legacy systems across multi-site operations. Public-private partnerships could help bridge this gap (NITI Aayog, 2021).
- ii. **Cybersecurity Risks:** Continuous data flow between physical assets and digital systems increases vulnerability to cyberattacks, such as data breaches or ransomware. MSMEs often lack dedicated IT security teams, making them more susceptible, with over 15.9 lakh cybersecurity incidents reported in India

in 2023, disproportionately affecting smaller firms due to limited defences. Corporates deal with larger-scale threats due to their extensive networks, requiring robust protocols like encryption and AI-driven threat detection to safeguard sensitive operational data.

- iii. **Talent Shortage:** There is a scarcity of skilled professionals in AI, IoT, analytics, and simulation modelling. MSMEs struggle with attracting and retaining talent due to budget constraints, often relying on generalists rather than specialists, which delays adoption. Corporates face upskilling challenges for existing workforces, with a need for cross-functional training.
- iv. **Initial Investment Concerns:** Upfront costs for sensors, software, and implementation remain a barrier, despite high ROI. MSMEs, operating on thin margins (average net profit of 5-10%), view these as prohibitive, with implementation costs ranging from INR 10-50 lakhs for basic setups, deterring a significant portion of small firms due to high relative onboarding expenses. Corporates contend with higher absolute costs (INR 1-10 crores) for enterprise-scale deployments but benefit from economies of scale. Subscription-based models, government incentives like PLI schemes, and low-interest loans could encourage adoption, particularly among MSMEs.

A significant number of traditional enterprises, particularly within the MSME sector, show hesitance in transitioning from established cost control methodologies such as variance analysis and historical costing. The cultural barrier associated with the adoption of simulation-driven strategies

hinders implementation. Large corporations may encounter difficulties in integrating digital twin systems with legacy ERP software, whereas MSMEs face challenges regarding integration between cost-effective off-the-shelf tools and their current operations. To tackle these challenges effectively, it is essential to adopt a collaborative approach involving government incentives, industry associations, and professional organizations like ICAI that provide policy support, financial subsidies, and specialized training. In the absence of coordinated efforts, the potential of digital twin economics may be confined to large corporations, thereby excluding MSMEs from India's Industry 4.0 advancement.

### The Way Forward

For India to harness digital twin economics, coordinated action is needed:



- i. Policy Support: Tax incentives for Industry 4.0 adoption, including digital twins.
- ii. Skill Development: Integration of digital twin and predictive analytics training into CMA curricula.
- iii. Ecosystem Collaboration: Partnerships between CMAs, tech providers, and government agencies.
- iv. Sustainability Integration: Using digital twins not only for cost control but also for ESG reporting and compliance.

### Conclusion

Digital twin economics has the potential to redefine cost management in India's Industry 4.0 journey. By enabling predictive cost control, reducing wastage, and enhancing sustainability, this technology can significantly boost competitiveness across manufacturing and services. For CMAs, this is an

unprecedented opportunity to step into a strategic, cross-functional role from being scorekeepers of past performance to architects of future value. As India balances rapid industrialization with environmental responsibility, digital twin-driven cost management can be a foundation of sustainable growth and operational efficiency. **MA**

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# MANAGERIAL COSTING TECHNIQUES: UNLOCKING THE PATH TO COMPETITIVE ADVANTAGE

## Abstract

In today's rapidly changing and highly competitive business environment, organizations are under constant pressure to enhance efficiency, optimize resources, and maintain profitability while meeting the evolving expectations of customers and stakeholders. Within this context, effective cost management has emerged as a cornerstone of organizational success, as it not only helps firms to monitor and control expenditures but also equips them with the insights necessary to make informed strategic decisions. Managerial costing techniques, therefore, go beyond the traditional function of recording and reporting costs. They serve as powerful strategic tools that enable managers to analyze cost behavior, identify inefficiencies, allocate resources effectively, and design pricing strategies that align with market realities. When applied systematically, these techniques contribute significantly to the development of a sustainable competitive advantage by supporting both cost leadership and differentiation strategies. This paper provides an in-depth exploration of key managerial costing techniques, examines their practical applications across various industries, highlights their role in achieving strategic advantage, and discusses the emerging trends shaping their future relevance in a dynamic global marketplace.

## Introduction

Cost management has undergone a significant transformation in recent decades, evolving



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from a narrow focus on recording and tracking expenses to becoming an essential pillar of strategic business management. In earlier times, cost accounting was largely concerned with determining product costs and ensuring financial control through systematic recording. However, the modern competitive environment has introduced complexities such as globalization, technological advancement, shorter product life cycles, fluctuating consumer preferences, and rising operational costs. These challenges demand that organizations move beyond traditional cost accounting systems and adopt more sophisticated tools that can provide meaningful insights for long-term success.

Managerial costing, in this regard, has emerged as a powerful approach that bridges the gap between financial information and strategic decision-making. Unlike conventional accounting methods, which primarily serve the purpose of compliance and external reporting, managerial costing techniques are designed to support internal decision-making. They provide managers with relevant, timely, and forward-looking information that assists in planning, resource allocation, pricing strategies, performance evaluation, and overall organizational

control. By enabling managers to analyze cost behavior and its relationship with different business activities, these techniques contribute directly to operational efficiency and competitiveness.

The importance of managerial costing is particularly evident in industries where margins are tight and customer demands are constantly evolving. For instance, companies in the manufacturing, service, and retail sectors rely on costing techniques to determine the most profitable product mix, assess the viability of new projects, or identify areas for cost reduction without compromising quality. Managerial costing also plays a vital role in supporting broader business strategies such as cost leadership, differentiation, and innovation by providing a clear understanding of cost structures and value creation processes.

Thus, in today's dynamic business landscape, managerial costing has moved far beyond being a tool for cost recording. It has become a cornerstone of strategic management and competitive advantage. Organizations that effectively integrate these techniques into their decision-making processes are better positioned to withstand market pressures, respond proactively to change, and achieve sustainable growth in an increasingly complex global economy.

### Concept of Managerial Costing

Managerial costing can be defined as the systematic application of various costing methods and techniques to provide management with the information required for effective planning, decision-making, and control of business operations. Unlike traditional cost accounting, which primarily focuses on recording, classifying, and reporting the cost of products and services, managerial costing goes a step further by transforming raw cost data into actionable insights. Its emphasis lies in supporting internal managerial needs rather than fulfilling external reporting obligations.

The key distinction between managerial costing, financial accounting, and cost accounting lies in their purpose and orientation. Financial accounting is largely concerned with statutory reporting, compliance, and communication with external stakeholders such as investors, creditors, and regulators. Cost accounting, on the other hand,

centers on measuring and recording costs to ascertain the cost of production and operations. Managerial costing differs by adopting a more strategic perspective—it focuses on efficiency, competitiveness, and value creation by aligning cost information with organizational objectives.

Through tools such as activity-based costing, life cycle costing, and marginal costing, managerial costing empowers managers to analyze cost behavior, allocate resources more effectively, and identify opportunities for performance improvement. This makes it not merely a system of cost tracking, but a vital management function that integrates financial insights with strategic business decisions.

**Table 1: Comparison of Accounting Approaches**

| Aspect    | Financial Accounting  | Cost Accounting    | Managerial Costing           |
|-----------|-----------------------|--------------------|------------------------------|
| Objective | External reporting    | Cost ascertainment | Strategic decision-making    |
| Focus     | Historical data       | Product costs      | Efficiency & competitiveness |
| Users     | Investors, regulators | Cost accountants   | Managers, strategists        |

### Managerial Costing Techniques

Managerial costing techniques are specialized tools and approaches that assist managers in analyzing costs, improving efficiency, and formulating strategies to enhance competitiveness. These techniques move beyond traditional cost tracking to provide deeper insights into cost behavior and decision-making. For example, standard costing helps in monitoring performance through variance analysis, while marginal costing supports decisions related to product mix, pricing, and break-even analysis. Activity-Based Costing (ABC) improves accuracy by allocating overheads based on activities rather than volume, and target costing ensures products are designed within cost limits set by market-driven prices. Similarly, life cycle costing evaluates the total cost of ownership from product development to disposal, whereas Kaizen costing emphasizes continuous cost reduction through incremental improvements. Finally, throughput

accounting focuses on maximizing output from bottleneck resources to enhance profitability. Collectively, these techniques enable managers to align cost structures with organizational goals, make informed decisions, and sustain a competitive advantage in dynamic markets.

**Figure 1: Managerial Costing Techniques**



### Strategic Role of Managerial Costing in Competitive Advantage

In today's volatile and competitive global economy, organizations are compelled to adopt innovative strategies that ensure sustainability and long-term success. Managerial costing plays a central role in this pursuit by aligning cost information with competitive strategies such as cost leadership and differentiation. Unlike traditional accounting systems, which often provide only historical financial data, managerial costing techniques supply forward-looking, decision-oriented insights that allow firms to design strategies that create and sustain a competitive edge.

One of the most widely recognized approaches to competitive strategy is cost leadership, where firms aim to achieve the lowest possible cost of production without compromising quality. Managerial costing techniques such as standard costing, marginal costing, and Kaizen costing are instrumental in achieving this objective. For example, Toyota, a global leader in the automobile industry, has consistently relied on Kaizen costing as part of its continuous improvement philosophy. By implementing incremental cost reductions at every stage of production, Toyota has been able to maintain cost efficiency, minimize waste, and enhance operational excellence, thereby strengthening its cost leadership position in the

global automobile market.

On the other hand, the strategy of differentiation focuses on creating unique products or services that command a premium price in the market. Here, managerial costing techniques such as life cycle costing and target costing become particularly relevant. A notable example is Apple Inc., which employs life cycle costing not only to manage costs throughout the product development process but also to anticipate long-term expenditures associated with product innovation, maintenance, and disposal. This enables Apple to balance premium product design with profitability, ensuring that its differentiated strategy remains both financially viable and sustainable over time.

By supporting these strategic orientations, managerial costing does not merely act as a cost-tracking tool but emerges as a critical enabler of competitive advantage. It provides managers with the capacity to evaluate trade-offs between cost, quality, and value creation, ensuring that firms can position themselves effectively in dynamic markets. As highlighted by Porter (1985) in his seminal work *Competitive Advantage*, firms that integrate cost information with strategic decision-making are better equipped to outperform rivals and achieve sustainable market positions. More recent scholarship further reinforces this argument, with Kaplan and Cooper (1998) emphasizing the role of Activity-Based Costing in enhancing strategic decision-making, while Horngren, Datar, and Rajan (2015) highlight managerial costing's importance in aligning organizational goals with performance. Contemporary studies such as Sulaiman and Mitchell (2022) also reveal how digital transformation and analytics are reshaping managerial costing, enabling organizations to achieve greater competitiveness in the era of Industry 4.0.

Thus, the strategic role of managerial costing lies in its ability to integrate operational efficiency with long-term competitiveness, making it indispensable for organizations striving to succeed in an increasingly complex business landscape.

### Challenges in Implementing Managerial Costing Techniques

While managerial costing techniques provide significant benefits in enhancing decision-making

and achieving competitive advantage, their successful implementation is not without challenges. One of the foremost barriers lies in the requirement for accurate and detailed data. Since most advanced techniques such as Activity-Based Costing (ABC) and Life Cycle Costing rely heavily on precise cost allocation and activity mapping, even minor inaccuracies in data collection can distort results and mislead decision-making. Furthermore, the high cost of implementation—in terms of both financial investment and managerial effort—often discourages organizations, particularly small and medium enterprises, from adopting sophisticated costing systems. Establishing the necessary infrastructure, training employees, and maintaining these systems requires substantial resources, which may not yield immediate financial returns.

Another key challenge arises from resistance to organizational change, as employees and managers accustomed to traditional costing methods may perceive new techniques as complex or unnecessary. This resistance can delay implementation and reduce the overall effectiveness of managerial costing initiatives. Additionally, in organizations with highly diversified operations, the complexity of applying techniques such as Kaizen costing or throughput accounting across different business units can be overwhelming. Aligning diverse cost structures into a single, coherent managerial costing framework often requires cultural, structural, and technological adjustments. As Horngren, Datar, and Rajan (2015) emphasize, the effectiveness of managerial costing is closely tied to the quality of data, the adaptability of the organization, and the willingness of management to embrace change. More recent studies (e.g., Sulaiman & Mitchell, 2022) further highlight that digital transformation offers solutions to some of these challenges, but at the same time introduces new complexities, such as the need for advanced analytics and skilled personnel.

### Managerial Implications

The application of managerial costing techniques carries profound implications for managers seeking to strengthen decision-making, enhance competitiveness, and ensure organizational sustainability. First, these techniques provide

managers with the ability to link costs directly to strategic goals. For instance, Activity-Based Costing (ABC) allows managers to identify non-value-added activities, streamline processes, and reallocate resources toward high-value operations. Similarly, Target Costing equips managers to design products within market-driven price constraints, thereby aligning innovation with profitability objectives from the very beginning of the product development cycle.

Second, managerial costing serves as a performance measurement and control mechanism, enabling managers to compare actual costs against predetermined standards through tools such as Standard Costing and Variance Analysis. This fosters accountability across departments and empowers managers to implement corrective actions quickly. Moreover, advanced techniques like Life Cycle Costing provide managers with a long-term perspective, ensuring that decisions account not only for immediate profitability but also for total ownership costs, including post-production maintenance and disposal.

Finally, these costing tools help managers to navigate uncertainty and complexity in globalized business environments. With the rise of sustainability concerns and digital transformation, techniques such as Environmental Costing and Throughput Accounting enable managers to balance financial, ecological, and operational considerations. This integration of economic and non-economic factors into managerial decision-making helps organizations anticipate risks, adapt to regulatory pressures, and sustain competitive advantage. Ultimately, the managerial implications of these costing techniques extend beyond cost control; they shape strategic choices, foster innovation, and drive organizations toward resilience in volatile markets.

### Future Trends in Managerial Costing

The future of managerial costing is being reshaped by rapid advancements in technology, globalization, and sustainability imperatives. One of the most significant trends is the integration of advanced analytics and artificial intelligence (AI) into costing systems. Predictive analytics enables managers to anticipate cost fluctuations, simulate various business scenarios, and make proactive

decisions, while AI-driven tools automate complex data analysis to provide real-time insights. These developments not only enhance the accuracy of cost allocation but also allow organizations to identify inefficiencies with greater precision. As a result, managerial costing is transitioning from a backward-looking, control-oriented function to a forward-looking, strategy-oriented discipline.

Another emerging dimension is the adoption of sustainability-driven costing approaches, such as *green costing* and *environmental life cycle costing*, which measure not only financial costs but also environmental and social impacts. With increasing global emphasis on sustainability and corporate responsibility, organizations are under pressure to integrate ecological considerations into their costing models. Furthermore, the growing complexity of global supply chains has made it necessary for firms to adopt sophisticated, multi-layered costing systems capable of capturing costs across borders, currencies, and regulatory environments. As recent research highlights (Bhimani & Willcocks, 2014; Burritt & Schaltegger, 2020), managerial costing in the future will be characterized by its ability to combine financial performance with digital innovation and sustainable value creation, thereby ensuring organizational resilience in an uncertain global economy.

**Figure 2: Future Trends in Managerial Costing**



### Conclusion

In today's dynamic and competitive business environment, managerial costing techniques have become indispensable tools for strategic decision-making and long-term sustainability. Unlike traditional cost accounting methods that primarily focus on recording expenses, these advanced techniques such as Activity-Based

Costing (ABC), Life Cycle Costing, Target Costing, Kaizen Costing, and Throughput Accounting equip managers with the ability to evaluate costs in a more holistic and forward-looking manner. By adopting such approaches, organizations are able to allocate resources efficiently, identify cost drivers with precision, and align their cost structures with strategic objectives.

Furthermore, managerial costing supports both cost leadership and differentiation strategies, enabling firms to not only reduce waste and improve operational efficiency but also innovate in product design, quality, and customer value creation. The growing emphasis on sustainability and global competitiveness further highlights the need for methods like environmental costing and life-cycle analysis, which allow firms to balance profitability with ecological and social responsibility. Ultimately, the effective application of managerial costing techniques provides organizations with a sustainable competitive edge, ensuring resilience, adaptability, and profitability in an ever-changing marketplace. **MA**

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# THE MANAGEMENT ACCOUNTANT

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- In case of theme article, the soft copy to be mailed to the above stated mail ID latest by 1st of the preceding month in which the article is sought to be published. That is, for an article to be published in February, the same may be forwarded by 1st of January, at least.
- The articles must be relevant to the economy, society and the nation.
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# Book Review

|                         |                                                                                |
|-------------------------|--------------------------------------------------------------------------------|
| <b>Name of the Book</b> | <i>MSMEs Banking &amp; Finance – “Demystifying MSME-Banking &amp; Finance”</i> |
| <b>Author</b>           | K. K. Gupta, CMA (Dr.) Chaitanya S. Shah, Rattan M. Kewalramani                |
| <b>Publisher</b>        | Wings Publication International                                                |
| <b>Genre</b>            | Financial/Banking (Non-fiction)                                                |
| <b>Target Audience</b>  | MSME owners, entrepreneurs, bankers, policy-makers, finance professionals      |
| <b>Price</b>            | ₹550/-   \$20                                                                  |

## Overview

**T**he book *MSMEs Banking & Finance* is positioned as a practical guide designed to help Micro, Small, and Medium Enterprises (MSMEs) navigate the often-complex world of banking, finance, and credit mobilization. With three highly experienced authors from banking, financial advisory, and industrial backgrounds, the book promises clarity, insight, and practical tools for small business sustainability in the Indian financial ecosystem.

## Positive Aspects

### 1. Authorial Credibility

The greatest strength of this book lies in its authorship:

- **K. K. Gupta**, a seasoned banker, brings deep insights from decades in public sector banking.

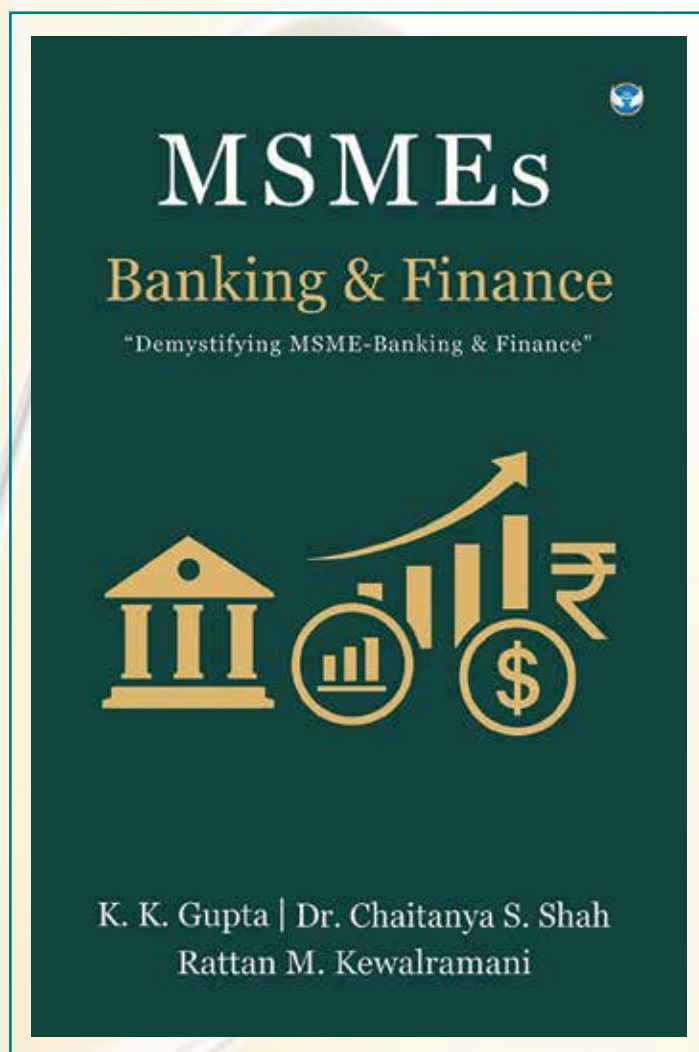
- **CMA (Dr.) Chaitanya S. Shah**, with a strong academic and advisory background, offers a strategic viewpoint on SME financial management.

- **Rattan M. Kewalramani** connects real-world textile industry experience with formal banking and consultancy.

This trio adds depth and variety, making the book trustworthy for serious MSME readers.

### 2. Practical Orientation

The book promises and delivers **real-life examples** and actionable insights. It's not theory-heavy but rather designed to **help MSMEs make informed financial decisions**. For entrepreneurs who often feel lost in



financial jargon, this clarity is a significant win.

### 3. Simplicity of Language

Financial topics are notoriously complex. However, this book makes a clear effort to keep the language accessible,

especially for non-finance backgrounds. This helps it reach **grassroots entrepreneurs** who may not be fluent in technical terms but need banking knowledge urgently.

## 4. Relevance to Indian MSME Context

Many global books on finance ignore local challenges. This one is **India-specific**, addressing issues unique to Indian MSMEs:

- Credit access barriers
- Bank documentation hurdles
- Government scheme navigation
- Risk perception by banks

It's also informed by direct involvement with Indian institutions like the **Central Bank of India, ADB, and IMC committees**, which gives it authentic local grounding.

## 5. Educational Utility

The book is well-suited for educational purposes:

- Ideal as a supplementary text in MBA or entrepreneurship development programs.
- Useful for trainers in MSME skill-building workshops.
- Banks can also use it internally to sensitize officers about MSME client needs.

## Critical/Negative Aspects

### 1. Lack of Chapter Breakdown on the Cover

The back cover does not provide a chapter-wise structure or table of contents. This makes it difficult to assess the **scope and depth** of the book at first glance. Readers must dive in to find specific topics.

### 2. Possible Overemphasis on Banking

While finance is multidimensional (including angel investment, fintech, equity crowdfunding), the book seems **heavily bank-focused**, likely due to the authors' backgrounds. This could be limiting for MSMEs seeking **non-traditional finance avenues**, especially in today's digital economy.

### 3. Limited Innovation

Though practical, the book might not offer much **new or revolutionary thinking**. Much of the advice, while sound, is consistent with existing MSME financial education resources. It could have benefited from:

- Case studies of **failed MSMEs** and lessons learned
- Data on **regional or sectoral MSME lending gaps**
- Chapters on **digital lending platforms, UPI-linked credit**, etc.

## 4. Visual and Design Simplicity

The cover design, while clean, lacks **visual appeal or modernity**. For a book targeting entrepreneurs, especially younger ones, a more dynamic layout or graphical summaries could help. The text-heavy back may discourage casual readers.

## 5. Absence of Digital Tools/Resources

The book appears to be **strictly print-based**, with no mention of:

- Companion website
- QR codes linking to tools/forms
- Downloadable resources for business planning

In an era where entrepreneurs use mobile tools extensively, this could reduce engagement.

## Conclusion

*MSMEs Banking & Finance* is a commendable and practical guide that fills a critical gap for Indian entrepreneurs trying to navigate the banking and finance system. Its **strength lies in real-world experience, accessible writing, and India-specific insight**. However, it could expand its relevance by including **modern finance trends, digital tools, and a wider spectrum of funding models**.

## Recommended For:

- First-generation entrepreneurs
- MSME owners seeking working capital
- Bankers handling SME portfolios
- Business schools teaching SME finance

**Rating:** ★★★★★☆ (4/5)

A must-read for MSMEs starting out or struggling with traditional finance. Just don't expect cutting-edge fintech insights.

Reviewed by

**CMA Jayanta Mukhopadhyay**

*ex. General Manager (Finance)*

*Coal India Ltd, Hq, Kolkata*

*(A Maharatna Company, Government of India)* 

# Interview



## CMA S. P. Patnaik

Director – Finance

Gliders India Limited, Kanpur

[sptehri@rediffmail.com](mailto:sptehri@rediffmail.com)

**S**hri S.P. Patnaik is a seasoned finance professional and a distinguished member of the Institute of Cost Accountants of India and also Masters degree in Commerce, a Post Graduate

*Diploma in Personnel Management (PGDPM) and a degree in Law.*

*With over three decades of rich and diverse experience, Mr. Patnaik has held various pivotal role across renowned private and public sector enterprises like THDC India Ltd, and NLC India Ltd, a Navratna enterprise.*

*At THDC he was also instrumental in the implementation of ERP systems, leading critical modules such as Assets and Banking. Mr. Patnaik has extensive expertise in contracts management, encompassing both domestic and international contracts, as well as in treasury management, corporate accounting, project evaluation & business development, and strategic financial planning.*

*His strategic thinking were recognized at NLC India Ltd, where he was awarded the prestigious Excel Award for revolutionizing the treasury operations by introducing market-linked debt instruments, effectively replacing the conventional cash credit working capital facility thus significantly saving finance cost and improving liquidity management. He also contributed developing financial models, financial closure of large-scale projects.*

*Beyond his professional achievements, Mr. Patnaik is an individual of diverse interests, with a deep passion for music, geo-political affairs, and the global economy.*

***Q1. Please share us about Gliders India Ltd and its core products and how does GIL align its financial strategy and capital allocation to support India's 'Atmanirbhar Bharat' initiative, particularly in funding R&D for indigenisation and developing resilient indigenous supply chains?***

**Reply.** Gliders India Limited (GIL) began its journey in 1941 as a small parachute repairing unit. Over the decades, it has evolved into a comprehensive manufacturing center, catering to the specialized needs of the defence and other services in the field of parachute systems and associated equipment.

Today, GIL manufactures a wide range of parachutes, including:

- ⦿ Man-carrying parachutes
- ⦿ Heavy drop systems
- ⦿ Brake parachutes
- ⦿ Pilot parachutes

In addition to parachutes, GIL is also engaged in the production of:

- ⦿ Inflatable rubber boats, and
- ⦿ NBC (Nuclear, Biological, Chemical) protective suits, designed to safeguard personnel from hazardous environments, including nuclear radiation.

GIL is committed to becoming a global leader in the manufacturing of parachutes and other floating and gliding equipment. The company's mission is to expand its global footprint by increasing its customer base and establishing a strong international presence.

Aligned with the Atmanirbhar Bharat (Self-Reliant India) initiative, GIL emphasizes the use of indigenous sources for the design and production of its equipment. This includes:

- ⦿ Strengthening its domestic supply chain by on boarding more Indian suppliers, including MSMEs
- ⦿ Investing in in-house R&D and collaborating with premier institutions such as IIT Kanpur for continuous innovation and product

development

- ⦿ Importantly, GIL's collaboration with startups is aimed at nurturing innovation without compromising core business objectives—a balanced approach to growth and technological advancement including AI.

This strategic approach not only supports national initiatives but also enhances the company's capabilities to deliver high-quality, reliable, and cost-effective solutions to its customers.

***Q2. What key cost-saving initiatives and cost management principles is Gliders India implementing to enhance operational efficiency and competitiveness, especially as the defence sector opens to private players and emphasises local manufacturing?***

**Reply.** At Gliders India Limited (GIL), the primary cost drivers for our products are raw materials and labour, which together constitute a significant portion of the total production cost. In response, the company has adopted a focused approach to optimize capacity utilization, inventory management, forecasting and enhance operational efficiency.

To reduce fixed costs and make product pricing more viable, our strategy is to maximize factory utilization. By operating at or near full capacity, we effectively distribute fixed costs across a larger volume of output, thereby improving cost efficiency.

Recognizing the importance of automation, speed, and accuracy in today's manufacturing landscape, GIL has proactively invested in Industry 4.0 technologies under its long-term Capital Expenditure (Capex) Plan. These advanced machines and systems are boosting our capabilities, improving precision, and ensuring consistent product quality.

To manage the cost of materials, we have significantly expanded our domestic vendor base, allowing us to secure a seamless supply of inputs at competitive prices. This also aligns with our commitment to supporting local industries.

For better control over both direct and indirect

costs, GIL has implemented robust standard costing, budgeting, and variance analysis systems. These tools help us identify deviations, close performance gaps, and continuously refine our processes for better cost optimization and efficiency.

In a landscape with increasing competition from private players, GIL is well-positioned to meet future challenges. GIL is also exploring new products including ports parachutes with a highly skilled workforce. Decades of experience in delivering quality products on time, and continuous investment in R&D and modern equipment and training, we remain confident in our ability to sustain our leadership in this niche sector.

**Q3. How do you apply cost-benefit analysis, capital budgeting techniques, and financial evaluation models to assess the viability of R&D projects and investments in advanced technologies, considering both quantifiable returns and strategic benefits?**

**Reply.** Cost-Benefit Analysis (CBA) and Capital Budgeting are essential quantitative tools used to evaluate project proposals and investment opportunities. Their primary goal is to equip decision-makers with a structured, objective framework to assess the long-term viability and returns of potential projects.

Key financial parameters such as:

- ⦿ Net Present Value (NPV)
- ⦿ Internal Rate of Return (IRR)
- ⦿ Payback Period

are calculated to evaluate the feasibility, profitability, and risk profile of each proposal.

At Gliders India Limited (GIL), any new product or innovation taken up through R&D undergoes a systematic evaluation process, jointly conducted by the Technical and Costing Departments. This assessment includes not only the financial feasibility but also the time and resources required for development.

During the initial stages of evaluation, having the right assumptions and input parameters are critical. These form the foundation for developing accurate

financial models, which are then compared against benchmarks such as expected Return on Equity (RoE) or other strategic goals.

The Cost & Management Accountant plays a vital role in this entire process. CMAs bring in:

- ⦿ In-depth knowledge of cost structures and drivers
- ⦿ Skills to model alternate scenarios and assumptions
- ⦿ The ability to present objective, data-driven insights to management

By offering financial alternatives, identifying risk factors, and aligning project proposals with the company's strategic and financial goals, CMAs help management make well-informed and balanced decisions.

**Q4. How is Gliders India leveraging technologies like AI, data analytics, and automation within the finance function to improve cost efficiency, forecasting accuracy, and decision-making, while also supporting sustainability initiatives like green manufacturing?**

**Reply.** Gliders India Limited (GIL) has developed a robust data management system that tracks every stage of the production cycle—from initial estimates to the final sale of the product. This comprehensive system provides the management with valuable insights for cost control, efficiency improvements, and strategic decision-making.

As the parachute industry is inherently labour-intensive, GIL places significant emphasis on optimizing workforce utilization. By ensuring that the available manpower is effectively deployed, the company aims to keep employee costs aligned with productivity, enhancing overall operational efficiency. Continuous training to upskill employees and implementing motivational measures are essential for maintaining a healthy workplace environment.

The system generated cost sheets serve as a key tool for monitoring and controlling product-level costs, helping the management make informed decisions and maintain pricing competitiveness in a dynamic market.

In a move towards supporting India's Net Zero Mission, GIL has successfully installed solar power plant within its factory premises. This step marks a small but meaningful leap toward reducing the company's carbon footprint and enhancing sustainable manufacturing practices.

**Q5. What role does the Cost and finance team play in strategic planning, talent development, and upskilling to position itself as a business partner, including priorities for hiring skills in cost accounting and ethical governance in a PSU environment?**

**Reply.** The Cost and Finance team forms the backbone of any manufacturing organization. Within this team, the Strategic Finance function plays a vital role, comprising professionals who possess a deep understanding of cross-functional operations and are positioned in key performance areas.

These professionals not only grasp the company's business model in its entirety—including opportunities, challenges, and market dynamics—but also provide timely, accurate, and actionable insights to management. This enables informed decision-making and drives organizational growth.

Their contributions foster a well-connected internal ecosystem, where different departments gain a better appreciation of each other's roles and responsibilities, leading to improved collaboration and overall efficiency.

Cost accountants, in particular, hold critical positions within the strategic finance team. With increasing market competition and evolving industry demands, their importance has grown significantly. Their expertise in cost control, profitability analysis, and resource optimization makes them indispensable in today's competitive manufacturing landscape.

**Q6. Reflecting on your leadership in finance at a defence PSU, what key challenges, lessons, and advice would you share for aspiring cost accountants on managing finances amid national goals and evolving industry dynamics?**

**Reply.** First of all, I consider it my privilege

to work with a defence PSU, because in doing so I contribute—albeit indirectly—serving the nation. Before joining Gliders India Ltd as a Board Member, I had the opportunity of working with different organizations in various capacities for more than three decades. This allowed me to engage with a wide spectrum of stakeholders including bankers, investors, rating agencies, government departments, ministries, auditors, etc.

These experiences have shaped my strong belief in the growing relevance and bright future of Cost and Management Accountants (CMAs). At the end of the day, every stakeholder is ultimately focused on the bottom line—and this can only be achieved through efficient cost control, sound financial planning, and a clear understanding of the company's strategic goals.

In today's fast-paced world—driven by gadgets, automation, and real-time decision-making—speed and accuracy are not just valued, they are expected. For young CMAs stepping into the profession, I encourage you to develop a deep understanding of the systems and business environments you will operate in. It is this understanding that will set you apart.

It is also important for students to conduct selfanalysis to understand their core strengths, which helps them improve more quickly and aim for excellence in a shorter span of time.

The CMA curriculum, which is regularly updated to align with industry requirements, is a powerful foundation. It provides the tools needed not just to function, but to lead in today's complex business environment.

And finally, a word of advice to all students: Study to gain knowledge—not just to pass exams. True competence and confidence come from understanding the “why” behind the numbers, and this will always be your greatest strength. **MA**

All the best.

Jai Hind.

# "DANDIA, LIGHTS, MUSIC... OR MANAGEMENT?"



**CMA (Dr.) Niranjan Mahendranath Shastri**

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The University music room still had a lingering scent of rangoli colors and new marigolds when Riya Sharma unlocked it at 7:05 a.m. She was the president of the Rhythm & Roots Club—one week from the largest student-organized celebration of the year: Dandiya Night. Her phone vibrated with messages: a DJ requesting a last-minute confirmation, an alumnus inquiring if couple passes could be transferred, and a volunteer bewildered as to how “VIP” would differ from “On-spot” tickets at the gate. Riya stood by the window, gazing at the sports complex where the stage would emerge in a few days’ time. She had been warned, more than once, that cultural events don’t require spreadsheets. She wasn’t certain she was on board.

The Dean of Student Affairs’ brief had been reassuringly straightforward: “Make it inclusive, keep it safe, and for goodness’ sake, don’t lose money.” The club had committed to an inter-college competition surplus of ₹75,000. On paper, the venue could accommodate 1,000 participants. In practice, Riya estimated the minimum turnout would be more like 800 if the weather played ball and mid-term submissions didn’t overlap. She knew, too, what the evening was like when it functioned: the first cut, lights coordinated to the dhol rhythm, circles serving to form of themselves, and that moment when you cease to count heads because the energy includes itself.

Sponsors had materialized this year. Weeks of pitch decks and courteous follow-ups later, she had ₹1,50,000 of sponsorship secured—five sponsors at ₹30,000 each, in food, wellness, and a local clothing brand which was a big fan of garba reels. The club was also organizing a small ancillary event—a photo-booth—at ₹50 per head, hoping memories paid for music.

Pricing, nonetheless, was not negotiable with the student council until she explained it. The ticket hierarchy had been set to keep the event affordable while establishing some premium

anchors: Early Bird at ₹299, Regular Student at ₹349, Alumni/General at ₹449, Couple Pass at ₹699 for two entries, VIP at ₹599 with a snacks add-on, and On-spot at ₹499 for late decision-makers. Group orders introduced a 10% group discount for five or more, but only for Regular and Alumni levels, in line with students' inclusivity and alumni goodwill. Riya's projection estimated that 30% of Regular purchasers and 20% of Alumni purchasers would claim the group discount. The ticketing platform would charge a 2% fee off gross collections—negligible until you multiplied it by categories.

Vendors were consistent on the basics: The figure in Riya's spreadsheet resembled a celebration of figures—some consistent, others shaking with each additional dancer. The sports complex outside alone would cost ₹70,000, and wristbands and print material ₹6,400. Stage and trussing was an additional ₹10,000, and the DJ and the emcee had a price tag of ₹40,000. Professional sound would cost ₹50,000, but arrangements for refreshments and guest drinking water would come to around ₹9,600. Décor and the photo stand totaled ₹20,000, and permissions and licenses would cost ₹15,000. Security arrangements were at ₹25,000, and dandiya sticks for the crowd would cost ₹20,000. Lighting and effects were at ₹25,000, and extra housekeeping for the evening was at ₹6,400. Marketing would cost ₹18,000, and barricading with queue lanes another ₹12,000. Public liability insurance was ₹10,000, photography and videography ₹12,000, and the medical booth with ambulance ₹8,000. The base housekeeping staff would require ₹12,000, and snacks for VIP guests were estimated at ₹3,000. When Riya gazed at the overall total, she could see a combination of commitments—some fixed like the stage truss, others growing with each ticket sold. Her test was to disentangle them prior to determining if the numbers could indeed dance on command.

Her pricing committee had proposed a base mix to inform marketing and track caps: 300 Early Birds, 250 Regular, 50 Alumni, 50 Couple Passes (admitting 100 people), 50 VIP, and 50 On-spot.

With good weather, that would be 800 in the door. The question wasn't whether the event would break even; it was whether, after music and lights and memories, the club would have enough to send the dance team to nationals.

Riya went over her initial approximations. Ticket sales from each category, along with sponsorship obligations and adjunct revenue from the photo booth, guaranteed a bountiful flow if attendance equaled projections. On the expense side of the ledger, the combination of infrastructure, experience factors, and participant-sourced provisions built a cost structure that required close scrutiny. The question was whether those numbers would maintain their rhythm once the music began—or if a slip in pricing or attendance could turn the surplus goal into a shortfall.

There was a final decision, and it wasn't a numbers-only one. A professional event management company had approached Riya with the offer to do all the heavy lifting—staging, sound, lights, décor, security, even the barricades—for one bundled fee. It offered polish and fewer late nights, but at a cost that would drive total spending nearly to the top of the revenue limit. The other option was to maintain it all in-house, retain the student-led culture, and keep a comfortable financial buffer—along with the risk that one vendor mistake or a freak rainstorm would transform the night into pandemonium. Riya understood that this decision wasn't just about spreadsheets; it was about control, confidence, and what kind of narrative the campus would report to the world the next morning.





Riya stepped back to consider the safety net. She needed to know how far the event could fall before it fell below its potential. Was there sufficient buffer between what people were predicted to show up and where expenses would devour income? The reply would be based on how much each participant actually added once basics were covered, and the way sponsorships buffered the fixed expense. If her assumptions proved correct, the buffer seemed wide enough to breathe—but she realized that confidence based on estimates could be wiped out by one miscalculation in pricing or attendance.

The cultural contest overshadowed Excel. Student Early Bird tickets made students feel heard; VIPs treated sponsors like they mattered. Group discounts encouraged circles to form even before the first song. The luxury ladder contributed to affording safety. Outsourcing would ensure a perfect evening, but what if the soul of the event were in front of students taping cable runs and setting up water dispensers themselves?

That night, Riya stood on the perimeter of the sports complex with two volunteers, marking the route from the entrance gate to the stage. The wind was soft, and the floodlights cast long shadows

across the lawn. She imagined the first ring of dancers and the smiles that would radiate to the back row. She also imagined the ledger the following morning—whether the green would be sufficient to qualify the team for nationals. The message to the Dean sat as a draft on her phone, cursor flashing at the last line: “Approve in-house plan with existing pricing and caps; hold outsourcing as a contingency if weather or vendor reliability worsens this week.” She looked at the sentence, then at the field, and wondered if Dandiya Night could bear both—cushion and culture—on the same beat. Before she was able to press send, Riya knew her decision had to be based on more than gut feeling—she needed to balance the figures, calculate in-house and outsourcing options, and determine the degree of maneuvering space available between break-even and desired surplus.

**Decision Point:** Riya needs to decide, in forty-eight hours, (1) whether to execute in-house or outsource and (2) whether to keep the existing price ladder and caps or modify them to provide greater inclusiveness or headroom. Her decision will determine not just the evening but the year’s prospects for University’s cultural teams. **MA**

# APPLICATION OF ARTIFICIAL INTELLIGENCE IN FINANCE & ACCOUNTING RELATING TO SMALL BUSINESS

## Abstract

Artificial Intelligence (AI) technologies make it easier to minimise repetitive tasks and get work done more efficiently and accurately by integrating algorithms and smart technologies. Businesses and startups can streamline their workflows, gain insights from data analysis and increase productivity through the automation of business processes. According to the “Future Jobs Report” the proportion of tasks performed by people will decline from 47% to 33% by 2030. With real-time financial data always at the fingertips, businesses can rest easy knowing that a financial miscalculation or mismanaged budget won’t blindsides the business. However, a collaborative effort among businesses, policy makers, and stakeholders is essential to integrate AI effectively. This harmonious integration of AI into financial systems paves the way for a future that is technologically advanced and ethically sound, offering significant benefits for businesses and society at large.

### Introduction:

**A**rtificial Intelligence (AI) simulates human intelligence by using systems or machines to perform tasks. This includes activities such as learning, forecasting and problem solving. AI technologies make it easier to minimise repetitive tasks and get work done more efficiently and accurately by integrating algorithms and smart technologies. Businesses and startups can streamline their workflows, gain insights from data analysis and increase productivity through the automation of business processes. According to



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the “Future Jobs Report” the proportion of tasks performed by people will decline from 47% to 33% by 2030. In finance and accounting, AI streamlines and enhances a lot of laborious book-keeping procedures. The need for paper and pencil by accountants to enter data will eventually disappear due to the development of AI. It improves algorithmic trading, risk management, and fraud detection by processing large amounts of data quickly. These AI models in accounting lower operating expenses and human error by automating data entry, categorization, and report production. Additionally, they support compliance duties, guaranteeing adherence to changing legislation and improving forensic accounting.

### How AI can help manage Finance & Accounting related to Small Businesses:

- The artificial intelligence is a transformative force bringing immense data processing capabilities and analyses that are better and faster than human brains. AI technology can remove errors, working hours, and the risk of brain fatigue from financial analysis and decisions making. Workers do not need to

examine spreadsheets and data points as AI rapidly processing complex financial and economic data. Instead of making sense of data, businesses can focus on taking action from data.

- ⊙ In traditional finance, bigger companies were at an advantage, where more brains meant more data interpretation. Now, with artificial intelligence, the playing field is smoothed. The corporation don't need to be large with a big financial department to make informed financial decisions, predict market moves, or process large amounts of data. Presently, there are many AI enabled financial tools and as a result, one-person businesses can also leverage sophisticated analyses to make sound, data-rooted choices for their businesses, departments, and clients.
- ⊙ Artificial intelligence's data capacity and analysis, machine-learning abilities, and overall natural language processing are game changers for small business owners who want to streamline and improve their financials. Its machine learning removes human bias, creating objective analyses and predictions based on history and helping businesses make the right decisions quickly. Businesses can also leverage AI's natural language processing to understand financial analyses clearly, and artificial intelligence can break down complex observations into terms one can understand.
- ⊙ Small businesses can also generate the financial efficiencies previously experienced by large companies through artificial intelligence. Instead of hiring a financial team for routine tasks like book-keeping, invoicing, and payroll, small businesses can save overheads while improving the final output by automating these processes through artificial intelligence. Instead of paying for labour costs to manage business finances manually, the firm can utilize those funds toward strategic minds who can grow or improve their business.

### How AI can help manage Cash Flow:

Whatever may be type of business, understanding about cash flow can be crucial for its success. Cash flow analysis is the only way to know what we can afford. Conducting cash flow analysis regularly will ensure that the disbursements should not be more

than what the business can afford. The solvency of a business will also impact its operations, ensuring that it can continue to cover operational costs in the face of unexpected or temporary setbacks. The cash flow cycles can also tell us the best moments to make investments – in the short run and long run. On the contrary, we can also pinpoint areas to reduce spending and, ultimately, save money. Understanding on “from where money is coming” and “where it is going” can be the backbone of any informed decision making – and artificial intelligence can tell us with accuracy and precision.

Before artificial intelligence, businesses would have performed remarkably by looking at market conditions. They would make forecasts on market trends and external factors from limited data points, which was very risky. Most of the businesses today depend on basic accounting software or even manual tracking to understand what cash is coming in and out. The numerous cash flow related calculations require immense effort and time to manage. Where one wrong calculation by an employee can impact an entire month's reporting. Instead of being careful of cash flow issues that could occur in the future, the businesses only react to issues in real time, adding stress and commanding resources that could otherwise go toward planning or business operations.

### Preferred AI Platforms for Accounting and Cash Flow –

A wide range of financial tools are available, some with limited capabilities and some with more complex multifunctional capabilities. Here are few tools owners should test out for their small business:

- ⊙ **FlyFin** – It utilises AI technology to simplify the tax filing process for freelancers and small business owners. Its AI algorithm integrates with financial accounts and scans transactions to uncover potential tax deductions, ensuring that users don't miss an opportunity of savings. The users can understand how they can maximize their tax deductions and what the tax implications of a new expense are. It offers features like real-time deduction tracking and automatic expense categorization, eliminating the hassle associated with tax preparation.
- ⊙ **Rossum** – It provides AI solutions for handling documents, including an automated system for managing accounts payable. This system adapts to different document layouts using advanced

AI, includes tools to track its efficiency, and integrates easily with existing accounts payable systems. Additionally, it offers customization options through extensions and a user-friendly platform that requires minimal coding.

- ⊙ **PlanGuru** – It can generate financial analyses within minutes by importing the historical results into its platform. The tool also creates income statements, balance sheets, and cash flow statements, giving businesses a foundation for AI-driven projections up to 10 years in the future. This AI driven software can also work for non-profit organisations, and it can help with workforce planning, issuing lines of credit, etc.
- ⊙ **Quadient Accounts Receivable** – The entire accounts receivable process can be automated by using this platform. The tool proves its ability to help in collecting cash 34% faster with three times less work through automation. In addition to sending and following up on invoices, it uses AI-driven predictive analytics to forecast payment dates down to the individual customer. In this way, it can give highly accurate cash flow predictions and allow users to plan accordingly.
- ⊙ **Xero** – This AI driven tool helps small business send invoices, manage expenses, create and pay bills, control their budget, and even access credit to grow. The tool integrates intelligent features like automated bank reconciliation, data capture, international payments management, and cash flow forecasting. Syncing with multiple major accounting software, this tool makes it easy to see the business cash flow activities, including proofs of payment and other supporting documents. Its budget management solutions allow for different employee access levels, protecting a business from surprise expenses.
- ⊙ **HoneyBook** – It is designed to streamline client management for small businesses and freelancers. It automates administrative tasks such as contract creation, invoice generation, and payment tracking using AI. The platform integrates with user's calendar to schedule meetings and send reminders, ensuring them stay on top of their client interactions. Its AI also provides insights into user's project pipeline – a structured system for managing multiple projects, helping them manage workload and forecast future business needs effectively.
- ⊙ **Expensify** – It brings ease to managing paper receipts through its user-friendly mobile app that employs SmartScan technology to extract invoice and receipt details to categorise and match transactions automatically. The software also has AI-powered auditing technology, which ensures correct exchange rates, confirms transaction accuracy, and detects duplicate entries, giving the most accurate insights into company's finances.
- ⊙ **Rydoo** – Its smart AI technology handles expense management for small businesses. The tool connects with over thirty-five other travel, HR, finance, and ERP software, allowing users to have fully integrated data. The tool enables users to implement company policies (like spending limits and allowable expenses), and its AI will find any that don't comply. Its artificial intelligence can also use predictive analytics to forecast future expenses and suggest areas to cut spending.
- ⊙ **MileIQ** – MileIQ is a mileage tracking app that leverages AI to automatically log and categorise your drives. By learning your driving habits, MileIQ can differentiate between business and personal trips (by swiping right or left), providing you with accurate mileage reports for tax deductions and expense reimbursements. The app syncs seamlessly accounting software, making it easy to integrate your mileage data into your financial records.
- ⊙ **TurnKey Lender** –It evaluates multiple data sources to assess customers' credit risk with AI-driven credit scoring. The software considers the unique needs of the specific business model, helping the business to devise a fully automated process for consumer lending, such as personal loans, payday loans, leasing, medical credit, and more.
- ⊙ **Sage Intacct** – It gives ample visibility into the firm's financials through accounts receivable processes, general ledger functions, cash management reporting, order management, and more. With over seventeen thousand customers, the tool consolidates across datasets to give the real-time insights through multidimensional reporting. It also streamlines processes that are prone to auditing, such as transaction recording, revenue recognition, and compliance, ensuring that the business is aligned with financial

regulations.

- ◎ **QuickBooks** – It uses artificial intelligence in multiple ways, including automated book-keeping, receipt capture, and anomaly detection. Its artificial intelligence applies machine learning to analyse historical data, report about your business's projected cash flow, and suggest ways to optimize expenses, tax deductions, and other important financial considerations.

### Conclusion:

AI is an incomparable asset for finance and accounting relating to small businesses. The business and its team members will have more time and energy to dedicate to customers, creativity, and business growth. With real-time financial data always at the fingertips, business can rest easy knowing that a financial miscalculation or mismanaged budget won't blindsides the business. AI helps the small business operate with the financial savviness of a major corporation – without requiring a large financial team. So the firm will guess less, and will be free to strategise and plan more and more. However, a collaborative effort among businesses, policy makers, and stakeholders is essential to integrate AI effectively. Businesses must take up AI as a tool for competitive advantage while addressing ethical and sustainability concerns. Policymakers have the responsibility to create an environment that balances innovation with risk management, focusing on data protection and ethical AI usage. Stakeholders play a critical role

in shaping the trajectory of AI adoption, advocating for responsible practices and transparency. This harmonious integration of AI into financial systems paves the way for a future that is technologically advanced and ethically sound, offering significant benefits for businesses and society at large. **MA**

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## Obituary



CMA N. D. Birla

The Institute and its members deeply mourn the demise of CMA N. D. Birla, Senior Member of the Institute who left for heavenly abode on 3<sup>rd</sup> October, 2025 at Ahmedabad.

As the Founder and Senior Partner of N. D. Birla & Co., he had played a pivotal role in shaping the firm's growth. His dedication to excellence, unwavering values and commitment to the profession served as a guiding force for his colleagues and peers and will continue to inspire future generations of professionals.

May God bless the family to have the courage and strength to overcome the irreparable loss.

# THE ARTIFICIALLY INTELLIGENT ENTERPRISE: CMA's STRATEGIC ROLE IN BUILDING A SCALABLE AI AUTOMATION STRATEGY ACROSS FUNCTIONS

## Abstract

In today's digital-first economy, intelligent automation is transforming how organizations operate, compete, and grow. This paper examines the evolution of AI-powered automation from isolated use cases to enterprise-scale strategy across functions such as finance, HR, operations, and customer experience. It highlights the foundational pillars—data readiness, cloud infrastructure, governance, and talent—needed for scalability. It outlines an implementation roadmap, identifies key risks, and emphasizes the strategic role of CMAs in driving ROI, managing risk, and aligning AI initiatives with business goals. AI automation is not just about efficiency—it is a catalyst for innovation and sustainable value creation.

## Introduction: The Rise of the Artificially Intelligent Enterprise

**A**n **intelligent enterprise** uses **AI** and **data-driven** technologies to continuously learn, adapt, and improve. Unlike conventional automation, which focuses on routine task elimination, intelligent automation integrates machine learning, natural language processing (NLP), and predictive analytics into business workflows to make real-time, context-aware decisions.

Advances in computing, cloud capabilities and AI now enable businesses of all sizes to scale AI from isolated pilots to integrated, enterprise-wide strategies that touch every function of the business.

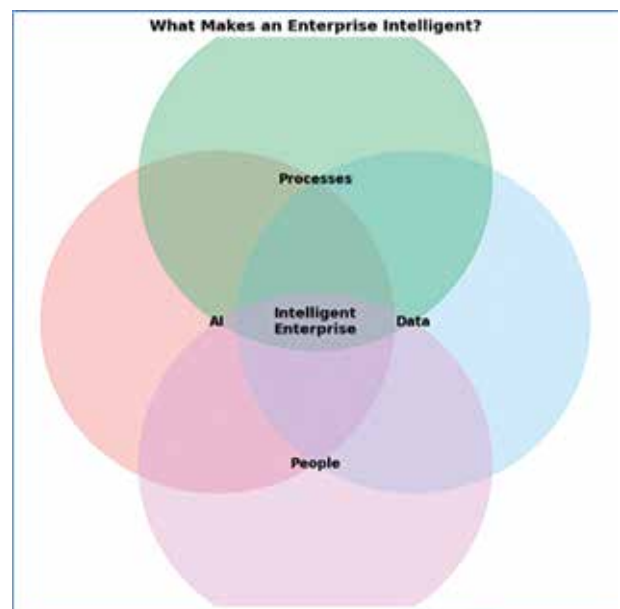


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AI-powered automation offers CMAs and leaders the chance to cut costs, enhance reporting accuracy, and enable agile planning—guiding their organizations toward smarter, faster decision-making as intelligent enterprises.



Enterprise intelligence emerges at the intersection of AI, data, processes, and people—each essential for scalable automation

## AI Automation Landscape across Functions

AI is reshaping industries by enabling smarter, faster decisions and integrating across core business functions to build intelligent enterprises. Rather than functioning in isolated domains, AI is increasingly being embedded across **core business functions**, helping organizations move toward becoming intelligent enterprises.

### Finance:

In finance, AI is revolutionizing traditional processes such as budgeting, auditing, and reporting. Intelligent forecasting models analyze historical data and external variables to enhance accuracy. AI-driven anomaly detection systems identify fraud patterns in real time, improving financial control and compliance. For instance, Mastercard uses AI to detect fraudulent transactions by analyzing spending patterns and contextual behavior, reducing false positives while improving security.

### Human Resources:

AI is streamlining talent acquisition, performance management, and workforce planning. Natural Language Processing tools automatically parse resumes, while predictive models identify high-potential employees based on behavioral and performance data. For example, Unilever uses AI-powered video interviews and analytics to evaluate candidate responses and expressions, reducing hiring time and bias of demographic factors.

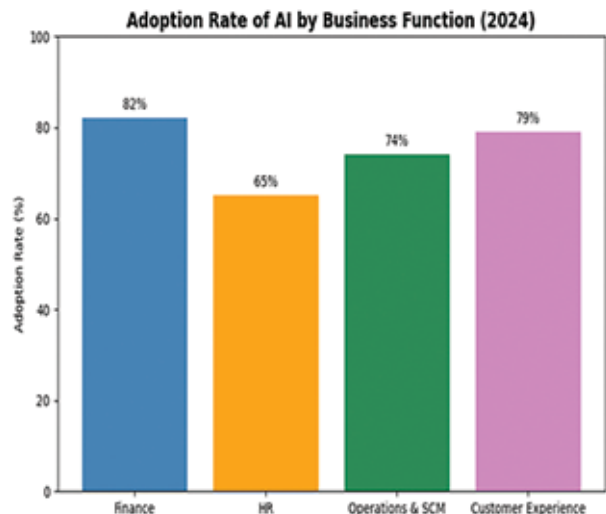
### Operations & Supply Chain Management (SCM):

AI enhances supply chain visibility, demand forecasting, and predictive maintenance. Machine learning models can identify bottlenecks, reduce downtime, and improve logistics efficiency. For example, Siemens uses AI to predict equipment failures in manufacturing, allowing for proactive maintenance and reducing unplanned downtime.

### Customer Experience:

AI is playing a critical role in delivering hyper-personalized customer experiences. Chatbots, virtual assistants, and sentiment analysis engines are used to understand customer needs and respond in

real-time. For instance, HDFC Bank's AI assistant "Eva" has answered over 5 million customer queries, reducing workload on human agents and improving customer satisfaction. These examples illustrate how AI, when aligned with business goals, can optimize processes, reduce costs, and unlock new value.



## Strategic Foundations for Scalable AI Automation

While isolated AI pilot projects can deliver quick wins, true transformation comes when organizations scale AI automation across departments, geographies, and functions. This scalability requires a robust strategic foundation grounded in four key pillars: Data readiness, Cloud infrastructure, Governance and Talent.

1. **Data Readiness:** AI is only as powerful as the data that feeds it. Organizations must ensure data quality, consistency, and accessibility across systems. This includes consolidating data silos, implementing master data management (MDM), and ensuring real-time data availability through APIs and data lakes.
2. **Cloud Infrastructure:** Cloud platforms enable the scalability, flexibility, and computational power required for AI models to run enterprise-wide. With services like auto-scaling, real-time analytics, and container orchestration, cloud infrastructure forms the backbone of AI deployment at scale.

3. **Governance:** Effective AI governance ensures ethical, transparent, and accountable AI practices. This includes setting up cross-functional AI steering committees, instituting model auditability, and enforcing regulatory compliance. Bias mitigation, explainability, and responsible AI principles must be embedded into every stage of the AI lifecycle.
4. **Talent:** To scale AI, organizations must cultivate both technical and domain expertise. This includes up-skilling existing employees, hiring data scientists, and training business users in AI literacy. CMAs, with their strong analytical and strategic skill sets, are uniquely positioned to bridge the gap between data science teams and executive leadership.

## AI Implementation Roadmap from Pilot to Enterprise Scale

Enterprise AI adoption requires a phased roadmap aligning technology with strategy, people, and processes, orchestrating data, infrastructure, governance, and talent—not just technology investment. The following **5-stage roadmap** provides a structured approach to scaling AI automation. **Identify High-Impact Use Cases:** Focus on strategic AI opportunities with measurable ROI—like fraud detection, predictive maintenance, or document processing—aligned with business goals. CMAs lead cost-benefit analysis, ROI modeling and prioritization exercises.

**Build MVPs and Proofs of Concepts:** Develop small-scale MVPs/PoCs via agile, cross-functional teams to validate feasibility and business value quickly. Include clear success criteria such as accuracy or cost savings.

**Establish Data Pipelines and Automation Infrastructure:** Scale from MVP to production with robust cloud, secure data pipelines, API integration, and model management. Data must be clean, labeled, and governed. An AI CoE helps define architecture and reusable tools.

**Scale across Business Units:** Expand AI adoption with focus on standardization, interoperability, and balanced governance. Change management involves education, process realignment, training, co-creation, and transparent communication.

**Continuous Improvement and Feedback Loops:** AI requires ongoing monitoring, model retraining, and feedback to avoid drift, bias, and degradation. Continuously identify new use cases through innovation pipelines.

**Success Factors beyond Technology** - Even the best AI models fail without **organizational readiness**. Scalable AI requires:

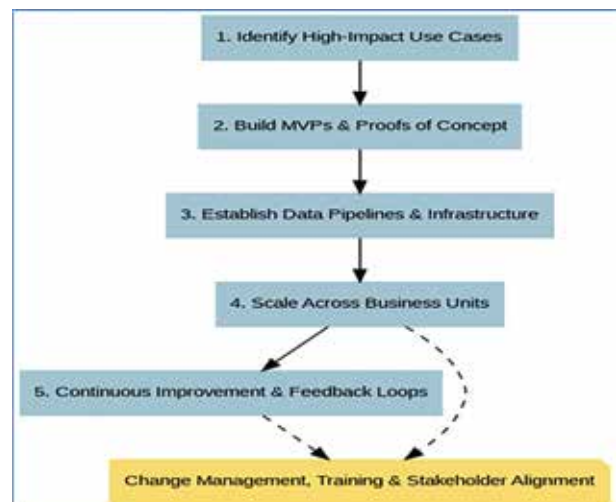
- ⊙ Executive sponsorship and budget alignment
- ⊙ End-user training and AI literacy
- ⊙ Transparent change management
- ⊙ Clear KPIs and performance governance

AI transformation is as much a **people initiative** as it is a technological one. A structured roadmap ensures that experimentation evolves into institutionalized innovation.

## Maturity Model for AI Automation

| AI Automation Maturity Model |                                                                    |
|------------------------------|--------------------------------------------------------------------|
| 1. Initial                   | Siloed pilots, no governance or strategy                           |
| 2. Emerging                  | Functional use cases, limited data/infra readiness                 |
| 3. Scaling                   | Cross-functional projects, shared platforms, CoE creation          |
| 4. Integrated                | AI embedded in workflows, strategic alignment, governance in place |
| 5. Intelligent Enterprise    | AI-driven decisions, adaptive systems, continuous optimization     |

## Flowchart: AI Automation Roadmap



## Challenges and Mitigation Strategies in AI Automation

AI automation faces key challenges to scalability, requiring early identification and mitigation for successful adoption.

## Key Challenges -

1. **Data Silos:** Many organizations struggle with fragmented data locked in departmental or legacy systems, creating obstacles for integrated AI solutions. Without accessible, clean, and unified data, AI models cannot achieve the desired accuracy or operational efficiency.
2. **Ethical Risks:** AI systems can inadvertently perpetuate biases, leading to unfair or discriminatory outcomes. Ethical lapses may also arise from privacy breaches or opaque decision-making, damaging trust and inviting regulatory scrutiny.
3. **Model Explainability:** Complex AI algorithms, particularly deep learning models, often act as “black boxes.” Lack of transparency in how models make decisions challenges compliance, auditability, and stakeholder acceptance, especially in regulated sectors should be explained with clarity.
4. **Resistance to Change:** Human factors—fears of job loss, skill gaps, or mistrust—can slow AI adoption. Without effective change management, even the most promising AI initiatives risk underutilization or outright failure.

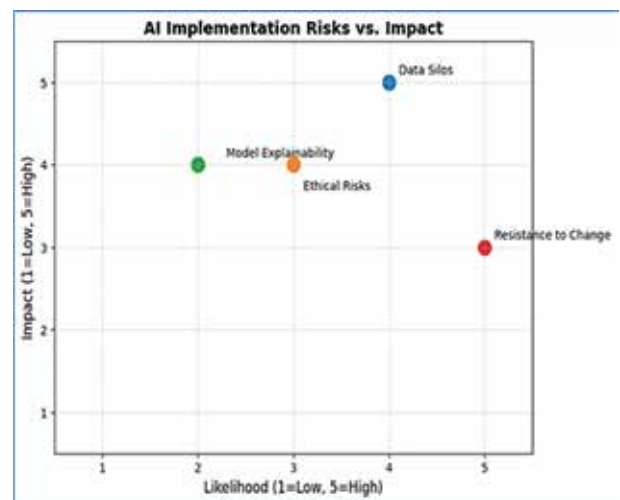
## Mitigation Strategies -

1. **Cross-Functional Teams:** Bridging the divide between IT, data science, finance, and business units fosters holistic problem-solving and breaks down data silos. Collaborative teams accelerate alignment on objectives, data sharing, and governance protocols.
2. **Transparent AI Models:** Prioritizing explainable AI techniques and interpretability tools enhances trust and regulatory compliance. Clear documentation and visualization of model logic empower stakeholders to validate and question AI decisions.
3. **Robust Training and Governance:** Investing in comprehensive training programs cultivates AI literacy and reduces resistance. Strong governance frameworks—including

ethical guidelines, audit trails, and bias mitigation policies—ensure accountability and continuous improvement.

CMAs are well-equipped to champion AI risk mitigation by applying their expertise in governance, risk, and performance. They drive ethical frameworks, transparency, and change management to embed AI responsibly. With thoughtful design, clear tech choices, and inclusive engagement, organizations can overcome challenges and unlock AI’s full value.

## *Risk Matrix: AI Implementation Risks vs. Impact*



## Benefits & Business Impact of Intelligent Automation

AI-powered intelligent automation delivers measurable business value by enhancing efficiency, accuracy, and agility across core operations. As organizations move from experimentation to enterprise-scale deployments, the impact becomes increasingly evident in operational and financial KPIs.

## Key Performance Indicators (KPIs) Impacted -

**Cycle Time Reduction:** AI automation cuts manual processing time significantly—Deloitte reports over 60% faster invoice processing in AI-enabled finance teams.

**Cost Savings:** Automating repetitive workflows yields 20–30% cost reductions, especially in shared services, supply chain, and customer support,

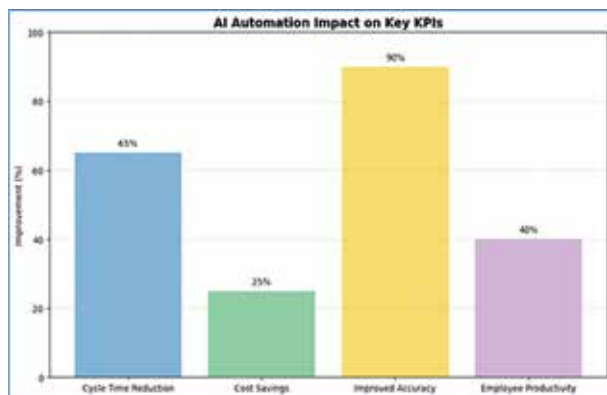
according to McKinsey Digital.

**Improved Accuracy:** AI outperforms humans in classification, extraction, and validation tasks. Document automation has boosted data entry accuracy by over 90% in sectors like insurance and healthcare.

**Employee Productivity:** AI frees staff from low-value tasks, allowing focus on analytical work. A Gartner survey shows up to 40% productivity gains among analysts using AI assistants.

CMAs help measure these AI automation impact and guide reinvestment decisions in further automation exercises in various departments and functions.

## AI Automation Impact on Key KPIs



## The CMA's Key Contribution in AI-Driven Transformation

As Indian organizations adopt AI-enabled enterprise models, **CMAs** are emerging as strategic advisors who ensure AI investments are financially sound, operationally efficient, and ethically governed. Their evolving role aligns with key theories of **digital transformation** and **IT governance**, positioning them as essential enablers of scalable AI adoption.

### 1. Strategic Enablers of Digital Transformation

CMAs play a critical role in digital transformation, which involves reconfiguring people, processes, and strategy—not just adopting technology. Drawing on **Vial's Digital Transformation Framework (2019)** and the **Dynamic Capabilities Theory (Teece, 2007)**, CMAs:

- ⊙ Translate AI initiatives into cost-effective business models,

- ⊙ Identify value levers in process redesign,
- ⊙ Lead financially prudent business model transformations,
- ⊙ Help organizations sense and seize AI opportunities while managing financial and regulatory risks.

### 2. Ethical and Statutory Oversight of AI Governance

CMAs support ethical and compliant AI governance through their statutory responsibilities under Indian laws, including:

- ⊙ **Cost Audit** (Companies Rules, 2014),
- ⊙ **GST compliance** and ITC reconciliation,
- ⊙ Internal cost controls and enterprise risk management.

Applying **Weill and Ross's IT Governance Model (2004)**, CMAs:

- ⊙ Define financial accountability for AI investments,
- ⊙ Evaluate vendor compliance and data security,
- ⊙ Build governance frameworks linking cost transparency to decision rights.

### 3. ROI Assessment and Financial Justification

To ensure value realization from AI, CMAs apply financial tools such as:

- ⊙ Cost-benefit analysis, standard costing, variance analysis,
- ⊙ Capital budgeting techniques like NPV, IRR, Payback Period, and Sensitivity Analysis.

This structured approach helps:

- ⊙ Compare and scale pilot initiatives,
- ⊙ Optimize investment across cost centers,
- ⊙ Justify long-term infrastructure spending—supporting the **Resource-Based View (Barney, 1991)**.

### 4. AI Budgeting and Cross-Functional Investment Planning

As transformation becomes enterprise-wide, CMAs support investment planning by:

- ⊙ Developing multi-year AI budgets for pilots and scale-up,

- ⊙ Facilitating alignment across departments (e.g., finance, HR, supply chain),
- ⊙ Monitoring Total Cost of Ownership (TCO) and ongoing costs.

Aligned with ICMAI's vision, CMAs balance innovation with cost discipline, serving as value creators in digital enterprise development.

## 5. Performance Measurement and Strategic Alignment

CMAs ensure that AI outcomes align with strategic goals by tracking **Key Performance Indicators (KPIs)** related to:

- ⊙ Cost savings, productivity, and efficiency,
- ⊙ Compliance and risk mitigation,
- ⊙ Customer and employee experience improvements.

This reflects the **Balanced Scorecard approach (Kaplan & Norton, 1992)**, linking AI impact across financial, customer, process, and learning dimensions.

As AI becomes embedded in enterprise workflows, CMAs serve not just as financial gatekeepers but as trusted advisors bridging the gap between data science and business strategy.

## Conclusion & Way Forward

AI-driven automation is no longer a futuristic concept—it is reshaping how modern businesses operate, make decisions, and deliver value. From reducing cycle times and operational costs to improving accuracy and workforce productivity, the impact of AI is measurable and growing.

As we move into an AI-augmented future, a reactive approach is no longer sufficient. Enterprises must develop proactive AI strategies that balance innovation with responsibility. CMAs, with their deep expertise in finance, performance measurement, and risk management, are uniquely positioned to lead this transformation. Whether by assessing ROI, aligning AI initiatives with corporate strategy, or driving ethical accountability, CMAs can become **catalysts of AI driven automation**

Intelligent automation is not just about efficiency—it's a catalyst for innovation, value creation, and enterprise-wide transformation

in the enterprise. **MA**

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# RE-DESIGNING OF GSTR3B

## Abstract

The redesigned GSTR-3B facilitates continuous auditing of a larger number of assessee, enhancing compliance and oversight. It enables auditors to promptly report the quantum of unutilized Input Tax Credit (ITC), thereby aiding in timely and systematic planning of departmental audits on a registrant-wise basis. Additionally, the streamlined reporting structure may simplify the refund process under the inverted duty structure, minimizing associated risks and improving efficiency.

## Introduction

**U**nder the Goods and Services Tax (GST) Act, 2017, Section 16 specifies the normal conditions for availing Input Tax Credit (ITC). A registered person can claim ITC upon receipt of a valid tax invoice or debit note issued by the supplier and after receiving the goods or services either directly or through an authorized agent. The supplier must have duly paid the corresponding tax to the government, and the inputs or input services must be used in the furtherance of business. Regular filing of GSTR-3B and GSTR-1 returns, along with payment to the supplier within 180 days, are essential prerequisites. In cases where goods are supplied in installments, ITC becomes available only upon receipt of the final installment. However, certain restrictions apply — ITC on motor vehicles is not allowed unless the buyer and seller belong to the same line of business; similarly, ITC on cement and reinforcement steel is restricted to those engaged in construction activities. Moreover, ITC on food, beverages, health services, and insurance cannot be claimed unless they are used for making outward taxable supplies of the same nature or are



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provided to employees as a statutory employment benefit. It is also noteworthy that GST on medical insurance has been withdrawn with effect from 22nd September 2025.

## Issues encountered

The present procedure puts burden both on registrants and auditors .

Deposit of Tax either by cash or set off in tax payment form GSTR 3B is not declarable but identifiable by departmental auditor as per Act. Hence the buyer is not in a position to know whether his suppliers make the deposit of tax. The buyers normally takes credit on receipt of goods or services and it qualifies u/s 16 of the GST Act 2017.

Departmental auditor requires to analyze whether vendor has been paid with tax. While MSME Act allows only 45 days to pay so inclusion of this provision is not justifiable.

It will take more time by departmental auditor to check points namely **180 days to its supplier** and **deposit of tax by seller** with govt.

## Proposal or suggestion to redesign GSTR 3B

In order to make the filing easy particularly GSTR 3B with essential data for audit purpose following suggestions are given

1. Instead of verifying that the supplier actually

made or deposited the tax to govt. account it is proposed to place responsibility on buyer to its vendor.

The existing data of ITC automatically captured from GSTR2B are on consolidated basis not on invoice wise or state code. The auditor can not verify that these ITC which flows from GSTR2B are actually based on payment. Hence a separate expandable column may be inserted in GSTR 3B where all the Tax invoices as per GSTR1 are captured with the introduction of automation code in its program. This will reveal that the assessee has been purchased so much of inputs as filed by vendor based on individual tax invoice and individual state code with GSTN. So departmental auditor can verify the inputs procured by assessee in a particular tax period which also can verify from GSTR 1 filed by vendor. So instead of capturing data in GSTR 2B it is advisable to capture the data with the help of automation directly in GSTR 3B. These data will be captured as per GSTN no and individual tax invoice wise. However, the departmental must have access to the filed return both for buyer and seller to verify the transactions

Now as per this proposal ITC on these inputs will flow to the column of credit of ITC in GSTR3B provided these are paid by the buyer. Hence a separate column may again introduced to declare by the buyer that he has paid to the vendor vide bank reference. So **the departmental auditor** may check from bank transaction that the same inputs has been paid. The unpaid invoices will be carried forward to next tax period till it is paid by the buyer. It is implied that only accepted invoices will be paid so no question of identifying that invoices has been accepted or not. In fact it has nothing to do with acceptance of invoices for the govt. **Govt. auditor** will check whether the credit of ITC is followed by payment to vendors. If the buyer can automate the data for payments

to vendor from its ERP with GSTR3B, it will further be authenticated data capturing from books to GSTR3B and there by ease of filing.

The above process can help in reconciliation between books and portal month wise with out waiting of yearly closing.

2. The existing provision of 180 days time to make payment on which ITC taken and utilized requires more time to reconcile. In fact Govt. should not allow any trader to take ITC without making paid the particular tax invoices. The Govt. can track the unpaid tax invoices of goods and services and its relevant taxes though the goods or services has been supplied.
3. Rejection or returned goods, there may be separate windows in same GSTR 3B to recognize with optional

As per this proposal continuation GSTR2A or 2B and invoice management system may be discontinued for real time tracking in portal itself. The financial auditor can easily track the GST sales declared in statement of profit and loss account. The income tax authority can accept this figure as revenue from regular business.

From this system Govt. may identify the quantum of GST collection in a particular tax month along with quantum of unutilized ITC if any.

So finally data from GSTR1 can directly captured in GSTR 3B in same manner the GSTR1 filed and submitted with payment of invoices and eligibility of ITC. Hence GSTR3 B should re-designed for control and audit purpose.

It is a common acceptance in industry that GSTR 2B should utilized for taking ITC. But GSTR 2B can not authenticate the payment position of inputs though in Act vide section 16 ITC finally will be allowed provided it is paid by either vendor or with in 180 days by buyer. Finally it can be said without confusion that allowance of ITC must be followed by payment of such along with GST. **Lastly it should the prime objective of any professional to help Govt. in collecting revenue from taxation system.**

**At a glance comparison between existing and proposed design of GSTR 3B.**

| Existing SOP  |                                                                                                                               |
|---------------|-------------------------------------------------------------------------------------------------------------------------------|
| 1             | Filing of GSTR 1                                                                                                              |
| 2             | Data flows from GSTR 1 to invoice management system                                                                           |
| 3             | Acceptance or rejection or pending of invoices in IMS                                                                         |
| 4             | Data captured in GSTR2B in GST portal                                                                                         |
| 5             | Based on GSTR2B ITC flows to GSTR3B on consolidated basis                                                                     |
| 6             | Utilization of ITC by assessee based on allowability                                                                          |
| 7             | Tax deposited with Govt. by the supplier.                                                                                     |
| Short comings |                                                                                                                               |
| 1             | Department cannot distinguish between ITC as per section 16 or 17 unless conduct audit by departmental officers               |
| 2             | Department cannot identify the payment position of input purchased for the furtherance of business so that ITC can be allowed |
| 3             | Registrant cannot identify the ITC in GSTR 3B flows from GSTR 2B invoice wise unless reconciled with books                    |

| Proposed SOP |                                                                                                                                                                                                                   |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1            | Data directly flows from GSTR 1 to GSTR 3B invoice wise state code wise supply without involvement of the platform IMS and GSTR 2B                                                                                |
| 2            | Registerant can verify the invoice wise and code wise ITC thus reconciliation becomes easy                                                                                                                        |
| 3            | A separate window will reveal the payment position of inputs invoice wise with payment reference                                                                                                                  |
| 4            | Details of HSN or SAC code can easily identifiable as appeared in tax invoice by departmental officers / auditors regarding allowability of ITC                                                                   |
| 5            | Details of payment via UTR can help auditor to verify the payment of inputs.                                                                                                                                      |
| 6            | Payment evidence can help the auditor to allow ITC                                                                                                                                                                |
| 7            | Departmental auditors can easily verify the accumulated ITC for reporting to higher authority which ultimately help the department to calculate refund of GST due to inverted structure.                          |
| 8            | No question of acceptance since the payment made for inputs                                                                                                                                                       |
| 9            | GSTR 3B will captured invoice wise ITC due to automation in the system.                                                                                                                                           |
| 10           | Credit note issue may be avoided based on payment position particularly in case of rate reduction or quantity discount schme as per contract or agreement or rejection and proportionate ITC automated in GSTR 3B |
| 11           | Auditor wil not require to verify the payment with 180 days clause.                                                                                                                                               |

**Reference:**

1. GST portal vide GSTR1 and 3B

# SAP JOULE: EMPOWERING FINANCE TEAMS

## Abstract

SAP Joule is redefining the role of finance professionals by integrating advanced AI into everyday operations. Designed to streamline workflows, enhance decision-making, and reduce manual effort, Joule empowers accounting and finance teams with intelligent automation and real-time insights. From predictive forecasting to anomaly detection, it transforms traditional finance functions into agile, data-driven powerhouses. SAP Joule not only simplifies workflows but also elevates the strategic role of accountants, enabling them to focus on value-added activities in a dynamic, tech-driven financial environment. It's a leap toward smarter, more resilient finance.

## Introduction

In today's fast-paced business environment, organizations are constantly seeking smarter ways to operate. **SAP Joule**—SAP's AI-powered copilot designed to simplify and supercharge how businesses interact with their enterprise systems. Joule isn't just another chatbot or virtual assistant. It's a context-aware, intelligent companion that understands business processes, user roles, and data across SAP applications.

Whether you're managing finances, overseeing procurement, or optimizing production, Joule is built to make your work faster, smarter, and more intuitive. Let's explore how this AI copilot is transforming core business functions like **Accounting, Finance, Procurement, and Production**.

**SAP Joule** is like a smart assistant built into SAP systems that helps professionals get work done faster using simple, everyday language. Instead of clicking through menus or memorizing transaction codes. Users can just ask Joule what they need, like talking to a colleague who knows everything about your business.



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For example, if you're in finance and want to check your department's budget, you can say: **"Show me the current budget vs. actual spend for Q2."** Joule instantly pulls the data and shows you a clear comparison.

If you're in procurement, you might ask: **"Create a purchase order for 100 units of steel from Supplier A."** Joule understands the request, fills out the form, and even checks past prices and delivery terms.

It's built into SAP applications like **S/4HANA, SuccessFactors, and Ariba**, and it understands your role—whether you're in accounting, HR, or production. Joule doesn't just answer questions; it helps you take action, analyze data, and make decisions—all while keeping your data secure.

In short, SAP Joule is your AI-powered copilot that makes working with SAP easier, faster, and smarter.

## SAP Joule is an embedded AI assistant

SAP Joule is an embedded AI assistant available across SAP's cloud ecosystem. Unlike traditional AI tools, Joule doesn't just respond to commands—it understands your role, the system you're working in, and the business data you're interacting with.

## SAP Joule in Accounting

Accounting is often bogged down by repetitive tasks, complex data entry, and compliance requirements. Joule helps streamline these processes by offering intelligent automation and contextual assistance.

## Finance & Accounting

SAP Joule streamlines **month-end close** by automatically identifying missing journal entries, reconciling intercompany transactions, and flagging anomalies in GL balances. For example, a controller can ask, “Show me accounts with unusual activity this quarter,” and Joule instantly surfaces outliers with contextual insights. It also assists in **invoice matching**, reducing manual effort by auto-validating vendor invoices against purchase orders and goods receipts.

## Costing

In product costing, Joule analyzes historical cost components and suggests adjustments based on material price fluctuations or labor rate changes. If a cost accountant queries, “Why did our unit cost spike in Q2?”, Joule can trace the variance to specific BOM changes or supplier price hikes. It also helps simulate cost scenarios—e.g., “What’s the impact on margin if raw material costs rise by 5%?”

## Cash Management

Joule enhances cash flow forecasting by integrating payment terms, open receivables, and sales pipeline data. A treasury analyst might ask, “What will our cash position look like if we delay vendor payments by 10 days?” Joule responds with a projected cash flow and risk assessment. It also monitors liquidity trends, alerting teams to potential shortfalls and suggesting corrective actions like adjusting payment schedules or tapping credit lines.

## Auditing & Compliance

Joule supports **internal audits** by continuously scanning transactions for policy violations. For instance, it flags out-of-policy expenses or duplicate payments and provides audit trails. It can answer queries like, “List all payments made outside approved vendor contracts last month,” helping auditors focus on high-risk areas. Joule also assists in **SOX compliance** by validating control execution and documenting evidence automatically.

Auditors can query Joule for real-time insights—such as “List all payments exceeding approval limits”—and receive instant, audit-ready reports. By reducing manual sampling and improving traceability, Joule accelerates audit cycles and strengthens internal controls. Its AI-driven precision empowers professionals to focus on strategic analysis rather than

routine validations, making audits faster, smarter, and more reliable.

## Internal Controls

In the realm of **risk management**, Joule monitors segregation of duties conflicts and access anomalies. If a user has both payment approval and vendor creation rights, Joule flags it and recommends role adjustments. It also tracks control effectiveness over time, providing dashboards that highlight gaps and suggest remediation steps.

SAP Joule strengthens segregation of duties (SoD) by proactively identifying and mitigating access conflicts across financial systems. It continuously monitors user roles and permissions, flagging combinations that violate internal control policies—such as users with both vendor creation and payment approval rights. Joule provides real-time alerts and suggests role adjustments to maintain compliance. Auditors and administrators can query Joule for SoD violations, receive instant reports, and track remediation progress. By automating SoD analysis and reducing manual oversight, Joule enhances governance, minimizes fraud risk, and ensures that critical financial tasks are properly distributed among authorized personnel.

## Use Case Example:

### Creating Fixed Asset Master Data

Instead of manually navigating through menus to create fixed asset records, an accountant can simply ask Joule: “**Create a fixed asset record for a new laptop purchased for the marketing team.**” Joule understands the request, pulls relevant templates, and guides the user through the processed time and errors.

## Use Case: Audit Preparation

During audits, accountants often need to retrieve historical data and transaction logs. Joule can respond to queries like: “**Show me all journal entries related to travel expenses from Q2.**” It fetches the data instantly, saving hours of manual searching.

- ⊙ Benefits for Accounting
- ⊙ Reduces manual data entry
- ⊙ Improves accuracy and compliance
- ⊙ Speeds up audit readiness
- ⊙ Enhances user productivity

## Joule in Finance

Finance teams rely on timely insights and accurate forecasting. Joule empowers financial professionals with real-time data access and predictive analytics.

### Use Case: Cash Flow Analysis

A finance manager can ask: **“What’s our projected cash flow for the next quarter?”** Joule analyzes current receivables, payables, and historical trends to generate a forecast—complete with visual charts.

### Use Case: Budget Variance Reporting

Instead of manually compiling reports, users can say: **“Compare actual spend vs. budget for the IT department.”** Joule presents the variance, highlights anomalies, and even suggests corrective actions.

### Benefits for Finance

- ⊙ Enables faster decision-making
- ⊙ Improves forecasting accuracy
- ⊙ Simplifies financial reporting
- ⊙ Enhances strategic planning

## Joule in Procurement

Procurement involves managing suppliers, contracts, and purchase orders. Joule simplifies these tasks by offering intelligent recommendations and automating workflows.

### Use Case: Supplier Evaluation

A procurement officer can ask: **“Which supplier had the highest on-time delivery rate last year?”** Joule pulls performance data across vendors and ranks them based on KPIs.

### Use Case: Purchase Order Creation

Instead of filling out lengthy forms, users can say: **“Create a purchase order for 500 units of packaging material from Supplier X.”** Joule auto-fills the form using historical data and validates pricing and terms.

### Benefits for Procurement

- ⊙ Enhances supplier management
- ⊙ Speeds up PO creation
- ⊙ Improves contract compliance
- ⊙ Reduces procurement cycle time

## Joule in Production

Production teams need real-time visibility into operations, inventory, and supply chains. Joule acts as a digital assistant to monitor, analyze, and optimize manufacturing processes.

### Use Case: Production Order Status

A plant manager can ask: **“What’s the status of production order #45678?”** Joule retrieves the order, shows progress, and flags any delays or issues.

### Use Case: Inventory Monitoring

Users can say: **“Show me current stock levels for raw material A.”** Joule provides real-time inventory data and alerts if levels fall below threshold.

### Benefits for Production

- ⊙ Improves operational visibility
- ⊙ Enhances inventory control
- ⊙ Reduces downtime
- ⊙ Supports agile manufacturing

### How Joule Understands Context

One of Joule’s standout features is its **contextual awareness**. It doesn’t just respond to keywords—it understands:

- ⊙ **User roles** (e.g., accountant vs. procurement officer)
- ⊙ **Business processes** (e.g., month-end close vs. supplier onboarding)
- ⊙ **SAP applications** (e.g., S/4HANA vs. SuccessFactors)
- ⊙ **Data relationships** (e.g., linking invoices to purchase orders)

This means Joule can provide tailored responses that are relevant to the user’s task and business environment.

### Real-World Impact

SAP reports that Joule can make employees up to **80% more efficient** by reducing time spent on routine tasks and improving decision-making. Companies using Joule have seen:

- ⊙ Faster month-end closes
- ⊙ Improved procurement cycle times
- ⊙ More accurate financial forecasts
- ⊙ Reduced production delays

### Getting Started with Joule

Activating Joule is straightforward. SAP provides setup guides for various lines of business, including:

- ⊙ SAP S/4HANA Cloud (Public & Private Editions)
- ⊙ SAP SuccessFactors
- ⊙ SAP Ariba
- ⊙ SAP Digital Manufacturing

Once activated, Joule is accessible via SAP Start, mobile apps, and embedded UIs—making it available wherever users work.

### Conclusion

SAP Joule isn't just a passive assistant, it's an active

partner that helps professionals make faster, smarter decisions while reducing operational risk.

In today's fast-moving business world, companies need more than just software—they need intelligence. That's where SAP Joule comes in. Joule is SAP's built-in AI assistant that helps users across departments work faster, smarter, and with less friction. Whether you're in Accounting, Finance, Procurement, or Production, Joule transforms how you interact with your SAP systems. We can "Say Goodbye to Complexity. Say Hello to Joule." **MA**

### Reference

1. *SAP Help documents*

# e-library

## for members & students



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

# *Down The Memory Lane*

**October, 2015**



National Seminar on “Fostering Sustainability through Skill and Entrepreneurship Development”, Kolkata, October 10, 2015



CMA Ashok Nawal, Chairman, Taxation Committee and Council Member of the Institute, with other delegates deliberating at a half day seminar on ‘Proposed Goods and Service Tax in India’ organized by Durgapur chapter on October 10, 2015

**October, 2005**



P.D. Meet on 22<sup>nd</sup> October, 2005 on Audit in Computerised Environment, organized by Bangalore Chapter of Cost Accountants, A.V.S. Moorthi, Y.H. Anegundi, Atul Kumar, Dinesh S Shastri, Chief Guest and M. Murali are seen in the picture

**October, 1995**



Kunal Banerjee, Course Director, Bidyut Ganguly, Commerce & Industry Minister, Govt. of West Bengal, Harijiban Banerjee, President, ICWAI, S.R. Acharyya, Secretary, ICWAI, are seen in the inaugural session of the DPE-ICWAI Programme

# Down The Memory Lane

**October, 1995**



Nirmal Chakraborty, Course Co-ordinator, Kunal Banerjee, Course Director, Patit Paban Pathak, Minister-in-Charge, Deptt. of Industrial Reconstruction & Public Undertakings, Govt of W.B. and Tapan Ganguly, Managing Director, Saraswati Press at the valedictory session of the DPE-ICWAI Programme

**October, 1985**



Dr L.A. Joshi, General Manager, IDBI, Madras, the Chief Guest at the Students' Semester Day for the Oral Coaching Session on 4<sup>th</sup> October 1985

S/Shri V. Kalyanaraman and S. Ramanathan were present in the event

**October, 1975**



Inauguration of 23<sup>rd</sup> Session of Oral Coaching class organized by EIRC on 26<sup>th</sup> October, 1975

In the dais (L to R), S/Shri M.M. Mookerji, Executive Officer, A. Bhattacharyya, Vice-Chairman, R.P. Mondal, Secretary, R.N. Mishra, Chairman, P.K. Bose, Dy. Dir. Of Studies; L. Ganguly, L.S. Prasad and S.Roychoudhury, Regl. Council Members



Shri P.K. Bose, Dy. Director of Studies, delivering his inaugural address

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

## EASTERN INDIA REGIONAL COUNCIL

### Teacher's Day Celebration

The ICAI-EIRC celebrated **Teacher's Day** on **September 5, 2025**, at its premises. The event featured attendance from key figures including CMA Abhijit Dutta, Secretary, and CMA Chittaranjan Chattopadhyay, Council Member, along with virtual participation by CMA Arati Ganguly, Chairperson. Guest faculties, students, and staff also contributed to the memorable occasion.

### EIRC & Chapters Interaction Session

An **Interaction Session** for EIRC and Chapter Representatives was held on **September 7, 2025**, to discuss strengthening membership, increasing student enrollment, enhancing branding, and improving the Institute and the CMA profession. The meeting was welcomed by CMA Damodar Mishra, Vice Chairman, and saw interactions with Chapter representatives by CMA Arati Ganguly, CMA Chittaranjan Chattopadhyay, and CMA Avijit Goswami.

### CPE Programme: ESG & Forensic Audit

A Continuing Professional Education (CPE) Programme on “**ESG & Forensic Audit: Role of CMAs in Strengthening Corporate Accountability & Sustainable Governance**” took place on **September 13, 2025**, at the EIRC Auditorium. Resource Persons included CMA Kallol Mitra and CMA Alope Kumar Bardhan. The event, attended by over **50 CMA Members**, emphasized the CMA's pivotal role in corporate accountability and sustainable governance.

### Viswakarma Puja Celebration

**Sri Sri Viswakarma Puja** was celebrated with devotion at the ICAI-EIRC premises on **September 17, 2025**. Attendees included CMA Arati Ganguly, CMA Abhijit Dutta, CMA Bidyadhar Prasad, CMA Subhasish Chakraborty, and staff.

### CPE Programme: GST Changes & CMAs

Another **CPE Programme** was organized on **September 19, 2025**, focusing on “**Navigating**

**Recent Changes in GST: Strategic Role of CMAs in Ensuring Compliance and Value Creation**” at J N Bose Auditorium. Shri Vikram Wani, GST Commissioner, was the Chief Guest. CMA Sourav Chakraborty, CMA Pulak Saha, and CMA Sandip Chatterjee served as Resource Persons. The session, with about **100 CMA members** participating, highlighted the CMA's strategic role in GST compliance.

### Career Awareness Programmes

The ICAI-EIRC conducted two **Career Awareness Programmes** on **September 22, 2025**:

- ⦿ **Narasinha Dutt College:** CMA Pratap Kumar Chakraborty spoke about the CMA course to over **80 students**.
- ⦿ **St. Augustine's Day School:** CMA Dr. Subrato Mukherjee provided information on career opportunities through the CMA course to more than **70 students**.

### Advanced Skill Training Programme (ASTP)

The ICAI-EIRC, in association with the Career Counselling & Placement Directorate of ICAI, successfully conducted the **Advanced Skill Training Programme (ASTP)** for CMAs who qualified in the June 2025 term. This intensive **12-day Advanced Soft Skills Training Programme** was organized in two batches to fulfill responsibilities assigned by the Directorate. Batch 1 was held at the J. N. Bose Auditorium, Kolkata, and Batch 2 took place at the EIRC premises. A total of **210 young CMAs** participated, with the training specifically designed to enhance their soft skills and prepare them for upcoming campus placement interviews. A highlight of the program was a special **motivational session** arranged by ICAI-EIRC on September 10, 2025, at the J. N. Bose Auditorium. The session featured an address to the young CMAs by **Dr. Deepak Vohra**, a distinguished former Indian Foreign Service officer and Ambassador, in the presence of CMA TCA Srinivasa Prasad (President, ICAI), CMA Chittaranjan Chattopadhyay (Council Member, ICAI), and CMA Arati Ganguly (Chairperson, ICAI). The program concluded

with a grand **Valedictory-cum-Certificate Distribution Ceremony** for each batch at the J. N. Bose Auditorium, held on September 18, 2025, for Batch 1 and September 25, 2025, for Batch 2.

## Swachhata Hi Sewa Cleanliness Drive

As part of the **Swachhata Hi Sewa (SHS) – 2025** campaign, a comprehensive **cleanliness drive** was undertaken at the ICAI-EIRC premises and surrounding areas on **September 26 & 27, 2025**. CMA Abhijit Dutta, staff, and outsourcing personnel enthusiastically participated.

## BHUBANESWAR CHAPTER

### CMA Career Awareness Drive

The ICAI Bhubaneswar Chapter held a robust series of **CMA Career Awareness Programmes** throughout September 2025, reaching over 1,000 students and faculties across various institutions. Senior Chapter members like CMA Sarat Kumar Behera, CMA Avinash Kotni, and CMA Nilamani Mohapatra highlighted career opportunities and curriculum details of the CMA course. Key sessions were conducted at:

- ⊙ **Centurion University of Technology & Management** (Sept 4th)
- ⊙ **Rajdhani College** (Sept 8th)
- ⊙ **UGS Sakthigopal College** (Sept 11th)
- ⊙ **Kendriya Vidyalaya -3, Mancheswar** (Sept 12th)
- ⊙ **Samanta Chandra Sekhar (A) College, Puri** (Sept 23rd)
- ⊙ **Allied Commerce, Puri** (Sept 23rd)
- ⊙ **Mother's Public School, Bhubaneswar** (Sept 25th)
- ⊙ **Prananath (Autonomous) College, Khordha** (Sept 26th)

### Professional Training, Placement, and Skill Enhancement

The Chapter successfully executed key professional development initiatives:

- ⊙ **Advanced Skill Training Programme (ASTP):** A 12-day ASTP for 60 qualified CMAs of the June 2025 term was conducted

from **September 10th to 21st**. The comprehensive program covered technical skills like **GST, IND AS, Data Science/ AI tools**, and soft skills, including mock interviews and business etiquette, preparing young professionals for campus placements.

- ⊙ **Campus Interview:** On **September 12th**, a campus interview was held at CMA Bhawan for **NALCO Ltd.** to select Qualified Intermediate Accounts Trainees (QIATs). Out of 40 Intermediate qualified CMA students, **7 candidates** were selected for a two-year traineeship.

### Seminar and Study Circle on GST Reforms

The Chapter focused on staying current with tax reforms:

- ⊙ **GST Seminar:** A seminar on “**GST 2.0 with Next-Generation Reforms**” was successfully organized on **September 18th**. It featured experts including Shri Nihar Ranjan Nayak (Addl. Commissioner, State CT & GST) and CMA Shiba Prasad Padhi (Resource Person). Over 100 members from industry and practice participated, gaining practical clarity on the evolving GST framework.
- ⊙ **Study Circle Meet:** The monthly Study Circle Meeting on **September 27th** continued the focus on the **Impact of GST 2.0**, facilitating in-depth discussion among members.

### Teachers' Day and Social Initiative

- ⊙ **Teachers' Day:** The Chapter celebrated **Teachers' Day** on **September 5th** at CMA Bhawan with great reverence. Students paid tribute to their mentors, who offered blessings and valuable thoughts, reinforcing the spirit of gratitude and admiration for their guiding role.
- ⊙ **Swachhata Hi Seva (SHS) 2025:** The Chapter actively participated in the **SHS-2025 campaign** (September 17th – October 2nd), undertaking various activities such as cleaning garbage spots, felicitating sanitation workers, and engaging in plantation to promote cleanliness and hygiene.

## Glimpses of Eastern India Regional Council



*Eastern India Regional Council*



*Eastern India Regional Council*



*Bhubaneswar Chapter*



*Bhubaneswar Chapter*

### NORTHERN INDIA REGIONAL COUNCIL

#### Startup 2 SME IPO: Role of CMAs Seminar

The Northern India Regional Council (NIRC) successfully hosted a seminar titled "Startup 2 SME IPO: Role of CMAs" on August 29, 2025, at CMA Bhawan, New Delhi. The event featured a keynote address by CMA Pankaj Jain, Founder of Jain Ventures, who provided valuable insights into the transition of startups into SMEs and their subsequent navigation of the Initial Public Offering (IPO) landscape. He stressed the critical role of CMAs in guiding these businesses through essential processes like financial planning, valuation, compliance, and investor readiness. The seminar was well-attended by professionals and aspiring practitioners, underscoring the increasing importance of Cost and Management Accountants in India's growing economy. The event was coordinated by CMA S.N. Mittal (RCM) and

graced by the NIRC office bearers, including CMA Rakesh Yadav (Chairman), CMA Manish Kandpal (Vice Chairman), and others.

### JAIPUR CHAPTER

#### Inauguration of Advanced Skill Training Program (ASTP)

The Jaipur Chapter inaugurated its 12-day Advanced Skill Training Program (ASTP) on September 8, 2025, for more than 140 candidates who qualified in the CMA Final examination (June 2025). This training is designed to prepare the students for the upcoming campus placement drive.

The inauguration was graced by CMA Karan Singh Kumawat, VP-Accounts & Finance, GA Infra Ltd., as the Chief Guest, along with CMA Rakesh Yadav (Chairman, NIRC) and CMA Madhuri Kashyap (Treasurer, NIRC) as Guests of Honour.

In their addresses, the dignitaries shared

professional experiences, emphasizing that sincerity, discipline, hard work, and dedication are the keys to a successful career. Chapter Chairperson CMA Purnima Goyal motivated the budding CMAs to make the most of this training opportunity. The entire program was efficiently conducted by CMA P.D. Agrawal, Director of Coaching for the Chapter.

### Advanced Skill Training Program: Session on Career Take-Off

On September 11, 2025, the Advanced Skill Training Program for CMA Qualified students featured an inspiring session on "Career Take-off" from an HR perspective. The guest speaker was Mrs. Sonal Upadhyay, Vice President – Human Resource, Pratham Software Pvt. Ltd., an accomplished HR leader with over 25 years of experience in the Software and Healthcare industries.

Mrs. Upadhyay, recognized among the 50 Most Influential HR Tech Leaders at the World HRD Congress, shared valuable guidance with the young professionals. Her session focused on how to align skills, mindset, and opportunities to accelerate their career journeys. She inspired participants to approach their professional growth with confidence, adaptability, and a crucial people-first approach.

### Closing Ceremony of DGR CAT Course

The Jaipur Chapter successfully held the Closing Ceremony for the Certificate in Accounting Technicians (CAT) course under the Department of Ex-Servicemen Welfare (DGR), Ministry of Defence.

Col. Nitin Bhikane, Colonel Aviation, presided over the event as the Chief Guest. The ceremony was attended by numerous dignitaries, including CMA Rajendra Singh Bhati (ICMAI CAT Chairman), CMA Rakesh Yadav (NIRC Chairman), and Jaipur Chapter office bearers like CMA Purnima Goyal (Chairperson) and CMA Deepanshu Parekh (Vice Chairman). The program, conducted by CAT HOD CMA R.K. Jain, celebrated the successful completion of the course. During the event, faculty members were felicitated, and certificates were distributed to the Defence personnel who completed the training.

### Seminar and Felicitation Program on "Role of CMA in Construction Industry"

The Jaipur Chapter organized a seminar on the "Role of CMA in Construction Industry" on September 13, 2025.

The seminar featured CMA M.C. Bansal, Sr. Executive Director (Finance) at NBCC (India) Ltd., as the keynote speaker, who shared valuable insights on the critical function of Cost and Management Accountants in the construction sector.

Immediately following the seminar, a Felicitation Program was held to honour visiting dignitaries. Those felicitated included CMA R.S. Bhati (Central Council Member), CMA Rakesh Yadav (NIRC Chairman), CMA Manish Kandpal (Vice-Chairman, NIRC), CMA Madhuri Kashyap (Treasurer, NIRC), and Regional Council Members CMA Santosh Pant, CMA S.N. Mittal, & CMA Jeevan Chandra. All dignitaries praised the Chapter's program and assured their continued full support. The event was conducted by CMA Dr. Deepak Kumar Khandelwal, Treasurer of the Jaipur Chapter.

### Valedictory Session and Convocation for Advanced Skill Training Program

The Jaipur Chapter concluded its 12-day Advanced Skill Training Program (ASTP) for 144 successful CMA Final qualified students (June 2025 batch) with a joint Valedictory Session and Convocation Ceremony on September 20, 2025.

The intensive ASTP was specifically designed to bridge the gap between academic knowledge and industry demands, covering essential practical knowledge and real-world insights through sessions led by field experts. The training included practical exercises such as group discussions, PPT presentations, and mock interviews, with gold and silver medals awarded to top performers.

The concluding event featured Shri Satish Kumar Garg, Principal Accountant General (Audit-I) Rajasthan, Jaipur, as the Chief Guest. During the Convocation Ceremony, Certificates were distributed to over 140 budding CMAs. The program was conducted by CMA Harendra Kumar Pareek (Secretary, Jaipur Chapter) and attended by NIRC and Chapter dignitaries, including CMA Rakesh Yadav (Chairman, NIRC) and CMA S.N. Mittal (RCM, NIRC).

### Students' Picnic and Industrial Visit

The Jaipur Chapter organized a combined Students' Picnic and Industrial Visit on September 27, 2025, providing students with both recreational enjoyment and practical

The first half of the day featured a fun-filled picnic at Apni Dhani. Highlights included:

- ⊙ Captivating performances by talented students.
- ⊙ Felicitation of dedicated faculty members.
- ⊙ Fun-filled games and activities.
- ⊙ Enjoyment of a refreshing pool time and a

delicious lunch.

In the second half, students visited two renowned industries to gain hands-on exposure to real-world industrial environments:

1. PEE TEE TURNERS LTD: Students gained practical insights into the manufacturing process of PE Rings.
2. FARMKING INDIA: Students explored the world of agricultural machinery and technology.

The visit offered a fantastic opportunity for students to witness various industrial processes and enhance their practical knowledge.

### Glimpses of Northern India Regional Council



*Northern India Regional Council*



*Northern India Regional Council*



*Jaipur Chapter*



*Jaipur Chapter*

### SOUTHERN INDIA REGIONAL COUNCIL

#### RANIPET-VELLORE CHAPTER

### Preventive Healthcare and Stress Management Seminar

The Ranipet Vellore Chapter successfully hosted a seminar on “Preventive Healthcare and Stress Management for Costing Professionals.” Dr. A.

Rajalakshmi, MD (Psychiatry), Assistant Professor at Government Medical College & Hospital, Vellore, presented the session, which was attended by **32 participants**, including members, professionals, and students. The program, which began with a welcome address by Mr. Sudarshan K. and concluded with a vote of thanks by Ms. Afreen Kouser A., focused on the critical link between health and mental well-being for costing professionals. Dr. Rajalakshmi

discussed common issues like **stress, burnout, and decision fatigue**, offering practical solutions such as **mindfulness, healthy habits, and digital balance**. The interactive session was highly engaging, providing attendees with simple, actionable ideas for improving their personal health and professional lives.

### VISAKHAPATNAM CHAPTER

#### “Know Your Mind” Workshop

The Chapter successfully organized a “**Workshop: Know Your Mind**” at its premises on **September 28, 2025**. The session was led by **CA Harshita Jain**, an **Art of Living Faculty** with 15 years of experience as a Life Coach. The program saw the attendance of CMA Members and Students, alongside Chapter dignitaries: **CMA U Lakshmana Rao** (Chairman, VCCA), **CMA N Venkatesh** (Secretary), and **G Ramalinga Reddy** (Vice-Chairman).

#### Professional Development Programme on GST

A **Professional Development Programme** on “**GST 2.0: From Transition to Transformation**” was organized by the Chapter on **September 27, 2025**, at its premises. The speaker for this insightful session was **CA, CMA Jagadeesh Kumar Balina**, a Practicing Chartered Accountant from Visakhapatnam. The event was attended by CMA Members, with **CMA U Lakshmana Rao** (Chairman, VCCA) and **CMA N Venkatesh** (Secretary) also gracing the occasion.

### THRISSUR CHAPTER

#### Advanced Skill Training and Convocation Ceremony in Thrissur

The **Thrissur Chapter** successfully conducted an **11-day Advanced Skill Training Programme (ASTP)** for 205 newly qualified CMAs from the June 2025 term, running from **September 12 to 22, 2025**. The programme, supported by the Directorate of Career Counselling & Placement, ICAI, featured **20 experienced industry faculties** across two batches, receiving excellent feedback from the participants. A highlight of the training was the visit of **CMA T C A Srinivasa Prasad**, President of ICAI, who addressed the newly qualified CMAs on September 14.

#### Grand Convocation Ceremony

The training culminated in a **Grand Convocation**

**Ceremony on September 22, 2025**, at the Regional Theatre, Thrissur, to honor the **205 newly qualified CMAs**. The event, attended by approximately **1000 participants**, including the CMAs and their parents, was inaugurated by **CMA Vijay Kiran Agastya**, Chairman of SIRC of ICAI. The ceremony featured a welcome address by **CMA P V Antony**, Chairman, and a Presidential Address by **CMA Praveen Kumar**, Chairman of SIRC PD Committee. Dignitaries from various Chapters, including Past SIRC Chairmen and Chairpersons from nearby Chapters, graced the occasion. Mementos and ASTP participation certificates were awarded to the newly qualified CMAs, followed by a Vote of Thanks delivered by **CMA Sreepriya K**, Immediate Past Chairperson of the Thrissur Chapter.

### COIMBATORE CHAPTER

On August 2, the **Capacity Enhancement Programme (CEP)** for Satellite Centre faculties saw CMA Vijayaraghavan Srinevasan and CMA Rakesh Shankar Ravi Sankar deliver sessions on **leadership, communication, modern teaching tools** like flipped classrooms, and **stress management** to about 25 participants. Concurrently, a **Professional Development Programme (PDP)** on “**Internal Audit: Scope for CMAs**” featured Mr. G. Balasubramaniam, who detailed the internal audit frameworks under the Companies Act, SEBI, and FEMA. The chapter also conducted a PDP on “**Stress Management for Professionals**” (August 9) and observed **Independence Day** with a flag hoisting and a Study Circle on “**Process Costing**” (August 15). Student outreach included an **Orientation Programme** at Shri Nehru Maha Vidyalaya (August 7) and a **Career Awareness Programme** at Ramakrishna Mission Vidyalaya (August 28).

#### COSMAFEST 2025 and Other PDPs

The Chapter’s flagship regional-level student talent fest, **COSMAFEST 2025**, themed “**Innovate, Collaborate, Inspire,**” was successfully hosted on **August 23**. **PSG College, Coimbatore**, won the Overall Performance Cup across various competitions like paper presentation and business plan. The month concluded with a PDP on “**Cost Auditing Standards – Cost Audit Documentation**” by CMA Meena Ramji and a **Practitioners Meet** on CMA Act updates (August 30).

## Teachers' Day Celebration

The **Teachers' Day Celebration** (September 5), honouring faculties for their invaluable contribution, featuring Dr. P. R. Muthuswamy and Mr. P. M. Jagadeesan as chief guests. A PDP on **"Health and Productivity in Work Life"** (September 6) was conducted by Dr. M. Sivaprakash, focusing on preventive healthcare and work-life balance.

## Advanced Skill Training Programme (ASTP) & Convocation

A 12-day **Advanced Skill Training Programme (ASTP)** for 26 newly qualified CMAs of the June 2025 batch was inaugurated on September 11. This intensive training concluded with a **Convocation Ceremony** on **September 21**, where graduates were addressed by Dr. R. Nandagopal and Dr. K. Ramamurthi, emphasizing professionalism and ethical values.

## Professional Development and Celebrations

The Chapter hosted the **President of ICMAI, CMA T.C.A. Srinivasa Prasad**, for an interactive members' meet on **September 13**. Two significant PDPs were conducted later in the month: one on the **Key Recommendations of the 56th GST Council Meeting** by Shri P. A. Parameswaran, IRS (Retd.) on September 20, and another on **Challenges Faced in Cost Audit Report** by CMA V. Sakthivel on September 27. The Chapter concluded its September calendar with the traditional celebration of **Ayutha Pooja & Saraswathi Pooja** on September 30.

## TRIVANDRUM CHAPTER

### Personal Finance Professional Development Programme

On **September 21, 2025**, the Chapter hosted a one-day **Professional Development Programme** on **"Personal Finance"** at The Terrace Hotel. The session, inaugurated by **CMA Sugunan T G**, Chief Financial Officer, Brahmas Aerospace, aimed to enhance financial literacy. The event featured two expert speakers: **Sri. Abinas M**, SEBI Registered Research Analyst, who covered **investment strategies** (equity and mutual funds), and **Sri. Nrupen Koshy**, Certified Financial Planner, who led an engaging session on **goal-based financial planning**, including budgeting and retirement strategies. The programme saw enthusiastic participation from over

**50 individuals**, including members, students, and allied finance professionals.

## Students Felicitation Programme

A **Students Felicitation Programme** was organized on the same day, **September 21, 2025**, to honour the achievers of the June 2025 CMA Final and Intermediate Examinations. The event, held at Hotel Terrace, was chaired by **CMA Pranav Jayan** and featured **CMA Sugunan T G** as the Chief Guest, who felicitated the high achievers with mementos. A highlight was the distribution of the **CMA A K Suresh Memorial Endowment Cash Award** to the toppers by Smt. A K Sukeshini.

## Industry Oriented Training Programme (IOTP)

The Chapter conducted an extensive **Industry Oriented Training Programme (IOTP)** for CMA Final students appearing for the December 2025 examination, spanning from **September 13 to 21, 2025**. The training covered practical and critical corporate skills, including **Project Management & Financing, Risk Management, Working Capital Management, Practical Audits (Accounts, Cost, & Other), Direct and Indirect Taxation**, and essential soft skills like **Group Discussion, Resume Preparation, and Interview Skills**. **CMA Rejeesh V S**, Vice Chairman, distributed the participation certificates during the valedictory function.

## BENGALURU CHAPTER

### Professional Development Programmes (PDP)

The Chapter hosted three key professional development sessions:

- ⦿ **Cost Management in Construction Industry (September 6):** A session on specialized cost control techniques in construction, led by **CMA Dr. Chivukula Vasudev**. This session coincided with the **Teacher's Day Celebration** on the same date.
- ⦿ **GST 2.0: 56<sup>th</sup> GST Council Updates (September 13):** Focused on the latest amendments and changes in Goods and Services Tax, with **CMA Praveen Kumar Gella** as the resource person.
- ⦿ **AI for Tomorrow's CMA (September 27):** A forward-looking session on how Artificial Intelligence will impact and shape the role of Cost Management Accountants, presented by **CMA Challa Madhukar**.

All PDPs saw the participation of Chapter leadership, including **CMA Raghavendra B K** (Chairman), **CMA Gunamala S R** (Vice Chairperson), and **CMA Vishwanatha Bhat** (PF Chairman, SIRC & Ex-Office).

### Practitioner's Forum (PF) Programme

The Practitioner's Forum conducted a specialized session on **"Internal Audit for Life Insurance Companies"** on **September 20**. **CMA P N Murthy** led the discussion, providing in-depth insights into the sector-specific audit frameworks.

### Advanced Skill Training Programme (ASTP)

The Chapter successfully ran an extensive **Advanced Skill Training Programme** for the newly qualified CMAs of the June 2025 batch, spanning from **September 8 to 19**.

- ⊙ **Inauguration and Key Sessions:** The programme was inaugurated on **September 8** with an address on job and practicing opportunities by **CMA Prabhat Ranjan** (GM, HAL). Subsequent sessions covered a wide range of topics, including **GST Updates, Contract Management, Business Etiquette, CV Writing, Presentation Skills, Financial Modelling, and Soft Skills**.
- ⊙ **Contemporary Topics:** The training incorporated emerging and high-demand areas like **Data Presentation (Advanced Excel), Data Science in Finance, ESG & Business Responsibility Reporting (BRSR), Practical Aspects of IND AS, and AI & Business Intelligence (BI) tools in finance**.
- ⊙ **Valedictory Session:** The ASTP concluded on **September 19**, with **CMA Subrata Kumar Das** (Sr. DGM - Finance, BEL) as the Chief Guest, marking the completion of the comprehensive skill enhancement course.

### Cultural Celebrations

The month concluded with the Chapter observing the traditional **Saraswati and Ayudha Pooja Celebration** on **September 30**, attended by the entire Chapter Managing Committee, reinforcing the importance of cultural unity and respect for knowledge.

## COCHIN CHAPTER

### National Webinar: Leases Ind AS 116

On **September 13, 2025**, the Chapter organized

the 4th session of its national webinar series, **"From Compliance to Competence: Ind AS as a Strategic Enabler in Cost Auditing."** The session, titled **"Leases Ind AS 116,"** featured **CMA Ramsankar Mishra** (Senior Manager - Finance, MRPL) as the speaker. He delivered an insightful presentation on the practical implications of Ind AS 116 in cost auditing, proving highly beneficial to the national audience of members, students, and professionals. The webinar, welcomed by Chairperson **CMA Renjini R**, concluded with a Vote of Thanks by PD Committee Chairperson **CMA Meena George**.

### Members Onam Celebration

The festive spirit was high on **September 14, 2025**, as the Chapter's Managing Committee hosted the traditional **Onam Celebration** at IMA Hall, Palarivattom. The event, inaugurated by **CMA K. N. G. Kurup** (Past Chairman), saw active participation from Chapter members, staff, and their families. The celebration featured vibrant **cultural programmes, traditional games**, and a highlight: the **grand Onam Sadhya**, which fostered joy, unity, and togetherness among the attendees. Chairperson **CMA Renjini R** welcomed the gathering, and the programme concluded with a Vote of Thanks by Secretary **CMA Arun Kumar S**.

## TIRUCHIRAPALLI CHAPTER

### 79<sup>th</sup> Independence Day Celebration with Seminar

The **Tiruchirappalli Chapter** celebrated the **79th Independence Day** by hosting a successful Professional Development (PD) program: a seminar on **"Time Management (Balancing Academics, Life and Dreams)"**. The event drew a large audience of members, faculty, students, and parents. Chapter Chairman **CMA N Shanmugasundaram** welcomed the attendees. The resource person, **Dr. K Karthikeyan**, Head of the Dept. of Management Studies at Saranathan College of Engineering, stressed that effective time management involves focusing on **core goals, setting priorities, establishing Dos and Don'ts**, and optimizing time use to achieve dreams within a timeframe. Participants found the session highly beneficial and engaged actively. The program also included a **prize distribution** for passed students and featured newly **campus-recruited students** sharing their experiences. **CMA P Manoharan**, Chapter Treasurer, concluded the event with the vote of thanks.

## Glimpses of Southern India Regional Council



*Ranipet-Vellore Chapter*



*Visakhapatnam Chapter*



*Visakhapatnam Chapter*



*Thrissur Chapter*



*Thrissur Chapter*



*Coimbatore Chapter*



*Coimbatore Chapter*



*Trivandrum Chapter*



*Bengaluru Chapter*



*Bengaluru Chapter*



*Cochin Chapter*



*Tiruchirapalli Chapter*

### WESTERN INDIA REGIONAL COUNCIL

#### AHMEDABAD CHAPTER

##### Professional Development & Training

The Chapter hosted numerous Continuing Professional Education (CPE) sessions and webinars focusing on contemporary topics:

- ⊙ GST 2.0 Reforms (Sept 10 & 30): Two sessions, including one on Next-Gen GST Reforms and a joint webinar with Nashik on Anti-Profitteering.
- ⊙ Insolvency & Bankruptcy (Sept 20): A CPE on career roadmaps for Cost Accountants.
- ⊙ Empowering MSMEs (Sept 20): A CPE on leveraging the Aatmanirbhar Gujarat Scheme.
- ⊙ Sustainability (Sept 29): A joint webinar with Nashik on the profession of CMAs & Valuers.
- ⊙ Soft Skills & Wellness: Joint webinars with Nashik on Women Empowerment in Finance and Business (Sept 26) and Stress Management (Sept 27).
- ⊙ Advanced Skill Training (Sept 8–18): An 11-day program was held for Final students preparing for the December 2025 exam, concluding with a valedictory session.

##### Student & Member Recognition

- ⊙ **Felicitation Program** (Sept 18): The Chapter honored students who successfully passed the Foundation, Intermediate, and Final June 2025 exams, with special recognition (Gold Medals and Cash Prizes) for top academic achievers **Anket M. Devnani, Dhanlaxmi S. Mudaliyar, and Ayush D. Mulla**.

##### Cultural & Community Engagement

- ⊙ **Heritage Walk** (Sept 16): Members and students participated in a guided cultural tour of the **Walled City of Ahmedabad** (a UNESCO World Heritage Site), focusing on its 'pol' system and traditional architecture.
- ⊙ **Shastipoorti Garba Mahotsav** (Sept 27): The Chapter marked its **60-year milestone (Shastipoorti)** with a magnificent Garba celebration. The event included traditional dances, a cultural showcase, and the **Garba Awards** recognizing top performers like **Nitika Vadhvani (Queen)** and **Vatsal Khalas (King)**.

#### BARODA CHAPTER

##### Convocation/Felicitation Ceremony (Aug 30)

The Chapter celebrated the success of students who passed the **Foundation, Intermediate, and Final**

**CMA examinations** at a Convocation Ceremony held at Vanijya Bhavan. For the first time, the Chapter also **felicited its dedicated faculties**. The event featured prominent guests, including **CMA S.K. Bajpai**, **CMA Shubhadeep Sen**, **CMA Ashwin Dalwadi**, and **CMA Mihir Vyas**.

### Professional Development (CPEs)

A major focus was on contemporary business and accounting topics:

- ⊙ **ESG & Sustainability Series:** Two CPEs were conducted by CMA Siddhartha Pal on “**ESG & Sustainability Framework; UNSDG**” (Sept 5) and “**Sustainability Reporting & Key Performance Indicators**” (Sept 12), with each session granting 2 CPE hours.
- ⊙ **GST 2.0:** An online CPE on “**GST 2.0**” was delivered by CMA Dipak Joshi (Sept 21).

### Student Training & Outreach

- ⊙ **Skill Training Program:** A **40-hour MS Office Training Program** for Intermediate students began on September 9 to enhance their workplace readiness.
- ⊙ **Career Awareness Programs:** The Chapter conducted a series of sessions at prominent Vadodara schools (including Zenith School, DPS, and Baroda High School) to guide students on the **CMA course and career scope**.
- ⊙ **Placement & Training:** The Chapter organized various activities to facilitate **placement and training** for a large number of students and members.

### Chapter Recognition

**CMA Amruta Vyas**, the Chapter Chairperson, was recognized as one of the **16 Most Successful Women of Vadodara City** by Divya Bhaskar, a significant source of pride for the entire CMA fraternity.

## SURAT-SOUTH GUJARAT CHAPTER

The **Surat South Gujarat Chapter** of ICMAI held a **Press Conference** on **August 11, 2025**, at the Chapter campus to announce the results for the **Intermediate and Final June 2025 term exams**.

Chapter officials, including **CMA Nanty Shah (WIRC Vice-Chairman)** and **CMA Kishor Vaghela (Chairman)**, were present. The highlight of the announcement was that students secured the **1st All India Rank (AIR) in both the Intermediate and Final levels**.

The Chairman and Managing Committee

congratulated the successful students and offered guidance for their future careers.

### Courtesy Visit to MP's Office (Aug 12, 2025)

**CMA Nanty Shah (WIRC Vice-Chairman)** and **CMA Kishor Vaghela (Surat Chapter Chairman)** led a courtesy visit to the office of **MP Shri C R Patil Sir**. The visit included the **recent rank holders** from the Chapter.

### Special Session on CV Writing (Aug 13, 2025)

The Surat South Gujarat Chapter organized a session on “**How to Make an Effective CV**” for qualified students at CMA Bhawan. **Ms. Mamta Mehta** delivered the highly beneficial and interactive session, providing valuable guidance on structuring CVs and aligning résumés with industry requirements.

### Inauguration of Oral Coaching Classes

The **Surat South Gujarat Chapter** held the **Inauguration of Oral Coaching Classes** for the July–December 2025 term on **August 14, 2025**, at CMA Bhawan.

The session was inaugurated by **Chief Guest Dr. Abhilasha Agarwal**, Dean, with a traditional lamp lighting. She delivered an **inspiring address**, urging students to pursue their studies with dedication and discipline.

The program included a welcome speech by **CMA Kishor Vaghela (Chairman)** and an introduction by **CMA Vipin Patel (Secretary)**, marking the official start of the students’ new academic journey.

### 79<sup>th</sup> Independence Day Celebrations

The **Surat South Gujarat Chapter** celebrated the **79th Independence Day** on **August 15, 2025**, at the CMA Bhawan.

The flag hoisting ceremony was led by **CMA Nanty Shah (WIRC Vice-Chairman)** and **CMA Kishor Vaghela (Chairman)**. The celebration also featured competitions for students, including **Dance, Elocution, Chess, and Quiz**, with **80 students actively participating**.

### CPE on “Code of Ethics”

The **Surat South Gujarat Chapter** hosted a Continuing Professional Education (CPE) session on “**Code of Ethics**” on **August 16, 2025**. The keynote speaker was **CMA Ashish Thatte (CCM)**. **CMA Nanty Shah (WIRC Vice-Chairman)** and **CMA K C Gupta (Immediate Past Chairman)** felicitated the speaker. Approximately 20 participants attended and benefited.

from the dynamic and insightful session.

### Prize Distribution Function

The **Surat South Gujarat Chapter-ICMAI** hosted a grand **Prize Distribution Function** on **August 21, 2025**, at Platinum Hall, Surat, to honor successful students from the **Foundation, Intermediate, and Final December 2024 and June 2025 term results**. The event was graced by Chief Guest **CMA Neeraj Joshi (Vice President)** and Guest of Honor **Dr. Kishorsinh Chavda (Vice Chancellor, VNSGU)**. Esteemed dignitaries, including **CMA Ashwin Dalwadi (Past President)** and members of the WIRC, also attended. CMA Kishor Vaghela (Chapter Chairman) welcomed the guests, who then offered inspirational speeches and blessings to the approximately **850 students** in attendance.

### Advanced Skill Training Programme

The **Surat South Gujarat Chapter** hosted an **Advanced Skill Training Programme (ASTP)** for 32 students who qualified in the June 2025 term. The program ran from **September 8 to September 18, 2025**, at CMA Bhawan and was specifically designed to prepare students for upcoming campus placements.

The **Valedictory Session** was graced by **Shri Nikhil Madrasi (President-SGCC)** and **CMA Nanty Shah (WIRC Vice-Chairman)**, who guided the students on placement opportunities. Chapter officials, including **CMA Kishor Vaghela (Chairman)** and **CMA Vipin Patel (Secretary)**, were present to felicitate the chief guest.

## NASHIK CHAPTER

### Career Awareness Programs (September 2025)

The **ICMAI Nashik Chapter** conducted an extensive series of **Career Awareness Programs** throughout September 2025 to promote the CMA qualification among students at various colleges and schools.

| Date             | Institution                           | Speaker(s)                                | Focus                                                                                                        |
|------------------|---------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Sept 12 (Friday) | Sandip University & Sandip Foundation | CMA Amit Jadhav (Immediate Past Chairman) | Introduced the CMA Course structure, career opportunities, and its growing relevance in the corporate world. |

|                   |                                    |                                                                  |                                                                                                                                         |
|-------------------|------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Sept 12 (Friday)  | Loknete Vyankatrao Hire College    | CMA Arif Khan Mansuri (Past Chairman)                            | Gave a comprehensive overview of the CMA career's vast scope in various industries and independent practice.                            |
| Sept 12 (Friday)  | K.G.D.M College, Niphad            | CMA Priyanka Burkul (Member)                                     | Conducted a highly interactive session to build student interest in the CMA course.                                                     |
| Sept 16 (Tuesday) | The Moonje Institute of Management | CMA Dipak Joshi (Past Chairman)                                  | Successfully generated enthusiasm among students for exploring the rewarding CMA career path.                                           |
| Sept 22 (Monday)  | Ashoka Universal School            | CMA Suraj Lahoti (Past Chairman) & CMA Vishal Bharadwaj (Member) | Provided valuable insights on the CMA career's importance, diverse paths, and international recognition through an interactive session. |
| Sept 30 (Tuesday) | BYK College of Commerce            | CMA Prakash Nath Mishra (Member)                                 | Explained the critical Role of Cost Accountants in various industries.                                                                  |

These programs successfully highlighted the professional avenues, career growth possibilities, and relevance of the CMA profession to aspiring students.

## INDORE-DEWAS CHAPTER

The **ICMAI Indore Chapter** successfully conducted a range of professional and student-focused events in August and September 2025. On September 23rd, a Career Counseling Programme was held at

Government Maharani Laxmibai Girls Postgraduate College, Indore, where over 150 students learned about the CMA course, its curriculum, and professional opportunities from Chapter Chairman CMA Pankaj Raizada, PD Committee Chairman CMA Rahul Jain, and Secretary CMA Yash Vagrecha. A quiz session was also conducted for the students. Earlier, on August 30th, the Valedictory Ceremony for the third batch of the **CAT Course** took place, where 24 students (14 from Army, 8 from Navy, and 2 from Air Force) were congratulated by the Managing Committee. Chief Guest Lt. Col. Prashant Mishra, who joined via video conference, emphasized the necessity of accounts knowledge for all. The Chapter also hosted a Students Felicitation Program on August 24th to honor 47 Foundation, 19 Intermediate, and 4 Final examination qualifiers from the June 2025 attempt. CMA Deepak Ahuja, GM and CFO of NHDC Limited, graced the event as Chief Guest. The chapter also organized several Continuing Professional Education (CPE) Programs in July and August, covering topics such as Cost Audit in Engineering Industry and Power Sector (CMA Vijay P Joshi), From Data to Return (CA Amber Choudhary), IRAC Norms in Indian Banks (CMA Manoj Jain), and Emerging Markets for MSMEs (CMA Dinesh Patel).

### PIMPRI-CHINCHWAD CHAPTER

#### Career Counseling Sessions at Pune Colleges

In September 2025, the ICMAI Pimpri-Chinchwad-Akurdi Chapter organized three dedicated career counseling sessions to promote the CMA course and guide students toward professional paths in Cost and Management Accounting. On September 11th, a session at Dr. D Y Patil Women's College featured CMA Sagar Malpure, who detailed the CMA curriculum, eligibility, and diverse career opportunities, leaving participants highly motivated. Later in the month, similar sessions were held on September 25th at SNBP Junior College,

Chikhali, and on September 26th at Dr. D Y Patil Junior College, Nigdi, and Dr. D Y Patil Night College, Pimpri. These events provided practical advice on goal setting, essential skills, and industry expectations, using motivational stories to inspire students, particularly empowering women at the Night College session.

#### 'Navratri Nexus' Webinar Series

The Chapter also hosted an extensive 'Navratri Nexus' webinar series from September 22nd to 30th, focusing on blending professional development with themes of energy, wisdom, and leadership. Key sessions included 'Purity in Action: Ethical Leadership and Decision Making' on September 22nd, led by CMA Sanjali Dias, which emphasized integrity through case studies. 'Harnessing Determination Through Stories of Courage' on September 23rd with CMA CS Anjali Bothra inspired attendees to cultivate resilience. Further addressing holistic success, 'Living a Purposeful Life' on September 24th with Ms. Debjani Banerjee encouraged finding meaning beyond achievement. A unique session, '9 Days 9 Financial Lessons from Navaratri' on September 25th by CMA Harshada Prabhune, linked cultural festivities to financial discipline. The series continued with 'Wisdom Traditions' on September 26th by Ms. Nandita Khaire, exploring ancient teachings for modern contexts. A double session on September 27th covered 'Fueling Your Inner Fire: Staying Motivated' (CMA Sunita Badani) and 'Protecting Mental Health' (CMA Arpita Majumder). Finally, the series wrapped up with 'Optimism in Action' (CMA Subhadra Bandyopadhyay) on September 28th, 'Calm Leadership' (CS Kopal Chaplot) on September 30th (listed as 29th in original, but followed after 28th), and 'Unleashing Your Courage' (CMA Soma Ghosh) on September 29th (listed as 30th in original, but before 30th in original text), all aimed at equipping participants with essential life skills for resilience, leadership, and positive change.

### Glimpses of Western India Regional Council



*Ahmedabad Chapter*



*Ahmedabad Chapter*



*Baroda Chapter*



*Surat-South Gujarat Chapter*



*Surat-South Gujarat Chapter*



*Nashik Chapter*



*Indore-Dewas Chapter*



*Indore-Dewas Chapter*



*Pimpri Chinchwad Chapter*



*Pimpri Chinchwad Chapter*

## Direct & Indirect Tax Updates - September 2025

### DIRECT TAXES

#### **Circular No. 11/2025 dated 02-09-2025 read with Notification No. 141/2025 dated 01-09-2025**

The Circular No. 11 of 2025, issued by CBDT, modifies Circular No. 9 of 2022. It clarifies that pursuant to the amendment made by Finance Act, 2025, the date of investment eligible u/s 10(23FE) of the Income-tax Act, 1961 stands extended from 31st March, 2025 to 31st March, 2030. Consequently, effective from 1st April, 2025, all references to earlier cut-off dates in Circular No. 9 of 2022 shall now be read as 31st March, 2030.

#### **Circular No. 12/2025 dated 15-09-2025**

Vide Circular No. 12/2025, CBDT has extended the due date for filing ITR for AY 2025-26 (non-auditable cases) from 15th September, 2025 to 16th September, 2025.

#### **Circular No. 13/2025 dated 19-09-2025**

CBDT Circular provides waiver of interest u/s 220(2) of the Income-tax Act, 1961 in certain cases. It clarifies that demands may arise due to rectifications disallowing rebate under section 87A wrongly allowed for incomes taxable under section 115BAC(1A). To avoid hardship, interest on such demands will be waived if the taxpayer pays the demand on or before 31st December 2025. However, if payment is delayed beyond this date, interest will apply as per law.

#### **Circular No. 14/2025 dated 25-09-2025**

The Board extends the specified date for filing audit reports for the Financial Year 2024-25 (AY 2025-26) for auditable assessee. The specified date has been extended from 30th September 2025 to 31st October 2025.

### INDIRECT TAXES

#### GST

#### **GST 2.0: Notification No. 09/2025 CT (Rate) to Notification No. 17/2025 CT (Rate) dated 17-09-2025**

The 56th GST Council meeting held on 3rd September 2025 in New Delhi, ushered in a landmark “GST 2.0” reform package aimed at

simplifying India’s indirect tax structure. The Council approved abolition of the 12% and 28% GST slabs, merging most goods into 5% (merit) and 18% (standard) rates, while introducing a 40% slab for luxury or demerit items. In addition, the meeting granted relief by exempting life and health insurance from GST, slashing taxes on medicines, medical devices and agricultural/handicraft items, resolving inverted duty structures (textiles, fertilisers), and strengthening compliance — e.g. faster refunds, simplified registration, and institutional reforms like operationalising GSTAT. The majority of rate and compliance changes has been taken effect from 22nd September 2025 (though certain items like tobacco remain subject to transition norms). Further, services by way of local delivery except where the person supplying such services through electronic commerce operator is liable for registration u/s 22(1) of the Central Goods and Services Tax Act, 2017

For the aforesaid outcome, notifications 09/2025 – CT(Rate) to 17/2025 – CT (Rate) has been issued on 17-09-2025. Similar notification has also been issued for IGST and GST Compensation Cess

#### **Notification No. 13/2025 – Central Tax dated 17-09-2025**

The notification introduces the Third Amendment to the CGST Rules, 2017, effective from 22nd September 2025 (with certain provisions applicable from April/October 2025). Key changes include:

| Rule / Form        | Amendment / Insertion                                                                                      | Key Impact                                                   |
|--------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| <b>Rule 31A(2)</b> | “128” substituted with “140”                                                                               | Increases deemed valuation factor for lottery supplies.      |
| <b>Rule 39(1A)</b> | Expanded to include reverse charge under IGST Act (Sec. 5(3)/(4))                                          | Clarifies distribution of ITC for reverse charge under IGST. |
| <b>Rule 91(2)</b>  | Refund order (RFD-04) to be issued within 7 days based on system risk evaluation; revalidation not needed. | Faster refund processing with risk-based checks.             |

|                                     |                                                                                                                                          |                                                                     |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>Rule 110 &amp; 111</b>           | Modified to introduce <b>Form GST APL-02A</b> (Part A: provisional ack., Part B: final ack.)                                             | Streamlines appeal filing with provisional & final acknowledgement. |
| <b>New Rule 110A</b>                | Procedure for appeals before <b>Single Member Bench of GSTAT</b>                                                                         | Appeals without question of law can be heard by a single member.    |
| <b>Rule 113(2)</b>                  | Appellate Tribunal to issue <b>summary order in Form GST APL-04A</b>                                                                     | Ensures clarity of final demand confirmed by GSTAT.                 |
| <b>Form GSTR-9</b>                  | ITC reporting split into A1, A2, H1, 6A1; new tables for reversal (Rule 37A, 38), import IGST in next FY; updated Part V for FY 2024-25. | More granular disclosure of ITC, reversals & cross-FY reporting.    |
| <b>Form GSTR-9C</b>                 | New reporting of e-commerce operator tax liability (Sec. 9(5)); reconciliation changes; late fee reporting.                              | Enhanced reconciliation & accountability for e-commerce.            |
| <b>Forms APL-05, APL-06, APL-07</b> | Substituted with detailed formats covering appeals, cross-objections, and departmental appeals.                                          | Provides structured templates for GSTAT functioning.                |

### **Notification No. 14/2025 – Central Tax dated 17-09-2025**

With effect from 1st October 2025, provisional refund shall not be available to

- persons who have not completed Aadhaar authentication under Rule 10B;
- suppliers dealing in specified goods—areca nuts, pan masala, tobacco and substitutes, and essential oils

### **Notification No. 15/2025 – Central Tax dated 17-09-2025**

Notification No. 15/2025 – Central Tax dated 17th September 2025 exempts registered persons having aggregate turnover up to ₹2 crore in any

financial year from filing the annual return u/s 44 of the CGST Act, 2017 for FY 2024-25 onwards, as per recommendations of the GST Council.

### **Notification No. 16/2025 – Central Tax dated 17-09-2025**

The Central Government, vide notification dated 17th September 2025, has appointed 1st October 2025 as the date on which provisions of clauses (ii) and (iii) of Section 121, Sections 122 to 124, and Sections 126 to 134 of the Finance Act, 2025 shall come into force.

### **Clarification on various doubts related to treatment of secondary or post-sale discounts under GST - Circular No. 251/08/2025-GST dated 12-0-2025**

Circular No. 251/08/2025-GST dated 12th September 2025 provides clarifications on the treatment of secondary or post-sale discounts under GST. It confirms that recipients need not reverse Input Tax Credit (ITC) when suppliers issue financial/commercial credit notes, since such notes do not reduce the original taxable value or supplier's tax liability. Further, general post-sale discounts given by manufacturers to dealers, aimed at competitive pricing, are not considered consideration for supply and hence are outside GST levy.

However, the circular distinguishes cases where post-sale discounts are linked to specific agreements. If a manufacturer directs a dealer to sell at discounted prices to end customers under a prior arrangement, such discounts will form part of consideration, being an inducement for supply. Similarly, if dealers are separately compensated for promotional activities (advertising, co-branding, special campaigns, etc.), GST would apply on such services. This ensures clarity and uniform application of GST law across trade and field formations.

### **Requirement of Document Identification Number (DIN) - Circular No. 252/09/2025 -GST dated 23-09-2025**

Circular No. 252/09/2025-GST dated 23rd September 2025 clarifies that communications issued through CBIC's eOffice application bearing

a system-generated Issue Number will be treated as a valid Document Identification Number (DIN). A new online verification utility has been introduced to authenticate such Issue Numbers. Accordingly, quoting a separate DIN is no longer required for eOffice communications with Issue Numbers, though DIN will remain mandatory for all other communications not dispatched through eOffice or without a verifiable Reference Number (RFN) on the GST portal.

## CUSTOMS

**Notification No. 55/2025-Customs (N.T.) dated 12-09-2025 read with Circular No. 22/2025 – Customs dated 12-09-2025**

The Customs (Finalisation of Provisional Assessment) Regulations, 2025, notified vide Notification No. 55/2025-Customs (N.T.) dated 12th September 2025, have been issued by the Central Board of Indirect Taxes and Customs (CBIC) in supersession of the earlier 2018 regulations. These regulations provide a comprehensive framework for the timely submission of documents, completion of enquiries, and finalisation of provisional assessments under Section 18 of the Customs Act, 1962. The new provisions aim to bring greater certainty, transparency, and time-bound finalisation in customs assessments, thereby reducing disputes and ensuring compliance.

### Key highlights

| Regulation                                           | Summary                                                                                                                                           |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope</b>                                         | Supersedes the 2018 Regulations; applies to all provisional assessments pending or made after enforcement.                                        |
| <b>Submission of Documents (Reg. 4)</b>              | Importer/exporter must submit required documents within <b>2 months</b> of requisition (extendable up to 14 months with higher officer approval). |
| <b>Enquiry Completion (Reg. 5)</b>                   | Customs enquiry to be completed within <b>14 months</b> from provisional assessment date.                                                         |
| <b>Pending Assessments as of 29.03.2025 (Reg. 6)</b> | Time-limit reckoned from 29th March 2025.                                                                                                         |

|                                        |                                                                                                                                                                                                                                                                                       |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Voluntary Duty Payment (Reg. 7)</b> | Importer/exporter may pay duty voluntarily during pendency; adjusted against final assessment. Interest liability applies.                                                                                                                                                            |
| <b>Finalisation (Reg. 8)</b>           | Finalisation to be done within <b>3 months</b> of document submission or enquiry completion; extendable by 2 months at a time. Absolute limit: <b>2 years</b> (extendable by 1 year by Commissioner). Special exclusions apply where appeals, stay orders, or Board directions exist. |
| <b>Manner of Finalisation (Reg. 9)</b> | Finalisation must follow Sec. 18 of the Act. Speaking order required if different from provisional.                                                                                                                                                                                   |
| <b>Closure (Reg. 10)</b>               | Bonds/security executed at provisional stage to be released/ cancelled on finalisation, subject to duty/interest/fine payment or refund adjustment.                                                                                                                                   |
| <b>Penalty (Reg. 12)</b>               | Non-compliance or contravention attracts penalty under Sec. 158(2)(ii) of Customs Act, 1962.                                                                                                                                                                                          |

**Notification No. 59/2025-Customs (N.T.) dated 29-09-2025**

The Customs Tariff (Determination of Origin of Goods under the Trade and Economic Partnership Agreement between India and the EFTA States) Rules, 2025, notified vide Notification No. 59/2025-Customs (N.T.) dated 29th September 2025, have been introduced to operationalise the India–EFTA Trade and Economic Partnership Agreement (TEPA) signed on 10th March 2024. Effective from 1st October 2025, these rules lay down the framework for determining the origin of goods to avail preferential tariff treatment, ensuring transparency, uniformity, and preventing misuse of trade benefits under the agreement.

### Key Highlights

| Area             | Summary                                                                                                                                                                                    |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Objective</b> | Implements the <b>Trade and Economic Partnership Agreement (TEPA)</b> between India and the EFTA States (Iceland, Liechtenstein, Norway, Switzerland). Effective <b>1st October 2025</b> . |

|                                                    |                                                                                                                                                                                                    |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Wholly Obtained Products (Rule 4)</b>           | Defines goods like minerals, crops, livestock, fish, marine products, waste, scrap, and fermentation/biotech products as wholly obtained in a Party.                                               |
| <b>Sufficient Processing (Rule 5)</b>              | Goods qualify as originating if they undergo <b>product-specific rules (PSR)</b> in <b>Annexure A</b> . Tolerance of up to <b>10% of FOB/ex-works value</b> for non-originating materials allowed. |
| <b>Insufficient Processing (Rule 6)</b>            | Minimal operations (e.g., packaging, cleaning, labeling, mixing, simple cutting/assembly) do <b>not confer origin</b> .                                                                            |
| <b>Accumulation (Rule 7)</b>                       | Inputs originating in one Party used in another Party's production retain originating status.                                                                                                      |
| <b>Other Rules (8–13)</b>                          | Cover <b>unit of qualification, accessories, neutral elements, accounting segregation, territoriality, and direct transport</b> conditions for maintaining origin.                                 |
| <b>Proof of Origin (Rule 14)</b>                   | Acceptable documents: <b>Origin Declaration, Movement Certificate EUR.1, Certificate of Origin by Indian agencies, or self-declaration by Indian exporters</b> . Valid for <b>12 months</b> .      |
| <b>Importation &amp; Cooperation (Rules 15-16)</b> | Importers must submit proof of origin for preferential tariff treatment. Exporters/importers to maintain records for <b>5 years</b> and cooperate with customs verification.                       |
| <b>Verification (Rule 18)</b>                      | Customs authorities can request documents, conduct inspections, or factory visits. Exporting Party must respond within <b>10 months</b> .                                                          |
| <b>Denial of Preference (Rule 19)</b>              | Preferential tariff treatment can be denied if proof of origin is invalid or compliance not demonstrated. Suspension possible for repeated violations.                                             |
| <b>Institutional Framework (Rule 24)</b>           | Establishes a <b>Sub-Committee on Rules of Origin</b> for monitoring, interpretation, and dispute resolution.                                                                                      |

### **Notification No. 61/2025-Customs (N.T.) dated 30-09-2025**

Notification No. 61/2025-Customs (N.T.) dated 30th September 2025 extends the compliance date in the Sea Cargo Manifest and Transshipment Regulations, 2018 by substituting the deadline to 31.12.2025.

### **Circular No. 21/2025-Customs dated 12-09-2025**

Circular No. 21/2025-Customs dated 12th September 2025 consolidates and updates the framework for institutionalised consultation mechanisms in Customs through Permanent Trade Facilitation Committees (PTFCs) and Customs Clearance Facilitation Committees (CCFCs). It broadens their composition to include trade bodies, PGAs, logistics agencies, and government departments, mandates fortnightly PTFC and bi-monthly CCFC meetings, and strengthens grievance redressal via Turant Suvidha Kendras (TSKs), Anonymised Escalation Mechanism (AEM), ICEGATE helpdesk, and NAC monitoring. The circular also integrates social media/email grievance tracking, mandates structured resolution timelines, and emphasizes alignment with the National Trade Facilitation Action Plan (NTFAP).

### **Circular No. 23/2025-Customs dated 23-09-2025**

Circular No. 23/2025-Customs dated 23rd September 2025 clarifies that communications issued through CBIC's eOffice application using the public dispatch option now carry a verifiable Issue Number, which can be authenticated online at <https://verifydocument.cbic.gov.in>. Such Issue Numbers will be treated as the Document Identification Number (DIN), eliminating the need for generating a separate DIN for these communications. However, DIN remains mandatory for all other communications not sent via eOffice. This modifies Circulars 37/2019 and 43/2019.

### **Notification No. 40/2025 – Customs dated 25-09-2025**

Notification No. 40/2025-Customs dated 25th September 2025 amends Notification No. 50/2017-Customs by extending certain customs duty exemptions. Specifically, item (i) under S. No. 597 will cease after 30th September 2025, while items (iii) and (v) under the same entry will remain valid until 30th September 2027. Similarly, exemptions under S. Nos. 598, 601, 602, and 603 (relating to Project Imports) have been extended from 2025 to 2027, thereby providing continued relief to importers for two additional years. **MA**



## **GUIDELINES FOR MEMBERS UNDER CONTINUOUS PROFESSIONAL EDUCATION (CPE) 2024**

*(Updated as on October 01, 2025)*

### **1. INTRODUCTION**

- 1.1 The Institute of Cost Accountants of India was set up under the Cost Accountants Act, 1959, as amended to educate, impart training and develop the profession of Cost Accountancy. In the current changing dynamic economic scenario it is essential for Cost Accountants in practice and in employment to continuously update and equip themselves with the new skills and concepts to meet the challenges and render efficient service to trade, commerce, industry and the society at large. A profession cannot maintain the cutting edge unless its members regularly update their knowledge.
- 1.2 Keeping in view the continuous improvement and adapting to the changing circumstances the Institute is pleased to announce revised CPE requirements for members in practice & industry. The CPE hours of the members should be in respect of the subjects pertaining to the topics of professional relevance for members as per **Schedule-I** of the said Guidelines.
- 1.3 In line with the recommendations of the International Federation of Accountants (IFAC) and feeling the need to have compulsory and continued training of the members of the Institute, the Council has made mandatory CPE requirement for members, to ensure constant updating of knowledge and skills of members. The Council has framed the following guidelines covering the requirement of eligible training, learning activities, awarding and recording of credit hours.
- 1.4 The objective of Continuous Professional Education is to assist the members in widening their knowledge base and in improving their skills to be at the cutting edge of technology by providing training and expertise in critical areas.

### **2. KEY DEFINITIONS**

- 2.1 **“Institute”** means the Institute of Cost Accountants of India.
- 2.2 **“Continuous Professional Education (CPE)”**– An integral part of member’s continuous learning intended to expand their knowledge base and stay up-to-date on new developments.
- 2.3 **“Approved CPE Programmes”** means programmes organized by the Institute including programmes of the Regional Councils and Chapters, approved Study Circles, or any entity recognized by the Council from time to time for this purpose, National Cost Conventions, Regional Cost Conventions, participative certificate programme of ICMAI, Seminars or Conferences organized jointly with other professional bodies and Chambers of Commerce that are approved by the CPE Directorate for granting CPE Credit Hours.
- 2.4 **“Year”** for the purpose of these guidelines shall mean the period commencing from 1st day of April and ending on 31st of March.

- 2.5 “**Continuous Professional Education Directorate (CPE Directorate)**” means the directorate of the Institute set up for overseeing the academic, technical and administrative functions of CPE programmes.
- 2.6 “**Continuous Professional Education Committee (CPE Committee)**” means a committee of the Council of the Institute entrusted with the task of setting strategic directions and overseeing CPE activities.
- 2.7 “**CPE Credit Hours**” means credit hours awarded to the member for undertaking CPE learning activity.
- 2.8 “**Permanent Disability**” means a person suffering from not less than 40% of any disability as certified by appropriate government authority.
- 2.9 “**Structured CPE Credit Hours**” The CPE Credit hours to the members for structured learning activities as per para 6.1 of these guidelines
- 2.10 “**Unstructured CPE Credit Hours**” The CPE Credit hours to the members for unstructured learning activities as per para 6.2 of these guidelines

### 3. AUTHORISATION AND REGULATION

- 3.1 In terms with the powers vested with the Council of the Institute under the Cost Accountants Act, 1959 and the Regulations framed thereunder, the Council of the Institute is empowered to frame rules and guidelines for the maintenance of the status and standard of professional qualifications of the members of the Institute.
- 3.2 Compliance with these guidelines is mandatory for the members of the Institute in practice and recommendatory for other members subject to exemptions as mentioned in these guidelines.
- 3.3 In case of any queries concerning these guidelines, the clarifications and interpretations of issued by the CPE Directorate shall be final.

### 4. EFFECTIVE DATE

- 4.1 These guidelines are effective from 1<sup>st</sup> April, 2024.

### 5. APPLICABILITY OF GUIDELINES

- 5.1 The requirement of CPE Credit Hours to be complied with by the members as prescribed in **Annexure A** to these guidelines.
- 5.2 All members of the Institute are required to meet the CPE requirement(s) as specified by the Council from time to time subject to the category **exempted** as below:
- (i) For the first year for a member who is admitted to the membership of the Institute. A year in this context is to be considered as the period from 1st April to 31st March.
  - (ii) A member who is having permanent disability and members who have been handicapped due to an accident/ sickness for a prolonged period may be exempted from fulfilling the requirement of CPE Hours on submission of valid documents in support of the same.
  - (iii) Female members for one year on the grounds of pregnancy/ maternity up to 2 children (One year will be counted as six months before and six months after the birth of a child)
  - (iv) Other exemptions:
    - a) Member of Parliament;
    - b) Member of Legislative Assembly or Legislative Council;
    - c) Member of Judiciary;
    - d) Members of any of the Central Civil Services;
    - e) Members of any of the State Civil Services;

- f) Employees of regulatory bodies, government organizations (not being corporate entities), and statutory bodies;
  - g) Members of Armed Forces and Paramilitary Forces;
- (v) The CPE Committee may in their absolute discretion grant full/partial exemption specifically or generally to a member or a class of members based on facts and circumstances on a case to case basis.

### 5.3 Members Residing Overseas

- (i) In case of members residing outside India for a period of not less than 6 months may be exempted from the requirement for the particular year on submission of valid documents in support of the same. However, no such exemption/relaxation is available to a member who has obtained membership of the Institute in accordance with the MOU entered into between the Institute and any other foreign Institute and such member would be considered to have earned Credit Hours if the member has fulfilled the Credit Hour requirement of that foreign Institute. fulfilling the requirement of CPE Hours on submission of valid documents in support of the same
- (ii) the members residing overseas can avail 100% CPE Credits through Online Mode

## 6. BASIS OF AWARDING CPE CREDIT HOURS

A member will be awarded the credit of CPE Hours on the basis of the learning activities undertaken during the year.. The CPE Credit Hours from different learning activities are divided into Structured CPE Credit Hours and Unstructured CPE Credit Hours.

### 6.1 Structured Learning Activities and CPE Credit Hours

- i. Attending an approved CPE Programme in physical mode.
- ii. Attending an approved CPE Programme in online mode i.e. Webinar/E-Learning conducted by the Institute for members. Mere registration for Webinar will not be sufficient to earn the credit hours and the members must attend the full session.
- iii. Basis of awarding CPE Credit Hours as follows:

| Duration of the approved CPE Programme                     | Credit Hours |
|------------------------------------------------------------|--------------|
| Less than 1 hour                                           | Nil          |
| 1 hour and more and upto 2 hours                           | 1            |
| More than 2 hours and upto 4 hours in a single day         | 2            |
| Beyond 4 hours in a single day                             | 4            |
| Programme spanning 1 and half day                          | 6            |
| Programmes spanning 2 days                                 | 8            |
| Programme spanning beyond 2 days (minimum 6 hours per day) | 10           |

| Duration of the approved CPE Webinar/(E-learning)  | Credit Hours |
|----------------------------------------------------|--------------|
| Less than 1 hour                                   | Nil          |
| 1 hour and more and upto 2 hours                   | 1            |
| More than 2 hours and upto 4 hours in a single day | 2            |
| Beyond 4 hours in a single day                     | 4            |

## 6.2 Unstructured Learning Activities and CPE Credit Hours

The member shall be granted CPE credit hours under these guidelines for undertaking any of following unstructured learning activities:

| Sl. No. | Learning Activities                                                                                                                                                                                                                                      | CPE Credit Hours                                                                                       |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 1.      | <b>Acting as a Speaker or Discussion Leader</b>                                                                                                                                                                                                          |                                                                                                        |
| 1.1     | A member who is acting as a visiting faculty/guest faculty in a programme or seminar offered by any UGC recognized University/ AICTE approved Institution/ Management Institutions/ Institutions of National Importance.                                 | Equivalent to the basis of the CPE Credit hours for the approved CPE Programme or Webinars/E-learning. |
| 1.2     | Acting as a panelist at a programme organized by the press and media<br><br><i>Members are not eligible for CPE Credit Hours for acting as a faculty in Oral Tuition Classes for students.</i>                                                           | Equivalent to the basis of the CPE Credit hours for the approved CPE Programme or Webinars/E-learning. |
| 2.      | <b>Technical Materials Submitted for Publication</b>                                                                                                                                                                                                     |                                                                                                        |
| 2.1     | A member whose Technical articles, monographs, or books are published is eligible for CPE credit hours subject to the condition that the publication is accorded International Standard Serial Number (ISSN)/ International Standard Book Number (ISBN). | 6 hours each                                                                                           |
| 2.2     | Publication of articles in national dailies registered with the Registrar of Newspapers for India<br><br>For joint authorship, the hours will be equally divided.                                                                                        | 4 hours each                                                                                           |
| 3.      | <b>Books and Monographs</b>                                                                                                                                                                                                                              |                                                                                                        |
| 3.1     | For the first time of publication                                                                                                                                                                                                                        | 10 hours                                                                                               |
| 3.2     | Revision of Published Book<br><br>For joint authorship, the hours will be equally divided.<br><i>(Note: The Institute will assign specific CPE hours on receipt of a copy of the publication)</i>                                                        | 6 hours                                                                                                |
| 4.      | <b>Articles Published in Institute Journals</b>                                                                                                                                                                                                          |                                                                                                        |
| 4.1     | A member whose article is published in 'Management Accountant' or Regional Councils Journals.<br><br>For joint authorship, the hours will be equally divided.                                                                                            | 4 Hours                                                                                                |
| 4.2     | Reading articles published in the Management Accountant Journal or any other UGC approved journal (subject to submission of self-declaration by the member along with gist of article(s) read not less than 500 words per Article)                       | 2 hours                                                                                                |
| 5.      | <b>Diploma Courses/Certificate Courses</b><br><br>On successful completion of Diploma Courses/ Certificate Courses (including e-Learning) as monitored by the Institute, its Central Committees and all such courses in IPA-ICAI and RVO-ICMAI.          | Equivalent to the basis of the CPE Credit hours for the approved CPE Programme or Webinars/E-learning. |

| Sl. No. | Learning Activities                                                                                                                                                                                                                                                                                                    | CPE Credit Hours                                                                                                                      |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 6.      | <b>Participation in Programs of International Bodies</b>                                                                                                                                                                                                                                                               |                                                                                                                                       |
| 6.1     | Attending meetings/ Seminars/ workshops by SAFA/ CAPA/ IFAC or any other International bodies where the Institute is a member.                                                                                                                                                                                         | Equivalent to the basis of the CPE Credit hours for the approved CPE Programme. (Subject to a minimum meeting duration of one hour).  |
| 7.      | <b>Courses/ Programmes by Foreign Institutes</b>                                                                                                                                                                                                                                                                       |                                                                                                                                       |
|         | A member who has obtained membership of the Institute in accordance with the MOU entered into between the Institute and any other foreign Institute.                                                                                                                                                                   | It would be considered to have earned Credit Hours if the member has fulfilled the Credit Hour requirement of that foreign Institute. |
| 8.      | <b>Others</b>                                                                                                                                                                                                                                                                                                          |                                                                                                                                       |
| 8.1     | Viewing video recording of the learning programs organized by the Institute subject to submission of self-declaration by the member along with gist of topic viewed (gist in not less than 500 words)                                                                                                                  | 1 Hour per program                                                                                                                    |
| 8.2     | Acting as Guide/Supervisor for a M.Phil./ LL.M./ Ph.D. student registered with a UGC approved University subject to submission of proof in this regards                                                                                                                                                                | 4 hours                                                                                                                               |
| 8.3     | Submitting suggestions on Questionnaires/Consultative Papers/ Exposure Draft, etc. sought by the Institute subject to acceptance by the Institute.                                                                                                                                                                     | 1 Hour                                                                                                                                |
| 8.4     | Reviewing of Articles / Guideline Answers/ Study Material and other Publications of the Institute                                                                                                                                                                                                                      | 2 Hours                                                                                                                               |
| 8.5     | Reading of Book / Research Paper / Technical Documentation, related to the topics mentioned in Schedule I. Reading of Regional Council Bulletin / Research Bulletin issued by ICAI; subject to submission of self-declaration by the member along with gist of topic / material read (gist in not less than 500 words) | 1 Hour per book / bulletin / research paper, etc.                                                                                     |

## 7. Monitoring and Review of CPE activities

The CPE Directorate under the supervision and guidance of the CPE Committee will monitor and review the programmes conducted by the various regions, chapters, and study circles from time to time.

Mechanism to be followed by the organizer of the CPE Programme:

- Seek prior approval from CPE Directorate for holding the programme on core topics of professional relevance and importance **as per the Schedule-I**.
- Submit online details of the programme to the CPE Directorate at least 5 days prior to the scheduled date of the programme. Detail of online submission mechanism is available with the CPE Directorate.
- Maintain attendance records of the programme in the manner as stipulated by the CPE Directorate from time to time.
- Submit the attendance records to the CPE Directorate within 3 working days of the programme to upload the CPE Credit Hours in the portal.
- In case of any missed attendance, CPE Credit Hours of a member can be claimed within 90 days from the date of programme.

## 8. POWER TO MODIFY GUIDELINES

The requirements of CPE hours and/or any other requirement or conditions as included in the regulations

may be revised and notified to the members from time to time at the discretion of the Council.

## 9. OBLIGATIONS OF THE MEMBERS

- 9.1 Members shall comply with these CPE Guidelines and can view the status of CPE Credit Hours awarded during the year on the Institute's website in Members' Section.
- 9.2 The Institute shall maintain the record of CPE Credit Hours of members. However, members should also maintain a personal record of compliance with the requirements of Credit Hours as also for undertaking other CPE Learning activities for which CPE Hours are granted and produce the same for verification.
- 9.3 Members holding Certificate of Practice are required to confirm that they have secured the minimum annual CPE Credit Hours at the time of renewal of membership and certificate of practice.

## 10. ACTION AGAINST NON-COMPLYING MEMBERS

- 10.1 Penal action, as decided by the Council from time to time, may be taken against the members who fail to comply with the requirements of the regulations. However, any such penal action will be announced in advance for information of the members who are covered under the provisions of the regulations.
- 10.2 The Council may, however, take any other action in accordance with the provisions of the Cost Accountants Act, 1959 and the Cost Accountants regulations, 1959 and modifications made thereunder from time to time.

### Annexure A

#### Applicability and CPE Credit Hours requirement as per Para 5 of the Guidelines

Effective April 1, 2024, the requirement of CPE Credit Hours are as below subject to exemptions under para 5 of the guidelines.

#### **CPE Credit Hours requirements to be complied with by the members**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>I. <u>Members holding Certificate of Practice - Below the age of 65 years:</u></b>                                                                                                                                                                                                                                                                                                                                                              |
| <ol style="list-style-type: none"><li>a) Members will be required to obtain 30 hours per year</li><li>b) To complete minimum 20 hours through structured learning activities</li><li>c) To complete balance 10 hours either through structured and unstructured learning activities (as per Member's choice)</li></ol>                                                                                                                             |
| <b>II. <u>Members holding Certificate of Practice - Above the age of 65 year:</u></b>                                                                                                                                                                                                                                                                                                                                                              |
| <ol style="list-style-type: none"><li>a) Members will be required to obtain 15 hours per year</li><li>b) To complete minimum 10 hours through structured learning activities</li><li>c) To complete balance 5 hours either through structured and unstructured learning activities (as per Member's choice)</li></ol> <p>This shall be applicable from the year succeeding the Financial Year in which the member attains the age of 65 years.</p> |
| <b>III. <u>Members holding Certificate of Practice for part of the year:</u></b>                                                                                                                                                                                                                                                                                                                                                                   |
| <p>A member holding Certificate of Practice is exempt from the CPE requirement for the first year or part of the year.</p>                                                                                                                                                                                                                                                                                                                         |
| <b>IV. <u>Members not holding Certificate of Practice</u></b>                                                                                                                                                                                                                                                                                                                                                                                      |
| <ol style="list-style-type: none"><li>a) Members are recommended to obtain 15 hours per year</li><li>b) To complete minimum 10 hours through structured learning activities</li><li>c) To complete balance 5 hours either through structured and unstructured learning activities (as per Member's choice)</li></ol>                                                                                                                               |

**Note:** No carry forward is allowed for excess Credit Hours from one year to the next year.

## Schedule – I

### List of Topics of Professional Relevance

1. Costing & Costing Systems
2. Cost Audit
3. Cost Accounting Standards
4. Cost Auditing & Assurance Standards
5. Industry Specific Costing
6. Direct & Indirect Taxation
7. ERP
8. AI / BI / Data Analytics
9. Management Accounting
10. IndAS, IFRS
11. Internal Audit
12. Insolvency Professionals
13. Anti Profiteering
14. Valuation
15. Forensic Audit
16. Role of CMAs in Indian Economy and various Industry segments
17. Corporate Laws
18. ESG, Social Audit
19. Any other specific technical skills for the CMAs.

The above list is illustrative only and not an exhaustive one. The CPE Directorate is authorised to decide if any topic falls under Schedule – I for classifying the same as Structured Learning.

Ref. No.: G/128/09/2025

30<sup>th</sup> September 2025

#### **NOTICE**

#### **Subject: Non- compliance of Mandatory CPE Credit Hours requirement for the year 2024-25**

As per the Guidelines for Members under Continuous Professional Education (CPE) 2024, it is mandatory for the members holding Certificate of Practice (CoP) to undergo minimum 30 CPE hours per year and for the members above 65 years holding Certificate of Practice (CoP) to undergo minimum 15 CPE hours per year.

The Council had earlier granted extensions of time twice, first up to 30<sup>th</sup> June 2025 and further up to 30<sup>th</sup> September 2025, to enable members to complete the shortfall of CPE Credit Hours for the year 2024-25. However, it has been observed that certain CoP holders have still not complied with the mandatory CPE hours requirements.

To ensure smooth continuity of practice for CoP holders during the year 2025-26, the Council has decided to grant further extension of time upto 31<sup>st</sup> March 2026, for completing the shortfall in CPE Credit Hours pertaining to the previous year i.e. for 2024-25 along with the CPE Credit Hours requirement for the current year i.e. for 2025-26.

Members are advised to take due note of this requirement. Any further non-compliance will be viewed strictly and will lead to discontinuation of the respective CoP.



**CMA (Dr.) Debaprosanna Nandy**  
Secretary (Officiating)



# ICMAI

## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

### भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

[www.icmai.in](http://www.icmai.in)

[studies@icmai.in](mailto:studies@icmai.in)



Since 1944

The Institute of Cost Accountants of India is a premier professional Institute and a Statutory Body established under an Act of Parliament under the administrative control of **Ministry of Corporate Affairs (MCA), Government of India** to regulate and develop the profession of Cost and Management Accountancy (CMA) in the country.

# CMA

## COURSE GOING GLOBAL

CMA Courses - Eligibility Criterion

### Admission in Foundation Course

- Passed Class 10 (Require to pass 10+2 before appearing in CMA Examination)
- 10+2 Pass or its equivalent (Students appearing for 10+2 also apply on provisional basis)

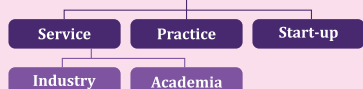
### Registration to Intermediate Course

- Passed CMA Foundation Examination
- Graduates of any discipline (Students awaiting final result also apply on provisional basis)
- Qualified CAT Level - I of The Institute of Cost Accountants of India
- Qualified CA Intermediate; Qualified Engineers; Qualified CS

### Core Strengths of CMA Profession



### Career Opportunities for CMAs



### Course Fees

FOUNDATION - Rs. 6,000/-

INTERMEDIATE - Rs. 23,100/-\*

FINAL - Rs. 25,000/-\*

\*Installation facility available

### Important Job Roles For CMAs

- CMD
- CEO
- COO
- CFO
- Director - Finance
- President - Finance
- Vice President - Finance
- Head of Finance
- Strategic Head
- Cost Advisor
- Finance Controller
- Cost Controller
- Risk Manager
- Business Analyst
- Research Analyst
- Dean/Professor of Finance

and many more ....

University Grants Commission (UGC) recognizes CMA Qualification as equivalent to PG Degree

CMA Qualification is recognised by NARIC (National Recognition Information Centre of UK) as equivalent to Master's Degree in U.K. and UAE

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Largest CMA body in the Globe

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Avg. CTC offered **INR 12 lakh p.a.**

More than **3,000 Placements** in **2022, 2023 & 2024**



### The Institute of Cost Accountants of India

Headquarters: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003  
Kolkata Office: CMA Bhawan, 12, Sudder Street, Kolkata - 700016



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

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**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

**TIME TABLE & PROGRAMME- DECEMBER 2025**

**FOUNDATION COURSE EXAMINATION**

(Multiple Choice Questions through offline OMR based from Centre)

| Day & Date                                   | Foundation Course Examination Syllabus-2022                                                                                                                                                                                           |                                                                                                                                                                                                                                      |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                              | Time 10.00 A.M. to 12.00 Noon. - IST<br>Paper – 1 & 2 (200 Marks)                                                                                                                                                                     | Time 02.00 P.M. to 04.00 P.M. - IST<br>Paper – 3 & 4 (200 Marks)                                                                                                                                                                     |
| Saturday,<br>13 <sup>th</sup> December, 2025 | <b>Paper – 1</b> : Fundamentals of Business Laws and Business Communication (100 Marks 50 Multiple Choice Questions)<br><br><b>Paper – 2</b> : Fundamentals of Financial and Cost Accounting (100 Marks 50 Multiple Choice Questions) | <b>Paper – 3</b> : Fundamentals of Business Mathematics and Statistics (100 Marks 50 Multiple Choice Questions)<br><br><b>Paper – 4</b> : Fundamentals of Business Economics and Management (100 Marks 50 Multiple Choice Questions) |

**The Institute has decided to conduct December 2025 Foundation Examination through offline OMR centre based.**

**Examination Fees**

| Foundation Course Examination | Inland Candidate   | ₹1500/-   |
|-------------------------------|--------------------|-----------|
|                               | Overseas Candidate | US \$ 100 |

- 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)
  - STUDENTS FROM OVERSEAS HAVE TO APPLY OFFLINE AND SEND DD ALONG WITH THE FORM.
- Students can login to the website [www.icmai.in](http://www.icmai.in) and apply online through payment gateway by using Credit/Debit card or Net banking.
  - Students can also pay their requisite fee through pay-fee module of IDBI Bank.
- Last date for receipt of Examination Application Forms is 14<sup>th</sup> October, 2025 without late fee, and from 15<sup>th</sup> October, 2025 to 21<sup>st</sup> October, 2025 with late fee of ₹500/- (Rupees Five hundred only) for December 2025 examination.**
- The Foundation Examination will be conducted in M.C.Q Mode through offline OMR based from Centre.
  - Each paper will carry 100 marks 50 Multiple Choice Questions (Each Question will carry 2 Marks). Each session will have a total of 100 Multiple Choice Questions of 200 marks.
  - All Candidates/students are to appear in the Foundation examination through offline OMR centre based.
- A candidate/student who is completing all conditions for appearing in the examination as per Regulations will only be allowed to appear for the examination.
- There is no negative marking.
- Detailed instructions will be provided along with Admit Card.
- Examination Centres: Adipur-Kachchh (Gujarat), Agartala, Agra, Ahmedabad, Ahmednagar (Maharashtra), Akurdi, Allahabad (Prayagraj), Angul Talcher, Asansol, Anandpur Sahib (Punjab), Aurangabad (Sambhaji Nagar), Balasore (Odisha), Ballari (Karnataka), Bangalore, Bankura, Baroda, Bathinda (Punjab), Berhampur – Ganjam (Odisha), Bharuch Ankleshwar, Bhilai, Bhiwara, Bhiwandi (Maharashtra), Bhiwani (Haryana), Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bikaner (Rajasthan), Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dindigul, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Gaya, Ghaziabad, Gorakhpur (Uttar Pradesh), Guntur, Gurgaon, Guwahati, Haridwar, Hazaribagh, Hosur, Howrah, Hubballi (Karnataka), Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jalgaon-Dhule (Maharashtra), Jammu, Jamshedpur, Jeypore (Odisha), Jhunjhunu (Rajasthan), Jodhpur, Kalyan, Kannur, Kanpur, Karnal (Haryana), Kanchipuram, Kharagpur (West Bengal), Kolhapur, Kolkata, Kollam, Kota, Kottakkal (Malappuram), Kottayam, Kurnool, (Andhra Pradesh), Lucknow, Ludhiana, Madurai, Mangalore, Meerut, Mumbai, Muzaffarpur (Bihar), Mysore, Nagpur, Naihati, Nanded (Maharashtra), Nasik, Nellore, Neyveli, Noida, Palakkad, Palghar, Panaji (Goa), Patiala, Patna, Pollachi (Tamil Nadu), Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Ratnagiri (Maharashtra), Rewari (Haryana), Rourkela, Salem, Sambalpur, Sangrur (Punjab), Satara (Maharashtra), Serampore, Shillong, Shimla, Siliguri, Singrauli (Vindhyanagar), Sivaganga (Tamil Nadu), Solapur, Srinagar, Surat, Thanjavur (Tamil Nadu), Thoothukudi (Tamil Nadu), Thrissur, Tiruchirappalli, Tirunelveli, Tirupati, Trivandrum, Udaipur, Vapi, Varanasi (Uttar Pradesh), Vashi, Vellore, Vijayawada, Visakhapatnam and Overseas Centres at Bahrain, Dubai and Muscat.
- Date of publication of result: Foundation examination latest by 8<sup>th</sup> January, 2026.

\* The Candidates/students are advised to keep regularly in touch with the website of the Institute for further notifications and announcements relating to Foundation Examination of December 2025 and in case of any query or clarification can e-mail us at- [exam.helpdesk@icmai.in](mailto:exam.helpdesk@icmai.in)

CMA Dr. Debaprosanna Nandy  
Secretary (Officiating)

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

**INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2025**

**ATTENTION: INTERMEDIATE & FINAL EXAMINATION (DECEMBER – 2025 TERM) WILL BE HELD ON ALTERNATE DATES FOR EACH GROUP.**

| Day & Date                        | FINAL<br>(Time: 10.00 A.M. to 01.00 P.M. - IST)<br>PROGRAMME FOR SYLLABUS 2022                                                                                                                                       | INTERMEDIATE<br>(Time: 2.00 P.M. to 5.00 P.M. - IST)<br>PROGRAMME FOR SYLLABUS 2022 |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Wednesday,<br>10th December, 2025 | Corporate and Economic Laws (P-13)                                                                                                                                                                                   | Business Laws and Ethics (P-05)                                                     |
| Thursday,<br>11th December, 2025  | Cost and Management Audit (P-17)                                                                                                                                                                                     | Operations Management and Strategic Management (P-09)                               |
| Friday,<br>12th December, 2025    | Strategic Financial Management (P-14)                                                                                                                                                                                | Financial Accounting (P-06)                                                         |
| Saturday,<br>13th December, 2025  | Corporate Financial Reporting (P-18)                                                                                                                                                                                 | Corporate Accounting and Auditing (P-10)                                            |
| Sunday,<br>14th December, 2025    | Direct Tax Laws and International Taxation (P-15)                                                                                                                                                                    | Direct and Indirect Taxation (P-07)                                                 |
| Monday,<br>15th December, 2025    | Indirect Tax Laws and Practice (P-19)                                                                                                                                                                                | Financial Management and Business Data Analytics (P-11)                             |
| Tuesday,<br>16th December, 2025   | Strategic Cost Management (P-16)                                                                                                                                                                                     | Cost Accounting (P-08)                                                              |
| Wednesday,<br>17th December, 2025 | Electives (Any one of three Papers) :<br>(i) Strategic Performance Management and Business Valuation (P-20A)<br>(ii) Risk Management in Banking and Insurance (P-20B)<br>(iii) Entrepreneurship and Start up (P-20C) | Management Accounting (P-12)                                                        |

| Group (s)                                            | Final Examination    | Intermediate Examination |
|------------------------------------------------------|----------------------|--------------------------|
| One Group<br>(Inland Centres)<br>(Overseas Centres)  | ₹1800/-<br>US \$ 100 | ₹1500/-<br>US \$ 100     |
| Two Groups<br>(Inland Centres)<br>(Overseas Centres) | ₹3200/-<br>US \$ 150 | ₹2800/-<br>US \$ 150     |

- 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.
- STUDENTS OPTING FOR OVERSEAS CENTRES HAVE TO APPLY OFFLINE AND SEND DD ALONGWITH THE FORM.
- (a) Students can login to the website [www.icmai.in](http://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.  
**Last date for receipt of Examination Application Forms is 10<sup>th</sup> October, 2025 without late fee, and from 11<sup>th</sup> October, 2025 with late fee of ₹500/- (Rupees Five hundred only) for December 2025 examination.**
- The mode of examination will be offline-centre based.
- Candidates are required to follow clarifications of DOS related to December 2025 term of examination and the same will be issued by DOS in due course.
- Examination Centres: Adipur-Kachchh (Gujarat), Agartala, Agra, Ahmedabad, Ahmednagar (Maharashtra), Akurdi, Allahabad (Prayagraj), Angul Talcher, Asansol, Anandpur Sahib (Punjab), Aurangabad (Sambhaji Nagar), Balasore (Odisha), Ballari (Karnataka), Bangalore, Bankura, Baroda, Berhampur – Ganjam (Odisha), Bharuch Andeshwar, Bhilai, Bhilwara, Bhiwandi (Maharashtra), Bhiwani (Haryana), Bhopal, Bhowar City(Rajasthan), Bhubaneswar, Bilaspur, Bikaner (Rajasthan), Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dindigul, Dehradun, Delhi, Dhanbad, Duijajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Gaya, Ghaziabad, Gorakhpur (Uttar Pradesh), Guntur, Gurgaon, Guwahati, Haridwar, Hazaribagh, Hosur, Howrah, Hubballi (Karnataka), Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jalgaon-Dhule (Maharashtra), Jammu, Jamshedpur, Jeyore (Odisha), Jhunjhunu (Rajasthan), Jodhpur, Kalyan, Kannur, Kanpur, Karnal (Haryana), Kanchipuram, Kharagpur (West Bengal), Kolhapur, Kolkata, Kollam, Kota, Kottakkal (Malappuram), Kottayam, Kurnool (Andhra Pradesh), Lucknow, Ludhiana, Madurai, Mangalore, Meerut, Mumbai, Muzaffarpur (Bihar), Mysore, Nagpur, Nalhati, Nanded (Maharashtra), Nasik, Nellore, Neyveli, Noida, Palakkad, Palghar, Panaji (Goa), Patiala, Patna, Pollachi (Tamil Nadu), Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Ratnagiri (Maharashtra), Rewari (Haryana), Rourkela, Salem, Sambalpur, Satara (Maharashtra), Serampore, Shillong, Shimla, Siliguri, Singrauli (Vindhyanagar), Sivaganga (Tamil Nadu), Solapur, Srinagar, Surat, Thanjavur (Tamil Nadu), Thoothukudi (Tamil Nadu), Thiruvananthapuram, Thiruvananthapuram, Tirunelveli, Tirupati, Tiruvandrum, Udaipur, Vapi, Varanasi (Uttar Pradesh), Vashi, Velore, Vijayawada, Visakhapatnam and Overseas Centres at Bahrain, Dubai and Muscat.
- A candidate who is fulfilling all conditions specified for appearing in examination will only be allowed to appear for examination.
- Date of publication of result: Inter & Final examination latest by 11<sup>th</sup> February, 2026.

\* The candidates/students are advised to keep regularly in touch with the website of the Institute for further notifications and announcements relating to Examination of December 2025 and in case of any query or clarification can e-mail us only at [exam.helpdesk@icmai.in](mailto:exam.helpdesk@icmai.in)

CMA Dr. Debaprosanna Nandy  
Secretary (Officiating)

# THE MANAGEMENT ACCOUNTANT

## PAPERS INVITED

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

|               |       |                                                                                                 |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------|-------|-------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 2025 | Theme | Sustainable Finance: Steering India Towards a Greener Future                                    | Subtopics | <ul style="list-style-type: none"> <li>○ Sustainability Mission: Unleashing A Journey towards Green Finance</li> <li>○ Emergence of Climate Policy envisaging Greener Future</li> <li>○ Vikshit Bharat initiatives for funding climate related Companies</li> <li>○ India's Green Bond Market</li> <li>○ India's EV financing landscape to align India's climate priorities</li> <li>○ Sustainable Finance &amp; Investor Awareness</li> <li>○ Union Budget 2024-25 decoding Sustainable path to combat impact of climate change</li> <li>○ India's Journey towards Net Zero by 2070</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| December 2025 | Theme | Cost Audit: Enhancing Transparency, Efficiency, and Strategic Decision-Making                   | Subtopics | <ul style="list-style-type: none"> <li>○ Legal Framework of Cost Audit in India</li> <li>○ Role of Cost Auditors in Corporate Governance and Compliance</li> <li>○ Cost Audit and Performance Improvement: Identifying Inefficiencies</li> <li>○ Use of Information Technology in Cost Auditing: Tools, Techniques and Challenges</li> <li>○ Industry specific or Sector Specific guidance on Cost Audit</li> <li>○ Interpreting the Cost Audit Report: Key Metrics and Insights for Management</li> <li>○ Cost audit as a tool for strategic planning and pricing decisions</li> <li>○ Way forward for Cost Audit in India: Strategic Insights Beyond Compliance</li> <li>○ Linkage of Cost Audit with GST Compliance and Input Tax Credit Verification</li> <li>○ Cost Audit and Transfer Pricing: Supporting Arms-Length Transactions</li> <li>○ Using Cost Audit Reports in Tax Assessments and Dispute Resolution</li> <li>○ Capacity building of CMAs and recommendations for policymakers, industry, and academia in the areas of Cost Audit.</li> </ul> |
| January 2026  | Theme | Strategic Role of CMAs in Risk Management, Cost Management and Innovation in the Banking Sector | Subtopics | <ul style="list-style-type: none"> <li>○ Role of CMAs in strengthening risk-based internal audits in banks</li> <li>○ CMA's role in credit risk assessment and recovery management</li> <li>○ CMA's role in Credit appraisal, project financing, and cost-benefit analysis</li> <li>○ Cybersecurity, risk assessment and financial controls</li> <li>○ Digital Banking &amp; Fintech</li> <li>○ Role of CMAs in treasury operations and foreign exchange risk management</li> <li>○ Sustainability &amp; ESG in Banking</li> <li>○ Agency for Specialized Monitoring (ASM) of large borrowal accounts</li> <li>○ Due diligence and valuation for mergers, acquisitions, and restructuring of banks</li> <li>○ CMA's role in evaluating cost efficiency of financial inclusion schemes</li> </ul>                                                                                                                                                                                                                                                                |
| February 2026 | Theme | Sustainable Agriculture for a Resilient and Food-Secure Future                                  | Subtopics | <ul style="list-style-type: none"> <li>○ National Mission on Natural Farming</li> <li>○ Digital Agriculture Mission (DAM)</li> <li>○ Climate-Smart Agriculture</li> <li>○ Can Organic Agriculture Sustain the Global Population?</li> <li>○ Activity-Based Costing (ABC) in Sustainable Agriculture</li> <li>○ Cost-Benefit Analysis of Sustainable Agricultural Technologies</li> <li>○ Performance Measurement and Sustainability Reporting in Agri-Business</li> <li>○ Youth and Women in Sustainable Agriculture</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

*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](mailto:editor@icmai.in) latest by the 1<sup>st</sup> week of the previous month.



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# RESEARCH BULLETIN

Volume 50 • Nos. III & IV • Oct - 2024 & Jan - 2025

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## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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**Research Bulletin, Vol. 51 No. III October 2025 (ISSN 2230 9241)**

### Call for Research Papers/Articles

We invite you to contribute research paper/article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publishing high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

### Guidelines to submit full Paper

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

Papers are invited on the following topics, but not limited to:

- Artificial Intelligence in Education
- Green Energy
- Cybersecurity in an AI-Dominated World
- Asset Pricing Dynamics and Derivative Strategies
- Corporate Sustainability and Corporate Governance
- Global Health Equity
- Financial Risk and Resilience in different markets
- Startups
- Banking & Insurance
- Integrating Sustainability, Ethical Considerations, and Digital Innovations for Sustainable Growth
- GST
- Cost Audit
- Customer Relationship Management (CRM)
- Venture capital
- Forensic accounting and auditing

Papers must be received within

**15<sup>th</sup> November, 2025**

in the following email id:

[research.bulletin@icmai.in](mailto:research.bulletin@icmai.in)

# 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

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- ⊙ Income Tax Benefit under section **80G** for donation only
- ⊙ 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 -

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- ⊙ 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
- ⊙ Thalassemia
- ⊙ Neurological Diseases
- ⊙ Flue Blown acquired Immune Deficiency Syndrome
- ⊙ Multiple sclerosis
- ⊙ Tuberculosis / Bronchopneumonia/ Pleurisy
- ⊙ Permanent disablement
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To apply for life membership or for further details please visit

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