THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528 July 2024 | VOL 59 | NO. 07 | Pages - 124 | ₹ 100

GOODS AND SERVICES TAX

A Gateway to Rationalise Indirect Tax Ecosystem

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament) www.icmai.in

Enlisted in **UGC-CARE REFERENCE LIST OF QUALITY JOURNALS**

Printed and Published by

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

Editor – CMA Sucharita Chakraborty on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Dist: Kolkata, West Bengal - 700 016.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

www.icmai.in

- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy.
- It has since been continuously contributing to the growth of the industrial and economic climate of the country.
- The Institute of Cost Accountants of India is the only recognised statutory professional organisation and licensing body in India specialising exclusively in Cost and Management Accountancy.

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."

IDEALS THE INSTITUTE STANDS FOR

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

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

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

Printed and Published by
CMA Kaushik Banerjee on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Dist: Kolkata, West Bengal - 700 016 and **printed at** – Spenta Multimedia Pvt. Ltd., Plot 15, 16 & 21/1 Village – Chikhloli, Morivali, MIDC, Ambernath (West), Dist: Thane – 421505 and **published at** – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Dist: Kolkata, West Bengal - 700 016.

Editor – CMA Sucharita Chakraborty on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Dist: Kolkata, West Bengal - 700 016.

Chairman, Journal & Publications Committee -
CMA (Dr.) K Ch A V S N Murthy

ENQUIRY

➢ **Articles/Publications/News/Contents/Letters/Book Review/Enlistment**
editor@icmai.in

➢ **Non-Receipt/Complementary Copies/Grievances**
journal@icmai.in

➢ **Subscription/Renewal/Restoration**
subscription@icmai.in

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

The Management Accountant technical data

Periodicity : Monthly
Language : English

Overall Size: - 26.5 cm x 19.6 cm

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

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

The Management Accountant Journal is Enlisted in:
'UGC-CARE REFERENCE LIST OF QUALITY JOURNALS'

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

We have expanded our Readership from **1** to **94** Countries

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

Headquarters
CMA Bhawan, 12 Sudder Street
Kolkata - 700016

Institute Motto

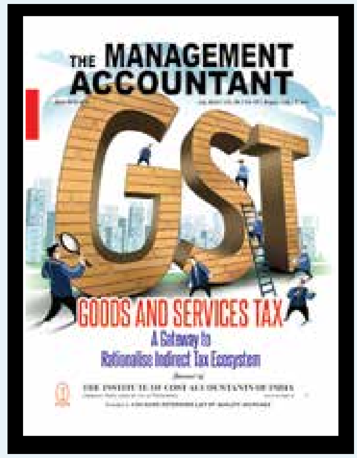
असतोमा सद्गमय तमसोमा ज्योतिर् गमय मृत्योर्मामृतं गमय ॐ शान्ति शान्ति शान्तिः	From ignorance, lead me to truth From darkness, lead me to light From death, lead me to immortality Peace, Peace, Peace

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

CONTENTS

INSIDE

JULY 2024



JULY VOL 59 NO.07 ₹100

COVER STORY

PRINTED AT -
Spenta Multimedia Pvt Ltd.
Plot No. 15,16 & 21/1, Morivali MIDC, Chikhloli Village
Ambernath (West) - 421505, India
on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

Cover image source:
https://blog.ipleaders.in/analyze-3-years-gst-far-succeeded-meeting-objectives-challenges-remaining/

From the Editor's Desk

Seven years ago, on 1st July 2017, GST came into reality as a simplified indirect tax regime across India. GST in India has changed the perspective of the indirect tax system consolidating most of the taxes on goods and services levied on traders, manufacturers and sale and consumption of goods and services into a single tax called GST. GST has subsumed almost all the then existing indirect taxes such as Excise, Central Sales Tax, VAT and Service Tax.

The main reason behind the implementation of the GST is to smoothen and simplify the indirect taxation system and rationalize tax administration to generate more revenues for social security, infrastructure and several other developmental activities.

There have been multiple amendments to the provisions of GST laws. The latest GST Council meeting, held in June 2024 under the Chairpersonship of Union Minister for Finance and Corporate Affairs marked a pivotal moment in the evolution of the GST framework in India. It is refining the GST framework for the greater benefit of tax payers. Several major changes have been introduced to streamline GST compliance and address industry-specific concerns aimed at enhancing the taxpayers' experience, improving the ease of doing business and reducing litigations.

This issue of Management Accountant is focusing on *Goods and Services Tax – A Gateway to rationalize Indirect Tax Eco System.*

Glimpses of Articles:

Goods and Services Tax – A Gateway to Rationalise Indirect Tax Ecosystem focuses on the most important section in the Goods and Services Act in which the principles of valuations are outlined namely section 15 read with Determination of Value of Supply Rules 2017. This forms the basis for determining the taxable value of supply and collection of tax.

Tactical Gambit of ITC Discontinuation on CSR Spends – Does it Affect Corporate Value Addition in Philanthropic Causes states that GST, being a unified taxation framework in India, has resulted in increased revenues for the Government and has simplified the returns. CSR activities mainly focused on development sectors like education, health, rural development, and others are mostly exempt from GST. Further input tax credit (ITC) integral to GST, has reduced the tax burden.

The study *Textile Taxation Transformation: Perspectives from Ahmedabad's Textile Manufacturers and Traders on GST* seeks to identify the perceptions towards GST among textile manufacturers and traders in Ahmedabad and analyse the relationship between their demographic profiles and GST perceptions. The findings offer insights as to how GST has influenced business operations, financial management and compliance practices within the textile industry, shedding light on opportunities and challenges for stakeholders.

GST and Logistic Industry: The Protagonists of Good Economy examines the possible growth potential in logistic industry in India after the introduction of GST, especially keeping in mind that GST has eliminated octroi posts at State borders, introduced e-way Bills, centralised warehousing, construction of national highways/corridors etc, which have helped the industry to grow further by even reducing trip-time of truckers to a considerable extent.

The Formation of The GST Appellate Tribunal: Charting the Path Ahead states that the formation of the GST Appellate Tribunal represents a significant milestone in the implementation of GST law. The effective functioning of the Tribunal will not only streamline the dispute resolution process but also help in enhancing the efficiency, fairness, and transparency in the GST law.

Goods & Services Tax: Role in Developing The Economy of the Country concludes that GST has impacted our economy greatly and streamlined the tax system by removing the age old complex tax system. Despite the challenges, this has helped the growth of the economy by increasing the production of goods and services as well as export earnings.

The research study *Implication of GST on GI Tag Products: Special Reference to Aranmula Mirror* probes how GST impacts *Aranmula Kannadi* with reference to taxonomy, incentives and changes that must be made for sustainable development of this product and its traditional values.

The GST Council constantly improvises the mechanisms of GST. *An Insight of GST Appellate Tribunal* provides an overview of GSTAT, its working mechanisms and also puts forth some valuable recommendations for GST practitioners.

Transforming India's Tax Landscape: A Deep Dive into GST Valuation explores the core principles of GST, its journey since implementation, and delves into the critical aspect of GST valuation - a cornerstone in ensuring fair and accurate tax assessment.

Apart from these, this issue contains few more articles on other contemporary matters providing valuable reading material.

This issue also features an interview with CMA Rajesh Shukla, Head (Indirect Taxation), Tata Motors Ltd, Pune.

Enjoy reading and send your views and suggestions to the Editor at editor@icmai.in

THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

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

Month		Theme		Subtopics
August 2024	Theme	Management Accounting Practices – Holistic Integrated Thinking	Subtopics	⦿ Navigate Management Accounting Principles to Model Environmental, Social and Governance Ecosystems ⦿ Management Accounting and Business Model – an Intertwined Relationship ⦿ Management Accountants – An approach to diversity – Transform 'information' through 'insight' to 'influence' ⦿ Management Accounting Tools – an imperative to promote Organizational Vision and Strategy ⦿ Automation and AI adoption – Catalyst to compliment / profess Management Accounting Principles ⦿ CMA's – a crusader to partner Global Business Leader in Growth Trajectory ⦿ Cyber security – a threat subsumed opportunity to CMA's, - Effectuate Strategic Planning and Risk Assessment ⦿ Global Disruptions and Management Accounting Principles – a pathway and environmental driver
September 2024	Theme	Accelerating India's Transport & Logistic Sector - A Corridor to evolution	Subtopics	⦿ Transformation of transportation and logistic industry - a decade journey ⦿ Impact of Logistics Cost in Pricing of goods ⦿ Connectivity development - for securing country's defence mechanism ⦿ Flagship Highway Project - "Bharatmala" the journey so far ⦿ Green Logistic Technology, Smart cities, logistics parks - new generation innovation ⦿ Transportation landscape in India ⦿ GST impact on logistic industry ⦿ Satellite based toll collection: a smart way of revenue generation
October 2024	Theme	Forensic Audit: A Step Ahead	Subtopics	⦿ Forensic Audit - A step ahead of Internal Audit ⦿ Operational Red Flags- key indicators for Forensic Audit ⦿ Legislature, SEBI guidelines governing Forensic Audit ⦿ Forensic Auditors - A multi facets professional ⦿ Banking Regulation Act and Forensic Audit ⦿ Applicability of Forensic Audit in different Industries ⦿ Earmarked judgements/case laws under Forensic Audit in India ⦿ CMAs - Corporate Partner as Forensic Professional ⦿ Forensic Audit Report - Metamorphosis of Traditional Audit Report
November 2024	Theme	Energy Consumption Management: A holistic approach to greener future	Subtopics	⦿ Energy Management & ESG ⦿ Challenges of Energy Management ⦿ Understanding Energy Management for achieving Energy Security ⦿ Renewable Energy Source - A gateway to energy independence ⦿ Energy Management Software - dynamic & strategic tool for corporates ⦿ Role of CMAs in Energy Audit ⦿ Strategic Management of Energy Consumption - a damage control mechanism ⦿ Urban Energy Planning - Synchronization of demand & supply chain ⦿ Solar Power Generation and Energy Management ⦿ Solar Energy Technology and its roles in Sustainable Development

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

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

DIRECTORATE OF JOURNAL & PUBLICATIONS
CMA Bhawan, 4th Floor, 84 Harish Mukherjee Road, Kolkata - 700025, India
Board: +91 33 2454 0086 / 87 / 0184 Tel-Fax: +91 33 2454 0063
www.icmai.in

CMA Ashwin G. Dalwadi
President
The Institute of Cost Accountants of India

"For those who dare to dream, there is a whole world to win."

-- Dhirubhai Ambani

My Dear Professional Colleague,

As I pen down this final communique to you as the 66th President of our esteemed Institute, I am filled with a profound sense of gratitude, pride, and reflection. This past year has been an incredible journey, marked by numerous milestones, challenges, and remarkable achievements that have collectively strengthened the fabric of CMA professionals.

I would like to take this opportunity to extend my heartfelt thanks to my council colleagues and government nominees for their unwavering support, wisdom, and dedication in guiding the Institute through a year filled with both challenges and triumphs.

When I assumed the office, I envisioned a year of progress and collaboration, and together, we have surpassed many of our goals. Our efforts to advance the field of cost and management accounting have been relentless and fruitful. I am happy to share some of the key accomplishments and highlights of my tenure as follows:

- **Shifting Headquarters of ICMAI from Kolkata to Delhi:**

I am grateful to you all for supporting the decision of the Council and active participation in the referendum through e-voting conducted by the Institute during 12-14 February, 2024 through CDSL for shifting of Headquarters of the Institute. The outcome of this historic referendum reflects the collective voice of the CMA fraternity. I am sure that the Ministry of Corporate Affairs shall be issuing the necessary notification on the proposed amendment in Regulation 89 of the Cost and Works Accountants, Regulation, 1959 i.e. shifting of headquarters of the Council from Kolkata to Delhi.

- **MoU with Confederation of Indian Industry (CII):**

ICMAI has signed a MoU with Confederation of Indian Industry (CII) with the objective to propel the adoption of CII's cutting-edge '**Total Cost Management (TCM)** initiative, a transformative approach designed to optimize cost structures and enhance the overall competitiveness of Indian industries on the global stage. The TCM initiative, developed by CII, offers a comprehensive framework that goes beyond traditional cost-cutting measures. It focuses on holistic cost management strategies, encompassing areas such as supply chain optimization, technology integration, and skill development. By leveraging ICMAI's proficiency in cost accounting and management, this collaboration aims to equip industries with the tools and knowledge necessary to streamline operations and drive economic prosperity.

- **MoU with Indian Institute of Management, Ahmedabad (IIMA):**

ICMAI has signed a MoU with Indian Institute of Management, Ahmedabad (IIMA) with the objective to formally document and provide guidance to ICMAI for **strategizing ICMAI's future trajectory**.

- **Opportunity for Restoration of Membership:**

In accordance to Section 20 (1) (c) of the Cost and Works Accountants Act, 1959, as amended, read with Regulation 7(6) and 7(7) of the Cost and Works Accountants Regulations, 1959, as amended, the Council of the Institute took the decision to remove the names of members from the Register of Members on account of non-payment of membership fee. The Council of the Institute recognizes the value each member brings to CMA fraternity, and this decision was made with careful consideration and a heavy heart.

However, the Council of the Institute has announced that to bring back the members whose names were removed due to non-payment of prescribed fees, into the fold of membership, a onetime opportunity is provided to the members, whose names were removed from the Register of Members for non-payment of fees, to restore their names through a remission/amnesty scheme from 1st June 2024 to 30th June 2024, further extended upto 15th August 2024, by paying the differential rate of fees, viz - Membership fee for the FY year of default, Re-Entrance Fee and Restoration fee of ₹ 50/- each respectively and Membership fee for the FY year of Restoration. Also during such restoration, membership number will remain the same.

I request you all to inform your known members concerned to avail this one time opportunity to restore their membership and reconnect their bond with the Institute. Your support in spreading this message is greatly appreciated.

The details and link of the onetime facility is available on the member's section of the ICMAI website: https://eicmai.in/External/. For any further clarification, please do not hesitate to contact the membership department in the matter at membership@icmai.in mentioning the membership number.

- **Committee to review the existing framework of Cost Accounting Records & Cost Audit:**

The report of the Committee constituted by the Government of India on 04.10.2023 to "review the existing framework of Cost Accounting Records and Cost Audit to improve the usefulness of the Cost Audit Reports in various sectors of the economy" has been published by the Ministry of Corporate Affairs (MCA) for eliciting of public comments. The same is available on the link e-Consultation of the Ministry of Corporate Affairs. The views may kindly be sent on the link: https://www.mca.gov.in/content/mca/global/en/econsultation.html

I am thankful to the Committee for considering the views and recommendations of the Institute on the existing framework of Cost Accounting Records and Cost Audit to improve the usefulness of the Cost Audit Reports in various sectors of the economy.

Members are requested to kindly go through the above said report available at: https://icmai.in/upload/Report-Cost-Accounting-Records-Cost%20Audit%20Framework.pdf. A brief synopsis of the report is also available at: https://icmai.in/upload/Synopsis-Committee-Report.pdf.

Members may kindly write to the Ministry on the areas they feel have remained untouched or should be included or aspects which will make the Cost records/ audit concept more relevant from the point of view of Industry or the Government itself. You are requested to kindly mark a copy of your views/suggestions to PD & CPE Committee at pd@icmai.in so that consolidated views can be forwarded to the Government for its consideration.

Some of the other highlights of the accomplishments during the year are as follows:

- Release of **new logo for the CMA professionals**;
- Associate membership of **ASEAN Federation of Accountants (AFA)**;
- Recognition to **ICMAI SAO as Self-Regulatory Organization (SRO)** for Social Impact Assessors in the context of Social Stock Exchange;
- Revision of **Cost Accounting Standard (CAS-2)**;
- Revision in **CPE requirements** for the Members in Practice & Industry;
- Reduction in **UDIN generation time** from 60 days to 45 days w.e.f. 1st January, 2024 which was further reduced to 30 days w.e.f. 1st March, 2024;
- Successful conduct of **1st CMA Overseas Campus Placement Drive** through online mode;
- **Release of publications** for the capacity building of the members namely:
  - Guidance Note on Techniques of Artificial Intelligence (AI) and the Role of Cost and Management Accountants,
  - Guidance Note on Role of Cost Accountants in Corporate Social

  - Responsibility (CSR) Practices, Audits and Report Verifiers,
  - Guidance Note on Carbon Credit Mechanism, Greenhouse Gas Accounting, ESG Reporting with different Sustainability Standards (including the current IFRS S1 and S2 Standard), and the Role of Cost Accountants,
  - Guidance Note on Inventory Valuation under the Income Tax Act, 1961,
  - Enterprise Performance & Risk Management for MSMSEs,
  - Compendium on MSME Schemes,
  - Customs - Practice & Procedures,
  - Manual on Internal Audit of Risk Management in the Mining Sector,
  - Research Publication: Digital Transformation – A Prismatic View.
- Release of a comprehensive compilation of thoroughly **revised FAQs on the Companies (Cost Records and Audit) Rules, 2014**;
- With the aims to promote the CMA Course widely and to contribute to the vision of the Government of India for Amrit Kaal, the Institute introduced **Fees Waiver Scheme** offering 75% fees waiver for the male students and 100% fees waiver for the female students of Jammu and Kashmir and any of the eight North Eastern States of India (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura) taking admissions in the CMA Course (Foundation, Intermediate and Final levels);
- Signing of an agreement with **National Council for Vocational Education and Training (NCVET)**, Ministry of Skill Development & Entrepreneurship, Government of India. Through this agreement, ICMAI has been recognised as an Awarding Body (Dual Category) by the NCVET. This recognition will help the Institute to secure more projects under the Skill development programme of the Government of India;
- Signing of **Memorandum of Understanding (MoU)** with the National Council for Cooperative Training (NCCT), JIS University, Parul University, IIT Madras, Sri Ramachandra Institute of Higher Education and Research, Government Autonomous College Rourkela, ABBS School of Management, Seshadripuram Degree College, Calcutta Girls' College and FICCI Ladies Organisation (FLO);
- Launch of **CMA Faculty Lounge** with the aim to create a vibrant and dynamic space where faculty members, educators and industry experts can come together to share insights, best practices and resources related to the field of management accounting and allied areas while delivering CMA Courses at different levels;
- **Improvements in Members' Online System** allowing members to make online application with payment facility for obtaining Good Standing Certificate, online application for payment of membership fee at a reduced rate [subject to eligibility conditions vide CWA Regulation 7(4)] and auto generate membership certification required to obtain CISI certification;
- **Enhancement of facilities to CMA Students** by integrating a login feature into the Online Registration Application System, enabling students to access various services through their accounts.

None of these accomplishments would have been possible without the unwavering support, dedication, and collaboration of my council colleagues, employees of the Institute and members at large. Your commitment to excellence has been the cornerstone of our success.

I shall be handing over the baton to the incoming President on 22nd July, 2024, I am confident that the Institute will continue to thrive and evolve. I urge you to extend the same level of support and cooperation to my successor, ensuring that we maintain the momentum we have built together.

61st National Cost and Management Accountants' Convention- 2024

I am delighted to inform that ICMAI has successfully organised the **61st National Cost and Management Accountants' Convention (NCMAC- 2024)** on June 27-29, 2024 at Tent City

2, Ekta Nagar, Statue of Unity, Gujarat. CMA D.C. Bajaj, Former President, ICMAI graced the Convention as Chief Guest during the Inaugural Session on June 27, 2024. **Shri Bhupendrabhai Patel, Hon'ble Chief Minister of Gujarat**, who could not join the Convention in person due to sudden change in his schedule, shared his valuable message to the CMA fraternity, which was displayed during the Convention.

The theme of the Convention was ***"Viksit Bharat 2047: Synergizing Catalysts for Sankalp to Siddhi"*** which resonates deeply with our shared vision for a developed India by 2047, a century after our independence. The road to a developed Bharat is paved with numerous catalysts. The deliberations held during the convention highlighted the pivotal role of cost and management accountants in realizing the vision of a developed India by 2047 and supporting the initiatives under Modi 3.0.

The **CMA ICON of the Year 2024 Award** was presented to **CMA C.B. Ananthakrishnan**, Chairman and Managing Director, Hindustan Aeronautics Limited for being the role model for the CMA profession, by achieving tremendous success in the business enterprises and by contributing significantly for the cause of Business, Society and the Nation.

The Institute signed a MoU with FICCI Ladies Organisation (FLO) during the inaugural session in virtual presence of Ms. Joyshree Das Verma, National President of FICCI FLO. During the technical sessions, the Institute released several publications namely, Enterprise Performance & Risk Management for MSMSEs, Compendium on MSME Schemes, Customs - Practice & Procedures, Research Bulletin and Manual on Internal Audit of Risk Management in the Mining Sector.

Shri Sunil Shah, Chairman, Gujarat Innovation Society graced the valedictory session as **Guest of Honour.** The Institute signed a **MoU with Parul University** in his presence and NCMAC Souvenir, Knowledge Pack and Research Publication: Digital Transformation – A Prismatic View was also released at the hands of Shri Sunil Shah.

I convey our heartfelt thanks to our eminent guests, dignitaries, speakers, corporate representatives, my council colleagues, former presidents, regional council & chapters' representatives, members, sponsors, press & media, Institute's officials for the grand success of this first ever Residential National Convention of ICMAI.

Special Issue of Outlook Business Magazine

I am pleased to inform you that the Outlook Group has come out with a Special Issue of **Outlook Business Magazine - A Brave New World: Contours of CMA Dimensions in C-Suites**. This issue explores the contours of nine important CMA Dimensions in C-Suites which constitute a Gold standard for a ***Viksit Bharat***. I believe that this special issue will inspire and motivate our peers and the next generation of leaders in the cost and management accounting profession. I would like to place on record my sincere gratitude to CMAs who have contributed and guided in shaping this wonderful issue.

I am deeply grateful for the trust placed in me and for the opportunity to serve our alma mater. Though my tenure as President comes to an end, my commitment to the Institute and CMA profession remains steadfast. I look forward to contributing in new ways and witnessing the continued growth and success of the Institute and CMA profession.

With heartfelt gratitude and warm regards,

CMA Ashwin G. Dalwadi
July 06, 2024

BRIEF SUMMARY OF THE ACTIVITIES OF VARIOUS DEPARTMENTS/ COMMITTEES/ BOARDS OF THE INSTITUTE DURING THE MONTH OF JUNE 2024

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

The Banking, Financial Services & Insurance Board of the Institute and the BFSI department continued its various activities and initiatives in June 2024, a synopsis of which is presented herein under -

A. Representation letters for inclusion of CMAs

The BFSIB continues its efforts for further development of the profession in the BFSI sector with representations to authorities and employers for inclusion of CMAs in the sector. CMAs are now eligible to apply for the following post:

- Officer Grade - A (Assistant Manager) of SEBI in General Stream;
- Assistant Accounts Officer on deputation in UIDAI;
- Specialist Officer in Bank of Baroda for various posts.

B. Certificate Courses on Banking

The 8th batch of the Certificate Course on Treasury and International Banking started on 16th June, 2024. Shri Arun Bansal, Executive Director and Head of Treasury, IDBI Bank graced the occasion as the Chief Guest for the inauguration of the 8th batch of the course.

The admission for the 10th Batch of the Certificate Course on Credit Management of Banks is undergoing. The link for admission is stated as follows:

https://eicmai.in/OCMAC/BFSI/DelegatesApplicationForm-BFSI.aspx

The expression of interest for the 11th batch of the Certificate Course on Concurrent Audit of Banks has also started along with 9th batch of the Certificate Course on Treasury and International Banking.

Interested members and students are requested to enroll for the courses for professional development and capacity building.

C. Certificate Courses on Investment Management in collaboration with NSE Academy

The admission for the Financial Derivatives & it's application (Level-3) is presently going on. The admission window is stated as follows:

https://eicmai.in/OCMAC/BFSI/DelegatesApplicationForm-BFSI.aspx

D. Webinar

The BFSI Board hosted the webinar titled "Evolution of Web 3.0 and Finternet" on 7th June, 2024. CMA (Dr.) Paritosh Basu, Senior Director (Services), Stagility Consulting Private Limited was the speaker.

E. Launch of the 17th issue of the BFSI Chronicle

BFSI Board released the 4th Annual Issue which is the 17th issue of the BFSI Chronicle in June, 2024. The readers can view the quarterly publication as per the following link:

https://icmai.in/Banking_Insurance/

F. Printed Publication of Aide Memoire on Infrastructure Financing (Revised and Enlarged 2nd Edition)

The BFSIB has printed the Aide Memoire on Infrastructure Financing (Revised and Enlarged 2nd Edition). The online purchase link for the publication is as follows:

https://eicmai.in/booksale_bfsi/Home.aspx

BOARD OF ADVANCED STUDIES & RESEARCH

Board of Advanced Studies & Research has started the admission of the following courses for the professional enrichment of the members and final students of the Institute:

- Diploma in Forensic Audit (Batch 4)
- Certificate Course in Data Analytics for Finance Professionals (Batch 8)
- Advanced Certificate Course in Internal Audit (Batch 3)
- Diploma in Information System Security Audit (Batch 5)
- Executive Diploma in Cost & Management Accounting for Engineers (Batch 5)
- Diploma in Financial Modelling and Valuation (Batch 3)

Link for admission: https://eicmai.in/OCMAC/Advance_Studies/ADVSCC.aspx

All the courses will commence from August 2024.

CAT DIRECTORATE

⊙ CAT Course for retiring/retired Defence Personnel

The inauguration of the first batch of the CAT course for retiring/retired JCOs/OR and their equivalents, in association with the Directorate General of Resettlement (DGR), Ministry of Defence, Government of India, as per the approved calendar of the DGR for the training year 2024-25, took place on June 3, 2024, in Ahmedabad. The event was graced by CMA Rajendra Singh Bhati, Chairman of the Committee for Accounting Technicians, with Col Abraham Koshy of 11 RAPID from DGR as the Chief Guest, along with MC members of the Ahmedabad Chapters and officials of the Institute.

Additionally, the second batch of the CAT course for DGR candidates, as per the approved calendar of the DGR for the training year 2024-25, commenced on June 24, 2024 in Pune. The inauguration of this batch took place on 28th June, 2024, wherein Cdr. Rahil Rai, DGR South Zone graced the occasion in presence of MC members of the Pune Chapter.

⊙ CAT Course Part - I Examination – June 2024 term

The CAT Directorate successfully conducted the CAT Course (Part – I) examination on June 15, 2024, in OMR-based offline mode from various centres including overseas centres.

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

The Professional Development & CPE Directorate is providing online preparatory classes in July 2024, especially designed for the eligible candidates aspiring for the Securities and Exchange Board of India (SEBI) Recruitment of Officer Grade A (Assistant Manager) 2024.

During the month of June 2024, Malabar Regional Co-operative Milk Producers' Union Limited and Indradhanush Gas Grid Limited invited applications from Cost Accountants Firms for appointment as Internal Auditor. Further, Cost Accountants (CMAs) were also eligible for the post of Senior Executive (Finance & Accounts) in the National Industrial Corridor Development Corporation Limited.

Please visit the PD Portal for Tenders/EOIs during the month of June 2024 where services of the Cost Accountants are required.

Professional Development & CPE Committee in its monthly Series conducted 6th Webinar discussion with practitioners on "Decoding SM REITs - Role of CMAs" on 5th June 2024 with overwhelming response and active participation in the discussion by the Members.

Professional Development & CPE Committee in association with PHD Chamber of Commerce and Industry conducted Webinar on "GST Appeals" held on 7th June 2024.

SUSTAINABILITY STANDARDS BOARD

The Sustainability Standards Board had organized the 10th webinar of Vasudhaiva Kutumbakam Series on the topic 'Ensuring Sustainable Economy through SME ' on June 14, 2024. Shri Suresh Vishwanathan, Director, Finteglaw Business Integrators Private Limited was the speaker for the webinar. The 11th webinar of Vasudhaiva Kutumbakam Series on International Yoga Day i.e. 21st June, 2024 had the presence of two speakers. The 1st topic was 'Yoga: the sustainable way of visualizing life' and Ms. Vidya H. Pawar, Yoga practitioner from London was the speaker. The 2nd part of the event was undertaken by CMA Shivangi P. Rajpopat, General Manager, Apraava Renewable Energy Private Limited from Mumbai. She deliberated on "Setting up Sustainable Practices in Companies ". The Sustainability Standards Board released the June 2024 edition of its monthly newsletter Sukhinobhavantu.

Download link: https://icmai.in/upload/Institute/Updates/SSB_June_2024.pdf

The admission process of the Certificate Course on ESG was inaugurated by CMA (Dr.) Ashish P. Thatte, Chairman, SSB on 5th June, 2024 coinciding with the observance of the World Environment Day. Now, admission process has started and link of the admission is as follows:

https://eicmai.in/OCMAC/SSB/DelegatesApplicationForm-SSB.aspx.

TAX RESEARCH DEPARTMENT

The Central Board of Indirect Taxes & Customs (CBIC), Department of Revenue, Ministry of Finance, invited suggestions on the draft 'Central Excise Bill, 2024' from stakeholders to be submitted by 26th June 2024. The Department had solicited suggestions from the members and submitted the complied suggestions to the CBIC within the due date.

GST Courses for college and university continued at Calcutta Girls College (Batch: 1) and at Taradevi Harakchand Kankaria Jain College (Batch: 2) in Kolkata.

The classes are continued for all the 7 taxation courses named below:

- Certificate Course on GST (Batch – 15)
- Advanced Certificate Course on GST (Batch – 11)
- Advanced Course on GST Audit and Assessment Procedure (Batch – 8)
- Certificate Course on International Trade (Batch – 5)
- Certificate Course on TDS (Batch – 11)
- Certificate Course on Filing of Returns (Batch – 11) and
- Advanced Course on Income Tax Assessment & Appeals (Batch – 8)

The admissions to the ensuing batches of the above course also continued in the June, 2024.

The online quiz on indirect tax has been conducted every Friday. The Taxation Portal is being updated regularly with the circulars, notifications and press releases. 161st and 162nd Tax Bulletin has also been published and circulated to the Government and corporates.

To commemorate the GST Day, the Department is celebrating the GST Day Celebration week by organizing programmes on online and physical mode through the Regional Councils and Chapters of the Institute across the country India from 1st July to 7th July 2024.

INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE

The Insolvency Professional Agency of Institute of Cost Accountants of India (IPA ICMAI), in its endeavour to promote professional development and sharpen the skills of the professionals, has constantly been conducting various professional & orientation programs across the country and publishing various publications and books for the benefit of stakeholders at large. IPA ICMAI has undertaken several initiatives, as enumerated below, during the month of June 2024.

- Workshop on The Future of Insolvency and Valuation: Predictions, Prospects and Potential Disruptions conducted on 2nd June, 2024, in Pune;
- Workshop on Transaction Audit & Forensic Audit was held on 7th June, 2024;
- Roundtable Discussion on Reducing Compliance by review of CIRP Forms submitted by Insolvency Professionals to IBBI was conducted on 14th June, 2024;
- Webinar on Reducing Compliance by Review of CIRP Forms was conducted on 21st June, 2024;
- Workshop on Avoidance Transactions under IBC, 2016 was conducted on 22nd June 2024;
- Workshop on Compliance Issues of Insolvency Professionals was held on 25th June, 2024;
- Webinar on Discussion Paper on Amendments in CIRP Regulations and Liquidation Progress Report Format was held on 28th June, 2024;
- Workshop on Interface of different Laws with IBC, 2016 was conducted on 29th June, 2024.

ICMAI REGISTERED VALUERS ORGANIZATION (RVO)

ICMAI RVO has successfully organized one "50 Hour's training programs" for Securities or Financial Assets, one for Land and Building asset and also organized 10 "Professional Development Programs" in the month of June, 2024. In its efforts to bring out relevant publications for development of the valuation profession, the ICMAI RVO also released its monthly Journal – The Valuation Professional. ICMAI RVO participated as Platinum Sponsor in the 61st National Cost and Management Accountants' Convention held from 27th to 29th June at Ekta Nagar, Gujarat.

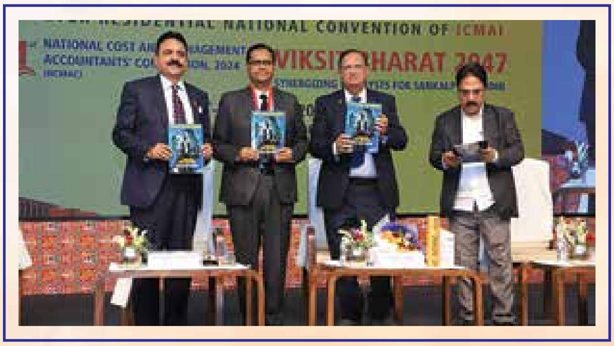
ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

ICMAI SAO organized two Proficiency Development Programs and organized six Professional Development programs during June, 2024. ICMAI SAO released its monthly Journal – The Social Auditor. It has also developed Bye laws for Social Impact Assessment Entities.

Glimpses

Inaugural Session

61st National Cost & Management Accountants' Convention (NCMAC) – 2024



Plenary Session

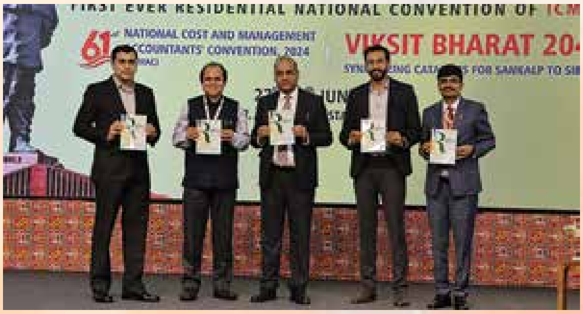
61st National Cost & Management Accountants' Convention (NCMAC) – 2024

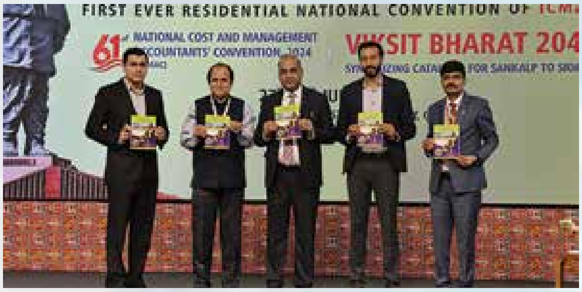
Technical Session I

61st National Cost & Management Accountants' Convention (NCMAC) – 2024

Technical Session II

61st National Cost & Management Accountants' Convention (NCMAC) – 2024



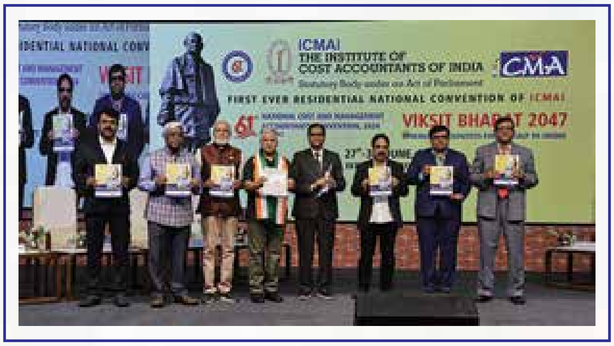


Technical Session III

61st National Cost & Management Accountants' Convention (NCMAC) – 2024

Valedictory Session

61st National Cost & Management Accountants' Convention (NCMAC) – 2024



- Every company having aggregate turnover limit of Rs.75 crore of the products and services would be covered under CCRA Rules for cost records maintenance and as well as for cost audit.
- Maintenance of cost records and conduct of cost audit in the current financial year shall be applicable if aggregate turnover of the covered products or services exceeds Rs.75 crore in any one of the immediately preceding three years.
- Cost statements to be furnished for each major saleable product/service separately. Major saleable product/service mean a product or service which is contributing at least 5% of total turnover of all products/services covered under a particular code.
- In place of existing Table-A & Table-B, combined list of industries/sectors/products/ services has been recommended.
- Recommended inclusion of the following:
  - Gems & Jewellery; Films, Media & Entertainment; Waste Management; Hospitality (Hotels etc.); IT Services; Companies involved in Food Processing; Quarrying; Paints & Varnishes; Online Information & Data Retrieval; Sheets for Veneering; Particle Board, Fibre Board & Plywood; Tiles & Marble; and Ceramic Items.
  - Specialized vehicles for defence, police forces, paramilitary forces, space and atomic energy procured by Government.
  - Uncoated Kraft Paper and Paperboard; and Corrugated Paper and Paperboard (CTA Code- 4804 and 4808) in Pulp and Paper
  - Construction services related to infrastructure projects of the Rail systems, Metro rail roads and other railway related services; Irrigation, dams, and flood control waterworks; Urban and Rural housing including public/mass housing upto carpet area 60 sq. mts.
  - Storage for Agro products covered under PDS
  - Unarmed Aircraft
- Proposed exclusion of few sectors viz. Glass, Milk Power, Rubber, Coffee & Tea. However, it said that Government may take a view in each sector in consultation with the concerned Ministry/Department.
- Recommended revised format of the Cost Auditor's Report, as suggested by ICMAI.
- While filing Form CRA-4 with the Central Government, the company should mandatorily attach a copy of the Form CRA-3 (duly signed by the Cost Auditor).
- To include Key Performance Parameters in CRA-3 (Cost Audit Format). A statement covering these Key Performance Parameters based on unaudited data to be placed before the Board and Audit Committee by the Company on a quarterly/half-yearly basis.
- Board report to include disclosure relating to maintenance of cost records and cost audit and whether cost auditor has been appointed or not.
- CARO certificate in respect of the maintenance of cost records to be deleted.
- MCA to examine amendment of Section 177 of the Companies Act 2013 to include discussion of cost audit report in the Audit Committee.
- Appointment, removal, rotation of cost auditors and fixing a cap on maximum no. of cost audits by the cost auditor may be done in line with the statutory auditors. Further, MCA may examine in consultation with Department of Expenditure appointment of cost auditors in Government companies by the C&AG.
- To amend Companies (Audit and Auditors) Rules, 2014 and include all provisions relating to the appointment including remuneration of Cost Auditor in the CCRA Rules.
- Information relating to significant performance parameters and key cost trends may be included in the Annual Report.
- MCA to examine amendment of section 148 to include provisions relating to Cost Accounting Standards.
- Principles and practices of maintenance of Cost Accounting Records and Cost Audit to be extended to the co-operative societies, trusts, autonomous bodies, other authorities such as public transport service providers including rail, metro and State Road Transport etc. in the Fertilizer, Sugar, Education, Health, Transport and Port services Sectors and all such sectors which are either in receipt of subsidy/incentives/grant from the Government or engaged in the activities covered under CCRA rules. Department of Expenditure, Ministry of Finance to examine this recommendation.
- All public infrastructure projects to maintain proper time & cost records. An independent professional cost accountant to submit quarterly/half-yearly comprehensive report to the concerned ministry, department, or public authority, covering activity-wise, milestone-wise and element-wise examination & analysis of time and cost.
- To bring uniformity in PLI scheme across all the Ministries, every PLI scheme to include a provision stating that amounts under PLI scheme may be released based on an audit report by a Chartered Accountant or a Cost Auditor and expenses of which will be met within the allocation of the scheme.
- To appoint a nodal officer by each administrative departments/Ministry to whom access to the Cost Audit Reports relating to respective Sectors may be given by MCA. The nodal officer may analyze the Cost Audit reports of the sector related to the concerned Department/ministry and report valuable insights to the Department/ministry for policy formulation and informed decision making.
- An IT software enabling user friendly Dashboard may be developed in consultation with Cost Audit Branch of MCA to build benchmark costs of each major product(s)/service(s) per unit which may enable inter-firm comparison and better decision-making.
- Follow a proactive approach involving regular advocacy efforts tailored to the specific needs and concerns of user departments. MCA in consultation with the Department of Expenditure may conduct a tailored training programme among the Financial Adviser of the Government of India about the usefulness of the cost audit reports.
- Sectoral Review to be done by the Cost Audit Branch/ Administrative Ministry. Every year 2-3 sectors may be taken up for review. Preference to be given to the Sectors which are prone to cartelization or having larger public interest or facing financial difficulties i.e. high number of insolvencies or sectors which are having complaints of financial irregularities; and Sectors which have seen high rise in products/service prices in short period of time or reduced availability of products/services against the demand or witnessed high imports.
- Recommended periodic review of Cost Audit Reports by the Cost Audit Branch of MCA. Reports selected may cover at least 1/3rd of sectors covered under Cost Audit and all the sectors should be taken up for review by rotation.
- Recommended revised Report formats. Further, MCA to develop separate Cost Audit formats for specific sectors in consultation with ICMAI and the respective industries/ stakeholders.

GOODS AND SERVICES TAX – A GATEWAY TO RATIONALISE INDIRECT TAX ECOSYSTEM

Abstract

Goods and services tax, a milestone tax reform that happened in 2017 in India having a far-reaching impact on businesses and consumers with substantial simplifications of the complexities of the earlier indirect tax regime but still having a string of amendments, notifications, clarification circulars and series of GST Council meetings still under the cards to support the industry in the smooth implementation of these laws.

Valuation under GST is a critical and important aspect as the determination of the taxable value of supply forms the basis for payment of tax and levy under section 9 of the GST Act and GST is a tax payable on the value of supply which is determined as a taxable supply which forms the basis on which the percentage of tax rate is applied. The most important section in the Goods and Services Act in which the principles of valuations are outlined are section 15 of the Goods and Services Tax Act read with Determination of Value of Supply Rules 2017. This forms the basis for determining the taxable value of supply and collection of tax.

CMA (Dr.) S Subhashini
Practicing Cost Accountant
Chennai
subha@knaudit.com

CMA (Dr.) A. Mayil Murugan
Associate Professor and Head
Department of Commerce
The Madura College (Autonomous), Madurai
mayil_madura@yahoo.co.in

GST VALUATION – UNDERSTANDING ROLE AND PROVISIONS

Section 15 of the CGST Act 2017 deals with transaction value. Section 9 of the Goods and Services Tax Act deals with levy on supply. As the taxable value forms the basis on which the levy of tax is applied, the valuation of the supply of goods and services becomes an important provision in Goods and Services Tax Act as it forms the basis on which tax is collected. As per section 15(1) of the GST Act, the transaction value will be the value of the supply of goods or services i.e. the price actually paid or payable for the supply of goods or provision of service. However, it needs to be noted that the provisions of section 15(1) are applicable only to transactions where the supplier of the goods/service and the receiver are not related parties and the price is the sole consideration for the supply of the goods/service.

The GST Valuation (Determination of the Value of Supply of Goods and Services) Rules, 2017 elaborates the provisions relating to value of supply. GST being a tax payable as a percentage on the value of supply on *ad-valorem* basis, in the regular trade practice, the invoice value is taken as the taxable value/ transaction value on which GST is levied and the quantum of tax is calculated. This general rule is applicable only in the normal course of trade. Like any other tax law, there are certain exceptions to this general rule. In case of those exceptional transactions, one needs to refer to the Determination of Value of Supply Rules.

Compulsory Inclusions in Taxable Value: Section 15(2) of CGST Act, 2017

- Section 15(2)(a) –Taxes, fees, duties, surcharges, or other charges levied under any other Statute other than GST
- Section 15(2)(b) – Expenses incurred by the recipient on behalf of the supplier
- Section 15(2)(c) – Incidental expenses incurred by the supplier. A few examples of such incidental expenses are packing costs, logistic costs, loading & unloading charges and commissions.
- Section 15(2)(d) – Any late fee or Interest or penalty paid towards any delayed payment or on demand
- Section 15(2)(e) – Direct subsidies

Exclusions from Taxable Value: Section 15(3) of CGST Act, 2017

- Trade discounts and quantity discounts which are part of the pre-supply discounts as part of normal trade and commerce and such discounts which are recorded in the invoice can be excluded from the transaction value for determining taxable value.
- Post-sale discount – Any discount post-supply should be supported by a proper agreement with terms and conditions between the supplier and the recipient with appropriate terms of trade duly agreed, signed and executed by both parties. However, it is important to note that any discount on post-supply of the product or service should be linked to the original invoice and the input credit needs to be reversed by the recipient to comply with the provisions of section 15(3) of the CGST Act.

SALES PROMOTION SCHEMES IN GST - METHODOLOGIES

In the context of repeated requests from the industry and trade bodies on the various clarifications required on the aspect of valuation concerning various sales promotion schemes offered in different formats and methodologies practised by various assesses, Circular No.92/11/2019-GST dated 7th March 2019 was issued by the GST Department on the treatment of sales promotion schemes which are relevant to understand and interpret the provisions on valuation and helps the industry in getting the required clarity on the valuation aspects. The relevant and important aspects of the circular are briefly discussed hereunder.

Free samples and gifts

Who doesn't like gifts? Especially in a large consumer-driven market like India freebies and gifts are consumer fantasy terminologies which are indispensable to any business entity and it is a common trade practice to give various offers, discounts, schemes, buy 1 get 1 free, or free samples or gifts along with products in almost all the FMCG and pharmaceutical companies. Section 7 (1) (a) of the CGST Act which deals with the scope of supply clearly lays down that free supply does not form part of the scope of "supply" under GST, except where the activity falls within the ambit of Schedule I of the Act. Thus in understanding the scope of supply and also the various schemes offered by the supplier and to determine whether it would form part of the scope of supply under GST, it is important to know the provisions of Schedule I of the GST Act. Further, we need to understand the provisions of section 17(5)(h) of the CGST Act also which deals with blocked credit with respect to goods lost, stolen, destroyed, written off, disposed of by way of gift or free samples. To get a wholesome picture and insight on the valuation principles, GST liability and applicability of levy on the free samples and gifts, it is important to understand and interpret all these provisions to get a holistic inference.

Schedule I

Schedule I provides for four activities which are considered as supply even if made without consideration.

- Permanent transfer or disposal of asset which has been made where input tax credit has been availed on such asset
- Supply of goods or services between related persons as per section 25 of the CGST Act
- Supply of goods by a principal to an agent where the agent undertakes to sell on behalf of the principal
- Import of service by a related person or from another establishment outside India, in the course or furtherance of business.

Buy One Get One Free

Everyone loves freebies and this is the common marketing strategy used by most companies to lure customers. Reiterating the provisions of section 7(1)(a) of the GST Act once again, goods supplied free of cost without any consideration shall not be treated as supply. On the face of it, it might look like this is a free supply. It needs a deeper understanding and interpretation between lines, commas and full-stop. In this type of buy one get one free offer, the customer is always in the perspective that the seller is charging only for one item and the other one is totally free. It is to be understood that 'nothing comes free of cost in this world'. One item being supplied free of cost without any consideration is not an individual supply. It is a bundled supply of two or more products supplied where a single price is charged for the entire supply.

Buy More Save More Offers

This scheme or discount is commonly known as a volume-based discount. These offers are given to customers and are directly correlated to the volume of sales. In some instances, these volume-based discounts are one-time as a turnover discount or in certain instances given as staggered discounts. These staggered discounts are given as slab-based offers. The percentage of discount increases with the increase in sales volume. For instance, a 5 per cent discount is offered for purchases above Rs.5,000, 10 per cent discount is offered for purchases above Rs.10,000, 20 per cent discount for purchases above Rs.20,000 and so on and so forth. Some such discounts are shown in the invoice itself. The discounts offered to customers including staggered discounts shall be excluded in determining the value of supply provided they satisfy the conditions laid down in section 15(3) of the GST Act including reversal of the input tax credit by the recipient of the supply as is attributable to the discount based on the document issued by the Supplier.

Secondary Discounts:

Some discounts are not known at the time of supply and those post-supply discounts are given after the supply is completed. These secondary supplies are given based on the terms of the supply and can be ascertained only after the completion of the supply. Hence a credit note is issued with GST as per section 34(1) on such secondary discounts which need to be supported by an agreement between the parties. The secondary discounts, being in the nature of discount not known at the time of supply cannot be excluded from the value of the supply in the invoice and also as conditions laid down in section 15(3)(b) are not satisfied.

METHODS OF VALUATION WHEN CONSIDERATION IS NOT SOLELY IN MONEY

The Valuation Rules specify the method of valuation of a transaction where the transaction value or the taxable value cannot be ascertained purely based on the invoice value. In such cases, the transaction value has to be determined in accordance with any of the methods mentioned below with the sequence of priority of the method to be adopted as per the prescribed rules:

i. Open market value
ii. Total money value of such supply i.e., monetary consideration plus non-monetary consideration
iii. Value of supply of the like kind and quality
iv. Value of supply based on Cost of supply plus 10 per cent mark up
v. Best Judgement method

Illustrations on the above methods of valuation

In the case of various electronic gadgets, like phones the dealers offer Iphone with Airpods wherein they charge the customer only for the Iphone in the invoice and the Airpod is given as a complimentary product. In such cases, though it is a free gift to the customer, the dealer has to consider Airpod as a supply and discharge the liability for the Airpod even if supplied without consideration or revere the input credit availed for the Airpod in the purchase register.

Similarly, jewelers offer silver to gold offers or gold coins for gold jewellery. In these instances also, though silver is given as a gift to the customer without consideration, it becomes a taxable supply in the hands of the jeweler and the GST liability has to be discharged on the silver or gold coin given as free supply.

SPECIAL PURPOSE VALUATIONS:

The Valuation Rules also cover specific supplies wherein the determination of the value of supply requires certain guided principles. Determination of the value of supply in such cases of specific supplies based on the Valuation Rules can be followed:

a. *Purchase & Sale of foreign currency*: Ascertaining the buying rate or selling rate will be an important criterion wherein taxable value is the difference between the buying rate or selling rate of the currency and RBI reference rate for the currency at the time of exchange.
b. *Booking of tickets for air travel by an Air Travel Agent*: Taxable value is 5 per cent of the basic fare in case of domestic travel and 10 per cent of the basic fare in case of international travel.
c. *Life Insurance business*: Taxable value depends on the nature of the policy whether it is a term insurance, or unit linked insurance or single premium annuity policy.
d. *Valuation in case of supply of second-hand goods*: The taxable value will be the difference between the selling price and the purchase price provided the person or entity dealing with the buying and selling of second-hand goods does not avail the input credit on the second-hand goods purchased by him. Also there is no value addition on the product that has been done by the person or entity dealing with the second-hand goods. It is important to understand that both the conditions need to be satisfied for adopting the valuation method as explained above. Where any one of the above conditions is not satisfied i.e., if either input credit has been taken on the purchase or value addition has been done, the transaction value becomes the taxable value.
e. *Value of redeemable vouchers, tokens, stamps and coupons:* The value of the coupons, token, vouchers, stamps which is redeemable against supply of goods or services or both, shall be equal to the money value of such goods or services. MA

Reference:

1. *Circular No.92/11/2019-GST dated 7th March 2019*

TACTICAL GAMBIT OF ITC DISCONTINUATION ON CSR SPENDS – DOES IT AFFECT CORPORATE VALUE ADDITION IN PHILANTHROPIC CAUSES?

Abstract

Taxation is a critical variable that impacts production volume and pattern, which, in turn, influences the economy's growth trajectory. India's GDP has increased from USD 2 trillion to over USD 4 trillion during the last ten years. The socio-economic benefits accruing from public-private partnerships further help to achieve Sustainable Development Goals (SDGs). Goods and services tax (GST), being a unified taxation framework in India, has resulted in increased revenues for the Government, simplifying returns for the taxed entities. GST derived from CSR activities mainly focused on development sectors like education, health, rural development, and others are mostly exempt from taxes. Input tax credit (ITC), integral to GST, has reduced the business burden.

CMA Avik Ghosh
Assistant General Manager
Reserve Bank of India
Kanpur
avikghosh@rbi.org.in

Ankit Magotra
Assistant Manager
Reserve Bank of India
Kanpur
amagotra@rbi.org.in

"Creating a strong business and building a better world are not conflicting - they are both essential ingredients for long-term success."

-William Clay Ford Jr., Executive Chairman of Ford

INTRODUCTION

The goods and services tax (GST) is a destination-based, all-inclusive tax imposed on all value additions to goods and services. It subsumed several indirect taxes such as service tax, value added tax (VAT), central excise, octroi, etc., previously levied at multiple supply chain stages with varying thresholds and slabs. The introduction of GST has led to a 'One nation, one tax' and also reduction in compliance burden, simplifying the filing of tax returns and uniform slab applicability, improving business competitiveness, increasing the tax base, and increasing more significant revenues for the Government[1].

CSR is a key component of India's business environment, describing dedication to the socioeconomic well-being of the communities where it conducts business. Assessment, social entrepreneurship, sustainable development and COVID-19 relief initiatives have been the main aspects of

[1] https://www.ahujaandahuja.in/gst-input-credit-itc-on-corporate-social-responsibility-csr-expenditure-an-analysis/

the recent CSR developments in India. A key component of GST is the input tax credit (ITC), which is the tax that companies pay on purchases and can use to lower their tax obligations when they sell. ITC means that taxes paid on inputs are subtracted from taxes that must be paid on output.

Section 135 of the Companies Act, 2013 in India is an example of how mandatory CSR has increased corporate responsibility by driving up CSR spending and enhancing the intrinsic drive of business executives to engage in CSR. (*Gupta & Chakradhar,* 2022)

LEGAL FRAMEWORK AND THE DILEMMA

Goods and services tax (GST) is a culmination of four Acts (CGST Act, SGST Act, IGST Act, and UTGST Act) that were rolled out on July 1, 2017. In the case of CSR, *section 80 of* the *Income Tax Act of 1961* previously permitted deductions for businesses engaged in charitable work and voluntary donations (*Chadda,* 2021). India's CSR law has evolved dramatically due to the Government introducing new rules and directives to support CSR impact. According to *section 135 of* the Companies Act 2013 (Act), certain companies must earmark at least 2 percent of their average net profits from the three previous financial years for CSR activities. Companies having a net worth of at least Rs. 500 crores, a turnover of at least Rs.100 thousand crores, or a net profit of at least Rs. 5 crores during the previous fiscal year, are covered by this provision. The GST Act is distinct in two respects. It identifies the activities permitted by the CSR rules and provides a cut-off for identifying businesses that must spend money on CSR (*Manu & Indira,* 2018).

There are divergent viewpoints on making CSR expenses eligible for the input tax credit (ITC); on the one end, it is believed that CSR activities are an essential component of business operations, an act for the furtherance of their business, as the calculations for the amount to be spent in these activities are based on the size of the business. Therefore making it ineligible would go against the core goal of the GST, which is to provide credit for expenses incurred in the course of doing business. On the other hand, it is contended that such activities have no direct connection to a company's regular business operations. They contend that to qualify for ITC, the costs incurred for corporate social responsibility (CSR) should not be deemed to be business-related. Instead, they should be treated as voluntary social obligations.

CURRENT STATUS

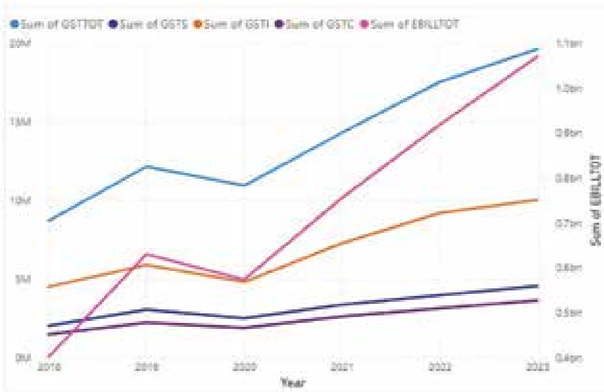
With the introduction of the Finance Act 2023, the Central Goods and Services Tax (CGST) Act's section 17(5) now contains a new clause (fa), which came into effect on October 1, 2023. This amendment specifically addresses the issue of ITC on CSR activities. A taxable person's receipt of goods or services that are used or intended to be used for activities related to their obligations under corporate social responsibility as mentioned in section 135 of the Companies Act, 2013 is expressly prohibited from using the input tax credit (ITC) under the recently inserted provision in section 17(5) (fa).

Public health, education, livelihood, water conservation, natural resource management, and other national priorities align with the CSR mandate. The debate and interest it has sparked on the possible role of the corporate sector and its accountability in achieving the Sustainable Development Goals (SDGs) is of greater significance (*Srinivas,* 2019). In addition to helping the business show its commitment to society, mandatory CSR reporting serves as an interactive interface for the company to interact with various stakeholders, such as shareholders, regulators, communities, customers, and society at large.

The data from 2017-18 to 2023-24 indicate a steady but significant increase in GST revenue collection, be it CGST, SGST, or IGST. A similar trajectory in the number of generated e-way bills for inter-State and intra-State categories is observed (Chart 1). The data from 2014-15 to 2021-22 indicate increasing CSR spending (Chart 2) despite economic shocks like COVID-19, the introduction of new taxation policies like GST, and changing business outlooks. Both trends unequivocally vouch for the robust economic growth of the nation with sustainable social bias. However, we investigate the role of ITC in influencing profit-making entities to contribute to social goods through CSR.

CHART1:

VARIOUS TYPES OF GST COLLECTION (CGST, SGST, IGST, TOTAL GST) AND E-WAYBILL GROWTH TRAJECTORY (DATA SOURCE: CEIC DATA REPOSITORY)



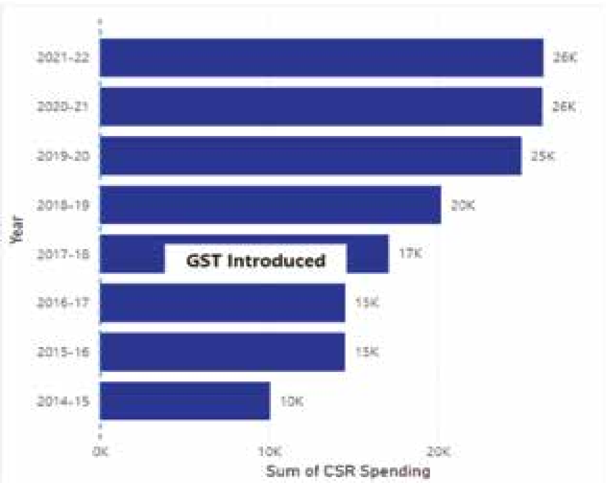


Chart 2: CSR spending

Sectors	Sum of CSR Spending
Education	0.28
Health Care	0.22
Rural Development Projects	0.09
Environmental Sustainability	0.07
Poverty, Eradicating Hunger, Malnutrition	0.06
Livelihood Enhancement Projects	0.04
Vocational Skills	0.03
Other Central Government Funds	0.03
Prime Minister'S National Relief Fund	0.03
Nec/ Not Mentioned	0.02
Sanitation	0.02
Total	**0.89**

Chart3: CSR sectors contributing more than 2% in total CSR

There are 29 development sectors that have seen CSR activities related to spending by business entities. The sectoral composition of CSR spending indicates that for the period 2014-15 to 2021-22 the total spending in the top five sectors - Education (28.21per cent), Health care (21.62 per cent), Rural development projects (9.19 per cent), Environmental sustainability (6.64 per cent) and Poverty, eradicating hunger, malnutrition (5.59 per cent), account for more than 70 percent of the total spending (Chart 3). The exemption list[2]for goods and services that attract no GST includes most of these 29 development sectors. Certain goods and services, like higher education, advanced medical facilities, etc., are taxed[3]. This results in a tiny portion of the total CSR spending being taxed under GST. As the portion is only a negligible part of the total, any negative impact of ITC restriction on CSR spending by businesses is significantly reduced.

Data-driven Revalidation

CHART 4
CSR SPENDING
PSU vs NON PSU

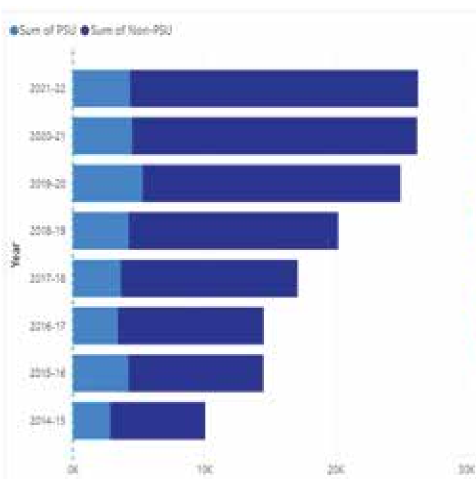
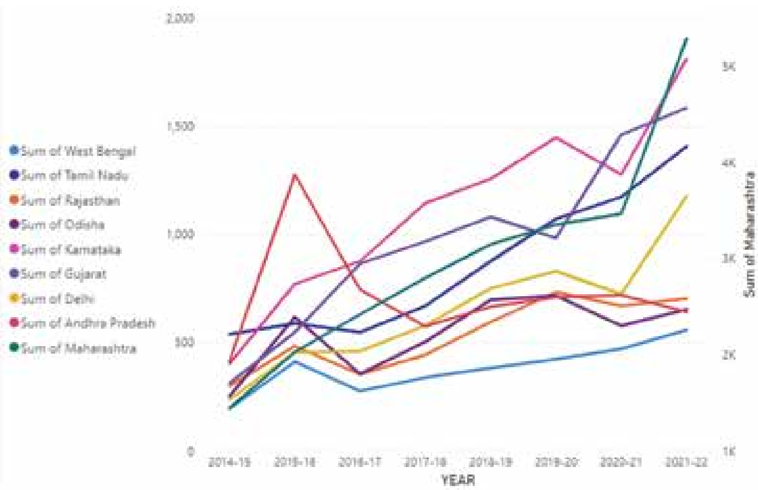


Chart 5
MAJOR STATE'S
CSR CONTRIBUTIONS



Under the direction of the Indian Government, several Central public sector enterprises (CPSEs) carry out a range of social projects regularly to fulfil their corporate social responsibility to the country and its people (*Kadyan*, 2020). With 11 per cent of the total market capitalization in the BSE and nearly 10 percent of the total GST revenue collections for FY 2021-22, PSU companies were contributing approximately one fourth of the CSR spending.

[2] https://www.indiafilings.com/learn/gst-exemption-list-services/
[3] https://cbic-gst.gov.in/gst-goods-services-rates.html#

This lopsided distribution was mostly attributed to the deliberate intent of the PSUs to strongly promote the Government's noble social sector initiative. Further, their share in total CSR spending has reduced from 28 percent in 2014-15 to less than 16 percent in 2021-22 (Chart 4). This may be due to multiple factors, including the growing focus of CSR mandates in line with section 135 of the Companies Act, 2013,the steady growth of revenues of non-PSUs unaffected by disruptions like GST or COVID-19 and self-driven increased CSR spending by the non-PSUs beyond the limit mandated by law, with a sense of giving back to society. The CSR growth dynamics and its value proposition, coupled with the sectoral composition of GST contribution, reaffirm very little disruption due to the withdrawal of ITC from CSR spend. State-specific CSR data revalidates such encouraging augmentation (Chart 5).

The only point of concern is a steady increase in fake ITC cases. In January 2024, the Government detected over 29000 bogus firms involved in fake ITC claims of over 44,000 crores[4] rupees However, introducing ITC filing with appropriate HSN/SAC codes has mitigated this operational issue considerably. GST Council has also developed an SOP for handling fake invoices, further strengthening the framework[5].

CONCLUSION

As the size of the Indian economy grows, there is an increasing need for capital expenditure for infrastructure development to maintain growth and alleviate socio-economic issues arising from rapid growth and population increase. These capital requirements can only be fulfilled with public-private partnership harmonization. It is evident from the data available that the corporate has, in their good conscience, contributed increasingly towards CSR activities, many times beyond the mandated limits. Even though GST introduction in July 2017 is seen as a watershed event for taxation, CSR spending was little influenced; it continues to grow steadily. These can be attributed to the consensus of corporations to chip in towards socio-economic growth and fulfillment of Sustainable Development Goals (SDG). However, concerns like transaction cost of reporting for smaller businesses, clarification about the ITC eligibility and applicability for CSR expenses incurred before the amendment's effective date, and re-availing ITC on CSR activities for non-claiming taxpayers may be addressed to make it more robust and seamless.

PSU companies were contributing approximately one fourth of the CSR spending

Disclaimer: *'The views expressed in this article are purely personal views of the authors and not those of the Reserve Bank of India.'*

[4] https://www.business-standard.com/companies/news/gst-officers-detect-over-29-000-bogus-firms-involved-in-fake-itc-claims-124010700670_1.html

[5] https://gstcouncil.gov.in/sites/default/files/SOP-for-Tackling-Fake-Invoice.pdf

REFERENCES

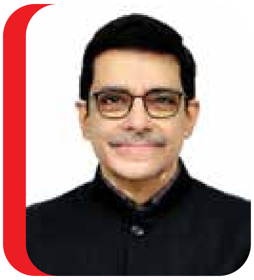
1. *Chadda, V. M. (2021). Taxation and mandatory CSR in India: The perplexity persists. Accounting, Finance, Sustainability, Governance & Fraud(pp. 181–192). https://doi.org/10.1007/978-981-33-4076-3_12*
2. *Gupta, R., & Chakradhar, J. (2022). The consequences of mandatory corporate social responsibility expenditure: An empirical evidence from India. Business and Society Review, 127(1), 49–68. https://doi.org/10.1111/basr.12251*
3. *Kadyan, J. S. (2020). Review of CSR—Corporate Social Responsibility Initiatives of the top three CPSE's—Central Public Sector Enterprises of India. Approaches to global sustainability, markets, and governance (pp. 257–280). https://doi.org/10.1007/978-981-15-6370-6_13*
4. *Manu, S., & Indira, M. (2018). Corporate Social Responsibility and Human Development: A case study of ITC. International Journal of Social and Economic Research, 8(2), 81. https://doi.org/10.5958/2249-6270.2018.00012.0*
5. *Srinivas, I. (2019). Report Of The High-Level Committee On Corporate Social Responsibility - 2018. In Government of India Ministry of Corporate Affairs. https://www.mca.gov.in/Ministry/pdf/CSRHLC_13092019.pdf*

TEXTILE TAXATION TRANSFORMATION: PERSPECTIVES FROM AHMEDABAD'S TEXTILE MANUFACTURERS AND TRADERS ON GST

Abstract

With the implementation of GST in 2017, the indirect taxation landscape underwent a significant transformation, aiming to streamline tax processes, enhance compliance, and foster a unified national market. For textile manufacturers and traders, this meant simplification and standardization of taxation processes, thereby enhancing ease of doing business and promoting a common national market. This article explores the significance of GST in textile industry, focusing on the perspectives of manufacturers and traders in Ahmedabad, India. Understanding impact of GST on the textile sector is crucial, given its prominence in India's economy and intricate supply chain dynamics. Through surveys and analysis, this study seeks to identify perceptions towards GST among textile manufacturers and traders in Ahmedabad and analyse the relationship between their demographic profiles and GST perceptions. The findings offer insights into how GST has influenced business operations, financial management, and compliance practices within the textile industry, shedding light on opportunities and challenges for stakeholders.

CA (Dr.) Urvish Patel
Practicing Chartered Accountant
Ahmedabad
ca.urvish@gmail.com



CMA (Dr.) Marzun Jokhi
Dean
Faculty of Commerce
GLS University, Ahmedabad
marzunjokhi@hotmail.com

INTRODUCTION

Goods and services tax (GST) in India stands as a landmark reform in the country's indirect tax structure, aimed at streamlining the taxation system and fostering economic growth. Introduced on July 1, 2017, GST replaced a complex web of indirect taxes levied by the Central and State Governments, such as excise duty, service tax, value-added tax (VAT), and others. This unified tax system was designed to eliminate cascading effects, enhance ease of doing business, promote transparency, and create a common national market. One of the primary objectives behind implementing GST was to create a single, comprehensive tax regime applicable across the country. Prior to GST, businesses had to navigate through multiple layers of taxes and compliance procedures, leading to inefficiencies, increased costs, and barriers to interstate trade.

GST in India operates on a dual model, wherein both the Central and State Governments have the authority to levy and collect taxes on the supply of goods and services. The tax is levied at multiple stages of the supply chain, from manufacturing to the final consumer, with provisions for input tax credit to avoid tax on tax. This mechanism ensures that the tax burden is borne by the end consumer and encourages compliance throughout the supply chain. One of the significant benefits of GST implementation is the rationalization of tax rates. Under the previous regime, different goods and services were subject to varying tax rates, leading to classification disputes and administrative complexities. With GST, the tax structure has been simplified and goods and services are categorized into different tax slabs 5, 12, 18, and 28 per cent along with certain items attracting a nil rate or exempted fully.

LITERATURE REVIEW

Sharma et al. (2020) conducted a survey-based study to assess the perception of small and medium-sized enterprises (SMEs) towards GST in India. Their research findings indicated a gradual shift in perception among SME owners, with a growing acceptance and understanding of GST over time. They identified factors such as access to information, ease of compliance, and support from tax authorities as key determinants influencing SMEs' perception of GST. Additionally, the study highlighted the role of awareness campaigns and capacity-building programs in improving SMEs' knowledge and perception of GST, ultimately fostering greater compliance and participation in the formal economy.

Patel and *Sharma* (2021) conducted a longitudinal study to analyze the evolving perception of business owners towards GST in India over time. Their research findings indicated a gradual improvement in perception and acceptance of GST among businesses, driven by increased familiarity with the tax system, enhanced technological infrastructure and policy reforms aimed at addressing implementation challenges. They underscored the importance of continuous stakeholder engagement, feedback mechanisms and capacity-building initiatives in sustaining positive perceptions towards GST and promoting long-term compliance and economic growth.

Roy and *Singh* (2020) conducted a survey-based study to assess the perception of manufacturers and traders towards GST in India. Their findings indicated a gradual improvement in perception among manufacturers and traders over time, driven by increased familiarity with the tax system and improvements in infrastructure and compliance mechanisms. The study identified factors such as access to information, training programs, and support from tax authorities as critical determinants influencing the perception of manufacturers and traders towards GST. The study underscored the importance of continuous stakeholder engagement and capacity-building initiatives to foster greater acceptance and compliance with GST among manufacturers and traders.

Sharma et al. (2021) conducted a comparative analysis to examine the perception of manufacturers and traders towards GST across different States in India. Their research findings revealed variations in the perceptions based on regional factors such as economic development, infrastructure, and administrative efficiency. While manufacturers in States with robust infrastructure and efficient tax administration systems generally exhibited more favourable perceptions towards GST, traders in less developed regions faced challenges related to compliance complexity, infrastructure constraints and bureaucratic hurdles. This study emphasized the need for State-level reforms and targeted support measures to ensure uniform implementation and mitigate regional disparities in the perception of manufacturers and traders towards GST.

Kumar and *Mehta* (2022) conducted a longitudinal study to analyze the evolving perception of manufacturers and traders towards GST in India over time. Their research findings indicated a gradual improvement in perception and acceptance of GST among manufacturers and traders, driven by increased familiarity with the tax system and policy reforms aimed at addressing implementation challenges. *Kumar* and *Sehrawat* underscored the importance of continuous stakeholder engagement, feedback mechanisms and capacity-building initiatives in sustaining positive perceptions towards GST and promoting long-term compliance and economic growth.

RESEARCH OBJECTIVES

1. To identify and understand the perceptions of GST among textile manufacturers and traders based in Ahmedabad.
2. To analyse the relationship between the demographic profile of textile manufacturers and traders and their perceptions towards GST.

SAMPLE SIZE

In this study, a sample size of 130textile manufacturers and traders based in Ahmedabad city has been targeted for comprehensive examination and analysis.

DATA ANALYSIS

1. H0 : The input tax credit mechanism under GST has not positively impacted my business's financial management.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Input tax credit mechanism	31.323	129	0.044	-8.007	2.008	2.172

It is seen in the above table that significance value is 0.044 which is lower than standard value 0.05. Hence Null hypothesis is rejected and it is concluded that textile manufacturers and traders believe that the input tax credit mechanism under GST has positively impacted my business's financial management.

2. H0 : GST has not simplified the overall tax compliance process for business.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Overall tax compliance	28.326	129	0.002	-3.78	1.561	1.725

As per the above table the significance value is 0.002 which is lower than the standard value 0.05; hence Null hypothesis is rejected and it is concluded that textile manufacturers and traders believe that GST has simplified the overall tax compliance process for business.

3. H0 : The GST portal's user-friendliness has not facilitated seamless tax filing.

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
GST Portal's user-friendliness	34.32	129	0.000	-12.234	2.455	2.619

As per the above table the significance value is 0.000 which is lower than the standard value 0.05; hence Null hypothesis is rejected and it is concluded that textile manufacturers and traders believe that the GST portal's user-friendliness has facilitated seamless tax filing

4. There is no relationship between the demographic profile of textile manufacturers and traders and their perceptions towards GST.

FACTOR 1	FACTOR 2	Pearson Chi-Square	P Value	Decision
Type of Business	Adequately informed about the various GST policies and changes	2.913	0.023	
	GST has improved the ease of doing business	8.136	0.043	
	The implementation of GST has resulted in increased or decreased business costs	0.451	0.005	

Age	GST has improved the ease of doing business	9.404	0.000	There is Significant Relation
	Adequately informed about the various GST policies and changes	6.689	0.027	
	The implementation of GST has resulted in increased or decreased business costs	12.828	0.013	
Years of Experience	GST has improved the ease of doing business	5.949	0.003	
	Adequately informed about the various GST policies and changes	9.164	0.049	
	The implementation of GST has resulted in increased or decreased business costs	19.377	0.023	

FINDINGS AND CONCLUSION

The perspectives of textile manufacturers and traders in Ahmedabad underscore the positive impact of goods and services tax (GST) on their businesses. One of the key benefits highlighted is the input tax credit mechanism, which has significantly improved the financial management by allowing them to offset taxes paid on inputs against their final tax liability. This feature has not only enhanced cash flow but also reduced the overall tax burden, contributing to improved profitability.

Moreover, GST has been praised for simplifying the tax compliance process for textile businesses in Ahmedabad. The consolidation of various indirect taxes into a single tax regime has streamlined the compliance requirements, reducing the administrative burden and compliance costs associated with navigating multiple tax regimes. This simplification has enabled textile manufacturers and traders to focus more on their core business activities and strategic growth initiatives.

Additionally, the user-friendliness of the GST portal has been a noteworthy aspect of the taxation experience for Ahmedabad's textile sector. The intuitive interface and functionality of the GST portal have facilitated seamless tax filing processes, making it easier for businesses to meet their compliance obligations in a timely and efficient manner. This accessibility has empowered textile manufacturers and traders to navigate the tax system with confidence, fostering a culture of compliance and contributing to the overall success of their businesses.

Manufacturers and traders may have different perspectives on GST based on their roles in the supply chain. Manufacturers, who are involved in production, may focus more on input tax credit benefits and cost implications of GST on raw materials and production processes. Traders, on the other hand, may emphasize the impact of GST on sales, distribution, and market competitiveness. Understanding these distinctions can provide insights into how different segments of the textile industry perceive GST policies and changes. MA

REFERENCES

1. *Gupta, R., & Singh, A. (2018). Perception of business owners towards GST implementation in India: A qualitative study. Journal of Taxation and Business Management, 16(3), 45-58.*
2. *Kumar, M., & Jain, S. (2019). Impact of GST on micro, small, and medium-sized enterprises: A perception study. Journal of Entrepreneurship and Economic Development, 25(1), 78-93.*
3. *Kumar, M., &Mehta, V. (2022). Evolving perception of manufacturers and traders towards GST in India: A longitudinal analysis. Journal of Tax Policy and Administration, 33(2), 78-93.*
4. *Patel, V., & Sharma, P. (2021). Evolving perception of business owners towards GST in India: A longitudinal analysis. Journal of Tax Policy and Administration, 32(2), 112-127.*
5. *Roy, R., & Singh, A. (2020). Perception of manufacturers and traders towards GST in India: Evidence from a survey. International Journal of Business Studies, 29(2), 189-204.*
6. *Sehrawat, A., & Sharma, P. (2019). Perception of manufacturers and traders towards GST implementation in India: A qualitative study. Journal of Taxation and Business Management, 17(3), 45-58.*
7. *Sharma, S., et al. (2020). Perception of small and medium-sized enterprises towards GST: Evidence from a survey in India. International Journal of Business Studies, 28(2), 189-204.*
8. *Sharma, S., et al. (2021). Regional variation in perception of manufacturers and traders towards GST: A comparative analysis across Indian states. Journal of Regional Economics and Development, 36(1), 112-127.*

GST AND LOGISTIC INDUSTRY: THE PROTAGONISTS OF GOOD ECONOMY

Abstract

The logistics industry has globally enhanced its market size to approximately 8.96 trillion USD in 2023 and is expected to reach 21.91USD by the year 2033.The Indian logistic and supply chain industry is approximately worth USD 317.3 billion with an annual growth rate of 10 per cent, thus being a major contributor to the exchequer's revenue generation. Some of the major challenges facing the Indian economy are warehousing, transportation and distribution of food grains and other consumables. Considering its vast territory, the logistics industry plays a momentous role in its economy. Lately, the logistic industry has been an important employment generator to as many 22 million people. It is said that the introduction of goods and service tax (GST) in India as "One Nation-One Tax" has pushed the logistic industry growth even faster. Overall growth and result in recent past of logistic industry are tremendous and will grow further and has scope to expand its branches in rural India.

The purpose of this article is to study the possible growth potential in logistic industry in India after the introduction of GST, especially keeping in mind that GST has eliminated octroi posts at State borders, introduced E-way Bills, centralised warehousing, construction of national highways/corridors etc, which have helped the industry to grow further by even reducing trip-time of truckers to an extent.

Dr. Shivani Gupta
Assistant Professor (Law)
University Institute of Legal Studies, Punjab University
Chandigarh
shivuchd@gmail.com

CMA Anil Sharma
Practicing Cost Accountant
Chandigarh
anil_sharma01us@yahoo.com

BACKGROUND

The previous year witnessed skyrocketing prices of tomatoes in retail to have reached Rs 300 per kg in Dehradun and a wholesale price of Rs 120-140 per kg at the main *sabzimandi*. The reported reason was shortage of supply. Such price hikes raise consumer dissatisfaction and contributes to higher retail inflation. It was however just within a few weeks that the tomato prices came down to a mere Rs. 14 per kg, now developing uneasiness for the grower, whose initial cost comprised of Rs. 12 as the production cost and an additional Rs. 3 as packaging cost. Thus, to safeguard the interest of both the consumer and the farmer, fresh and robust approaches are a must for the proper management of the whole process of procurement, storage, packaging, transportation and sale of green veggies. Similar was the story in 2019 with onions when the prices reached Rs. 80 per Kg from Rs. 25 in two months.

In this backdrop, it is certain that logistics in India is capable enough to bring about socio-economic impacts. This article strives to study the impact of the introduction of GST on the present-day logistics industry, especially for the betterment of economic growth. It is however important to note that the changes brought about by GST are not solely confined to logistics in the agriculture sector.

LOGISTIC INDUSTRY

Logistic Industry is the back bone of any economy and is comprised of inbound, outbound manufacturing segments along with supply chain. The various segments of supply chain include value added logistic, packing, re-packing, loading/unloading, transshipment, freight, forwarding, warehousing, consultancy, IT based consultancy, clearing houses and transportation. Transportation is further categorised as transportation by railways, roadways, airways and waterways. It is important to understand that earlier most of the goods were supplied from rural to urban areas; but with the changing pattern of consumption, the transfer of both goods and services from urban to rural Indian sites has tremendously increased the demand for an even more effective logistics system.

The global logistics industry experienced a boom in its growth after the COVID-19 pandemic, and improved its market size to approximately USD 10.41 trillion which is nearly 11 per cent of the world gross domestic product (hereinafter referred as GDP). By 2033, its scale is projected to touch USD 21.91 trillion. Presently, the Indian logistic and supply chain management industry contributes for about 14.4 pr cent and it is expected to have a further growth potential of 10 per cent per year, whereby the logistic industry is poised as a major contributor to the country's revenue generation. Sectors like agriculture, commodities and e-commerce are the key contributors in the total revenue generated via logistics. Positioned at 44th rank in the World Bank's Logistic Performance Index in 2018, India improved its position to 38th in 2023.

INDIAN AGRICULTURE AND LOGISTIC INDUSTRY

India has enough production of food grains, yet it ranked 107th in the 2022 and 111th in the 2023 Global Hunger Index. Actually, due to the poor logistic and inter-regional connectivity, food does not reach people but gets damaged in storage and transit. *Mandis* help the Government to maintain buffer stock to tackle food shortage and also helps in their distribution. Presently India's storage capacity is only 47 per cent of the total food grain production, with approximately 7000 *mandis* in rural areas, against an actual need of 42000 plus *mandis.* The production of different crops in India is dependent upon geographical locations and rainfall. Given the geographical vastness, coupled with divergent climatic conditions, India needs a very strong and effective logistic system to meet any challenges of food security and probable increase in the prices of food grains.

Further, the middleman in any supply chain management system plays a vital role, but too many intermediaries spoil the system. There is no system that calls for any sort of transparency, accountability and responsibility of the middle-man, which is acting as a paralytic parasite to the logistic industry as a whole. It also forms one of the major reasons behind inflation.

ACTIONS NEEDED

Considering all the above issues, it is amply clear that there is huge potential for logistic industry in India and to ensure affordability and accessibility of essential commodities for its people, there is a need to invest in many fields such as the following:

1. Climatic changes affect the yield and reduce agricultural income; thus, Governments should now adopt some policies for adopting climate-resilient agricultural environment.
2. The farm supply chain should also adopt the concept of e-*mandis* to globalise their products and achieving effective and fast supplies.
3. As storage is big challenge for India, a combined effort is required by all the stakeholders catering public-private partnership, FDI and co-operative sector investments with latest IT based technology. Ample and properly equipped storage and warehousing system will help to mitigate post-harvest damages.
4. Industrial infrastructure for food processing to prevent food wastage will also generate employment in rural areas and will contribute towards economic improvements.
5. An integrated network of all transportation systems is required for achieving an effective foods supply system by reducing travel time and food wastage. Recently, under India's president-ship in G20, an India-Europe rail-sea corridor has been suggested which is expected to reduce trade time by 40 per cent and cost by 30 per cent.

THE NATIONAL LOGISTICS POLICY

The recent National Logistics Policy (NLP) strives to reduce the cost of logistics in India to 8-9 per cent of GDP from the ongoing 13-14 per cent by the year 2030. NLP could help in improving the storage facilities and easing the tracking process through a unified logistics integrated platform. This will help reducing cost, wastage and down time. India's dependence on agriculture gives it tremendous scope for expansion and investments as till date warehousing, transportation and distribution of food grains is a major challenge for policy makers in India. Lately, the logistic Industry has offered employment to as many 22 million people.

The GOI has recently announced an investment of Rs. one lakh crore in the cooperative sector to bring world's largest food storage programme. This will not only enhance India's storage capacity by 700 lakh tonnes, but will also reduce the decay of food grains, help check forced sales by peasants, and increase rural employment while reducing import dependence.

GOODS AND SERVICES TAX

The Constitution (122nd Amendment) Act introduced the Goods and Services Bill in the year 2014. The Goods and Services Tax Act came into force in 2017. Later an amendment was made to the constitution and Article 279A was inserted for the formation of the GST Council, comprising of Centre and State representatives. The GST Council is responsible for making and implementing all GST related policy issues. Whenever the GST council takes any decision, it sends its recommendations to the Parliament to make law and later gets them implemented in the county. This mechanism makes both decision making and its implementation effective and faster.

In pre-GST era commerce and industry were subjected to compliance under five taxes i.e. Sales Tax/VAT/CST, Service Tax, Excise Duty, Customs Duty and Octroi or Entry Tax. Apart, dishonest practices by local police, RTOs, Municipal Corporations and other local bodies disables the logistic industry in various aspects like extended delivery time, socially or politically instigated regional strikes and in complying with the unscrupulous demands of various ill-intending self-created groups.

GST and its effect on Logistic Industry

The introduction of GST in FY 2017-18 has proved beneficial for the logistics industry in India. One of its major impacts is that it has reduced transit period of truckers by 20-25 per cent. Road Transport and Highways Minister Nitin Gadkari, had once said: "*These logistics parks will enable long haul freight movement between hubs on larger sized trucks, rail and waterways. This will not only reduce freight transportation costs, but also throw open many employment opportunities and reduce pollution levels.*"

a. ***Elimination of check posts***: One of the earliest reports, i.e. by the Empowered Committee of the State Finance Ministers, submitted in November 2009, popularly called as the first discussion paper on GST in India, and then the 13th Finance Commission Report of December 15, 2009, made

GST is just a toddler, which is to grow in the coming years and we expect even better outcomes in the coming times

recommendations that all the entry and octroi duties levied by the State Governments must be abolished. Keeping these recommendations and the federal structure enshrined in the Constitution, GST regime had the effect of subsuming State level taxes like VAT/ Sales tax, Central Sales Tax, Octroi and Entry Tax into GST, thus having the effect of abolishing them. The elimination of check posts at State borders has reduced logistic cost by 20-25 per cent as it has reduced travel time of trucks. In pre-GST era each State was having check posts at its borders and truckers were supposed to get their documents and goods checked by the authorities. Sometimes due to typographical errors truckers were even made to wait for clearance for two-three days.

b. ***Introduction of Simplified procedure***: Simplification of procedures, less paper work, online data capturing, abolishing C, E, H forms etc. have made the transporters task more efficient. In pre-GST era for inter-State transactions of trade, business houses were to get many forms-C, E and H and most of the times the tax authorities ran out of stock with these compulsory forms and the business men were supposed to wait for days and sometimes weeks resulting in delay in deliveries. Now under GST all such forms have been eliminated as everything is on line at GST portal.

c. ***Introduction of the concept of "One-Nation, One-Tax":*** GST has allowed inter-State trade without any restriction resulting into reduced warehouse costs in trade and industry. Earlier industry was supposed to keep warehouses in each State, but now region wise ware- houses or warehouses at strategic locations has reduced the operational cost and has also improved the management of affairs. Even for small demands business men were supposed to maintain warehouses while bearing all operational expenses. But now business house can have warehouses at strategic locations equipped with large space and technology with minimum expenses which has improved their financial and operational efficiency.

d. ***Streamlining Un-organised Sector**:* Bringing unorganised sector of transportation into main streamline through GST procedures like e-way bills, reverse charge mechanism (RCM), GPS/ Radio frequency tagging, interceptors and toll plaza has made the logistic industry more transparent, efficient and responsible..

e. ***Streamlining of online transactions in GST era has enhanced the potentials of logistic industry for forward and backward goods supply**:* With the emergence of e-commerce trade has benefitted a lot in supply of goods across India with absolute tracking systems. Now forward or backward supplies can be transacted well within procedures and systems. E-way bill has cast responsibility on truckers to complete the transportation within the prescribed time period and has also reduced the chances of fake invoicing to evade taxes.

f. ***Flow of huge technical and other investments into the industry**:* After having GST in line especially for the logistic industry, technology has played a vital role and transparency has crept in with great responsibility. With the help of technology, consumers get better results and develop faith in online transactions with some precautions. In coming years online business have better market potential.

g. ***Rate of tax on freight at reduced rate of 5 per cent with reverse charge mechanism (RCM)**:* Under GST the tax burden is on the business house and not on the trucker. As we know in India majority of truckers operate in an unorganised sector, thus to bring them in to the main stream through tax burden is placed on persons availing their services. It will help the economy to record the data of freight transactions and also estimate total volume. This system does not cause any extra financial burden on small transporters.

h. ***Benefits of Input Tax Credit**:* GST was introduced in the country with a spirit to have seam less flow of input tax credit (ITC). Hence in all B2B transactions and also in cases of RCM, ITC benefits are available in total supply chain which will reduce the cost of product or services for a consumer.

CONCLUSION

The development of logistics industry has a catalytic effect on the economic development and for achieving economic stability of a country. In a large country like India with vast geographical spread, a robust logistics industry is even more important. It will help keep track of the information of the stocks of commodities at various points and then to ensure speedy movement of goods along with proper storage facilities. The introduction of GST has helped in all the above aspects in the form of abolition of entry level taxes and octroi, resulting in reduced transit time, making transits more cost effective and also reducing the administrative cost by having strategic warehousing. It has further relaxed the tiresome procedure of filling and maintaining multiple forms, documents and invoices, etc., thus bringing about positive growth impact on the overall logistics industry. GST is just a toddler, which is to grow in the coming years and we expect even better outcomes in the coming times. MA

References:

1. *www.deccanchronicle.com*
2. *www.globalhungerindex.org*
3. *www.thehindubusinessline.com*
4. *www.outlookindia.com*
5. *www.economictimes.indiatimes.com*
6. *www.bbc.com*
7. *www.morth.nic.in*
8. *www.statista.com*
9. *www.indianchamber.org*
10. *www.livemint.com*
11. *www.timesofindia.indiatimes.com*

OBITUARY

The Institute deeply mourns the demise of CMA (Dr.) Santi Ranjan Acharyya, former Secretary of the Institute, who left for his heavenly abode on 30th June, 2024 in Delhi.

His contributions towards the development of CMA Profession will always be remembered and our deepest condolences to all his family members at this time of inconsolable grief.

We pray to the almighty to give eternal peace to the departed soul and much-needed strength to his family during this time of sorrow.

THE FORMATION OF THE GST APPELLATE TRIBUNAL: CHARTING THE PATH AHEAD

Abstract

The Indian indirect tax system witnessed fundamental changes with the implementation of the goods and services tax by merging various levies into a comprehensive single unified tax structure. The reform was implemented to unify the complex web of indirect taxes into a single, comprehensive tax for removing the cascading effect of taxes and providing for a common national market for goods and services. [1]The journey of GST during the last seven years has been like a roller coaster ride since July 2017. There have been multiple amendments to the provisions of GST law. More than half a decade has passed since the implementation of GST. However, GST litigation is still evolving and still at the nascent stage and more litigation will arise in days to come. [2] There is a need for a strong dispute-resolution mechanism to resolve the litigation well in time. Goods and Services Tax Appellate Tribunal (GSTAT) is one of the key institutions in litigation resolution before knocking on the doors of the jurisdictional High Court. This article explores the structure of the appellate mechanism, the present options of appeal available to the taxpayers, the need for GSTAT, and possible challenges in forming the GSTAT as also challenges before the said Tribunal.

CMA Dipak N Joshi
Research Scholar
Annasaheb Waghire Arts, Science and Commerce College
Pune
dipak@djandasso.com

Dr. M. B. Khandare
Head (Business Law & Taxation)
Annasaheb Waghire Arts, Science and Commerce College
Pune
khandaremb.awco@gmail.com

INTRODUCTION

The introduction of the goods and services tax (GST) regime in India has been a significant step towards creating a nationwide unified tax system. The objective of GST was to streamline the then existing complicated indirect tax structure, eliminate the cascading effects of taxes. A crucial component of every successful tax system is a robust dispute resolution mechanism to address the inevitable conflicts that arise between taxpayers and the Government. India has witnessed sea changes in the provisions of GST law since its implementation. This leads to the formulation of different interpretations of the law by the tax authorities with respect to the provisions of GST law, issues with respect to compliance mismatch, pronouncement of rulings by the various authorities of advance ruling (AAR) and various High Courts and retrospective amendments in the Act.[3]The success of GST is evident from the figures of the revenue. GST filers number has increased by 32 per cent. A total of 114 crore returns had been filed till June 2023. The highest GST revenue of Rs. 2.1. lakh crores was recorded in the month of April 2024. However, to strengthen the GST law, a robust and time-bound mechanism to resolve the dispute needs to be put in place. The formation of the

GST Appellate Tribunal (GSTAT) is a vital element of the GST dispute resolution framework and its expeditious establishment is crucial for the efficient functioning of the GST regime. Absence of the Tribunal was seen as a major obstacle in the administrative function of the GST. According to various statistics, over 1 lakh appeals involving tax exposure of more than Rs. 1 crore will approach the GSTAT once it is functional. [4]The GST Appellate Tribunal serves as the second appellate authority for disputes related to the GST. The role of GSTAT in dispute resolution is important and expected to shape an impartial resolution on various disputes, ensuring fairness and consistency in the application of provisions of GST laws. In the absence of the Tribunal, businessmen are forced to approach the High Court, which procedure would be a long and expensive one. The timely and effective functioning of the Tribunal is essential for building trust and for resolution of disputes well in time. A well-functioning Tribunal can help prevent a backlog of cases, reducing the burden on the judiciary and ensuring timely resolution of disputes.GST law provides for National and State level Benches of the Tribunal. They will be referred to as the Principal Bench and State Bench irrespectively. The Principal Bench of GSTAT has been established in New Delhi [5] and 31 State Benches have been notified. [6]Formation of the Tribunal will strengthen India's fiscal federalism by providing a robust dispute-resolution mechanism.

PRESENT STRUCTURE OF APPEALS

The provisions relating to appeal are contained in Chapter XVIII of the CGST Act, 2017. Section 107 of the CGST Act, 2017 provides for the appeal to the appellate authority. An appeal against a decision or order passed by the adjudicating authority by the person aggrieved lies to the appellate authority. The appeal can be made by the aggrieved person only against a decision or order passed under the GST law. Section 121 specifies the non-appealable decisions and orders such as Transfer of proceedings from one officer to another, order relating to the seizure or retention of books of account etc.

An appeal before the appellate authority shall be filed within 3 months from the date of communication of the order. Powers are given to the appellate authority to condone a delay up to one month if the delay is due to valid grounds. Orders passed by the adjudicating authorities are appealable before the appellate authorities. The term "adjudicating authority" is defined as under the GST law. [7] However, certain authorities are excluded from the definition of adjudicating authority such as CBIC. The appeal against the order of adjudicating authority lies before the appellate authority. [8]Rule 109A of the CGST Rules, 2017, and corresponding SGST Rules provides for the appointment of the appellate authority. The orders passed by the adjudicating authority are appealable before the Commissioner (Appeal) or Additional Commissioners of Central Tax (Appeals) or Joint Commissioner (Appeal) depending on the rank of the adjudicating authority. However, the State Legislatures follow different hierarchies for filing appeals. Appeal against the order passed by the appellate authority lies before the Tribunal. The Tribunal examines both questions of fact and of law. Orders of the Tribunal are appealable before the High Court or Supreme Court depending on the fact whether the order has been passed by the State Bench or the National Bench. Orders of the Tribunal are appealable if they involve a substantial question of law under sections117 and 118. Therefore, the Tribunal is the final fact-finding body. In the absence of an Appellate Tribunal, the forum of the High Court or Supreme Court is not available except by way of writ petition.

GENESIS OF GST APPELLATE TRIBUNAL

An appeal to the Appellate Tribunal can be made within 3 months from the date of communication of the order by any person aggrieved by an order passed by the appellate authority or revisional authority.[9]Due to the non-formation of the Appellate Tribunal, CBIC had clarified vide removal of difficulty Order 9/2019 - Central Tax dt. 03-12-2019that the period of three months will start from the later of the following dates: -

i. the date the order is communicated; or
ii. the date the President or State President of the Appellate Tribunal, after its formation under section 109, enters office.

Section 109 of the CGST Act, 2017 provides for the composition of the Appellate Tribunal. The Tribunal will be known as The Goods and Services Tax Appellate Tribunal (GSTAT). The appeal against the order of the Appellate Authority and the Revisional Authority shall lie before the Principal and State Benches. However, in cases where one of the issues involved is related to "place of supply", the appeal shall be heard only by the Principal Bench.

STRUCTURE AND COMPOSITION OF THE TRIBUNAL

The GST Appellate Tribunal in India is structured with a dual-bench system, a National Bench in New Delhi, and 31 State Benches located across the country. The Central Government establishes these State Benches based on requests from State Governments and recommendations from the GST Council. Each bench, including the National Bench, is led by a President and comprises of a Judicial Member and Technical Members representing both the Central and State levels. [10] State Benches have two Judicial Members, with the senior-most acting as Vice-President, holding delegated authority from the President while otherwise functioning as a regular Member. This framework aims to balance national uniformity with regional considerations in resolving GST-related disputes.

JURISDICTION AND POWERS OF THE TRIBUNAL

Section 111 of the CGST Act outlines the procedure and powers of the Tribunal. The Tribunal is not required to follow the procedures established by the Code of Civil Procedure, 1908 (CPC), and has the authority to regulate its own procedures. It is directed by the principles of natural justice and other provisions of the GST Act and GST Rules. This emphasizes the necessity of a personal hearing before making a decision. As a quasi-judicial authority, the Tribunal's exclusion from the CPC aims to expedite issue resolution and avoiding potential delays associated with CPC procedures. Section 111 grants the Tribunal the powers of a civil court, as specified under the CPC. The Tribunal, for the effective implementation of the order passed by it, may send the order to the jurisdictional court for execution.

CHALLENGES BEFORE THE APPELLATE TRIBUNAL

The GST Appellate Tribunal is expected to be functional by the end of the year or early 2025. However, several challenges are expected before the Appellate Tribunal which may affect the functioning of the GST Appellate Tribunal.

1. Legal and Procedural Challenges

- ***Complexity of GST Laws:*** The provisions of GST law are complicated and are subject to varied interpretations that may lead to disputes while judging the issue. There are lots of amendments in the provisions of the GST law. The GSTAT needs to keep a track of all such changes and ensure consistent application of the law across different cases.
- ***Conflicting Rulings:*** GST law provides for a mechanism where a registered person can apply to the Authority for Advance Ruling for clarity on various matters of GST. However, conflicting advance rulings or interpretations by the Authority for Advance Rulings [AAR] on a similar matter may create confusion and derail the GSTAT's decision-making process.

> **India has witnessed sea changes in the provisions of GST law since its implementation. This leads to the formulation of different interpretations of the law by the tax authorities**

- ***Lack of Precedent*:** The decision-making may consume longer time than usual. There is relatively limited precedent to rely on, making it challenging to establish consistent interpretations of the law.
- ***High Volume of Litigations*:** More than 1 lakh cases are expected to be filed before the GSTAT. This will put strain on the resources of the Tribunal and potentially lead to delays in dispute resolution.

2. Administrative Challenges

- ***Delay in operationalisation of Benches:*** The Government has already notified the National Bench at the New Delhi and 31 State Benches. However, operationalisation of all the Benches immediately seems to be difficult.
- ***Shortage of Expertise:*** Appointing Members with the necessary legal and technical expertise is going to be a crucial and difficult task. The process of appointment of Judicial and Technical Members has already been initiated. The President of the National Tribunal has already been appointed and taken the oath of integrity and secrecy. [11]Apart from the appointment of Members, appointment of support staff for the execution of activities of the Tribunal is also important which is yet to be started. Lack of experienced personnel can impact the quality of decisions and the speed of disposals.
- ***Infrastructure and Resources*:** Apart from human resources the logistical setup is also yet to be set up. Setting up the necessary infrastructure, including offices, courtrooms, and technological support may result in a bottleneck in the functioning of the Tribunal. Adequate infrastructure, including courtrooms, technology,

and support staff, is essential for the smooth functioning of the GSTAT.

- ***Tribunal Rules:*** The set of rules governing the procedural requirements and governing the Tribunal like The Customs, Excise, and Service Tax Appellate Tribunal (Procedure) Rules, 1982 are not yet notified by the Government. In the absence of such rules relating to the procedures it is difficult to handle the appeals appropriately.
- ***Case Management:*** Efficient and effective case management systems are keys to handle the volume of appeals and ensure timely disposal of cases.

3. Political Challenges

- ***Balancing Interests of Centre and States:*** GSTAT will have both Members from Central and State Governments. The GSTAT needs to navigate potential conflicts of interest between them.
- ***Independence of the Tribunal:*** There is a possibility of potential influence or interference from political entities. It will be challenging for the tribunal to keep its independence and impartiality over the business of the Tribunal.

4. Other Challenges

- ***Awareness and Accessibility:*** Awareness amongst the taxpayers about their rights and the procedures for filing appeals with the GSTAT is also one of the important challenges. It is evident from the experience of the erstwhile regime that taxpayers are unaware of the procedures of the Appellate Tribunal.
- ***Technology Adoption:*** Technology is the backbone of the GST law. A dedicated portal is expected for appeal to the Appellate Tribunal. Embracing technology for online filing, case management, and virtual hearings can improve the efficiency and transparency. However, adopting and implementing such systems can be challenging.

CONCLUSION AND THE WAY FORWARD

The formation of the GST Appellate Tribunal represents a significant milestone in the implementation of GST law. The effective functioning of the Tribunal will not only streamline the dispute resolution process but also help in enhancing the efficiency, fairness, and transparency in the GST law. For the successful establishment and operation of the GST Appellate Tribunal following measures can be considered:

1. **Timely operationalization**

   The process of operationalization of the Tribunal should be expedited without further delay with a clear deadline for operationalisation including the appointment of Judicial and Technical Members and necessary logistical support.

2. **Capacity building**

   To enhance the effectiveness of the Tribunal capacity building program for the Members should be implemented to foster continued training and professional development.

3. **Infrastructure Development**

   Necessary infrastructure has not yet been set up for the operationalisation of the Tribunal. The Government may think of using the existing setup of the Customs, Excise, and Service Tax Appellate Tribunal (CESTAT) initially for the smooth functioning. Technological integration is also one of the important aspects before the Tribunal. Filing of appeal before the Tribunal should be through online mode. This will reduce the pressure on the Tribunal substantially.

4. **Consistency in rulings**

   Different benches are supposed to deal with similar matters. It may lead to inconsistency in the rulings. Appropriate SOP should be developed and implemented to ensure consistency in rulings. Further, a comprehensive database of past rulings should be made available on the portal for ease of reference for future cases to ensure consistency and uniformity.

5. **Stakeholder engagement**

   The Tribunal procedures and processes are new for the stakeholders. Therefore, awareness programes should be arranged for the stakeholders to educate them about the procedures of the Tribunal. MA

References:

1. *The Constitution (122ndAmendment) Bill, 2014 [Bill No 192 of 2014], Retrieved from PRS Legislative Research: https://prsindia.org/billtrack/the-constitution-122nd-amendment-gst-bill-2014*
2. *Litigation trends in India, (2023), retrieved from https://www.financialexpress.com/business/industry-litigation-trends-in-gst-3138926/*
3. *Why GST revenues are booming, (2024), retrieved from https://www.deccanherald.com/opinion/why-gst-revenues-are-booming-2920219*
4. *GST Needs A Robust Dispute-Resolution Mechanism, (2024), retrieved from https://www.news18.com/*

opinion/opinion-gst-needs-a-robust-dispute-resolution-mechanism-8786225.html

5. *Department of Revenue, M. o. (2023). Constitution Of National Bench Of Goods And Services Tax Appellate Tribunal (GSTAT) At New Delhi.[Notification No. S.O. 1(E), Dated 29-12-2023]*
6. *Department of Revenue, M. o. (2023). Constitution Of State Benches Of Goods And Services Tax Appellate Tribunal (GSTAT) [Notification No. S.O. 4073(E) dated 14-9-2023]*
7. *Central Goods and Services Tax 2017 (No 12 of 2017), Section 2(4), Definition of adjudicating authority, Retrieved from Central Board of Indirect Taxes and Customs: https://taxinformation.cbic.gov.in/content-page/explore-act7]*
8. *Central Goods and Services Tax 2017 (No 12 of 2017), Section 2(8), Definition of "Appellate Authority, Retrieved from Central Board of Indirect Taxes and Customs: https://taxinformation.cbic.gov.in/content-page/explore-act7]*
9. *Central Goods and Services Tax 2017 (No 12 of 2017), Section 112,Appeals to Appellate Tribunal, Retrieved from Central Board of Indirect Taxes and Customs: https://taxinformation.cbic.gov.in/content-page/explore-act7]*
10. *Central Goods and Services Tax 2017 (No 12 of 2017), Section 110, President and members of Appellate Tribunal, their qualification, appointment, conditions of service, etc, Retrieved from Central Board of Indirect Taxes and Customs: https://taxinformation.cbic.gov.in/content-page/explore-act7]*
11. *GST Appellate Tribunals may be functional by year end, early 2025 (2024), retrieved from https://www.businesstoday.in/latest/economy/story/gst-appellate-tribunals-may-be-functional-by-year-end-early-2025-429553-2024-05-14*

GOODS & SERVICES TAX: ROLE IN DEVELOPING THE ECONOMY OF THE COUNTRY

Abstract

The Government of India took a bold step in introducing the goods & services tax in the year 2017. Initially it was not so easy but the Government advised the business houses to adjust with the new tax system. This tax is a destination-based tax and at the end, the same will be chargeable on the consumers. The new tax regime seeks to eliminate the effect of double taxation because it is leviable on the value addition only. In the system, both the Central Government and the State Governments have the authority to levy and collect taxes. It promotes greater harmonisation and uniformity of the tax structure across the States and promotes economic integration. It is a dual structure tax system i.e., CGST & SGST and Integrated GST which is meant for inter-state supplies of goods / services & imports. The collected tax will be apportioned to the destination State. It has removed the complex tax system in our country. The role of cost accountants is very important in this tax regime.

CMA Krishnendu Prasad Ray
General Manager (Finance) & Head
Internal Control & Audit (Retd.)
NEEPCO Ltd, Kolkata
cmakpray@gmail.com

INTRODUCTION

In order to boost the economy of our country, the tax system needs to be simplified. The Government appointed Empowered Committee consisting of the Union Finance Minister and the State Finance Ministers prepared a design and road map in the year 2009.The bill was introduced in 2011 but faced challenges due to compensation to States and many other issues. Finally, the Bill was introduced in the parliament in 2014 and was passed in May, 2015. It is a bold step of the Government to introduce the goods & services tax in from July 2017. Initially both Government and the business houses were in trouble to adjust with the new tax system in our country. This tax is a destination-based tax and the ultimate consumer bears the tax burden. Elimination of the cascading effect of tax is the important benefit of the new regime. The tax is chargeable on the value addition only. Under the old system tax was levied on tax and that amounted to double taxation of the same product. On 1st July, 2017, India became the 161st country in the world to adopt GST with the motto of ONE NATION ONE TAX. The GST tax pattern is a dual tax structure which is a combination of the two taxes namely CGST & SGST. It includes an additional tax called integrated good & services tax i.e., (IGST). The rates of GST at present are 5, 12, 18& 28 per cent.

OBJECTIVES

It was the Kelkar Task Force on Indirect Taxes which first proposed the nationwide GST system in India in the year 2000. The primary object behind this proposition was the following: i

1. Removal of the the existing complex tax structure,
2. Removal of fragmented tax structure,
3. Need for the unified tax system,
4. Simplification of the complicated tax procedure,
5. Reduction of the double taxation effect
6. Promote economic growth in the country.

The following points may explain the causes behind the introduction of GST in India.

1. **Introduction of uniform taxation system and common market**

The goods &services tax (GST) unified India's entire market under one tax regime. It eliminates the complexity of existing Central and State tax structure which varies from State to State and also ensured that GST flows seamlessly across the State border without any additional tax burden and also promotes the following:

a. Integrated economic development and promotion of economic growth.
b. Encourage fair competition.
c. Make it easier to do business particularly the small business enterprises,
d. Easier to expand the business nationwide without any additional tax burden.
e. Simplify the logistic complexities and improve efficiency of supply chain.
f. Reduce the cost of goods and services, lower the transaction cost etc.,

2. **Removal of cascading effect on taxes**

Earlier, there was double taxation i.e., tax on tax burdening the consumer as well as the business enterprises with multiple taxes which ultimately affected the value of goods. GST introduced a comprehensive tax credit system and allowed the businesses to avail of tax credits for the taxes paid on inputs. This resulted in the following advantages:

a. Lowering the cost of the products
b. Taxation process made transparent and simple
c. Equitable price mechanism
d. Increasing the competitiveness of the Indian products
e. Improvement of profit margin
f. Reducing the tax liabilities
g. Providing a positive environment for economic growth.

3. **Simplification of Tax system**

The GST has simplified the taxation system in our country because it has introduced a single tax by removing the multiple tax patterns resulting in the following advantages:

a. Reduces the additional tax load on the business
b. The Government also able to reduce their administrative costs
c. Making tax compliances more easier and efficient
d. Due to digitalization the entire process of filing, returns, refunds etc. online are easier and straightforward, increasing the speed of work in processing the tax related issues,

4. **Unification of several taxes into one**

The GST is the combination of many taxes i.e., service tax, excise duty, VAT etc. into one. Following are the advantages of this combination of many taxes into one:

a. Reduces the multiplicity of taxes
b. Reduces the compliance obligations
c. Removes the double taxation effect
d. Streamline the administration process,
e. Improves the operational efficiency in collecting tax
f. Minimises the disputes significantly
g. Encourages investments

5. **Benefits of widening the Tax base**

By introduction of GST, the tax base has been widened. Expansion of the tax base increases the revenues from tax collection. Moreover, due to equitable tax system, tax burden gets distributed and becomes transparent and wide. It helps the businesses, consumers and the Government in the following ways:

a. Contributes significantly for the growth of the economy.
b. Businesses become more and, more compliant to tax regulations.
c. Helps to access tax credits and financial services and helps the Government to increase the revenues out of the taxes.
d. The Government can plan well for public welfare and infrastructure developments,

6. **Control & Monitoring over tax evasion**

In our country, the GST is a more simple, transparent and straight forward tax structure. All the transactions in GST system are recorded through a unified computer monitoring system; as a result, suppression or manipulation any figure is almost impossible. Hence, avoiding tax is very difficult.

The Government is benefited in the following ways:

a. Due to computer monitored system, businesses maintain honest records.
b. Helps to track any transactions.
c. Ensures collection of the correct tax and tax evasion is substantially reduced.
d. Encourages healthy competition.
e. Ensures better prices for the products and services to the consumers.

GST & CENTRE - STATE RELATIONS

Under the GST system, Central Government and the State Governments have the authority to levy and to collect taxes. This promotes greater harmonisation and brings uniformity in the tax structure across the States and promotes economic integration and ultimately fosters economic growth. The GST Council plays a pivotal role in the distribution of revenue collected. The Council takes decision by consensus. The Central Government has assured the States to provide compensation for any shortfall of revenue i.e., difference of expected revenue and actual revenue during initial years of implementation. The implementation of GST was based on co-operative and consensus-based approach between the Centre and the states. It helps to improve the Indian tax system.

SALIENT FEATURES OF GST

The GST Council is instrumental in bringing the changes in the tax system in our country. The important features of GST are listed below:

1. One Nation ,one tax
2. Dual structure
3. Destination based tax
4. Avail of input tax credits
5. Threshold exemption of tax
6. Composite scheme
7. Online compliance system
8. Transparency in all transactions through digitization process
9. Anti-profiteering measure
10. Sector specific exemptions
11. Easy settlement of accounts between the Center and the States
12. Coverage of all goods and services
13. Digital approach and through GST portal
14. Encouraging business opportunity removing complexity in tax structure
15. Reduction of tax evasion
16. Improve revenue of the Government
17. Reduction of disputes in tax issues
18. E-way bill which helps for free movement of goods across the states
19. E-Invoicing which helps to standardize the invoice preparation and reporting
20. Fast tag helps to minimize the traffic congestion
21. Linking e-way bill with the Government portal which help to cross check the information and ensures the effectiveness of verification
22. Merging of various tax into a single tax
23. As per the needs of the economy and the Government policy, necessary changes / amendments etc. may be done in the tax structure.

IMPACT OF GST ON DIFFERENT SECTORS

Introduction of GST had impact on in different sectors of the economy. The major sectors affected by GST are the following:

1. *Pharma sector*: Pharmaceuticals and health care sectors are benefited out of GST.
2. *E- Commerce:* The Government provides lower tax rate for the e-commerce sector and supply chain.
3. *Telecom sector:* The price in the sector goes down because of reduction in storage, transportation / shipping and other costs. ,
4. *Logistics*: Under the "Make in India "concept, there are huge opportunities for the logistics companies for doing more businesses.
5. *FMCG:* Due to elimination of many sales depots required for the FMCG, there is substantial savings on logistics expenditure.
6. *Agriculture & Farming*: Due to improvement of logistics and reduction in transportation cost there is scope for cost savings in this sector.
7. *Start -up Ventures:* Due to relaxation in the limit of registration, tax credits on purchases and services GST helps the start-up ventures

operating in India,

8. *Automobile Sectors*: GST is a simple tax system which has done away with the complexities involved in handling numerous taxes like sales tax, vehicle tax, road tax, VAT etc.
9. *Textile Sectors:* Removal of customs duty in the textile sectors helps such units to avail benefit out of GST especially the micro and small-scale enterprises.
10. *Real Estate sector:* Developers can avail of the benefits of tax credit for goods and services used as inputs in the construction activities. GST will not be applicable on the sale of completed properties.
11. *Benefit to Individuals*: Filing tax returns is simple to the individual who works independently.
12. *Development of International Markets*: Under the GST, export falls under the category of zero-rated tax and as a result, the Indian goods will be competitive in the foreign markets.

IMPACT OF GST ON THE GROWTH OF ECONOMY

1. On the GDP of India

The GDP of a country is the indicator of the status of the economy of the country. The taxation system plays a very important role in improving the production of goods and services. It also helps to improve the consumption level as well as the income level of the people. The taxation system has both positive and negative impact on the GDP in India.

a. ***Positive Impact:*** A simple taxation system boosts the growth of production and services throughout the country. More production and more services mean higher GDP. It also boosts the export which results in more production of goods and services and thus a higher GDP is expected. Moreover, simplified GST helps to increase the revenue of the country and hence GDP rises.

b. ***Negative impact:*** It has a negative impact because induced inflation lowers the purchasing power and consumption power of the people which affects the GDP.

2. Impact on the Common Man

The common man has to bear the burden of tax on the goods and services. The consumers have to pay more and the businesses have to bear the cost of compliances. In the short term, common people are affected but in the long term, the GST is beneficial because of elimination of double taxation effect.

3. Increase in the Government Revenue

GST has wider base; various goods and services are covered under the tax bracket. The Government revenue will increase and it helps to provide funds for development expenditure of the Government.

4. Boost in "Make in India"

In the "Make in India" campaign, the role of GST is twofold namely

a. Reduction of the tax burden, and
b. Simplification of the tax system.

As a result, production will increase and help the nation to improve the GDP of the nation.

5. Reduce tax evasion

The GST is a simple and closely monitored system; tax evasion will be reduced and indirectly revenue will increase and administrative costs will get reduced.

LIMITATIONS OF GST

In spite of many advantages, the GST has some limitations which have negative impact on the business and the people. The following are the negative aspects:

1. Affecting the small business enterprises 2. Cost increases for some services due to single tax 3. Technical hazards due to lack of internet and computer skill 4. Initial difficulties for the small businesses 5. Increased paper works 6. Cash flow may be disturbed at the time of making payment 7. Movement of goods to other States sometimes becomes confusing, 8. GST is a regressive tax because everyone has to pay tax, 9. Compliance cost is higher.

COST ACCOUNTANTS, GST& ECONOMIC DEVELOPMENT

GST is a component of cost element of the saleable value of a product or service. Maintaining transparency and accountability in all stages, from the raw materials to the consumption of finished goods and taxing the items, in the cost element of a product or services is important in GST. Cost Accountants play an important role in providing expert professional services to the manufacturers, service providers and the Governments which helps to remove discrepancies in assessing the cost of goods sold, imposition of tax and determination of value of the product and services and helps the businesses and the Government to increase the revenue.

CONCLUSION

GST was implemented in our country in the year 2017. That has impacted our economy greatly. It has streamlined the tax system by removing the old and complex tax system. Despite the challenges, this has helped to increase the growth of economy by increasing the production of goods and services as well as export earnings. Various studies have revealed that the GDP growth rate was 8.2 per cent in the year ended 31.03.2024. This growth was driven by the private investment and consumption which is supported by the Government action in order to enhance the logistics and transportation sectors Inflation is now at a manageable level and it is hoped that political stability and central bank's monetary policy will help to paint a bright economic picture for the Indian economy as the country is all set to be the fourth largest economy in the world by overtaking Japan. MA

The GST has simplified the taxation system in our country because it has introduced a single tax by removing the multiple tax patterns

REFERENCES

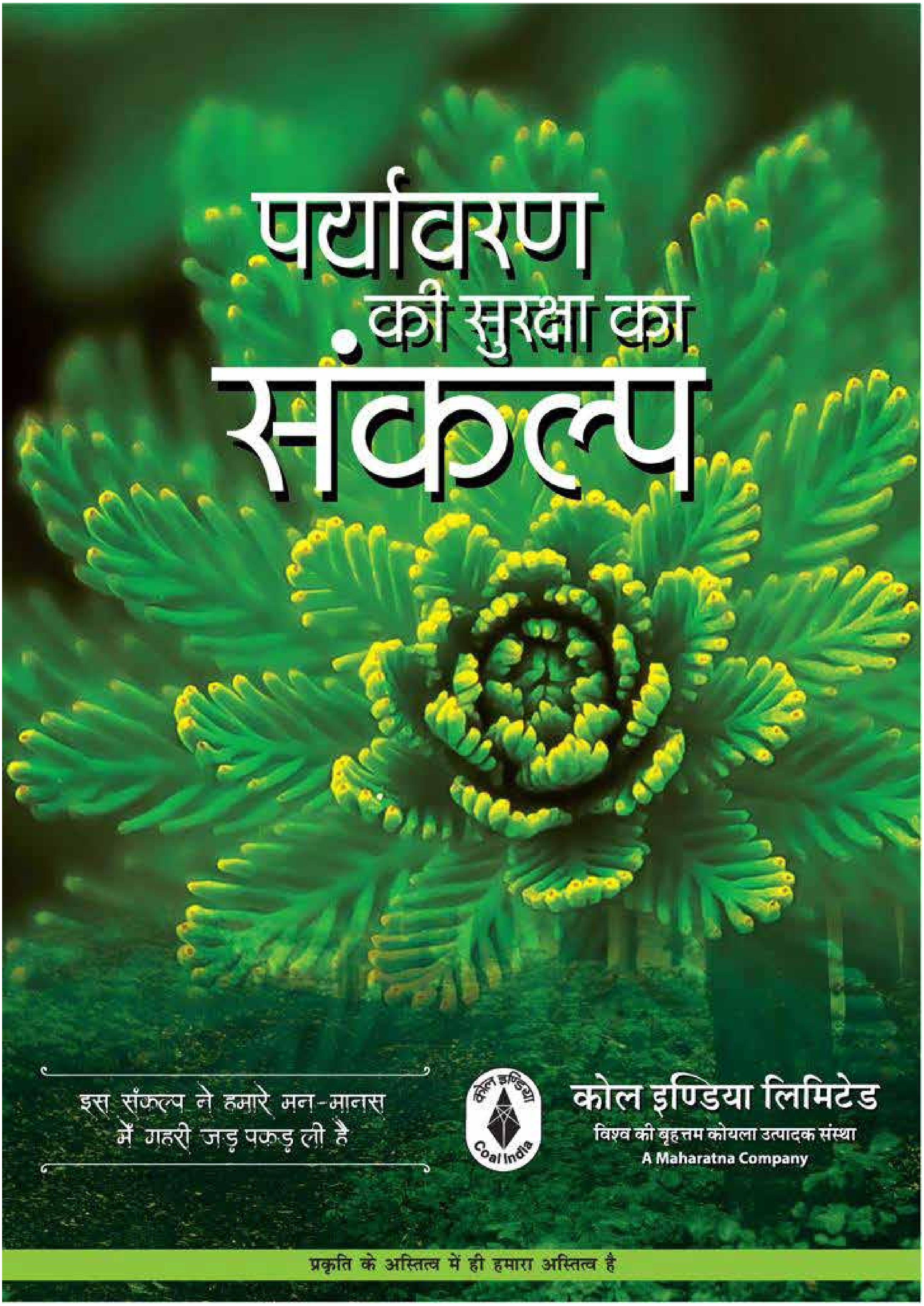
1. *https://taxguru.in/income-tax/cost-accounting-economy-can-better-gst.html*
2. *https://www.gstcouncil.gov.in*
3. *https:// www.pezzottaitejournal .net*
4. *https://www.brookings.edu*
5. *https://www.ijnrd.org*
6. *https://www.orissahighcourt.nic.in*

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.
- **Cite your sources:** Cite the sources of information you use in your text by giving the author's name, publication date, and page number(s) for direct quotes or paraphrased material.
- **Use a reference list:** At the end of your paper, include a reference list that lists all the sources you have used in alphabetical order. This will give your readers a complete list of the sources you consulted in your research.
- **Be accurate:** Ensure that the information you provide in your references is accurate and complete. This includes the author's name, publication date, title, and source of the information.
- **Paraphrase carefully:** When paraphrasing, make sure to put the information into your own words, but still give proper credit to the original source.

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.


पर्यावरण
की सुरक्षा का
संकल्प
इस संकल्प ने हमारे मन-मानस
में गहरी जड़ पकड़ ली है
कोल इण्डिया लिमिटेड
विश्व की बृहत्तम कोयला उत्पादक संस्था
A Maharatna Company
प्रकृति के अस्तित्व में ही हमारा अस्तित्व है

IMPLICATION OF GST ON GI TAG PRODUCTS: SPECIAL REFERENCE TO ARANMULA MIRROR

CMA (Dr.) T. Rajesh
Professor
PG and Research Department of Commerce
Government College, Nedumangad
rajeshvjd@rediffmail.com

Dr. Indurajani R
Associate Professor
PG and Research Department of Commerce
Government College, Nedumangad
indurajanir@gmail.com

Abstract

Aranmula Kannadi, an indigenous handmade mirror from Aranmula in Kerala is embattled by controversies surrounding its Geographical Indication (GI) tag and the effect of goods and services tax (GST) in India. GST which initially was 20 per cent and later reduced to 12 per cent has increased production costs due to escalating prices of inputs such as tin and copper, while lack of Government backing has led to the contraction in the market. This research study probes how GST impacts Aranmula Kannadi with reference to taxonomy, incentives and changes that must be made for sustainable development of the art as well as its traditional values.

INTRODUCTION

In 2005 India began the process of registering Geographical Indication (GI) products to protect and promote distinctive local products, thus signaling a significant breakthrough in the preservation of the value of commodities tied to their geographical locations. (*Kumar Jha* 2017) The first registered GI products included Darjeeling Tea, *Aranmula Kannadi* from Kerala and *Pochampalli Ikat* from Andhra Pradesh. GIs are provided for under Article 22(1) of TRIPs which establishes that they act as indicators for products originating from regions distinguished by certain qualities inherent therein, thus requiring verification and safeguarding them against counterfeiting or misappropriation. By December 2003 however, India had managed over 1167 applications for GI registration and officially registered about 547 products. In contrast, handicrafts account for 45 per cent of GI registrations in India whereas globally, most GIs related to wines and spirits demonstrating the importance attached to arts and crafts in Indian culture and economy.(*Anita,* 2021) For instance, *Aranmula Kannadi,* Kanchipuram Silk, Mysore Sandalwood etc., have benefited from this status resulting into market appeal being enhanced as well as support provided to artisans. But GST has affected the production and marketing of GI products with tax rates on handicrafts skyrocketing since its introduction. This study explores how GST is affecting *Aranmula Kannadi* artisans in Kerala who are grappling with increased production costs coupled by low demand within the market place. Even though initially the GST rate was at 20 per cent, it was later reduced to 12 per cent but Artisans still have difficulties due to rising materials prices and no help coming from Government's side.

The importance of tailored tax policies, appropriate classification of taxes and subsidies that can support traditional crafts like *Aranmula Kannadi* is highlighted implying that India's cultural heritage can be preserved by sustaining artisans' livelihoods through them.

STATEMENT OF THE PROBLEM

Aranmula Kannadi is a traditional mirror made of brass and tin in Aranmula, Kerala. It holds great cultural value and has been granted a Geographical Indication (GI) tag. However, the *Thikkinampallil* family's claim in 2005 that they were the original creators of this mirror led to disputes which questioned the legitimacy of *Viswabrahmana Aranmula Metal Mirror Nirman Society's* GI mark. The introduction of goods and services tax (GST) into India complicated matters further when it was first set at 20 per cent but later reduced to 12 per cent. Even after reducing it, copper prices went up while Government support remains non-existent thereby making production expensive leading to low demand for the product locally or internationally. This article explores the impact of GST on *Aranmula Kannadi's* production and marketing by emphasizing correct tax classification together with necessary subsidies for its sustainability as part of culture heritage. It also underscores the importance attached on GI tag around this item to preserve its genuineness besides other social economic benefits associated with them; hence advocating for policy shifts that will enhance the lives of artisans while conserving this unique aspect about India for future generations.

OBJECTIVE

To explore the issues relating to the implication of GST on *Aranmula* Mirror

METHODOLOGY

This study synthesizes data to reveal how goods and services tax (GST) affects the production and market visibility of Aranmula Kannadi, a GI-certified item from Kerala. Consequently, interviews of artisans were carried out to establish primary data on changes in material costs due to GST, shifts in market demands as well as sales and Government support levels. Secondary information regarding GI certified products and GST was gathered through newspaper articles that presented the prospective view together with its historical context. Therefore, through this holistic approach, insights and suggestions are given as to how best to preserve and develop the artistry of *Aranmula Kannadi* under stress from GST.

INSIGHTS INTO THE ISSUES

The *Aranmula* mirror, which in 2005 became the first Kerala product to be granted Geographical Indication (GI) status is currently being disputed by a family that claims they own the technology behind it. This one-of-a-kind mirror made from bell metal using metallurgical process has gained popularity in the whole world. Unlike glass mirrors, an image in an *Aranmula Kannadi* reflects from its surface where reflective material is located, while on glass mirrors it reflects from a lower layer of mercury. It is this characteristic that enables reflection on *Aranmula Kannadi*. The technique used by renowned *Astamangalaya* set during ceremonies such as weddings consists of eight items and among them is this mirror famous for its front surface reflection technique which eliminates ghost images and exhibits extraordinary craftsmanship that symbolizes India's cultural diversity. Production of *Aranmula Kannadi* is inseparable from Aranmula Parthasarathy Temple where *Vishwabrahmana* community has preserved the art across generations. To preserve this form of art, it was conferred with a special recognition called Geographical Indication (GI) in 2005. Such GI mark protects properties so that only products with certain characteristics from specific regions can bear their names. The GI tag has also been very significant for the following reasons:

- *Maintaining Authenticity:* Genuine Artisans make *Aranmula Kannadi* using techniques known only to craftsmen in Aranmula who sell under this brand name across all outlets retaining the cultural heritage and authenticity. (*Deccan Herald,* 2023)
- *Enhancing Market Value:* The market price of *Aranmula Kannadi* went up drastically after obtaining GI status. Consumers invest more money into original high quality products.(*Deccan Herald,* 2023)
- *Preventing Counterfeits:* Fake copies destroy reputation of genuine brands like that of *Aranmula Kannadi* and deceive purchasers. The GI mark is a way of preventing counterfeit products from being circulated in the market and hence only the original mirrors can retain their names.
- *Supporting Artists:* By preserving traditional practices, GI recognition helps artists to earn a living. It also promotes local development by giving them an opportunity to display their skills.

IMPACT OF GOODS AND SERVICES TAX

Following are the implications of GST implementation on craft industry, with specific reference to *Aranmula Kannadi:*

- **Simplified Tax System**: GST simplifies the tax structure by replacing taxes with a system, making it easier for small-scale artisans who previously had to navigate different State and Central taxes.
- **Tax Advantages:** Under GST, manufacturers may enjoy input tax credits thus reducing their financial burden. For instance, *Aranmula Kannadi's* artisans could benefit from this policy if it leads to cost savings during production.
- **Market Reach:** The introduction of GST has facilitated trade creating opportunities for entry of *Aranmula Kannadi* into an all-India marketplace without restrictions imposed by individual States'

taxation regimes.

- **Enhanced Transparency and Compliance**: All transactions are required to be documented and taxes paid under GST regime which promotes transparency, compliance and therefore maintains market integrity for handicrafts.

However, the manufacturers of *Aranmula* mirrors such as the Mankind Novelty Store have faced some difficulties in implementing this goods and services tax (GST). The GST rate for *Aranmula* mirrors has been 20 per cent initially which has led to a good number of financial setbacks among other manufacturers. This has resulted in reduced rates of GST to allow for its revenue leakage into 12 per cent. Yet, there continued hurdles and hindrances to importers as far as Arunachal Pradesh was concerned. Price of materials like tin and copper was found to have spiked significantly with tin prices rising from Rs. 2000-3000 whilst copper went up from Rs.800-1000 within the past six months alone. The increase in prices had a negative impact on the sales volume which also resulted into less demand of their products. Manufacturers face financial difficulties when their goods become subject to a lowered GST rate of 5 per cent (*SpecialCorrespndent*, 2017). Furthermore, it is important to note that there is no Government programs aimed at restoring these losses incurred by them and also make it easier for them to claim input tax credits according to Mr.Gopakumar, Secretary, Vishwa Brahmana Aranmula Metal Mirror Nirman Society.

The sales turnover may remain so low that it may not meet the threshold limits laid down under GST but we must take notice of one thing namely the work of the artisan may be considered as glass articles for GST purposes.. Introduction of goods and services tax (GST), however, makes this market non-existent as they have lost interest in *Aranmula* mirrors because they are associated with tradition and prestige due to their symbolic meaning.

CONCLUSION

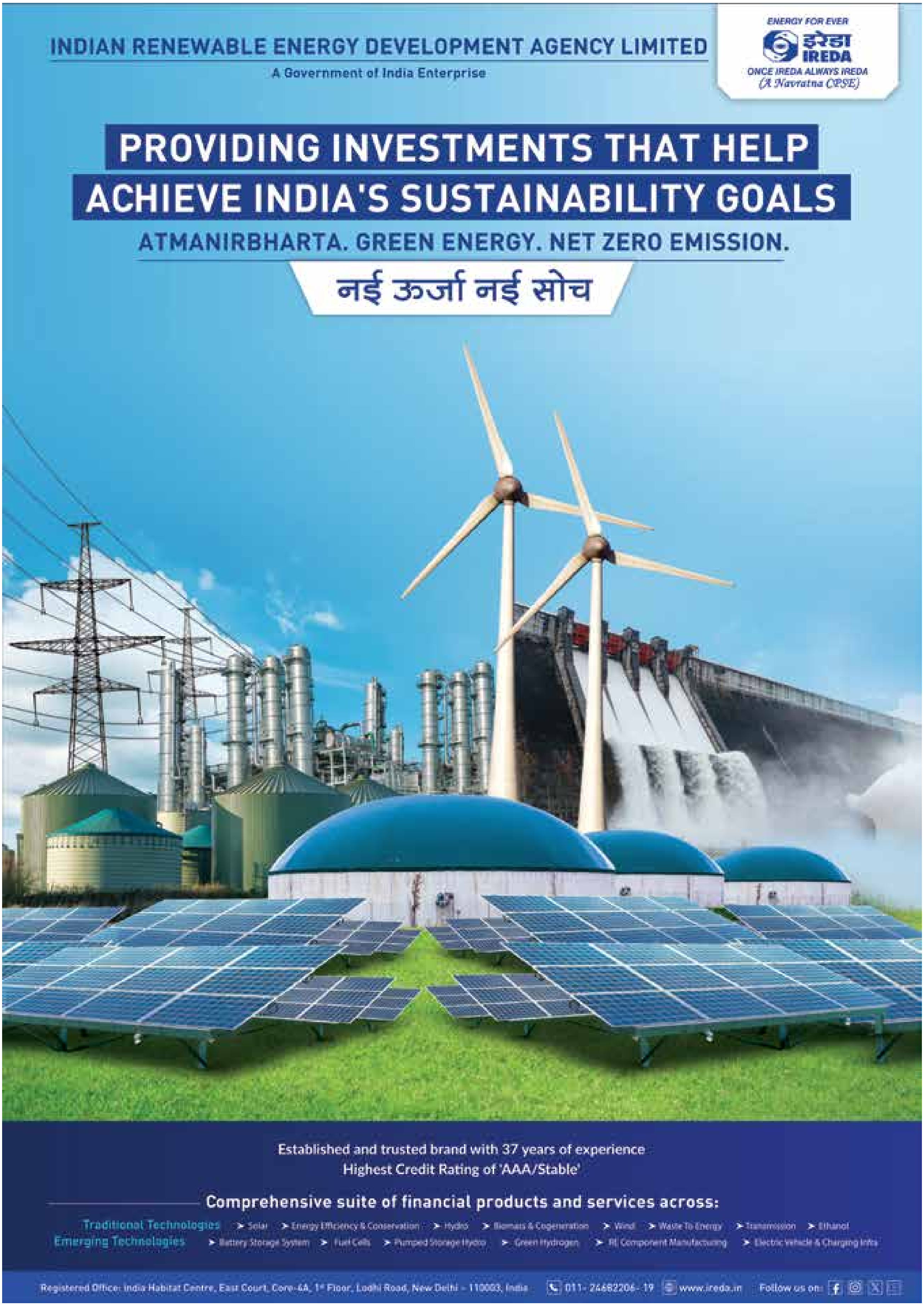
The current GST regime has posed serious challenges to traditional craftsmen, and the situation is no different for artisans of the Aranmula Kannadi in Kerala. Although the Government reduced GST rates on mirrors from 20 to 12 per cent, it was not enough because the prices of raw materials such as tin and copper have skyrocketed. High costs caused by a hike in Tin prices from Rs. 2,000 to around Rs. 3,000 per kg and Copper from Rs. 800 to about Rs. 1,000 per kg have led to increased financial pressure which leads to decreased demand and sales eventually. There are no substantial supports or subsidies that these artisans can rely on especially with complex ITC processes making their financial viability difficult. For example those whose turnover is below the GST threshold of INR 40 lakhs may not benefit much from significant tax concessions and thus they are always facing more economic difficulties. The misclassification of *Aranmula* mirrors under GST as glass item has resulted in an unjustifiably high tax rate that places additional burden on these artisans while also hampering their market competitiveness., The case of the *Aranmula Kannadi* demonstrates how important it is for tax policies to be sensitive towards traditional craftsmen's peculiar challenges. While preserving its heritage and uniqueness through Geographical Indication (GI) status enhancing the market value it has raised some intricate intellectual property rights concerns like those brought forth by *Thikkinampallil* family which gave birth to the *Aranmula Kannadi*. Traditional crafts need safeguarding both economically and also culturally; hence there is need for ISO standards which would lay guidance on cultural heritage conservation versus economic development arguments. These artists are fighting poverty every day so as to save their culture despite stringent financial crisis; their resilience is amazing because it represents loyalty towards their culture. However, if we want sustainability around them, we must revisit our thinking on GST policies and come up with better ones that will work towards categorizing taxes rightly and giving adequate support by State for traditional crafts to thrive again. Besides protecting India's cultural heritage there should be efforts or schemes which merely provide some tax benefits but also demonstrate how they intertwine with traditional craft preservation worldwide. Global market for securing traditional crafts requires a package inclusive of legal protections supported by economic incentives too. Nonetheless, despite suffering significant setbacks under GST regime *Aranmula Kannadi* artists still display great resilience which indicates true dedication. The solution therefore lies in proper tax laws that facilitate compliance with simple rules as well as a sophisticated taxation system whose design is appropriate for modern artisans who occupy competitive markets today if this sector is to survive and flourish amidst competition.

----

*This article has been prepared as per the stipulation of ICSSR funded Research Programme on "History and Sociology of Art, Craft, Culture and Folk Traditions of the Regions of India 2023-24" sanctioned to Post Graduate and Research Department of Commerce, Government College Nedumangad on the topic "Exploring the Cultural and Socio-Economic Impact of Aranmula Kannadi: A Comprehensive Study". We express our sincere gratitude to ICSSR for giving an opportunity to conduct a study on Aranmula mirror. MA

REFERENCES

1. *Anita, M. (2021). Geographical Indications In India. National Research Journal of Social Sciences, 6(1).*
2. *Kumar Jha Asst Professor, R., & Coordinator, C. (2017). Unfolding Geographical Indication of Kerala: Hitherto and Demur. Print) International Research Journal of Management Science & Technology, 8(3), 2348–9367. http://www.irjmst.com*
3. *Special.Correspndent. (2017, October 11). The Hindu*



INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED
A Government of India Enterprise
ENERGY FOR EVER
इरेडा
IREDA
ONCE IREDA ALWAYS IREDA
(A Navratna CPSE)
PROVIDING INVESTMENTS THAT HELP
ACHIEVE INDIA'S SUSTAINABILITY GOALS
ATMANIRBHARTA. GREEN ENERGY. NET ZERO EMISSION.
नई ऊर्जा नई सोच
Established and trusted brand with 37 years of experience
Highest Credit Rating of 'AAA/Stable'
Comprehensive suite of financial products and services across:
Traditional Technologies ➤ Solar ➤ Energy Efficiency & Conservation ➤ Hydro ➤ Biomass & Cogeneration ➤ Wind ➤ Waste To Energy ➤ Transmission ➤ Ethanol
Emerging Technologies ➤ Battery Storage System ➤ Fuel Cells ➤ Pumped Storage Hydro ➤ Green Hydrogen ➤ RE Component Manufacturing ➤ Electric Vehicle & Charging Infra
Registered Office: India Habitat Centre, East Court, Core-4A, 1st Floor, Lodhi Road, New Delhi - 110003, India
011- 24682206- 19
www.ireda.in
Follow us on:

AN INSIGHT OF GST APPELLATE TRIBUNAL

Abstract

GST is evolving day by day and so are its implications. The GST Council constantly improvises the mechanisms of GST. The Council is more concise about the appropriate formation of the GSTAT (Goods and Services Tax Appellate Tribunal) to maintain uniform redressal pattern in all scenarios. The GSTAT can be called as the second appellate authority. The necessity of forming GSTAT is to provide redressal against any order of the first appellate authority and revision authority. Another objective is to reduce the load of higher judiciary in respect of GST disputes. Practicing professionals like CMA, CS, CA and Lawyers, have a wide scope in respect of GST matters. This article provides an overview of GSTAT, its working mechanisms and also puts forth some valuable recommendations for GST practitioners.

CMA (Dr.) Palash Garani
Assistant Professor
Department of Commerce
Chandernagore College, Hooghly
palash2008123@gmail.com

INTRODUCTION

At the 32nd GST Council meeting, held on 10.01.2019, the Council made a recommendation for the establishment of the GST Appellate Tribunal which was accepted by the Central Government which notified the creation of a national GSTAT vide Notification No. S.O. 1359 E dated 13.03.2019.

Source: https://english.newstracklive.com/news/panel-on-gst-appellate-tribunal-formulated-sc18-nu318-ta318-1238337-1.html

As per the recommendation of the Group of Ministers (GoM) at the 49th GST Council meeting, held on 18.02.2023, the Council agreed to give a permanent shape to the GSTAT and also incorporated a proposal in the Finance Act, 2023. GSTAT is a quasi-judicial body formed by the union Government. The GSTAT would function in a two-fold system through (i) Principal Bench located at New Delhi & Sate Benches in all States. Each Bench shall consist of the President, Judicial Members and Technical Members. The Law Commission has also recommended the appointment and specifies the conditions for appointment of Presidents & Members. The Central Government has, accordingly framed GSTAT (Appointment and Conditions of Service of Presidents and Members) Rule, 2023 vide notification No. F. No A-50050/69/2023-CESTAT-DOR, dated 25.10.2023. The Tribunal has the same powers of any civil court whereby the GSTAT can hear a GST related case, issue orders etc.

Now this is the right time for GST practitioners to get acquainted with the entire rules, regulations, working mechanisms of GSTAT in detail so as to appear before the Tribunal as an authorized representative of any appellant. Every GST practitioner should comply with all the procedures of GSTAT. All important aspects of GSTAT and its working mechanism are discussed in this article.

IMPORTANT ASPECTS OF GSTAT

Formation and Structure

GST Appellate Tribunal (GSTAT) is established in terms of the Central Goods and Services Tax Act 2017(CGST Act).

GSTAT shall have a Principal Bench situated in New Delhi and 31 State Benches in all States. The Principal Bench consists of the President, one Judicial Member and two Technical Members (one from the Centre and another from the State). On the other hand, each State Bench would have four members- two Judicial Members (one from Centre and one from the State) and two Technical Members (one from the Centre and one from the State). Retired Justice Mr. Sanjaya Kumar Mishra has been selected as the first President of the GSTAT.

Appointment procedure

The notification issued by the Department of Revenue, Ministry of Finance, on 25th October 2023, provides the details of the qualifications, procedure of appointment of the President and Members, their salary and allowance structures, benefits, leave, power etc.

In terms of section 110 of Central Goods and Services Tax Act, 2017, the Selection Committee would publish the vacancy circular through Member-Secretary with details like, number of vacancies, qualifications, salary -allowances, last date for receipt of application etc. The Committee will scrutinize the applications on the basis of experience, past record, integrity etc. and recommend the appropriate personnel.

A judge of the Supreme Court or Chief Justice of a High Court will be eligible for the post of President of GSTAT. In the case of Judicial Members the applicant must be a High Court Judge or Additional District Judge or District Judge possessing at least 10 years of experience. Applicants for the post of Technical Members must be Group A officers in the Indian Revenue Service or All India Service Members who have at least three years administrative experience relating to GST. Any Group A officer holding 25 years or more experience can be eligible for the post of Technical Members.

Salary and allowances

i. The President shall have a fixed salary of Rs. 2,50,000 per month and allowances will be applicable as per Group ‘A’ post of Government of India.

ii. The Members will get a salary of Rs. 2,25,000 per month and their allowances will be the same as the President. The President and Members can avail staff car facility for official as well as private purpose which will be applicable as per Group ‘A’ post of Govt. of India.

Age limit

The upper age limit for the President is 70 years and for Members are 67 years, as per the Central Goods and Services Tax (Second Amendment) Bill, 2023. Any advocate who has at least 10 years of experience in indirect tax matters before the Appellate Tribunal may be eligible as Technical Member in GSTAT. All the personnel of GSTAT may hold office upto 4 years or till the attainment of the upper age limit, whichever is earlier.

GSTAT RULES, POWERS AND DUTIES OF THE PRESIDENT AND MEMBERS

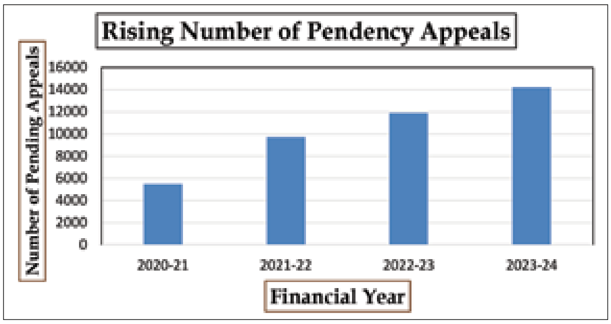
i. The GSTAT shall always follow the principle of natural justice.

ii. It has the powers of a court under the Code of Civil Procedure, 1908, to summon a person, demand documents, evidence etc.

iii. The GSTAT can refuse an appeal if the amount of interest, fine, penalty etc. involved in the dispute is less than Rs. 50000. This is to ensure that the Tribunal is not burdened with petty matters.

iv. The Tribunal can issue any similar to the one issued by a civil court.

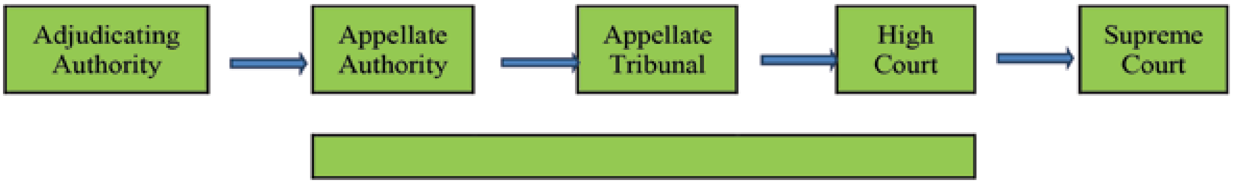
PENDENCY APPEALS AND WORKING PROCESS OF GSTAT



Source:https://www.thehindu.com/business/awaiting-gst-tribunals-taxpayers-pending-appeals-surge/article67168881.ece

From the above graph, it is clear that the pending appeal cases under the GST laws are increasing day by day. To mitigate this problem the Central Government is taking steps to activate the Appellate Tribunal from this year itself. Every GST practitioner should gear up and get accustomed with the law and procedure of appeals before the GSTAT.

The following flowchart shows the hierarchy of appeals:



WORKING PROCESS OF GSTAT

The procedure for filing appeals shall be as under:

- ✓ *Step 1:* The aggrieved party should directly file an appeal before GSTAT electronically or otherwise against the order passed by the Commissioner (Appeal) as per section 107 of CGST Act 2017 and/ or the order passed by the Revisional Authority as per section 108 of CGST Act 2017.
- ✓ *Step 2:* As per section 112(1) of CGST Act 2017the time limit for filing such an appeal will be 3 months, from the date of communication of an order, decision or any direction from the lower authority. If the department wants to file an appeal, then the time limit will be 6 months from the date of communication of the order. For the delay in the formation of the GSTAT, the 3 months and 6 months periods are to be counted as under:
  - i. Date of communication of the order date, or
  - ii. Date of entering into office by the National President or State President
- ✓ *Step 3*: Attach all necessary documents along with a certified copy of orders with Form GST APL-5; a provisional acknowledgment will be generated.
- ✓ *Step 4:* Pay applicable fees i.e., full amount of the fine, penalty, interest recorded in original orders of the lower authority in case of any dispute and 20 per cent of the remaining amount of tax subject to a maximum amount of Rs. 50 crores. In case of special procedure, no pre-deposit fees will be required [Vide Notification No. 29/2013-Central Tax S.O. 3423(E)].
- ✓ In Form GST APL-02, a final acknowledgment along with the appeal number will be issued by the Registrar.
- ✓ The Appellate Authority should hear the appeal within 1 (one) year from the filing date.
- ✓ The Memorandum of Cross Objection in Form GST APL-06 can be filed by the respondent (to whom notice has been served by the Registrar of the Tribunal) within 45 days of the date of receipt of the notice. This time period may be further extended by 45 days if the Authority thinks it to be a fit case for such extension.
- ✓ Any of the following persons can appear before GSTAT on behalf of the appellant:
  - i. Appellant's relative or employee
  - ii. An Advocate in practice
  - iii. A Cost Accountant, Company Secretary or a Chartered Accountant, holding a certificate of practice
  - iv. A retired officer of the Department of Commercial Tax of any State or Union Territory

  or any Board after expiry of 1 year of his/her retirement if he was holding the post of Group-B Gazetted Officer for at least for 2 years
  - v. Any tax practitioners as authorised representative
- ✓ After hearing all parties by providing reasonable opportunities, the GSTAT would pass a fresh order or confirm/modify the previous order or remand the case back to the Appellate Authority or Revisional Authority.
- ✓ The Jurisdictional Officer shall issue a clear statement in Form GST APL-04 and mention the final demand figure confirmed by the Appellate Authority. The Tribunal can amend the said order within 3 months from the date of the order to rectify any mistake.
- ✓ If any order is passed in favour of the appellant, then the fees will be refunded by the Authority. If the refund is not made within 60 days, then interest will have to be paid along with the refund amount. The maximum interest will be at the rate of 18 per cent.

CONCLUDING REMARKS AND RECOMMENDATIONS

With the setting of the GSTAT and making it functional the appeal cases are expected to be reduced in the coming years. GST practitioners will have lots of opportunities of representing their clients before the Appellate Tribunal. In that context the following suggestions will be of relevance to the GST practitioners.

a. To check the notice, additional notice, etc. in a GST user service popup at regular intervals,

b. Time frames set by the GST authorities should also be observed carefully to provide a prompt reply.

c. Go through the entire provisions relating to appeal before GSTAT and also study relevant case laws relating to these matters.
d. Make necessary arrangements of all the documents before the replying to the notice.
e. Follow up the status of reply frequently.

It is clear that the scope of GST practicing professionals is increasing day by day in India due to the formation of the GSTAT and it becoming functional soon. The practicing professionals will have to act with utmost good faith to provide best services to their clients. After all providing fair and uniform justice is the sole objective of the formation of GSTAT. MA

REFERENCES:

1. *Press Information Bureau, Government of India Cabinet (2019). Cabinet approves creation of the National Bench of the Goods and Services Tax Appellate Tribunal (GSTAT).https://pib.gov.in/Pressreleaseshare.aspx?PRID=1561067*
2. *Ministry of Finance (2024). Union Finance Minister Smt. Nirmala Sitharaman administers Oath of Office to Justice (Retd.) Sanjaya Kumar Mishra as the first President of GST Appellate Tribunal in New Delhi. https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2019749#:~:text=The%20GSTAT%20is%20the%20Appellate,Bench%20and%20various%20State%20Benches.*
3. *Minute Book (2023). Minutes of the 50th Meeting of the GST Council.https://gstcouncil.gov.in/sites/default/files/Minutes/Minutes_of_50th.pdf*
4. *GST Council Secretariat (2023). Agenda for 50th GST Council Meeting, Volume-II. https://gstcouncil.gov.in/sites/default/files/Agenda/Agenda_Volume_II_50th.pdf*
5. *GST Council Secretariat (2023). Agenda for 50th GST Council Meeting, Volume-III. https://gstcouncil.gov.in/sites/default/files/Agenda/Agenda_VolumeIII_50th.pdf*
6. *Kulshrestha A. (2024). All GSTAT Benches May Operate for GST-Related Disputes from Jan 2025. https://blog.saginfotech.com/gstat-benches-may-operate-gst-related-disputes-jan-2025#*
7. *The New Indian Express (2023). GST bill on age limit of GSTAT members tabled. https://www.newindianexpress.com/business/2023/Dec/14/gst-bill-on-age-limit-of-gstat-members-tabled-2641385.html*
8. *Rebello A. (2024). What is GST Appellate Tribunal (GSTAT): Rules, Appeal Fees, Composition, Powers & Duties, Members. https://cleartax.in/s/gst-appellate-tribunal*
9. *The Kerala Goods and Services Tax Act, 2017 Circular And Advance Ruling (2024). Clarification in respect of filing of appeal before the Appellate Tribunal -reg. https://www.salestaxindia.com/DEMO/TreeMenu.aspx?menu=224593*
10. *Govindarajan M. (2023). Filing of Appeal Before GST Appellate Tribunal. https://www.taxmanagementindia.com/visitor/detail_article.asp?ArticleID=11868*
11. *ET Bureau (2024). Centre notifies creation of principal bench of GST Appellate Tribunal. https://economictimes.indiatimes.com/news/economy/policy/centre-notifies-creation-of-principal-bench-of-gst-appellate-tribunal/articleshow/106459396.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst*
12. *Dhoot V. (2023). Awaiting GST tribunals, taxpayers' pending appeals surge. https://www.thehindu.com/business/awaiting-gst-tribunals-taxpayers-pending-appeals-surge/article67168881.ece*
13. *Gorhe A. (2023). Appellate Tribunal under GST. https://irisgst.com/gst-appellate-tribunal-legal-appeal-under-gst/#:~:text=The%20GST%20Appellate%20Tribunal%20(GSTAT,to%20the%20National%20Appellate%20Tribunal*
14. *Aarthy K. (2024). Time Limit to file Appeal in GST Appellate Tribunal. https://taxindiaonline.com/RC2/inside2.php3?filename=bnews_detail.php3&newsid=47555*

It is clear that the scope of GST practicing professionals is increasing day by day in India due to the formation of the GSTAT

TRANSFORMING INDIA'S TAX LANDSCAPE: A DEEP DIVE INTO GST VALUATION

Abstract

Before July 1, 2017, navigating India's tax system was like manoeuvring through a maze with each State having its own set of taxes. This complex structure posed challenges for businesses, hindering seamless operations across the country. The introduction of the goods and services tax (GST) aimed to change that. GST replaced a multitude of Central and State taxes with a unified tax regime, promising simplicity, efficiency, and transparency. This article explores the core principles of GST, its journey since implementation, and delves into the critical aspect of GST valuation—a cornerstone in ensuring fair and accurate tax assessment.

CMA Pratyoosh Prashant
Research Scholar
Vinoba Bhave University
Hazaribagh
pshanu1@rediffmail.com

UNDERSTANDING GST

GST is more than just a tax; it's a comprehensive reform that impacts every transaction involving goods and services in India. It operates on a dual model where both the Central and State Governments levy taxes concurrently. By consolidating various indirect taxes like excise duty, service tax, and VAT into a single tax, GST aims to streamline tax compliance, eliminate tax cascading and creates a unified national market. A key feature of GST is its seamless credit mechanism, allowing businesses to claim credit for taxes paid on inputs, thereby reducing the overall tax burden.

IMPLEMENTATION OF GST

Implementing GST was a monumental task that required constitutional amendments and extensive coordination among central and state authorities. The GST Council, comprising of representatives from both levels of Government, plays a pivotal role in determining GST rates, exemptions, and other policy matters. This collaborative approach ensures a balanced tax structure that addresses revenue considerations while promoting economic growth and consumer welfare.

GST VALUATION: UNDERSTANDING ITS ROLE AND PROVISIONS

GST valuation is crucial as it determines the value on which GST is levied, influencing tax liability and compliance for businesses. The valuation rules under GST are designed to ensure consistency, fairness, and accuracy in tax assessment across various transactions.

Role of Valuation in GST

Valuation under GST serves several critical purposes which are explained hereunder.

1. ***Basis for Tax Calculation**:* The value determined through GST Valuation Rules forms the basis for calculating the GST liability on supplies of goods or services. It ensures that taxes are levied on the correct transaction value, reflecting the true economic worth of the supply.
2. ***Input Tax Credit (ITC) Calculation**:* The value declared in invoices or other prescribed documents are essential for claiming input tax credit (ITC). Businesses can offset the GST paid on inputs against their output GST liability,

thereby promoting cost efficiency and reducing tax cascading.

3. ***Transactional Accuracy and Compliance***: Accurate valuation helps maintain transactional accuracy and comply with GST requirements. It ensures that businesses fulfill their tax obligations correctly, avoiding penalties and legal complications.

Provisions and Methodologies for GST Valuation

GST Valuation Rules encompass specific provisions and methodologies tailored to different scenarios:

1. ***Transaction Value***: The primary method for GST valuation is the transaction value—the actual price paid or payable for the goods or services. This includes all costs, expenses, and incidental charges related to the supply.
2. ***Open Market Value***: When transaction value cannot be determined, GST law allows for the use of open market value as the basis of valuation. This refers to the price at which goods or services are ordinarily sold or bought in the course of business, where the buyer and seller are not related and price is the sole consideration.
3. ***Value of Supply between Related Parties***: For transactions between related parties where the price is not the sole consideration, specific valuation rules ensure that the taxable value reflects fair market conditions.
4. ***Consideration not Wholly in Money***: In cases where the consideration for a supply includes non-monetary elements (e.g., barter transactions), GST rules provide guidelines to determine the taxable value based on the money value of such consideration.
5. ***Residual Method***: If valuation cannot be determined by the above methods, GST law provides for a residual method where the value is determined using reasonable means consistent with GST principles.

IMPACT OF GST VALUATION RULES

The implementation of GST Valuation Rules has had profound implications across sectors:

1. **Enhanced Transparency**: GST Valuation Rules have enhanced transparency in tax assessments, reducing disputes and ensuring consistency in tax application.

A key feature of GST is its seamless credit mechanism, allowing businesses to claim credit for taxes paid on inputs

2. **Compliance and Efficiency**: Businesses are required to maintain accurate records and documentation to support the valuation declared. This promotes compliance with GST provisions and enhances operational efficiency.
3. **Optimization of Input Tax Credit**: Proper valuation allows businesses to optimize input tax credit claims, reducing tax costs and improving cash flow management.
4. **Reduction in Tax Evasion**: Clear valuation methods and documentation requirements under GST have contributed to reducing instances of tax evasion and enhancing overall tax compliance.

CHALLENGES AND CONSIDERATIONS

Despite the benefits, the implementation of GST valuation rules presents several challenges as explained hereunder.

1. **Complexity**: Valuation Rules can be complex, especially for transactions involving multiple components or non-monetary considerations. Businesses may require professional guidance to ensure compliance.
2. **Interpretation Variations**: Interpretation of Valuation Rules may vary, leading to discrepancies in tax assessments across different jurisdictions or between taxpayers and tax authorities.
3. **Technology Integration**: Effective implementation of GST valuation rules requires robust IT systems and digital infrastructure to ensure real-time compliance and reporting.

SECTOR-WISE IMPACT OF GST VALUATION

The impact of GST valuation rules varies across sectors.

1. **Manufacturing and Trading**: Manufacturers and traders benefit from clear valuation rules that streamline tax assessments and facilitate input tax credit claims on raw materials and finished goods.

2. **Services Sector**: Service providers, including IT services, consultancy, and healthcare, adhere to specific valuation methodologies tailored to their respective industries, ensuring accurate tax calculations and compliance.
3. **Real Estate**: GST valuation rules impact real estate transactions, particularly in determining the value of under-construction properties and lease agreements, influencing pricing strategies and market dynamics.

FUTURE OUTLOOK

Looking ahead, the future of GST valuation hinges on continual refinements and adaptations to evolving business practices and economic realities:

1. **Policy Reforms**: Regular updates and refinements in Valuation Rules to address emerging challenges and align with international best practices.
2. **Technology Adoption**: Enhanced use of technology, including artificial intelligence and blockchain, to streamline valuation processes, improve compliance, and reduce administrative burdens.
3. **Stakeholder Collaboration**: Collaborative efforts among government agencies, industry associations, and taxpayers to address sector-specific challenges and promote consistent application of Valuation Rules.

CONCLUSION

In conclusion, GST represents a transformative reform aimed at rationalizing India's indirect tax ecosystem, with GST valuation playing a critical role in ensuring fair and accurate tax assessment. The provisions and methodologies under GST Valuation Rules are designed to promote transparency, efficiency, and compliance across diverse sectors. While challenges persist, the benefits of GST valuation in terms of clarity, compliance, and input tax credit optimization are substantial for businesses and the economy at large. As GST continues to evolve, its effective implementation and adaptation of valuation rules will be essential in shaping a robust and resilient tax framework for India's future growth. MA

REFERENCES

1. *Ministry of Finance, Government of India*
2. *Goods and Services Tax Network (GSTN)*
3. *Economic Survey of India*
4. *Industry Reports and Analysis*

ONGC
ENERGY: Now AND Next
Innovating Now
Shaping Next
NET
ZERO
by 2038
Scope-1 and Scope-2
We are ENERGY Now and Next


Hydrogen

CMA Rajesh Shukla

Head (Indirect Taxation)
Tata Motors Ltd., Pune

CMA Rajesh Shukla has more than 32 years of post-qualification experience in Finance and Taxation, with brilliant academic record and proven track record in Industry. He is University Topper of Amravati University in Post-Graduation and Rank holder of CMA Exam. He was 5th Merit in HSC Exam conducted by Nagpur Board.

He is currently working with Tata Motors as Sr. General Manager and leading Centre of Excellence (CoE) of Indirect Tax function of Tata Motors Group. He is responsible for Indirect Taxation of all Tata Motor Group entities operating in India and overseas. Apart from TML he is also supporting JLR UK for indirect tax compliance of few European countries and Asia Pacific Region. Before joining Tata Motors, he has worked with reputed Indian Business Houses and MNCs like General Motors, Skoda Auto, Johnson & Johnson, Burroughs Wellcome, Wipro Ltd, VIP Ltd and Endurance Group etc.

In addition to his responsibility for Tata Motors, he is member of Apex Committee of Tata Group Tax Forum. In his current role he is responsible for providing thought leadership to Indirect Tax Team of Tata Motor Group, framing of policies, advising management in decision making for business models, liaison with Tax and Government officers for various matters including Fiscal incentives, setting up controls to ensure compliance, training / coaching the team etc.

Shri Shukla is the member of Members in Industry Committee of ICMAI. He is the Visiting Faculty Member for various Professional Institutes. He was the Chairman of ICMAI Aurangabad Chapter.

Q1. India is celebrating 7 years of GST Implementation. I am sure this journey as Head of Indirect Taxation must have been very exciting and challenging for you. May I request you to share your thoughts and experience in leading the GST Transition and transformation of Indirect Tax Department of large organization like Tata Motors and it's Group Companies. Also share with us major challenges you faced during past 7 years and how you delt with it.

Ans. Yes Indeed, the journey of implementing Goods and Services Tax (GST) in Tata Motors and it's Group Companies operating in India has been both exhilarating and demanding. We had treated GST Transition as "Business Transformation Project"rather than treating it as mere change in Tax Regime. As project owner I've witnessed firsthand transformative impact of GST on our Businesses and Compliance. Business had to adapt their processes, systems, and documentationto get it aligned with new Tax Regime.

We could manage the smooth rollout of GST in our organization only through extensive collaboration with cross-functional teams, including IT, finance Operations etc.

Since then, we've come a long way and now looking forward for more ease of doing Business and compliance, as we expect major reforms in the form of GST 2.0. in coming days, as new Government settles down in it's 3rd Term.

As GST brought uniformity in Indirect Taxation system with motto of "One nation, One market, One tax," it provided opportunity to transform our Indirect Tax Function by way centralizing the team, embracing technology, data-driven insights, crate talent pool etc.

Now as Tax Head Iam now focusing more on strategic thinking andmy role has expanded beyond mere compliance—it's about proactive planning, risk management, alignment with business goals, and leveraging tax as a strategic asset.

In summary, the GST journey has been a rollercoaster of challenges and achievements. As we celebrate these 7 years, I remain optimistic about the continued evolution of GST, benefiting our economy and taxpayers alike.

Q2. What are your current challenges even after 7 years of GST implementation. How are you maneuvering them, more specifically challenges for ITC reconciliation as this is a big challenge to auto mobile industries involving huge amount of transactions between customers and suppliers every day?

Ans. Though while rolling out of GST, we as Tax Professionals had great expectations like simple law, ease of compliance and efficient dispute resolution, even after 7 years of it's implementation, we have not yet fully achieved the objective of having GST as **Good and Simple Tax.** Over several years, we have notices lot of challenges due to frequent changes in law, GSTN system, change in formats of GST Returns, lot of data crunching and reconciliation, technical glitches in GSTN system, multiple Audits, investigations etc.

Yes, you are absolutely correct that amongst all these challenges, ITC reconciliation within entire supply chain be it with Vendors or Dealers, is biggest challenge due to huge number of transactions.

The only solution to tackle this problem/ challenges is to adopt Tax Technology and digitization of documentation / information flow.

To ensure that we avail only eligible credit, we have put control in place that before release of each Purchase order, it is checked by Indirect Tax Team whether that supply is eligible in the hands of company (as recipient of goods / service). For this we have deployed RPAs in system. We have NO PO NO PAY policy, hence all transactions are getting covered / sanitized at PO stage to ensure full compliance / no loss of ITC.

To ensure that there is no mismatch on inward supplies in terms of ITC, we have digitalized entire transaction flow and have validation in place through APIs, which ensures that E-invoice generated by vendor is matching with all parameters required to avail credit, including our Purchase order in terms of rate, place of supply, HSN etc. In addition to this we have pro-active communication / training sessions with our supply chain partners, wherein we provide them guidance of GST law / as well as handhold them to adopt tax technology.

This approach has helped us to minimize the reconciliation issues and alsoavoided cash blockage in deferred / unreconciled ITC. Vendor relationship has also improved as there are no disputes / holding of their payment.

Q3. How is your experience of pursuing GST issues through Advocacy and please share some of the examples where you could get resolution on issues faced by Industry.

Ans. Advocacy and continuous engagement with GST Authorities at State / CBIC level, representations before GST Council has been crucial. As member of various forums / Trade Association, including as chairperson of SIAM Tax Committee I had opportunity to interact with senior bureaucrats /policy makers right from the stage of release of Model GST law and then throughout journey of past seven years.

These engagement with authorities / policy makers are very fruitful and enriching for both the sides. I am happy to share that all the officials / policymakers with whom we interacted were very receptive and supportive.

We could address range/ variety of issues through these advocacy efforts including fundamental / policy issues like coverage/ scope of GST, classification, rates, expansion of scope of ITC, valuation, GSTN system issues, procedural issues etc.

There are number of success stories to share. Just to share more recent one, we could get more clarity on ensuring compliance of Post Sale GST Credit Note (requirements under Section 15(3)(b), Warranty replacement , treatment / tax rate for Extended Warranty etc. for which clarifications are issued after 53rd GST Council meeting.

In summary, advocacy efforts have played a vital role in shaping GST policies, resolving disputes, and improving compliance. The journey continues, and industry voices remain essential in building a robust and efficient tax system.

Q4. We understand that you have deployed / adopted Technology, Tax Technology solutions in your organization. Please appraise us how it has heled you and what new age power driven technologies we are expecting in the areas of Taxations / market in coming years/ future.

Ans. Yes, as mentioned earlier due to sheer volumes of transaction and complexities involved in entire supply chain / business operations, it was not possible to manage basic compliance without adopting right tax technology / tools.

We have deployed tax technology in almost all the areas of our tax function, be it a routine compliance like filing of return, ITC Reconciliation, data validation / exchange with our supply chain partners, Import / Export transactions or at other end litigation management, knowledge management, tax analytics/ modelling, Business Query management etc.

Though we have covered all above areas, we are mindful that we need to do much more and there is more and enough scope for further adoption / deployment of technology to improve efficiency in entire supply chain/ compliance management.

We are of the view that in the coming years, India is set to witness significant advancements in technology-driven solutions for indirect taxation. These new-age technologies aim to streamline tax processes, improve compliance, enhance transparency, and reduce administrative burdens for both taxpayers and tax authorities. These include Artificial Intelligence (AI), Machine Learning (ML), Block Chain, Big Data lake etc.

Through experimentation and adoption of these technologies in Indirect Tax areas we can improve tracking of supply chain, make it more secure, avoid ITC related fraud and errors, reduce burden of monotonous reconciliations, help smooth audits and query management with Tax Authorities, better insights to Business and Management etc.

Adoption of these Technologies will also help Government Authorities for better risk profiling of Tax Payers, enabling targeted audits / intervention, policy formulation etc.

As these technologies continue to evolve, businesses and tax authorities will need to adapt and leverage them to achieve better compliance and overall improvement in the tax ecosystem.

Q5. "Net Zero" – A very new progressive, smart, customer centric innovative concepts. Please enrich our readers with the progressive ideas and actions taken by your organization.

Ans. Achieving "Net Zero" is an ambitious and forward-thinking goal aimed at significantly reducing greenhouse gas emissions to counteract climate change. The concept revolves around balancing the amount of emitted greenhouse gases with the amount being removed from the atmosphere. To reach this target, we at Tata Motors have adopted variety of progressive, smart, and customer-centric strategies. Some of them can be summarized as under:

1. Tata Motors and Other Tata Group companies (like Tata Power) are committed and focused on Electrification of Transport system(both Private and Public transportation) and have heavily invested in bringing new EV product, expansion and development of charging structure etc.
2. We are focused and promoting Circular Economy, by way of waste reduction, expansion of product life span etc.
3. Bio-diversitythough corporate and community actions, which aims to reduce carbon footprints at the each level.
4. Creating awareness in entire supply chain about all green initiatives.

Q6. Any suggestion/plans we can integrate under the umbrella of early career plan of your esteemed organization, for young professionals newly passed out from our Institute?

Ans. Tata Motors is well-known for rich legacy and commitment to excellence, it's significant emphasis on talent grooming and development. We believe in raising the levels of performance and potential of its employees. This is achieved through a culture of meritocracy, hard work, and innovation. We invest in continuous learning and skill enhancement.

Our talent grooming approach combines ethical values, learning opportunities, and employee-centric policies. It fosters a culture where talent thrives, innovation flourishes, and trust remains at the core.

Every year we hire around 10-12 top talent / freshers of Institute through campus. We put them on 12 months rigorous training program, exposing them to all the areas of Finance like Financial Planning, Treasury, Reporting, Taxation etc.

Our goal is to provide a comprehensive and supportive framework to help them develop into proficient and confident professionals.

We have mentorship and coaching program, under which senior leaders of finance functions are responsible for mentoring and coaching of fresh professional and help themunderstand organization, business and provide all support till he/she are placed in appropriate team, depending upon matching principles, i.e. need of organization and potential / skill set of the candidate.

We also provide and promote internal job rotation to develop diverse skills and broaden their experience. We encourage continuous learning by sponsoring attendance at various seminars, webinars, and conferences.

These young talented professionals also go through regular performance reviews to discuss progress, set goals, and identify areas for improvement. We encourage them to go beyond professional responsibilities and get involved / contribute by volunteering in CRS initiatives run by Company.

By integrating these initiatives into our early career plan, we aim to nurture and develop young professionals into well-rounded, skilled professional who can contribute significantly to our organization and the broader community. MA

SUSTAINABLE FINANCE AT THE GIFT-IFSC

Abstract

The IFSCA has a lot of initiatives up its sleeve on sustainable finance - this is due to its holistic approach. While a framework for adoption of various standards for green finance is already in vogue at IFSCs, the IFSC continues its sustainable finance reform by innovating on transition finance and sovereign green bonds - all with a goal of making the IFSC as a climate finance hub. This article elucidates the sustainable reforms undertaken.

Pradeep Ramakrishnan
Executive Director
International Financial Services Centers Authority
GIFT City
Gandhinagar
pradeep.ramakrishnan@ifsca.gov.in

Chintan Panchal
Manager
International Financial Services Centers Authority
GIFT City
Gandhinagar
chintan.panchal@ifsca.gov.in

Introduction – IFSCA's goal - Sustainable Finance

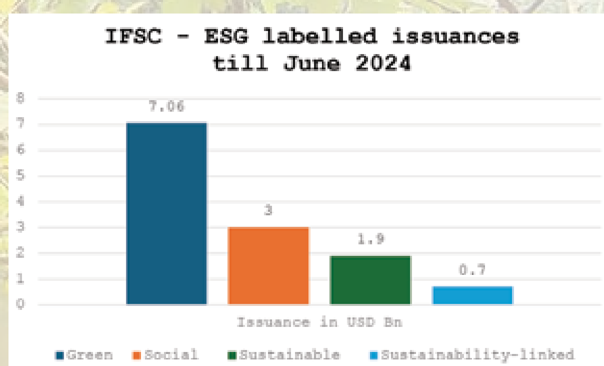
According to a Council on Energy Environment and Water report[1], India's path to achieving its net zero target by 2070 will require significant investment —at least $10 trillion. The IFSCA has implemented several regulatory initiatives that emphasize the role of GIFT-IFSC in facilitating global capital for sustainable and climate finance.

The IFSCA (Issuance and Listing of Securities) Regulations, 2021 ("Listing Regulations") provides the regulatory framework for issuance and listing of Green Bonds, Social Bonds, Sustainability Bonds and Sustainability linked Bonds.

Additionally, the Listing Regulations for issuance of ESG labelled debt securities, recognize various internationally accepted principles/standards/guidelines such as:

a. International Capital Market Associations (ICMA),
b. Climate Bond Initiative (CBI),
c. ASEAN
d. European Union (EU) framework etc.

[1] *https://www.ceew.in/press-releases/india-will-require-investments-worth-over-usd-10-trillion-achieve-net-zero-2070-ceew*



The listing of more than USD 12.5 billion ESG-labelled debt securities on IFSC exchanges is an indicator that the GIFT-IFSC is emerging as a sustainable finance destination.

a. Recently, the Government decided to allow direct listing of Indian companies at the IFSC. IFSCA Listing regulations mandate listed companies with market capitalization of USD 50 million or more for sustainability-related disclosure. Hence, sustainability reporting would be an important disclosure for companies.
b. The Fund Management Regulations mandate large Fund Management Entities (AUM above USD 3 billion) to have sustainability integrated into their governance, risk management and investment strategy.

c. IFSCA's banking Regulations framework mandates banking units at the IFSC to develop a comprehensive Board approved framework on sustainable financing. The IBUs shall have at least 5% of their loan assets in the form of green/sustainability- focused lending to green/social/sustainable/sustainability-linked sectors/ facilities. In 2023-24, USD 1.5 Bn has been lent accordingly. Around USD 577 million went into social lending and USD 280 Million went to sustainability-linked lending – out of this amount of USD 1.5 billion.

d. IFSCA has issued the framework for ESG schemes *inter-alia* covering requirements relating to the following:
   - initial and periodic disclosures,
   - monitoring of the disclosures and
   - performance evaluation.

The Road Ahead

To realize the vision of developing IFSC a vibrant ecosystem of financial services and products, IFSCA is focused on the following initiatives

a. Framework for Transition Finance

Since mobilization of funds towards Climate actions has been restricted to certain sectors of the economy, Transition Finance has emerged as an alternative concept to fill the gap. The '*transition bond'* and "*transition loan"* have emerged as instruments for financing hard-to-abate sectors that generally do not meet the criteria and standards for ESG labelled debt securities, but are critical for economy-wide transition to a *'low carbon'* future. The Expert Committee on Climate Finance set up by the IFSCA has submitted its report on July 1, 2024 .

The report captures the recommendations by the Expert Committee under three heads:

1. Scope and definition of Transition Finance,
2. Policy and Regulation,
3. Financial Mechanisms and Instruments.

It emphasizes the role of transition finance in driving investments towards hard-to-abate sectors such as steel, cement, shipping, fertilisers etc. which are crucial for economic growth of India and other developing nations. The report offers strategic recommendations to IFSCA and policy makers by exploring global best practices and regulatory landscapes, to enhance the role of GIFT-IFSC as a gateway for attracting international climate capital flows in order to achieve India's ambitious goal of achieving *net-zero* by 2070.

The report and the detailed recommendations of the Expert Committee can be accessed on IFSCA website at https://shorturl.at/EqhIG

b. Expert committee on climate finance

The Expert Committee on Climate Finance was constituted by IFSCA on December 2023, to provide a roadmap for IFSCA to develop a climate finance ecosystem and instruments at GIFT IFSC with a special focus on Transition Finance as well as to provide recommendations on establishing the GIFT-IFSC as a global hub for climate financing. The IFSCA has set up an expert committee on climate finance with the following terms of reference:

1. *To assess the trends in climate financing across the world, identify best practices and assess requirement of climate Finance with special focus on transition in India by 2047.*
2. *To recommend a regulatory framework for transition finance instruments utilizing the IFSCA draft framework as a starting point.*
3. *To recommend policy measures by Government of India in order to promote transition finance from GIFT IFSC, including legal, taxation, regulatory etc.*
4. *To advise IFSCA on the approach to developing a reliable and cost-effective ecosystem for transition finance meeting needs of Indian industry.*
5. *To provide a roadmap and timelines for IFSCA to develop climate finance ecosystem and instruments at GIFT IFSC.*
6. *To recommend policies and regulations for establishment of GIFT-IFSC as the global hub for climate financing, as deemed fit by the committee.*

c. Voluntary Carbon Market

The Voluntary Carbon Market (VCM) expected to play an important role in channelizing cross-border carbon finance. As India is the second largest supplier of the carbon credits in the voluntary market and potential market size of the VCM (USD 50-100 Bn by 2030 and USD 250 Bn by 2050 based on the report of McKinsey), GIFT-IFSC is ideally suitable to put in place necessary ecosystem to enable thriving VCM ecosystem at GIFT-IFSC. An Expert Committee on Voluntary Carbon Market has been set up to recommend steps to enable a robust ecosystem of carbon market related services at GIFT-IFSC

d. Sovereign Green Bonds[2]

An announcement was in the Union Budget for FY 2022-23 on Sovereign Green Bonds. Accordingly, the Government of India issued Sovereign Green Bonds (SGrBs) in 2023-24. At present, foreign portfolio investors (FPIs) registered with SEBI are permitted to invest in SGrBs under the different routes available for investment by FPIs in government securities. With a view to facilitating wider non-resident participation in SGrBs, RBI has decided to permit eligible foreign investors in the International Financial Services Centre (IFSC) to also invest in such bonds. IFSCA and RBI are working together to bring a framework for this.

Way forward

IFSCA's efforts are geared towards making GIFT-IFSC a beacon of how financial markets can drive positive global change. Through collaboration and a shared vision, GIFT-IFSC aims to become a gateway for global climate and sustainable finance, contributing significantly to the fight against climate change and ensuring a sustainable future for generations to come. MA

[2] *https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx-?prid=57639*

CRAFTING NEW BUSINESS AND REVENUE MODELS BY AMBIDEXTROUS BLEND OF PHYSICAL AND DIGITAL CAPABILITIES

CMA (Dr.) Paritosh Basu
Senior Director (Services)
Stragility Consulting Pvt. Ltd., Mumbai
paritosh13286@outlook.com

Synopsis

Every business entity and startup's objective, from starting with the digitalisation of operating processes followed by the transformation of business models and revenue models, is to attain sustainable competitive advantages and higher ROI. However, not all such attempts achieve the desired financial impacts and attain operational excellence with DEI. Again, digital technologies are evolving with frequent advancements that require renewed efforts to withstand the disruptive impacts of new developments and sustain competitive advantages. This paper deals with some of the major dimensions of the related success factors that also demand an ambidextrous blend of physical and digital capabilities, if need be, in collaboration with other players. In the end, ten critical points have been listed that may help attain more success with digital transformation. The author would happily collaborate with interested scholars to conduct empirical research studies.

Image Source: *https://hetic.in/8-common-digital-transformation-challenges-faced-by-businesses/*

Introduction

From the corridors to boardrooms, digital technologies have become the talk of every corporate house. Terms like AI, Blockchain IoT, RPA, APIs, Web3, Immersive Reality, Cloud Computing, Data Analytics, Synthetic Data, Internet of Behaviour, Social Media, Disruptions, and Disruptions are now integral to business operations. These are a part of everyday life for professionals and have changed the common people's way of living life. Thanks to digital transformation, phrases like competitive advantages and strategic growth hacking have taken on new meanings. As per the author's study, corporations worldwide are at different stages of contemplating, adopting, and applying these technologies. As an economic segment, MSMEs are progressing relatively slower than their big brothers.

In the previous fifty-five papers, the author has delved into different dimensions of these foundational and transformative technologies and their use cases across industry sectors. Their features and success factors have also been written about, including how their judicious and innovative applications can meet the latent demands of people at the bottom of the societal pyramid. The processes and dos and don'ts for creating unique product and service propositions, including digital public infrastructure, have been explained. Efforts have also been made to explain common and unique applications of digital technologies to achieve digitisation. digitalisation and digital transformation (DT). For all these readers can refer to the recently published second enlarged edition of the author's book on digital transformation.

While digital transformation is gaining momentum, it's crucial to maintain a balance in its adoption across all industry sectors and an ambidextrous blend of physical and digital capabilities. There may be strategic alliances between business partners to ensure the latter. A skewed adoption, with only a few sectors or large corporations leading the way, may not lead to sustainable impacts from a national perspective. Therefore, it's essential to ensure that technological resources and skilled manpower are accessible to all, with necessary financial support, to promote a balanced digital transformation. This inclusive approach will foster sustainable competitive advantages and extend the benefits of strategic growth hacking from a holistic country perspective. Of course, there is a need for appropriate guidelines and agile checkpoints that are to be followed to ensure success.

All concerned must consider that a digital divide still exists across the societal pyramid in many parts of the world. Digital refugees, whose lives and livelihoods have been disrupted by DT, are deprived of its benefits. Therefore, to reach pervasive positive results with shared values of DT with all, the simultaneous task would be to resolve the digital divide. This can be achieved by providing public digital infrastructure to all. All these would also help achieve diversity, equity, and inclusivity (DEI).

Objective

While adopting and implementing digital technologies, every organization aims to create new business models with new revenue models for higher ROI. Startups, particularly, begin with a challenge to legacy systems for either disrupting existing operators, meeting latent demands of society, and/or creating new business opportunities altogether. All these need a perfect ambidextrous blend of physical capabilities. There are many success stories, while failures are many, if not more than success. Many such attempts also do not achieve diversity, equity, and inclusivity (DEI)

Experience and past events reveal that mistakes are committed because not all the essential factors for success are ensured with due agility. Considering the above introduction, the sole objective of this paper is to delve into the major dimensions of related issues. It also aims to appreciate what has happened so far and how the future should be navigated with due caution and compliance with all checkpoints for pervasive success.

Critical Developments and Concerns

In light the above introductory points, there is an immediate need to understand the consequential impacts of this digital revolution on corporations' business and revenue models. It must also be appreciated with clarity whether, in such an ever-evolving and dynamic technological ecosystem, simultaneously metamorphosed business and revenue models will also be essential for sustainable growth and prosperity and what all needs to be done to render those feasible. Moreover, other advancements and critical developments in technology being used with ulterior motives must also be understood in order to take safeguards proactively.

For example, ideas have started surfacing that it will not be far off when the human brain-computer interface, with the help of a small neural device, will enable a person to do many work that she/he presently does with a smartphone. Therefore, the business entities associated with the value chain of smartphones and Apps will have to innovate their future product design and how to conduct business. Thus, technology will continue to pose unprecedented challenges and threats for the mitigation of which product designers and business professionals must remain in search of innovative excellence for doing good to humanity in the ultimate analysis. For this, collaboration between partners may be needed for blending physical and digital capabilities.

Therefore, all must first understand and appreciate the multifaceted impacts of the present level of adoption and applications of technologies for digitisation, digitalisation, and digital transformation. According to the author, this will help all concerned understand the course of action and the need for selectivity in adopting and applying digital technologies. This would help global multilateral agencies and each country-level regulator to meet their responsibilities in framing codes of standards and discharging oversight responsibilities. Lawmakers across nations may also have to consider the need to legislate new laws and amend some existing ones.

One of the major reasons behind such needs is the far-reaching impact of ground-breaking changes that have been perceived after the advent of Generative AI and computing machines acquiring more and more human capabilities for performing with speed. One must not forget to take cues and learn lessons from the frequent reports of anarchy being inflicted by cybercriminals to extract ransom and the harm they are causing humanity. There are also reports that certain nations are weaponising digital technologies to attain economic and geopolitical supremacy and cause harm to rival nations.

On the other hand, building digital platform-based solutions with blockchain technology and smart contracts, including their applications, is progressing much slower than desired. Such slow progress is despite blockchain being the most dependable, immutable, safe, and transparent technology for the present-day platform economy facilitated by Web3. Much more effort is needed to reap blockchain technology's maximum benefits for DEI. One school of thought for the slow progress of Blockchain applications is predominantly due to the non-availability of skilled manpower for scripting Smart Contracts and challenges still to be met for ensuring scalability, safe interoperability by and between two platforms, sensitisation of industry users, and initial investments.

Impacts of Digital Transformation - Brief Literature Review

Irrespective of being a digital native, digital immigrant, or digital refugee, the author's personal experience is that many of such people still do not appreciate the difference between digitisation, digitalisation, and digital transformation. Some even think that digitalisation is complete when the ERP system is implemented. Again, some view the implementation of robotic process automation as equivalent to digital transformation. One needs to understand and appreciate that until and unless digitisation and digitalisation help transform the legacy business and revenue models, e.g., adding eCommerce to brick-and-mortar commerce or adding absolutely a new and hitherto unexplored business model with a resultant revenue model, DT is not achieved.

According to Google[1] *"Digital transformation is the profound and accelerating transformation of business activities, processes, competencies and models to fully leverage the changes and opportunities of digital technologies and their impact across society in a strategic and prioritized way*."

Toolboom I. H[2]., through his survey-based research work, established that. "…. *digital transformation is expected to change organizations across many different fronts as almost all business model constructs have at least one element that is expected to change moderately or even stronger. The greatest impact will be to organizations' their value proposition, the customer segments they can identify and serve, the way organizations reach their customers, and the resources they use."*

In one of his papers on digital solution designing and transformation, the author (Basu 2022)3 sequentially explained the terms digitisation, digitalisation, and digital transformation, leading to the addition of new business models and revenue models, using an example of a Bank, an eCommerce company and its customer shopping using a smartphone, tab, or a PC. In that example, the customer could obtain a medium-term consumer loan sanctioned while settling the bill for a durable item from the eCommerce platform before checking out. At that stage, the billing platform of the eCommerce player pops up an option on whether the customer wants to avail of a loan equivalent to the purchase value. If the customer clicks the 'Yes' button, she/he is taken with consent to the loan sanctioning platform enabled with RPA. The loan is processed and sanctioned within a few minutes based on the customer uploading a few documents for KYC and proof of recurring monthly income. The eCommerce and lending platform of the two strategically allied players are integrated using an Application Program Interface (API) through the Internet.

In this example, with the help of RPA-based DT, the bank could start a new lending model process for a customer whom it has not solicited at all and who has earned interest. Such a unique business method would not have been possible without RPA. The eCommerce player could also enhance revenue by extending this facility through strategic and technological integration with the bank. Werner Reinartz et al. (2019)[4] conclude that "*….. increasing diffusion of branded-product platforms including connected devices and online retail platforms is shifting this authority to new players. For the parties involved in this multilayered competition, acknowledging the changes and actively managing their position in the evolving eco-systems is crucial.*"

Leao and da Silva (2021)[5] inferred from their research findings that an entity's ability to compete is impacted by the adoption and applications of digital technologies, which, in the ultimate analysis, results in innovation, cost optimization, specialization in the value chain, geographical expansion, and governance. Aaldering and Song (2021)[6] concluded that *"…… Judging from the IT-interaction preference, each segment of the process industries has adopted a unique pathway towards unlocking digital transformation opportunities."* In their research work, Piccinini et al. [7] (2015) concluded that "…. organizational ambidexterity is *of specific importance when dealing with emergent challenges that arise from the combination of the physical and digital worlds*."

Bharadwaj et al.[8] identified four key premises that should guide CXOs in ideating and framing strategies for the digital transformation of business processes. They claim that the following four would "….. help provide a framework to define the next generation of insights. Those four themes are Scope, Scale, Speed, *and the sources of business value creation and capture in digital business strategy."*

Such conclusions have been drawn by very many researchers through their empirical work that one of the key major objectives of digital transformation by corporations is to create new business models and revenue models with competitive advantages over other industry players. And this process is not a matter of destination but a continuous journey. Due to a shortage of space, the author is refraining from quoting more such research findings.

Key Propositions for Crafting DT Strategies

Formulations of strategies around DT are essentially crafting functional-level strategies with digital technology-enabled enhanced capabilities for multiplying business operations, creating new revenue models for accelerating revenue earnings, and framing execution tactics. The critical objectives are enhancing operating volume with improved speed and quality, cost optimization, minimisation of value destruction, and releasing human resources from routine mundane operations to automated systems.

Another important proposition is innovative technology integration, e.g., artificially intelligent Robots (AIRobot). For this, physical robots are first built by mechatronics, combining four technologies, viz., mechanical, electrical, electronic, and computer controls. Thereafter, computer programming and AI-based digital tools are used to instill human-like cognitive and performing capabilities into the computer.

Such AIRobots are used by the BFSI industry to render advisory services and the manufacturing industry to perform repetitive human functions intelligently. AIRobots are also used by manufacturing systems and processes, particularly in assembly operations. Moreover, various software is increasingly being used and integrated to automate and discharge routine and hitherto physically discharged human functions through the strategic deployment of robotic process automation or RPA. Cases in point are KYC and customer onboarding, processing and sanctioning of consumer loans, etc.

The recent addition of Generative AI has opened new vistas of digital transformation by strategically using past data and records to generate specific and need-based outputs through appropriate queries given to the computer. Depending upon the nature of the outputs required, the software arms of GenAI can be extended to consider and scrape data and documented inputs from the open cyberspace and/or the same residing within the boundaries of the corporation appointing GenAI tools. However, one must take care of the associated risks and introduce proactive measures for mitigation.

The guiding principle of digital strategies must be aligned with the entity's vision and mission and the directional changes taking place in the marketplace from the perspective of all stakeholders. In addition to its innovative changes to open up new avenues of business and meet hitherto unserved latent demands of customers and society, an organisation must adopt combative strategies to wit-out its competitors. The predominant objective is to attain sustainable competitive advantages and cost optimization.

Seven Seas of Digital Transformation

The formulation of strategies for digital transformation must also include strategies for adopting and applying appropriate digital technologies that fit the purpose to be served. CXOs must not forget to frame tactics for implementing digital strategies simultaneously. None can forget the following pearl of wisdom from Sun Tzu, the Chinese General Military Strategists, Tactician, Writer, and Philosopher (544 BC to 496 BC). He said,

"Strategy without tactics is a slow path to uncertain success.
Tactics without strategy is the noise before the defeat."

Source: *https://www.linkedin.com/pulse/impacts-digital-transformation-society-2022-tecxar/*

CXOs must consider the seven most important elements while framing and implementing digital strategies, as contained in the above graphic. Each one is critically important and quite vast in terms of its attributes and impacts. These seven are like seven seas surrounding the world's land mass and serve useful purposes by enabling navigation through the ever-dynamic business environment. Inadequate and imbalanced emphasis on any of the above can detail the strategies and expose the organisation to the risks of failure and sunk costs. Simultaneously with the appropriate adoption and applications of digital technologies, the organisation must evolve with transformative culture befitting the DT strategies. To succeed with DT strategies and desired sustainable financial impacts, enabling change management and transformation of human resources with needful training and cross-fertilisation by new intakes of talent are also essential.

Besides selecting the right technology(ies), one must critically identify and arrange the universe of the right data with the right structure and features for crafting business strategies and tactics with due insights from past operations. Again, going forward, drawing insights from data post-implementation of strategies is equally important for monitoring and controlling operations. Inferences drawn from such transactional data would help take mid-course corrective actions and reframing strategies and tactics if needed to respond to changes in a dynamic business ecosystem.

According to a McKinsey publication[9], CXOs must *"Lead and build a culture of collaboration, empowerment, and inclusion that bridges across generations, geographies, and functions. .... Foster a shared sense of purpose throughout the organization.*" Finally, the entire internal organisational ecosystem must continuously evolve to attain resilience and leverage innovation because digital transformation is not a destination but a journey.

Impact of DT on Business and Revenue Models

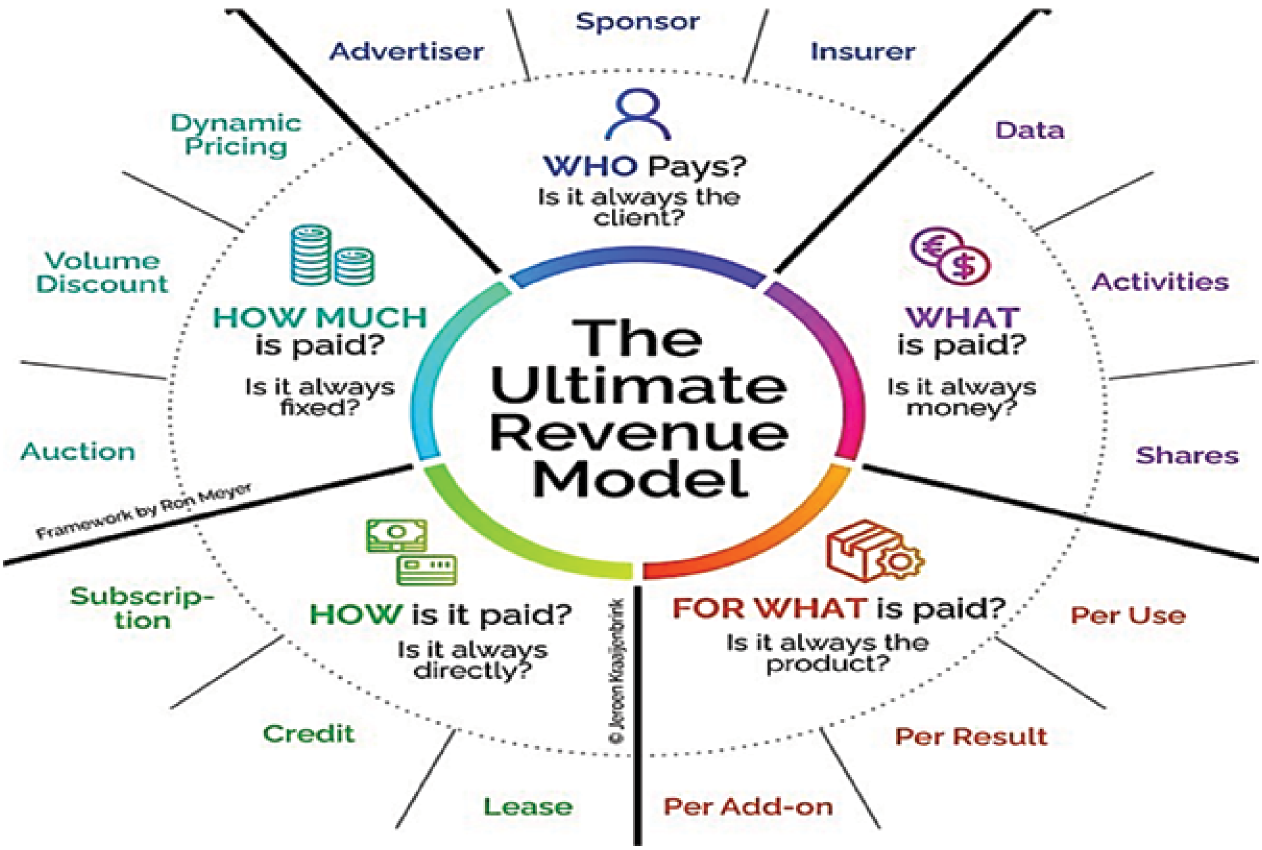
At the outset of this section, it will be useful to understand what a business model is. According to Bernard Marr[9], an eminent digital commentator of Europe, "..... *a business model is the strategic framework implemented by a company in order to generate value through the delivery of its products and services. Businesses thrive by creating new and unique business models or refining existing ones to create revenue streams, develop efficient operations, and build relationships with their customers.*"

Much has been written about the paradigm shifts in business and revenue models in the present Industry 4.0 era. The most striking examples are those of Ola and Uber, which are deeply engaged in the passenger mobility business without owning even a single vehicle, and Airbnb, which is engaged in boarding and lodging traveling people without owning even one dwelling unit or a restaurant. The entertainment film aggregator Netflix is now a household name. Again, Amazon is meeting the entertainment needs of its captivated eCommerce customers. Such examples are galore across the world.

This type of business model is called the ' Aggregator Model ' and is an entirely new phenomenon in this digital era. Brick-and-mortar retailing has been replaced considerably by eCommerce, the recently metamorphosed version of which is 'Quick Commerce.' The idea of the latter version is to reach what the customer wants with the speed at which a cricket player bowls a fastball. The tagline for brand building of a quick commerce player in India is '*Groceries Delivered in 10 Minutes.'* Their brand ambassador is a world-renowned fast bowler whose fans have branded him with the tagline 'Boom boom Bumrah,*'* signifying speed of delivery. The objective of Quick Commerce players is growth hacking by challenging the business models of eCommerce players, with a critical success factor being the speed of end-to-end management from order to delivery.

FinTech has generated a new cult of bankers called 'Neo Banks'. These can function even without having one brick-and-mortar branch office and banking license from the central bank. They aim to replace traditional banks with digital technology-driven systems and processes, taking a front-to-back approach. Revenue is collected through service charges from bankers and/or industry customers. Their second business model is to provide 'Software as a Service' (SaaS) to MSME customers with variable use-based charges for transactions like Order to Cash or O2C and Procure to Pay or P2P.

The revenue model of the vehicle insurance business is shifting from a period-based fixed premium model against a comprehensive risk cover policy to a risk-based variable premium model. The riskiness of the driver's driving behavior and the choice of risk-prone roads are tracked using IoTs, cameras, and GPS devices that are fixed in the car. Even charges for onboarded passengers against accident risks depend on the number of riders. The data collected determines the premium rate for each point-to-point movement. The entire process is run by a software tool created with digital technology applications.



Source: *https://www.linkedin.com/posts/jeroenkraaijenbrink_what-is-a-revenue-model-theres-a-lot-of-activity-7209751899892318208-1-DK?utm_source=share&utm_medium=member_desktop*

Professor Ron Meyer of Tilburg University and Antwerp Management School has created the above structural framework for any business entity's ultimate revenue models. This framework is simple and depicts volumes that are not being narrated due to limited space. The framework is easy to understand and can validate any business model with corresponding revenue modelling options. Any organisation, while strategising its new business model post-digitalisation of business operations, can apply the above framework to assess and measure the expected impacts on revenue generation, thus financial performance, and ROI of DT projects.

This framework rotates around five basic questions with three answer options for each question. So innovators and digital solution designers can challenge traditional business models. For example, the business models of Airbnb, or Ola is based on a different answer to the following questions:

- Who will pay for the capital expenditure to create assets? - It is not certainly Airbnb or Ola, but it is the service provider.

- Who will bear marketing expenses for creating and aggregating demand? The aggregator will spend and not the service provider and recover from the service recipient

  The service provider need not worry about collecting service revenue. Ola or Airbnb will collect the revenue, deduct their share of the same and remit the balance to the service provider.

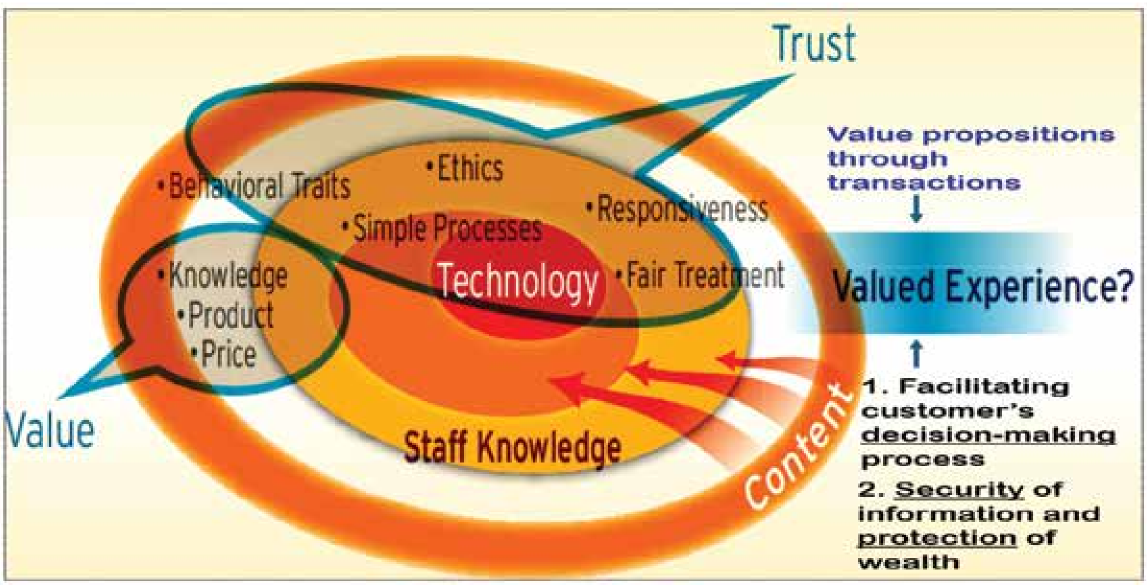
Therefore, to innovate new business and revenue models, one must challenge legacy systems with radically different propositions. Digital technologies enable the implementation of innovation by fusing digital and physical capabilities.

One can recall how Ola and Uber disrupted the services of black and yellow public taxi operators and Meru's business. The latter used to operate with a car-hailing business model through phone calls and email for services to be provided after several hours. The operating model of Ola and Uber has been facilitated by a digitally configured App on customers' Smartphones. which is seamlessly connected to the App for the cab driver. Subsequently, Ola embedded a money wallet to avoid cash transactions. The latest development is digitally embedded finance, in which Ola provides regular customers credit limits. This is one of the examples of an ambidextrous blend of physical and digital capabilities for creating new business and revenue models. Another commonly known is eCommrece and now Quick Commerce.

However, no business is free from risks and challenges. Therefore, every innovator must apply the principle of 'Risk Enabled Performance Management' (REPM) while designing the digital solution to solve the problem of the customer and/or providing new products/services. Bernard Marr[9], one of the most eminent global commentators on digital transformation, reminded entrepreneurs about the risks and challenges in one of his Forbes blogs. He wrote, "*Ultimately, though, we can expect to continue to see business models evolve as the speed of technological development increases. This will require leaders to adopt a mindset of continual awareness, education, and innovation. Embracing these changes while understanding the risks and challenges they pose is the key to thriving no matter what transformations are around the next corner.*"

Trust, Ethics, Carbon Footprint, and Compliance

Any strategy formulation for transforming business and revenue models through digitalisation must meet the test of a minimum of four critical factors, viz., Trust, Ethics, Carbon Footprint, and Compliance, in that order. The following graphic aptly describes the features of a digitalised solution design for crafting new business and revenue models with a perfect blend of physical and digital capabilities. The organisation that will adopt such a solution must satisfy not only attributes embedded in the graphic but also test with certainty that the Valued Experience of the customer helps the business to achieve her/his delight.



Source:

Graphics: Designed by Cognizant and was collected about a decade before from one of their publications at https://www.cognizant.com/InsightsWhitepapers/Digital-Banking-Enhancing-Customer-Experience-Generating-Long-Term-Loyalty.pdf

Inserted Texts: Author

The challenges that are to be met in the process of strategic digital transformation of business processes and creating new business models and revenue models to the delight of all stakeholders can briefly be narrated through the following points:

1. Enabling crafting of the new business and revenue models with the highest degree of ethical standards, unwavering trust, and without any bias and discrimination against any stakeholder,
2. Handling unique elements of each transaction with utmost agility to ensure trust, privacy, security, and safety for all stakeholders and total regulatory compliance,
3. Proactive measures for ensuring sustainable growth and prosperity navigating through a dynamic VUCAFU business environment,
4. Providing transparent information about the processes and purposes for using personal data and the measures implemented to protect privacy, safety, and security.
5. Minimisation of value destructions. 'Carbon Footprint' and greying of blue resources (read water) by reducing consumption of and preserving energy and other natural resources,
6. Embedding in digital solutions self-governing smart contracts and/or robotic process automation for handling a variety of transactions with regulatory compliance and maximum protection against cybercriminals,
7. Ensuring compliance with regulatory measures and provisions for direct and indirect taxation of overseas countries for cross-border transactions,
8. Seamless integration with digital and physical systems of strategic and other partners in the operating processes without any discrimination and with utmost safety and security,
9. Determination of the nature of digital assets, their preservation and protection,
10. Remain ever agile in upgrading all digital systems and processes as technologies evolve over time, etc.

Conclusion

In the author's view, this paper's subject matter is critically important. It cannot comprehensively be dealt with in the limited space of this paper. Efforts have been made only to bring out the major dimensions and the points of caution. The author will consider this work to have delivered what is expected if research scholars find ideas for more empirical research studies to draw comprehensive inferences and conclusions that can help lay down codes of standards, guidelines, and SOPs. The author will be happy if corporations and startups find some useful points and ideas that can help and guide their future efforts for more success with diversity, equity, and inclusivity. MA

Bibliography and Webliography

All the quoted websites were accessed in June and July 2024.

1. *https://www.csgi.com/insights/digital-transformation-whats-in-a-word-2/#:~:text=Google%20states%20it%20well%2C%20%E2%80%9CDigital,.%E2%80%9D%20In%20other%20words%2C%20not*
2. *Irik Tool Boom, Impact of Digital Transformation, A survey-based research to explore the effects of digital transformation on organizations, Delft University of Technology, 2016. https://repository.tudelft.nl/islandora/object/uuid:d1d6f874-abc1-4977-8d4e-4b98d3db8265*
3. *Paritosh Basu, Digital Transformation and Solution Designing with Quadrennium of Thinking, Digital Transformation – A Prismatic View, 2nd Enlarged Edition, pp 311-319. June 2024*
4. *W. Reinartz, N. Wiegand, M. Imschloss, The impact of digital transformation on the retailing value chain, International Journal of Research in Marketing, Volume 36, Issue 3, September 2019, pp 350-366. https://www.sciencedirect.com/science/article/pii/S0167811618300739*
5. *Pedro Leao and Miguel Mira da Silva, Impacts of digital transformation on firms' competitive advantages: A systematic literature review, Research Article Wiley Online Library, September, 2021, https://onlinelibrary.wiley.com/doi/abs/10.1002/jsc.2459*
6. *L. J. Aaldering and C. H. Song, Of leaders and laggards - Towards digitalization of the process industries, Technovation, Volume 105, July 2021. https://www.sciencedirect.com/science/article/abs/pii/S0166497220300833?via%3Dihub*
7. *Piccinini et al., Transforming Industrial Business: The Impact of Digital Transformation on Automotive Organizations, Thirty Sixth International Conference on Information Systems, Fort Worth 2015. https://web.archive.org/web/20200323000530id_/https://aisel.aisnet.org/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1424&context=icis2015*
8. *Anandhi Bharadwaj et al., Digital Business Strategy: Toward A Next Generation of Insights. MIS Quarterly Vol. 37 No. 2, June 2013 pp. 471-482*
9. *https://www.forbes.com/sites/bernardmarr/2023/10/12/the-impact-of-digital-transformation-on-business-models-opportunities-and-challenges/*

GREEN COSTING

Abstract

This concept note outlines the essentials of green costing, emphasizing the need for businesses to adopt more environmentally accountable practices by incorporating environmental costs into their financial systems.

CMA Subhasish Ghosh
General Manager (Business Systems & Finance)
ITC Ltd. – Foods Division
Bangalore
sg2004in@gmail.com

Introduction

Today we are experiencing the most erratic climate changes which are due to our irresponsible conduct towards the nature. In the face of this growing environmental concerns, traditional costing methods fail to capture the true cost of production and service delivery. They often overlook the ecological impact of business operations. Green costing, also known as environmental costing or eco-costing, aims to integrate environmental costs into the financial statements of an organization. This method encourages sustainable practices by highlighting the environmental costs and benefits associated with various business activities.

Objectives

- Environmental Accountability - To enable businesses accounting of the environmental impacts.
- Informed Decision-Making - To provide comprehensive cost information that includes environmental considerations for better decision-making.
- Sustainable Practices - To promote sustainable business practices by revealing hidden environmental costs.
- Stakeholder Communication - To improve transparency and communication with stakeholders regarding the company's environmental impact.

Key Components of Green Costing

- Direct Environmental Costs - Costs directly related to environmental measures, such as waste management, emissions control, and effluent treatment.
- Indirect Environmental Costs - Costs incurred indirectly due to environmental regulations or policies, such as penalties, taxes, and compliance costs.
- Opportunity Costs - Costs associated with lost opportunities due to environmental damage or reputation loss.
- Hidden Costs - Various costs that are often not easily visible or quantifiable, like long-term environmental degradation, health impact on communities, and ecological restoration.
- External Costs - Costs borne by society and not directly paid by the business, such as air and water pollution, resource depletion, and biodiversity loss.

Methodology

- Activity-Based Costing (ABC) - Use ABC to allocate environmental costs to specific activities that generate environmental impact. This helps in identifying which activities are the most costly in terms of environmental impact.
- Life Cycle Costing (LCC) - Assess the environmental costs throughout the life cycle of a product, from raw material extraction to disposal.
- Environmental Impact Assessments (EIA) - Incorporate findings from EIAs to estimate potential environmental costs associated with new projects or expansions.
- Sustainability Reporting Frameworks - Utilize frameworks like the Global Reporting Initiative (GRI) and the Integrated Reporting Framework to disclose environmental costs and actions taken to mitigate them.

Implementation Steps

- Assessment - Conduct an assessment to identify all relevant environmental costs.

- Integration - Integrate environmental costs into existing costing systems and financial reports.
- Training - Train financial and operational staff on green costing methodologies and their importance.
- Monitoring - Continuously monitor and review environmental costs and impacts.
- Stakeholder Engagement - Engage with stakeholders to communicate the company's environmental cost management efforts.

Benefits

- Enhanced Decision-Making - Provides a holistic view of costs, leading to more informed and sustainable business decisions.
- Cost Savings - Identifies opportunities for cost savings through improved efficiency and waste reduction.
- Regulatory Compliance - Helps in complying with environmental regulations and avoiding penalties.
- Market Differentiation - Enhances brand image and can be used as a marketing tool to appeal to eco-conscious consumers.
- Investors Attraction - Attracts investors interested in sustainable and responsible investment opportunities.

Challenges

- Data Availability - Difficulty in obtaining accurate and comprehensive data on environmental costs.
- Complexity - Complexity in integrating environmental costing into traditional costing systems.
- Resistance to Change - Resistance from stakeholders accustomed to conventional costing methods.
- Initial Costs - Potentially high initial costs for implementing green costing frameworks.

Way forward

The traditional costing system is designed to measure and report the revenue gain and profitability of the enterprise. However, Green costing is beyond the enterprise boundaries and will also help the enterprise to assess in their sustainability in future terms. It is a vital tool for modern businesses to operate sustainably and responsibly for the larger interest of the society, environment and economy of this planet. It should be a mandate to incorporate environmental costs into the financial matrix, businesses to achieve greater transparency, improve sustainability, and enhance their long-term viability. We all should take a step forward and help all enterprises in adoption of green costing principles and try in making it an essential strategic approach for contemporary business management.

Interestingly, the technology solution providers are all aligned to provide the data feed at the various levels of value chain. The ERP solution provider like SAP has also introduced the concept of Green Ledger as part of their sustainability reporting module. This can be made further cohesive and inclusive with the introduction of the digital technology. The emerging role of CMA [Cost and Management Accountants] will be to validate and certify the systems and reports of Green Costing not only for the stakeholders of the enterprise but for the society at large. The thought that I am leaving with the readers, what should be the new name of CMA? MA

CONGRATULATIONS!!!

Congratulations to CMA Rajesh Kumar Dwivedi on being appointed as Director on the Board of Bharat Heavy Electricals Limited (BHEL) with effect from June 2024. He has assumed charge as Director (Finance) of the Maharatna Public Sector engineering and manufacturing enterprise.

Prior to this, Shri Dwivedi has been General Manager & Head - Corporate Finance in BHEL. CMA Dwivedi joined BHEL as Executive Trainee (Finance) in 1992 and brings with him rich and diverse experience of more than 32 years across various verticals encompassing business strategies, manufacturing and project construction in the power sector along with Board level exposure of holding additional charge of Director (Finance) in Heavy Engineering Corporation Limited, Ranchi since September, 2022.

We wish CMA Rajesh Kumar Dwivedi the very best for his future endeavors.

RBI'S ROLE IN PROMPTING THE COMPLIANCE AND STABILITY OF PRIMARY (URBAN) COOPERATIVE BANKS

Abstract

The article explores the critical issues and challenges faced by Urban Cooperative Banks (UCBs) and the role of the Reserve Bank of India (RBI) in ensuring their compliance and stability. It explores into the RBI's enhanced supervisory measures, including the revision of the Supervisory Action Framework (SAF), insights from the Expert Committee on Primary (Urban) Cooperative Banks, and proposed strategies for improved oversight of UCBs. The focus is on emphasizing the RBI's tightened regulatory grip in prompting compliance issues and strengthening the stability of these banks.

Mohan Kumar Mishra
Secretary
National Council for Cooperative Training (NCCT)
New Delhi
mohanmishra7ad@gmail.com

Dr. S. Dharmaraj
Deputy Director
National Council for Cooperative Training (NCCT)
New Delhi
sdharmarajicm@gmail.com

INTRODUCTION

Urban cooperative banks (UCBs) in India, with roots from the 19th Century inspired by cooperative movements in Britain and Germany, initially served community-based consumption-oriented credit needs. Today, UCBs are primary cooperative banks in urban and semi-urban areas, functioning as cooperatives but uniquely accepting public deposits and lending to members. Governed by the Cooperative Societies Act of their respective State and overseen by the Registrar of Cooperative Societies (RCS), UCBs also adhere to certain provisions of the Banking Regulation Act, 1949, for deposit-taking institutions. They offer diverse banking services, including deposit accounts, loans, remittances, and financial products, primarily targeting small businesses, individuals, and urban communities. UCBs play a crucial role as financial intermediaries, especially for small borrowers in non-agricultural sectors, promoting local economic growth and financial inclusion. As of RBI's 2022-23 report, India has 1,451 non-scheduled and 51 scheduled UCBs, highlighting their significant progress and impact on providing financial services to a broad base of individuals and small-scale borrowers.

STATUS OF UCBS IN INDIA – A SNAPSHOT

In 2021-22, urban cooperative banks (UCBs) experienced a decline in deposit growth, but this trend reversed in 2022-23 with a 1.8per cent growth in deposits, continuing into Q1 of 2023-24, albeit slower than Scheduled commercial banks (SCBs). Deposits as a share of UCBs' total liabilities decreased from 82% in March 2017 to 78.4% in March 2023, reflecting a shift in their funding structure. UCBs' loan growth peaked in 2022-23 and advanced by 5.9% in Q1 of 2023-24, though still trailing SCBs due to high NPAs and low profitability. Priority sector lending, particularly to MSMEs, increased with micro enterprises constituting 41% of total lending.

Despite a contraction in housing loans, UCBs achieved

67% of their priority sector lending target by March 2023. The credit-deposit (C-D) ratio rose for the third consecutive year in 2022-23 but remained lower than SCBs, indicating less efficient deposit utilization for lending. Asset quality improved with a declining GNPA ratio, despite a slight increase in Q1 of 2023-24, and better provision coverage ratios. Profitability rose for the third consecutive year in 2022-23 due to increased interest income and reduced interest expenses, although non-interest income for Non-Scheduled UCBs fell. The regulatory framework's revision in July 2022 set higher capital requirements, with 88% of UCBs maintaining CRAR above the mandated levels by March 2023, although two Scheduled UCBs recorded negative CRARs, highlighting the need for ongoing regulatory vigilance.

Despite encountering obstacles, UCBs have showcased resilience and effectiveness in their functioning, contributing to the objectives of financial inclusion and economic advancement. Maintaining attention on asset quality, operational effectiveness, and risk mitigation will be crucial for UCBs to uphold their growth momentum and enhance their standing within the Indian banking domain. (This analysis draws from data compiled in the RBI Report on Trends and Progress of Banking in India 2022-23).

CRITICAL ISSUES AND CHALLENGES OF URBAN COOPERATIVE BANKS

Urban cooperative banks play a vital role in urban communities, but they face several critical issues and challenges that impact their operational efficiency and governance. Governance issues stem from their community-oriented nature, leading to inadequate management and ethical concerns. Dual control by State Governments and regulatory bodies causes conflicts of interest and governance challenges. Operational efficiency is hindered by a lack of streamlined processes, advanced technology, and skilled manpower. Smaller UCBs lack diversification, creating risks during financial difficulties. Funding challenges arise from cumbersome capital-raising processes and limited incentives to attract investment. Expansion policies strain solvency and liquidity, as UCBs often resort to debt or asset liquidation. Technology adoption is insufficient, affecting efficiency and customer experience. Financial vulnerabilities include low capitalization, high NPAs, and insufficient reserves. Compliance challenges result in penalties and reputational damage. Effective risk management is lacking, particularly in credit and liquidity management. Additional issues include low capital bases, poor credit management, and fund diversion, exacerbated by non-professional management practices. These challenges feature the unique financial constraints and operational limitations of UCBs, necessitating careful management of capital, liquidity, and expansion strategies to ensure financial stability and sustainable growth.

UNPACKING COMPLIANCE: URBAN COOPERATIVE BANKS UNDER THE LENS

Urban cooperative banks have been facing a multitude of compliance issues, prompting the Reserve Bank of India (RBI) to enforce stringent regulations and oversight. The compliance landscape for UCBs is characterized by several recurring problems, which have significant implications for the stability and integrity of the financial system. In recent years, news of the RBI imposing penalties on urban cooperative banks (UCBs) has become increasingly routine. The number of penalties levied on UCBs has been significantly higher compared to other banking groups, highlighting the sector's vulnerabilities. In the financial year 2023, the RBI imposed penalties in 211 instances, amounting to a total of Rs. 40 crores.

ENFORCEMENT ACTION APRIL 2022 – MARCH 2023		
Group	**Number**	**Rs. In Crores**
Public Sector Banks	7	3.25
Private Sector Banks	7	12.17
Cooperative Banks	176	14.04
Foreign Banks	5	4.65
Small Finance Banks	2	0.97
RRBs	1	0.42
NBFCs	11	4.39
HFCs	2	0.1

(Times of India, June 2, 2023)

The high incidence of penalties on UCBs underscores the need for robust regulation and supervision by the RBI. The enforcement actions not only highlight the existing vulnerabilities in the UCB sector but also emphasize the importance of ongoing regulatory vigilance to ensure the overall health and stability of the banking system.

RBI'S TIGHTENED GRIP: ADDRESSING COMPLIANCE ISSUES IN UCBS

The RBI has directed the directors of urban cooperative banks in India to enhance quality of Governance practices, focusing on three key pillars: compliance, risk management, and internal audit and presenting a risk management report to the board on quarterly basis. The RBI emphasized the importance of proactive asset liability management and systematic management of liquidity risk. Regarding the functioning of the Boards, the RBI highlighted five crucial aspects: ensuring elected directors possess adequate skill-sets and to understand the financial sector, credit risk, IT and operational risk management. The Board must have expertise, forming a professional Board of management, promoting diversity and appropriate tenure of board members, fostering transparent and participatory Board discussions, and ensuring effective functioning of Board-level committees. Additionally, the RBI cautioned UCBs against using innovative accounting practices to obscure their true financial position. The RBI encouraged UCBs to adopt suitable business strategies and explore appropriate technology solutions to sustain and grow their operations while effectively serving their customers.

In response to the financial and governance distress that has emerged within the sector, the RBI has undertaken a series of significant initiatives aimed at tightening the supervisory framework and addressing compliance issues. These measures are designed to fortify the regulatory environment, ensuring the stability and integrity of the financial system. The RBI's actions reflect a proactive stance in safeguarding the interests of stakeholders, enhancing transparency, and promoting sound governance practices. The following summary details the key steps and strategies implemented by the RBI to bolster supervision and mitigate risks associated with financial and governance lapses.

1. Revision of Supervisory Action Framework

Under the provisions of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) is entitled to assess the financial position of a bank and issue necessary directions or instructions. The supervisory action framework (SAF), first introduced in 2014, was designed to better manage stressed urban cooperative banks (UCBs). The SAF is similar to the prompt corrective action framework imposed on Scheduled commercial banks. Further the revision of guidelines of the SAF in 2020 includes specific threshold limits for asset quality (NNPA and GNPA), profitability, and capital adequacy (CRAR). The SAF envisages self-corrective actions by the management of UCBs at the initial stage of financial deterioration. If a UCB's financial position does not improve, the RBI will step in with supervisory actions similar to the prompt corrective action framework imposed on scheduled commercial banks. Possible actions by the RBI include requiring UCBs to submit a board-approved action plan to address issues such as reducing net NPAs below 6%, restoring profitability, and eliminating accumulated losses. UCBs are also expected to increase their capital adequacy ratio (CAR) to 9% or above within 12 months.

Additionally, the RBI might instruct the UCB's Board to review the progress on the action plan quarterly or monthly and submit post-review progress reports to the RBI. If the CAR falls below 9%, the RBI may seek a board-approved proposal for merging the UCB with another bank or converting it into a credit society. The RBI can also impose restrictions on the declaration or payment of dividends or donations without prior approval if any risk thresholds are breached. Furthermore, restrictions may be placed on the issuance of new loans and advances with risk weights exceeding 100%, incurring capital expenditure beyond a specified limit, and expanding.

2. Expert Committee on Primary (Urban) Cooperative Banks

In 2020, the Reserve Bank of India brought all urban cooperative banks and multi-state cooperatives under its supervision, marking a significant step in enhancing the regulatory framework for these institutions. In 2021RBI set up, the Expert Committee on Primary (Urban) Cooperative Banks under the Chairmanship of Shri N.S.Vishwanathan to review the structure of UCBs. This Committee, it its report, proposed a four-tier categorization to better organize and regulate these banks based on their deposit sizes. This tiered structure aims to streamline the regulatory approach, ensuring that UCBs are supervised and managed according to their size and operational complexity.

3. Recent Initiatives

The Reserve Bank of India has imposed punitive measures on several cooperative banks nationwide for failing to comply with various regulatory guidelines. These enforcement actions, which included statutory inspections and risk assessment reports, resulted in fines being levied. The RBI's actions highlight its dedication to upholding stringent regulatory standards in the banking sector and ensuring adherence to prescribed norms to protect depositor interests. It has recently taken several supervisory initiatives to address the increasing complexities and interconnectedness within the financial system and to effectively manage potential systemic risks. These efforts reflect a shift towards a more comprehensive approach in supervision. The Reserve Bank has significantly strengthened its supervisory framework by transitioning from an entity-based to a thematic and activity-based approach, allowing for a broader and more nuanced understanding of the financial landscape. Structural improvements have enhanced the agility, flexibility, and specialization of supervisory mechanisms, enabling the Reserve Bank to respond more effectively to emerging risks and challenges. Additionally, a unified and harmonized supervisory strategy has been adopted across commercial banks, NBFCs, and UCBs, focusing on identifying and addressing the root causes of vulnerabilities to foster a more resilient financial system.

4. RBI's Proposed Supervision of Urban Cooperative Banks

The Reserve Bank of India is considering bringing urban cooperative banks under the prompt corrective action (PCA) mechanism to strengthen the cooperative sector lenders, as detailed in its annual report for 2022-23. The RBI's corrective actions are triggered when a bank or non-banking financial company (NBFC) fails to maintain the mandatory capital to risk-weighted assets ratio (CRAR) of 9% or if its net non-performing assets (NPAs) exceed 10%. Under this framework, the RBI can impose stringent restrictions on banks, such as prohibiting the initiation of new lines of business and the issuance of certain key loans. The RBI also has the authority to change the management of the lender if necessary. These business restrictions are lifted once the bank restores its capital adequacy or reduces its bad loans to acceptable levels.

In addition to the PCA mechanism, the RBI is also considering the introduction of a risk-based supervision (RBS) approach for UCBs, aiming to expand the scope of IT examinations for cooperative banks. In the financial year 2023, the RBI rolled out key cyber security indicators for tier-3 and tier-4 UCBs with an asset size exceeding Rs. 5000 crores. Furthermore, the RBI is developing a scoring model based on data received from the banks and conducting workshops for UCBs with an asset size of Rs. 500 crores. These workshops aim to sensitize these banks on fraud prevention, prompt reporting, and follow-up actions.

The RBI has directed the directors of urban cooperative banks in India to enhance quality of Governance practices, focusing on three key pillars

CONCLUSION

In the realm of urban cooperative banks the Reserve Bank of India has steadfastly been committed to enhancing compliance and strengthening regulatory oversight. UCBs face a myriad of challenges, from Governance deficiencies to asset quality concerns, prompting the RBI to implement stringent regulations and enforcement measures to uphold the financial system's stability and integrity. The RBI's focus on structural improvements and a unified supervisory approach underscores a comprehensive strategy to address the growing complexities and interconnectedness of the financial landscape. Initiatives like risk-based supervision (RBS) and enhanced cyber security measures are designed to equip UCBs with the tools and frameworks needed to navigate evolving challenges and sustain growth while effectively serving their customers. Ultimately, the RBI's concerted efforts highlight its pivotal role in ensuring the soundness and stability of UCBs. By fostering a regulatory environment conducive to compliance and risk mitigation, the RBI aims to strengthen the cooperative banking sector's foundations, ensuring its resilience against dynamic market conditions and emerging threats. MA

References:

1. *Report of the Expert Committee Report on Primary (Urban) Cooperative Banks (2021).*
2. *Reserve Bank of India. (2022-23). Report on Trends and Progress of Banking in India. Mumbai: RBI.*
3. *Reserve Bank of India. (2022-23). Annual Report. Mumbai: RBI.*
4. *The Times of India. (2023, June 2). RBI mulls PCA Framework for Cooperative Banks.*

INDIA'S TEA TRADE IN THE POST GLOBALISATION ARENA: AN ANALYSIS

Abstract

The New Economic Policy was introduced by the Government of India in 1991 by incorporating the concepts of liberalisation, market orientation, privatisation and globalisation for the first time. India's tea business has suffered from the effects of globalization, increased competition from other beverages, and import risks. In the years following liberalization, the percentage of Indian tea exports has significantly decreased. In this context, it is pertinent to throw some insights into a few concepts relating to tea industry due to liberalisation and the present study provides an insight into production and export scenario of Indian tea industry in post globalisation period.

Dr. Mriganka Chakraborty
Assistant Professor
Department of Commerce
Tura Christian College, Tura
mc_09@rediffmail.com

Dr. Mridul Barman
Assistant Professor
Department of Economics
Tura Christian College, Tura
mridulkranti11@gmail.com

Dr. Amit Kundu
Associate Professor
Department of Management
North-Eastern Hill University, Tura Campus, Tura
amit.kundu74@gmail.com

INTRODUCTION

At the advent of new economic policy, the Indian tea industry had been in many ways at the roundabout due to low price realisation coupled with high cost of production. China and India came in first and second, respectively, in terms of producing and consuming tea. About 75 per cent of the tea produced in both nations is exported, with the remaining 25 per cent being consumed domestically (*Dutt, 2007*). Together, these two countries produce about half of the world's tea. Liberalisation in the Indian tea sector took place only to a small extent as the companies had problems of survival with high rates of taxation and increasing production costs. In this context, it is pertinent to have some insights into few concepts relating to tea industry of due to liberalization.

REVIEW OF RELATED LITERATURE

Asopa (2004) highlighted fierceness of competition in international tea market. *Rao* (2005) identified the impact of Trade Related Intellectual Property Rights (TRIPs) agreement on Indian context with particular reference to Darjeeling Tea. *Thapa* (2005) highlighted the strategy for the promotion tea industry in Nepal. *Ganewattaet. et.al.* (2006) examined the impact of protection on domestic processing of primary commodities for export markets with reference to Sri Lankan Tea Industry. *Hettiarachchi* (2007) observed that the Sri Lankan tea industry was caught up in a situation where majority of the industry players were unable to plough back sufficient money to improve the industry. *Sengupta* (2009) highlighted the measures taken by the Tea Board of India to make tea the popular choice over soft drinks and all other beverages. *Arya* (2013) identified that major factors responsible for poor performance of Indian tea Industry. *Sivanesan, R* (2013) analysed the production and sales of tea in India and concluded that average domestic consumption and average per capita consumption was increasing every year. *Sha, S. K. and Pate, V.A.* (2016) articulated that tea was the most consumed beverage next to water on the earth in spite of various challenges. *Talukdar, U and Udeshna, C* (2017) examined the production and export of value added tea in India and its competitiveness. *Khaliqi, M. Gurning, H.R.H., Novanda, R. and Simamora, O. N.(*2020) analysed the state of the international market which had transformed itself into a free market brought up various challenges, especially for Indonesian tea producers. *Nagoor, B. H.* (2021) assessed the impact of selected multilateral and bilateral trade agreements/relations on tea trade direction, with a spotlight on India's tea trade direction. *Muflihah, Ulfah, Mutolib, Abdul and Nuraini, Candra* (2023) sought to highlight the competitiveness of Indonesian tea in the international market.

OBJECTIVES OF THE STUDY

The authors have ventured into a research study keeping in sight the following objectives:

i. To examine the export trend of tea industry of India along with other major tea exporting countries in the post globalisation era.
ii. To highlight the trend of average prices of tea sold in all India auctions during the last decade.
iii. To determine the degree of uncertainty of the area of tea production and quantum of production based on the time series data on the relevant variables.

RESEARCH METHODOLOGY

Data

The present study is mainly based on secondary data. The data has been collected from the official website of Tea Board of India. Data relating to export, price, area under tea and production has been collected for the time period from 1991 to 2023

Method

Depending on the type of information, a number of closely related processes have been performed to analyze the collected data. Compound annual growth rate (CAGR) has been used to analyze the growth of identified variables undertaken in the present study. Regression analysis has been performed based on the time series data (Period 1991-2023) of the area of tea production and quantum of production. Standard error of the estimate in regression analysis, while regressing each of above variables, namely, area of tea production land and production quantity on time, is used to indicate the uncertainty within the organization.

DISCUSSION AND FINDINGS

Tea Export Trend and the Trend of Average Prices of Tea Sold

Till 1867 the United Kingdom had been the sole market for Indian tea abroad. It was only in 1867 that 41 thousand pounds of Indian tea was exported to other European countries also. (*Baruah,* 2008). The first shipment of tea worth $2,291 was made to U.S.A. in 1868 but by 1885 export of tea to U.S.A. had increased to more than 100 thousand pounds (*Banerjee,* 2000). In this context, let us look into the trends of world tea exports of some major countries from 2001 to 2022 and as illustrated in the Table 1:

TABLE 1: WORLD TEA EXPORT TRENDS FROM 1995 TO 2022 (IN MILLION KGS)

Countries	1995	1998	2001	2002	2003	2004	2005	2012	2014	2018	2019	2020	2021	2022	CAGR (%)
India	151	210	183	201	174	198	199	201	207	256.06	252.15	209.72	196.54	226.98	1.54
Sri Lanka	235	265	288	286	291	291	299	305	318	271.78	289.59	262.73	282.84	247.15	0.20
Indonesia	79	67	99	100	88	99	102	71	66	-	-	-	77.27	--	- 1.00
China	167	217	250	252	260	280	286	321	301	364.71	366.55	348.82	369.36	375.23	3.29
Vietnam	19	33	68	75	60	99	88	135	130	130.00	134.91	130.00	145.00	140.00	8.32
Kenya	238	263	258	272	268	333	348	430	499	474.86	496.76	518.92	558.93	456.00	2.64
Malawi	33	41	38	39	42	47	43	42	44	-	-	-	-	48	1.51
Uganda	11	23	30	31	34	30	33	48	--	-	-	-	-	80	8.25
Argentina	41	59	56	57	58	66	66	78	--	72.62	75.32	65.98	64.20	71.00	2.22

From Table 1, a wide variation can be observed in terms Indian tea exports over the last 28 years. The CAGR in case of Indian tea export is only 1.54 percent. The reasons for fall in exports are attributed to increase in domestic consumption, lack of aggressive marketing of product in other countries, competition from soft drinks, preference to organic tea, etc.

Table 2 showcases the percentage share of exports.

TABLE 2: PERCENTAGE SHARE OF MAJOR COUNTRIES IN GLOBAL EXPORTS OF TEA

Countries	**1995**	**1998**	**2001**	**2002**	**2003**	**2004**	**2005**	**2010**	**2019**	**2021**
India	15	16	13	14	12	13	13	11	10.75	10.21
Sri Lanka	21	20	21	20	21	19	19	17	14.41	14.70
Indonesia	7	5	7	7	6	6	6	5	2.98	--
China	15	17	18	17	19	18	18	17	19,19	19.20
Vietnam	2	3	5	5	4	6	6	6	4.33	7.54
Kenya	22	20	19	19	19	21	22	25	13.99	29.04
Malawi	3	3	3	3	3	3	3	3	--	--
Uganda	1	2	2	2	2	2	2	3	--	--
Argentina	4	5	4	4	4	4	4	6	3.94	3.34

Source: Tea Statistics, Tea Board of India, different issues, Kolkata. '--' indicates not available

In terms of exports it can be observed from Table 2 that Sri Lanka, China and Kenya continue to dominate the world tea exports. India is at a distant place with its share of exports gyrating around 12 percent throughout the period i.e. from 1995 to 2021. It is also revealed that India's share in global exports has decreased considerably during the aforesaid period. Now let us look into the country wise exports as percentage of production (Table 3).

TABLE 3: EXPORTS AS PERCENTAGE (%) OF PRODUCTION (1995, 2000 & 2005)

Countries	**1995**			**2000**			**2005**		
	Production (M. Kg.)	Exports (M. Kg.)	%	Production (M. Kg.)	Exports (M.Kg.)	%	Production (M. Kg.)	Exports (M. Kg.)	%
India	756	151	20	847	207	24	946	199	21
Sri Lanka	246	235	96	307	280	91	317	299	94
Indonesia	144	79	55	157	106	68	156	103	66
China	588	167	28	683	228	33	935	287	31
Vietnam	40	19	48	70	55	79	133	88	66
Kenya	244	238	98	236	217	91	324	348	107
Malawi	35	33	94	42	38	90	38	43	113
Uganda	13	11	85	30	26	87	37	33	89
Argentina	32	41	128	63	50	79	80	66	83

TABLE 4: EXPORTS AS PERCENTAGE OF PRODUCTION (2009, 2010, 2011 & 2012)

Countries	**2009**			**2010**			**2011**			**2012**		
	Production (M. Kg.)	Exports (M. Kg.)	%	Production (M. Kg.)	Exports (M.Kg.)	%	Production (M. Kg.)	Exports (M. Kg.)	%	Production (M. Kg.)	Exports (M. Kg.)	%
India	979	198	20	966.40	222.02	22.97	1115.72	215.42	19.31	1111.76	201.08	18.09
Sri Lanka	290	280	97	331.43	296.38	89.42	328.63	301.27	91.67	326.28	304.49	93.32
Indonesia	136	93	68	151.01	87.10	57.67	142.34	75.45	53.00	130.50	71.00	54.41
China	1359	303	22	1475.06	302.53	20.51	1623.21	322.58	19.87	1761.00	321.79	18.27
Vietnam	154	95	62	178.00	127.97	71.89	178.00	143.00	80.34	158.00	135.00	85.44

Kenya	314	342	109	399.01	441.02	110.53	377.91	421.27	111.47	369.56	430.21	116.41
Malawi	53	44	83	51.59	48.58	94.17	47.06	44.89	95.39	42.49	41.83	98.45
Uganda	46	48	104	59.14	53.18	89.92	54.18	46.15	85.18	55.08	48.22	87.55
Bangladesh	60	3.15	5.30	59.27	0.91	1.54	59.32	1.45	2.44	62.16	1.51	2.43
Argentina	90	69	77	-----	85.35	----	-----	86.20	----	----	78.00	----

TABLE 5: EXPORTS AS PERCENTAGE OF PRODUCTION (2019, 2020 AND 2021)

Countries	2019			2020			2021		
	Production (M. Kg.)	Exports (M. Kg.)	%	Production (M. Kg.)	Exports (M.Kg.)	%	Production (M. Kg.)	Exports (M. Kg.)	%
India	1390.08	252.15	18.13	1257.53	209.72	16.68	1343.06	196.54	14.63
Sri Lanka	300.13	289.59	96.48	278.49	262.73	94.34	299.34	282.84	94.48
Indonesia	128.80	--	--	126.00	--	--	127.00	--	--
China	2799.38	366.55	13.09	2986.02	348.82	11.68	3063.15	369.36	12.05
Vietnam	190.00	134.91	71.00	186.00	130.00	69.89	180.00	145.00	80.56
Kenya	458.85	496.76	108.26	569.54	518.92	91.11	537.83	558.93	103.92

Source: Indian Tea Scenario, a Status Paper, Indian Tea Association (ITA), 2010 & Tea Statistics, Tea Board of India, different issues. '-' indicates not available.

Table 3, reveals that since 1995 India's exports as percentage of production has been declining. India's export as percentage of production has been diminishing in the years 2011 and 2012 over the years 2009 and 2010. Moreover, from Table 4 it is seen that Bangladesh still continues to export the least as percentage of production. In Table 5, quantities of tea export vis-a-vis export price of tea over the years from 1995 to 2021 have been shown.

TABLE 6: EXPORT QUANTITY AND PRICE PER UNIT OF INDIAN TEA

Year	Export Quantity (in M. Kg.)	Export Price (Rs/ Kg.)
1995	167.14	71.24
1998	200.71	85.79
2000	189.09	100.61
2005	205.81	93.51
2010	222.02	137.75
2015	199.08	192.07
2016	232.92	192.90
2018	256.06	138.57
2019	252.15	141.17
2020	209.72	184.69
2021	196.54	215.36
CAGR (%)	0.60	4.52

Source: Tea Statistics, Tea Board of India, Different Issues.

It is observed from the Table 6 that the quantity of export has increased from 167.14 million kgs in 1995 to 196.54 million kgs by the year 2021, thereby registering a CAGR of merely 0.60 percent. During the same time period, the export price has increased from Rs 71.24 per kg in 1995 to Rs 215.36 per kg in the year 2021. The calculated CAGR has been around 4.52 percent.

TABLE 7: QUANTITY AND AVERAGE PRICE OF TEA SOLD THROUGH AUCTIONS

Year	Quantity (in M. Kg.)	Price (Rs/Kg.)
1995	294.48	51.05
1998	442.35	76.43
2000	463.68	61.66
2005	510.02	58.05
2010	530.06	104.66
2013	532.40	128.46
2015	561.99	124.48
2020	603.54	137.65
2021	547.04	196.97
2022	610.39	171.21
CAGR (%)	2.95	4.95

Source: Tea Statistics, Tea Board of India, Different Issues.

Table 7 shows that the quantity sold in all India auctions along with price have grown only by 2.95 percent and 4.95 percent respectively over the period from 1995 to 2015. Thus, growth in export quantity has been lower than the growth in price.

Linear Regression Analysis of Area under Tea and production of tea

In this section, data relating to the area under tea and production of tea during the period 1991-2023 (Table 8 and Table 9 are presented and the time series data of area under tea (in Hectare) and production of tea (in kgs) are regressed with time.

TABLE 8: AREA UNDER TEA (IN HECTARES)

Year	Area under Tea (in Hectare)	Year	Area under Tea (in Hectare)
1991	420470	2007	578234
1992	420489	2008	581267
1993	418363	2009	581786
1994	425966	2010	583495
1995	427065	2011	600000
1996	431205	2012	605000
1997	434294	2013	563980
1998	474027	2014	604000
1999	490200	2015	566660
2000	504366	2016	577480
2001	509806	2017	621610
2002	515832	2018	620560
2003	519598	2019	625790
2004	521403	2020	556320
2005	555611	2021	547850
2006	567020	2023	619774

Source: *Tea Statistics, Tea Board of India, Kolkata.*

TABLE 9: PRODUCTION OF TEA IN INDIA

Year	Production (in the kgs)	Year	Production (in the kgs)
1991	754192	2008	981139
1992	732322	2009	979987
1993	760826	2010	957897
1994	752895	2011	967000
1995	756016	2012	1095000
1996	780140	2013	1135070
1997	810031	2014	1208780
1998	874108	2015	1197180
1999	825935	2016	1233140
2000	846483	2017	1250490
2001	853923	2018	1325050
2002	838474	2019	1350040
2003	878129	2020	1360810
2004	892965	2021	1283030
2005	945974	2022	1365000
2006	981805	2023	1374970
2007	986678		

Source: Tea Statistics, Tea Board of India, Kolkata.

Measures of Volatility of Area under Tea and production of tea

Regression analysis has been used to undertake a time series analysis using annual data on the variables, specifically the area and quantum of tea production, with time serving as the only independent variable. The following table displays the findings. R-square values in this analysis come out to be rather high. Standard error of the estimate is taken as measure of uncertainty in respect of the variables because it shows the degree of volatility of the respective market.

TABLE 10: RESULTS OF REGRESSION ANALYSIS

Variables	Unstandardised Co-efficient		Adjusted R square	Std. Error of the Estimate
	Constant	Time		
Area under Tea (in Hectare)	430348.944	6636.529	0.800	31166.713
Production (in the kgs)	667459.392	21338.338	0.938	53612.75

In the above case, as far as volatility is concerned, as derived from time series data, standard error of the estimate is more in the case of production of tea than in the case of area under tea. Price fluctuation, declining demand in the export market and high cost of production may be the underlying reasons of the volatility in the tea production.

CONCLUSION

The absurdity that befalls India's tea market can be attributed to the stark discrepancy between the price that producers receive and the price that dealers and merchants demand. The most severe problem is still not just low productivity but also poor produce quality, which is caused by inadequate infrastructure investment and ineffective management. There is an urgent need to address the issues of high manufacturing costs and sluggish productivity.

What is necessary at the moment is that the tea industry gets modernized with a change in technique of plantation, improvement of encouragement to the electronic tea auction and managerial excellence. Thus, a phase of crisis has emerged in the Indian tea industry post New Economic Policy period, especially over the last two decades.

Faced with stiff challenges from other tea producing countries like Kenya, Sri Lanka, Vietnam, etc India needs to be price competitive. But quality of tea being produced is not price competitive. This has resulted into plainer variety forming the bulk of exports, thereby damaging India's status as a source of quality tea. The reason for recession in tea industry is surplus supply (specially the common tea) in the world. Moreover, to attain long term viability the goal should be no longer production oriented but should be on reducing the cost of production, convalescing yield per hectare, value addition together with diversification of tea products. MA

REFERENCES:

1. *Arya, N., (2013), "Indian Tea Scenario", International Journal of Scientific and Research Publications, 3(7), (July).*
2. *Asopa, V.N., (2004), "Competitiveness in Global Tea Trade", Oxford and IBH Publishing Company Pvt. Ltd., New Delhi, India.*
3. *Banerjee, B., (2005), "E-Auction of Tea in India", Tea Board of India, Kolkata, (15th December).*
4. *Banerjee, B., (2010), "Fundamentals of Financial Management", PHI Learning Pvt. Ltd., New Delhi.*
5. *Banerjee, G. & Banerjee, S., (2008), "Tea Industry: A Road Map Ahead",Abhijeet Publications, New Delhi.*
6. *Banerjee, G. & Banerjee, S., (2009), "Tea Industry in Transition",Abhijeet Publications, New Delhi.*
7. *Banerjee, G.D. & Banerjee, S., (2008), "Export Potential of Indian Tea",Abhijeet Publications, New Delhi*
8. *Banerjee, G.D. & Banerjee, S., (2008), "Global Tea Trade: Dimensions and Dynamics", Abhijeet Publications, New Delhi, India.*
9. *Banerjee, G.D., (2000), "Marketing of Tea is no longer a fashionable Slogan", India Association of Social Science Institutions Journal.*
10. *Baruah, Pradip (2008) "The Tea Industry of Assam: Origin and Development", EBH Publishers, Guwahati, Assam, pp. 23-59 and 61-102.*
11. *Das, G.R. (2008) "Impact of Globalisation on Tea and Silk Industry of Assam" in Deb B, Sengupta, K and Datta Roy, B (ed.) Globalisation and North East India, Concept Publishing Company , New Delhi.*
12. *Das, P.P., (2006), "BorakeChashilperMrityuyatrarItikotha (Bengali)", SamoikProsongo, (5th November), No. 200.*
13. *Dasgupta, B (2008) "Impact of New Economic Policy on Tea Industry of Assam" in Deb B, Sengupta, K and Datta Roy, B (ed.) Globalisation and North East India, Concept Publishing Company, New Delhi.*
14. *Dutt, Himangshu, 2007 "The Turnaround of Indian Tea Sector", Delhi Business Review, 8(1).*
15. *Ganewatta, et. al., (2006), "Impact of Protection on Domestic Processing of Primary Commodities for Export Markets", South Asia Economic Journal, 7(1), Sage Publication, New Delhi.*
16. *Hettiarachchi, L., (2007), "Tea Industry-Everyone Has Problems", The Sunday Times Online, 42(12), (August 19), Sri Lanka.*
17. *Kar Deb, Ajanta & Mathew, Binu, (2012), "Tea Industry in West Garo Hills District of Meghalaya- A Micro analysis", Source-A Peer Reviewed Journal of Humanities and Social Sciences,Vol.II, August, 93-104.*
18. *Khaliqi, M., Gurning, H.R.H., Novanda, R. R. And Simamora, O. N.(2020): "Competitiveness Indonesia tea in international market", IOP Conf. Series: Earth and Environmental Science 454 (2020) 012039, (Source: https:// iopscience.iop. Org/article/10.1088/1755-1315/454/1/012039/ pdf Visited: 23/12/2023)*
19. *Kumar, Purnendu, (2006), "State and Society in North East India- A Study of Immigrant Tea Plantation Labourers", Regency Publications, New Delhi, 86-93.*
20. *Muflihah, Ulfah, Mutolib, Abdul and Nuraini, Candra (2023): "Analysis of Indonesian Tea Export Competitiveness on the International Market", East Asian Journal of Multidisciplinary Research, Vol. 2, No. 10.*
21. *Nagoor, B. H. (2021): Market Integration And Changing Direction of Trade: Case Of India's Trade In Tea, (Source: http://localhost:8080/xmlui/handle/ 123456789/ 538, visited: 23/12/2023)*
22. *Rao, C. N., (2005), "Geographical Indications in Indian Context: A Case Study of Darjeeling Tea", Economic and Political Weekly, October, XL (42), 15-21.*
23. *Sengupta, S., (2009), "Tea to get Smart Makeover to Capture Young Market", Times of India, Dated: 9th November.*
24. *Sha, S. K. And Pate, V.A. (2016): "Tea production in India: Challenges and Opportunities", Journal of Tea Science Research, Vol. 6, No.5.*
25. *Sivanesan, R (2013): "Tea Industry in India–Analysis of Import and Export of Tea", International Journal of Business and Management Invention, Volume 2 Issue 8, August.*
26. *Talukdar, U and Udeshna, C (2017): "Production and export of value added tea in India and It's Global competitiveness", Economic Affairs, , Volume: 62 pp. 705-710.*
27. *Thapa, A., (2005), "Concept Paper on Study of Nepalese Tea Industry Vision-2020", Nepal Tree Crop Global Development Alliance (NTCGDA),Winrock International, Baneshwor, Kathmandu.*

NEW WINGS IN MANAGEMENT ACCOUNTANCY

Abstract

In the business arena , particularly of Listed and Unlisted Companies ,the professionals viz Chartered Accountants , Company Secretaries and Cost Accountants have got statutory recognition for employment as whole time employees of the Companies or as financial Auditors , or Cost Auditors or Corporate Auditors , as provided in the Income Tax Act 1961 or Companies Act 1956 (now Act of 2013) , and other government regulations, which are mandatory provisions , but unfortunately , prior to 2013 , no such recognition was given to the Management Accountants. Section 138 of the Companies Act intends to recognise the value of Management Accountants (professionals) by giving rights to management to appoint these professionals at Statutory Position of Internal Auditors. The curriculum of Management accountants is wider than that of others. They are better suited to work as business professionals as they have knowledge of finance and all allied business tributaries/ activities. They can work as conduit between the executives of all departments and the management. The advancement of computer and other information technology, touching the borders of Artificial Intelligence, are ready to give him wings to fly higher than other professionals and attain better social and financial status in business world. He would be known as financial wizard, if he grab this golden opportunity to hold double charge as Internal Auditor and Data Analyst. He will be helpful to management in drafting prudent corporate policies , budgets , processes and other forecasts, based on the unbiased data analysis , of historical past performance of the company and other competing business entities.

CS Pran Nath Kumar
Corporate - Legal and Commercial Consultant & Arbitrator
NCR, Delhi
pnk2001@gmail.com

HISTORY OF ACCOUNTANCY

Management accountancy is one attribute of accountancy, which is a process of communicating the financial data and reports on the performance of the business entity and the quality of the managerial performance.

It is the combination of two words, accountancy and management. Beginnings of the accounting skills were witnessed about 350BC, when man started counting the things with the help of pebbles in the pursuit of knowing what is earned and what is spent. Archimedeans, in 287 BC, father of mathematics was responsible to generate the knowledge of accounting, based on four fundamentals viz. add, subtract, multiply and divisions. Later, when man learnt to write in a script, he started listing the observation on some paper .which was the writing of books on single entry system. Any person who had such skill was named as Munim or accountant. It was in the year 1494, that Mr. Luca Pacioli, taught to write books on two entry system which was called a ledger, - king of accounts book. The importance of accounts was highlighted after the enactment of Companies Act 1857 and subsequent amendment in 1913. An accountant was considered as guard to protect the interest of the business man. It is pride to record that Sh. KS Aiyar was the first practising professional in India, who started practice from Calicut and then shifted to Bombay. Accountancy was simple as the size and number of commercial entities was small and without complexities, of currency and norms of overseas trade.

PROFESSION OF CHARTERED ACCOUNTANTS

After independence of India, the Institute of Chartered Accountants was set up under Act of Parliament in 1949, and Chartered Accountant became a recognised qualification for the profession of accountants. Realising the need of exercising controls, and communicating true and correct results to the management, Govt. and stake holders they were made responsible for audit of accounts as external auditors, responsible to present accounts to investors, and the management of public limited companies. Thus, a qualified accountant was entitled to serve as an employee, or function as a statutory auditor.Thus, the financial annual statements and accounts became authentic records of the company reflecting profit and loss position of the entity.

MANAGERIAL ECONOMICS

The study of efficiency of management of a business became essential when there was expansion of business, size of market for the goods and service and competition among providers of goods by under cutting price of goods etc. Adam Smith, philosopher and thinker, declared that wealth is created through productive labour and that self-interest motivates the people to put their resources to the best use. He argued that profit from capital investment gets directed to where most profits can be made.

This principle led to the thinking that there should be optimum use of all tangible and intangible resources, used in the economic activity of business. John M Keynes changed the concept of managing the business by giving his principles of micro economics - of determining the ideal price so that there is no shortage nor there is wastage of resources. In the light of this principle, the best management accountancy is one which makes the best use of its efforts, in maximizing the profits and creating maximum capital. Therefore, management accountancy is the process of determining what has been achieved and what has been the deficiency in this pursuit. Hence, Management Accountants combine accountancy with the principles of managerial economics. He is one who assists the management on exercising internal controls and advises the management, the right way to plan the functions and prepare budget and evolve strategies to achieve the same, within the fixed period. Therefore, it is right to say that a good management accountant is one who manages (handles) his work within time (fixed age) to give best productivity and maximum profit.

He helps the external auditor and provides true, fair and dependable, information to him. He as on today is an employee of the company and not under the scanner of public authorities *viz.* PMLA or FE MA as are the KMP and external auditor.

ROLE AS MANAGEMENT ACCOUNTANT

Unfortunately, a Management Accountant has wider role to play in an organisation, than a full time employee Chartered Accountant, but he neither gets equal remuneration nor the respect received by a Chartered Accountant. The reasons are that Management Accountant is an internal face whereas. CA is an external face. Secondly, Management Accountant, (hereinafter called) M.A is not a statutory employment, whereas Chartered Accountant, (hereinafter called) CA is under Income Tax and Companies Act. C.A is a professional from an Institute namely ICAI, established under a Statute, whereas M.A. could be from many institutes, which have come into existence in large numbers. Hence Management Accountants and business leaders must introspect how the status of a Management Accountant can be elevated in the business world.

ROLE AS INTERNAL AUDITOR

Fortunately, the Companies Act 2013 vide section 138 has declared that specific companies from private and public sectors, are bound to keep internal auditor having qualification as CA or Cost Accountant, or any professional appointed by the Board and assigned duties as desired.

The section reads as under:

"Such class of companies as may be prescribed shall be required to appoint an internal auditor, who shall be either a chartered accountant or a cost accountant or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company, as provided in Rule 13 of Companies (Accounts) rules 2014."

This implies that the role of internal auditor appointed in compliance with the provisions of section 138 of the Companies Act 2013, is not limited only to financial reporting and controls, but could spread his wings to every micro level activity of the business of the company. It will also aim at strengthening the confidence and reliability on the financial accounts and reports, presented by the external auditors to the investors and stakeholders, particularly when the same have gone through the first examination by the internal auditor.

The new provision of the Companies Act opens the door for the Management Accountants or business managers to seek appointment in this cadre - and look after more functions in the organisation hierarchy. He should understand that profit is not the only motivation for the entrepreneur. According to the need of the time, he must comply with the statutory laws and regulations. The acts of the owners are to be ethical. The organisation has to fight competition from domestic and overseas markets. The

The perception of Management Accountant should change and he should be considered as partner of the management and a path finder as well as path maker

organisation should plan to make profits from investments in capital market too. It should ensure safety or at least reduce risks, from the changing business environment and the laws of the country. All these compel the management to seek the services of not only the internal auditors, but also managers who have multiple ears, eyes, and heads and hands to strengthen the management in all its activities. All these functions cannot be performed by the qualified CA, CS or CMA during the limited days of audit period, but can be performed only by a management accountant or a professional, who has grip on finance, taxation, legal, planning, strategic planning.

In view of the changing demands of professionals, it is pertinent to do something more so that the strategies and planning are not only subjective but become unbiased and objective.

ROLE AS DATA ANALYST

This objective can be achieved if the management assigns the duty of data collection from each and every functional activity of business and link the data with the profitability of the whole business. There are a number of departments like purchase, sale, marketing, HRD, transportation, etc. The operational policies of each department and their individual productivity, makes impact on the working of the business and that can reduce or increase the business. Therefore, in the digital world of today, when we have access to data of each functional area, we can easily establish modules of correlations and regressions. What effect the changes in purchase or marketing policies will make on the profitability, can be codified. Due to this practice, we will not depend upon our own subjective judgment, but will look analytically on the basis of data and historical facts. Therefore, the future of business would depend on analytical decisions instead of subjective and biased mind.

Therefore, management professionals of today need to constantly update their knowledge and skills. They should not confine their vision just on accounting software like Tally or zoho book, but should see beyond on software's like SAP and ERP covering financials, internal controls, sales and distribution, human capital management, to ensure risk free march of business entity on the fast and safer track.

Artificial intelligence is the integration of our intelligence with machines and is going to change the profile of a Management Accountant. Thereafter, there will be continuous changes in policies and execution guidelines in business practices.

ROLE AS BUSINESS PARTNER

Notwithstanding the intelligence of the owners, the business accountant will guide the functionaries to develop the business with stability and sustainable thrust. Any activity of business, which has value, would be the source of allurement to the accountant for research.

In the light of the above, it is felt that the perception of Management Accountant should change and he should be considered as partner of the management and a path finder as well as path maker. These additional foliages and wings would make him superior to other professionals like C.A or C.S. He will be as good as persons qualified from IIM-s, and would get matching respect and remuneration.

FUTURE OF MANAGEMENT ACCOUNTANCY

Ultimately, management accountancy would be the process of developing the skills of taking management decisions on, planning and performance, possessing expertise in financial reporting and generating analytical strategies with respect to every micro level valuable activity.

CONGRATULATIONS

Department of Higher and Technical Education, Shikshan Shulk Samiti, Mumbai, Government of Maharashtra appointed CMA Harshad Shamakant Deshpande, Council Member, ICMAI, as a member of the Fees Regulating Authority vide its notification dated 3rd June 2024.

We wish CMA Harshad S. Deshpande the very best for his future endeavors.

SENSEX SURGES CROSSING THE 75 K THRESHOLDS, PAVING THE WAY TO INDIA'S ECONOMIC ASCENT AND VISION OF VIKSIT BHARAT@2047

Abstract

Amidst global economic uncertainties, India shines as a beacon of growth and opportunity. While many developed nations grapple with economic slowdowns, inflationary pressures, and aging demographics, India stands out as the world's fastest-growing major economy, a recognition affirmed by esteemed institutions like the IMF. The recent surge in the Sensex to 75K, underscores the vibrancy of Indian stocks, positioning them as coveted assets on the global stage.

Dr. Rupa Yadav
Assistant Professor
New Alipore College
Kolkata
hiirupayadav@gmail.com

CMA (Dr.) Sudarshan Maity
Joint Director, Directorate of Examination
The Institute of Cost Accountants of India
Kolkata
exam.jd3@icmai.in

INTRODUCTION

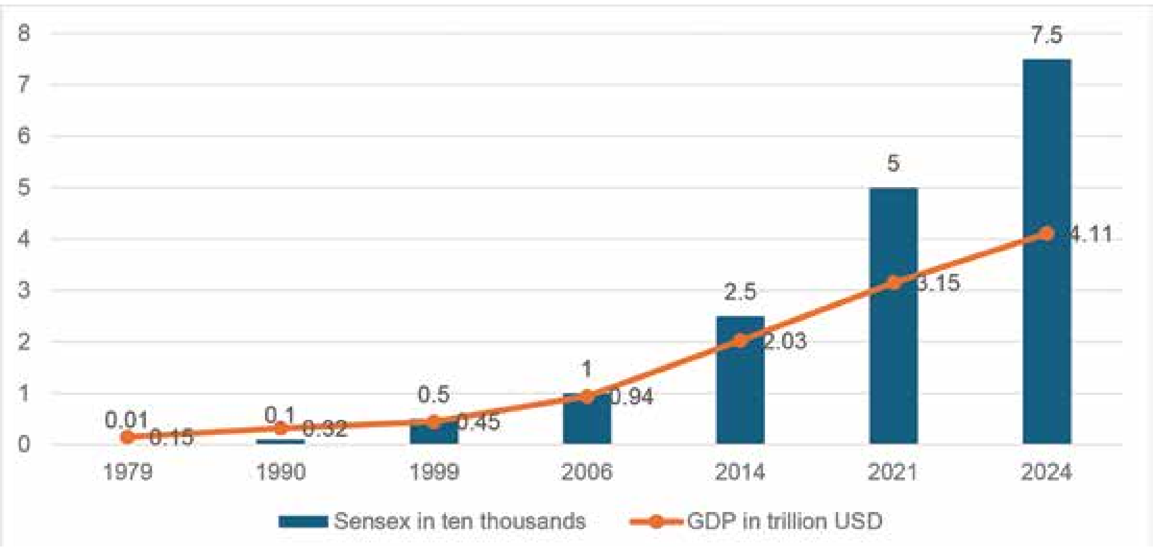
On April 9, 2024, the BSE Sensex, India's flagship stock market index, soared to unprecedented heights, breaching the monumental milestone of 75,000 points. This historic achievement reverberated across the nation, signaling not only a remarkable triumph in the financial domain but also a significant leap toward India's overarching goals of ascending to the position of the world's third-largest economy and realizing the ambitious *Viksit Bharat* Vision 2047.

The journey to 75k epitomizes India's economic prowess and resilience amidst global uncertainties including the COVID-19 pandemic, geopolitical tensions like the Russia-Ukraine conflict and pivotal events like the US Federal Reserve Rate Hike. Amidst these challenges, the Sensex's surge marks a resilient comeback from the significant 13.2 per cent drop it experienced during the COVID-19 pandemic in March 2020 - the sharpest decline since 1991.Moreover, the withdrawal of foreign investors due to geopolitical tensions and the impact of fluctuating oil prices further intensified economic concerns, affecting sectors like tyre manufacturing and airlines. However, the Sensex's rise to 75K points showcases investor confidence in India's strong economic fundamentals and policies. This milestone is not just a number - it's a symbol of India's commitment to sustained growth, global competitiveness, and inclusive development, in line with the vision of *Viksit Bharat*@2047. As India celebrates this historic achievement, it underscores the nation's dedication to prosperity, self-reliance, and inclusivity by its centenary year. The journey to 75k is about India's resilience, determination, and unwavering march towards a brighter future. The present study endeavors to analyze the present Sensex performance milestone of 75k and how the Indian economy moves towards becoming the third largest economy in the world to achieve the vision of *Viksit Bharat*@2047.

SENSEX PERFORMANCE RISING HOPES OF THIRD-LARGEST ECONOMY

Sensex, India's economic pulse, recently soared past the 75K milestone, marking another triumph in its remarkable journey. From its humble beginnings at 100 back in January 1986, the journey of the Sensex from 2,000 to 75,000 has been marked by periodic concerns about its heights, particularly around significant milestones such as 5,000, 10,000, 20,000, 50,000, and now, 75,000. The market capitalism of all BSE-listed firms also surged from ₹1 billion to ₹4 billion. However, a closer examination reveals that these apprehensions may not be warranted, especially when considering the parallel growth of the Indian economy. Since its inception in 1979 at 100, the Sensex has mirrored the expansion of businesses across sectors, which collectively contribute to the nation's economic growth. The correlation between the nominal GDP and the Sensex performance further underscores this symbiotic relationship. Presently, with the Sensex trading at 75,000 and a forward PE of 21, slightly above its 10-year average, indications suggest that it is positioned reasonably. Moreover, India's favorable growth prospects, coupled with increased domestic equity flows and reduced market volatility, reinforce the optimism for future milestones. While realistic return expectations are crucial, historical data suggests that over the long term, the Sensex's performance aligns with nominal GDP growth, offering grounds for confidence in its potential for further advancements. Sensex has weathered storms of global financial turmoil, crises, and even the COVID-19 pandemic, emerging resilient and stronger each time. Its ascent from 100 to 75,000 is a testament to its unwavering strength and resilience in the face of adversity. The current 10 and 20 years Sensex CAGR is 11 and 13 per cent respectively in line with the nominal GDP CAGR of 10 and 13 per cent.

FIGURE 1: INDIA'S GDP AND SENSEX TREND OVER THE PAST



Source: Prepared by Researchers

Government policies and reforms have been instrumental in creating a stable environment conducive to market growth. Central banks' adoption of low-interest rates post-2008 crisis spurred borrowing and investment, driving corporate activity and stock market gains. Government stimulus during crises, like COVID-19, injected vital liquidity, bolstering market stability and investor morale. From 2015 to 2018, market fluctuations were evident, with alternating periods of growth and decline. Events like demonetisation in 2016 and the hurdles of GST implementation temporarily disrupted stability and led to market volatility. However, the announcement of corporate tax cuts in September 2019 notably uplifted market sentiment, providing a substantial boost to investor confidence. The COVID-19 outbreak in early 2020 caused notable initial drops in the markets, eventually leading to a global crash reminiscent of the 2008 financial crisis by late March. Nonetheless, this downturn was short-lived as central banks injected liquidity, retail investment surged, and optimism regarding vaccine development propelled a persistent bull market that shows no signs of slowing down. Policy reforms, ample global liquidity and robust earnings in sectors such as IT and healthcare have underpinned market strength. Additionally, the gradual resumption of business operations after pandemic restrictions and the Indian economy's resilience has bolstered bullish sentiment. Industries such as IT, pharmaceuticals and consumer goods have delivered robust earnings, thus bolstering stock valuations positively.

Measures aimed at stimulating the economy, coupled with a focus on digitalization and infrastructure development, have attracted substantial investments. Digitalization, in particular, has played a crucial role in boosting Stock Exchanges and attracting more investors. The Indian equity market size has witnessed phenomenal growth, that is, from $1.4 trillion to $4.5 trillion, in less than a decade, gaining its ground to lead the stock market superpowers across the globe.

Moreover, since May 2014, the mutual fund industry has consistently grown, with total assets under management (AUM) hitting significant milestones: from 10 trillion in May 2014, doubling to 20 trillion by August 2017 and exceeding 30 trillion by November 2020. Over a decade, from 2013 to 2024, the industry's overall size expanded from 8.14 trillion to 53.40 trillion rupees, a more than six-fold increase. Similarly, the number of investor folios more than doubled from 69.9 million to 177.9 million during this period. Moreover, SIP accounts crossed one million in 2016, surging to 84 million by 2024.Digitalization have helped the Stock Exchanges to grow and increase the participation of investors. Going ahead, the stock market is expected to support Indian businesses and jobs.

In recent years, numerous Indian companies have effectively initiated initial public offerings (IPOs), securing significant investments from both domestic and international backers. Over the past eighteen months, more than 65 prominent firms, such as Tata Technologies, Cyeint DLM, Signature Global (India), Nova AgriTech, and Jana Small Finance Bank, among others, has introduced their IPOs to the market. These IPO launches serve as a testament to investor faith in India's developmental narrative, while also furnishing companies with vital funds to amplify their operations and fuel innovation endeavors.

In short the combination of increased investor participation, supportive Government policies, phenomenal growth in the equity market, significant milestones in the mutual fund industry, and successful IPO launches collectively justify Sensex's performance reaching the 75K milestone as a significant step towards India's aspirations of becoming the third largest economy.

The increasing participation of investors in the stock market reflects rising financial literacy, economic engagement, and wealth generation among Indian citizens

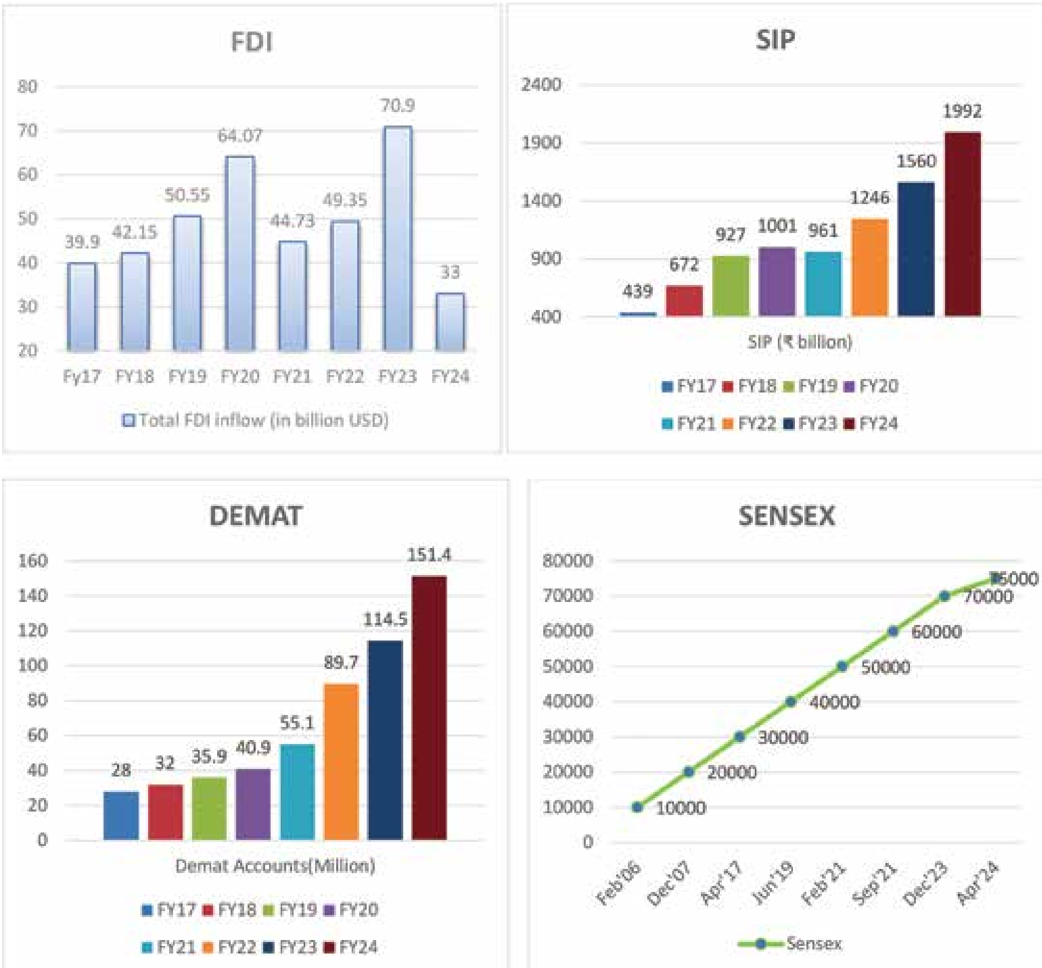
THE VISION OF VIKSIT BHARAT@2047

The aim of the vision *Viksit Bharat*@2047 is to transform India into a developed and prosperous nation by the year 2047. This vision encompasses a comprehensive agenda for economic, social, and environmental development, aiming to improve the quality of life for all citizens and establish India as a global leader on various fronts.

A rising Sensex signifies growing investor confidence and optimism regarding the country's economic outlook. As the Sensex ascends, it generates wealth for investors, both domestic and international. This increased wealth often translates into higher levels of investment, both in financial instruments and in key sectors of the economy. Such investments typically stimulate higher rates of economic growth. The Sensex reaching 75K could be seen as a positive indicator for India's vision of *Viksit Bharat*@2047. Achieving new highs in the Sensex reflects investors' faith in India's economy.

A rising Sensex implies that investors have confidence in the ability of Indian companies to generate profits and contribute to overall economic expansion. The increasing participation of investors in the stock market reflects rising financial literacy, economic engagement, and wealth generation among Indian citizens, contributing to overall social development and prosperity. It implies greater access to financial opportunities, reducing wealth disparities and fostering economic empowerment. Furthermore, it underscores confidence in wealth accumulation and entrepreneurial ventures, stimulating innovation and job growth. Additionally, it directs savings towards productive sectors, crucial for economic advancement. Ultimately, stock market participation cultivates financial literacy and awareness, enabling informed financial decision-making, thereby bolstering overall societal progress. During pre-Covid times, there were 50 million registered investors, but now as per BSE, as on March 2024, the number of registered investors stood at nearly 151.38 million (both NSDL and CDSL).

FIGURE 2: TREND OF FDI, SIP AND DEMAT COMPARE TO SENSEX



Source: Prepared by Researchers

The role of foreign direct investment (FDI) in economic growth is multi-dimensional and well-recognised in both developed and developing countries. Currently, India stands out as a highly appealing destination for FDI worldwide. The Government has established a welcoming FDI policy that facilitates investment, allowing for 100 per cent FDI in nearly all sectors, barring those deemed strategically significant, which are subject to certain restrictions.FDI inflows in India stood at USD 39.9 billion in 2017 and have continuously increased since then. FDI inflows increased to USD 64.07 billion in 2020. FDI in India has experienced a notable decline in the current year primarily attributed to the heightened repatriation of capital.

The surge in SIPs in India reflects a culmination of factors spanning over two decades, highlighting a shift towards a more disciplined and informed approach to wealth creation among retail investors. This trend underscores the diminished appeal of traditional investment avenues like property, gold, and bank FDs, as investors increasingly recognize the advantages offered by SIPs in navigating market volatility, regulatory changes, and tax efficiency. As the investment landscape continues to evolve, SIPs emerge as a reliable and time-tested method for long-term wealth accumulation in the dynamic Indian market.

The surge in demat accounts to 151.4 million by March 2024 signifies a robust expansion fueled by various factors. The appeal of equity market returns and the ease of opening accounts have been pivotal in this growth, evident from the higher additions compared to the preceding years. Additionally, initiatives to enhance financial literacy and the rising interest in trading, especially among the youth, have propelled this upward trajectory. The consecutive rise in active client counts, particularly in the top discount brokerages, highlights the growing engagement in financial markets. Looking forward, regulatory measures such as the mandatory nomination of beneficiaries underscore efforts to fortify investor protection and transparency. As the financial landscape evolves, the continued expansion of demat accounts reflects a dynamic market driven by increased participation and heightened investor awareness.

The Indian Government has implemented various reforms aimed at encouraging investment and stimulating economic growth. Initiatives such as 'Make in India', GST implementation, corporate tax reductions, and the Atmanirbhar Bharat Abhiyan are designed to enhance the competitiveness of Indian industries and attract both local and international investment. A thriving stock market often accompanies increased investment, whether domestic or foreign, in infrastructure and various economic sectors. These investments play a vital role in India's growth trajectory, as emerging economies utilize innovations to bridge technological disparities. Collaborations between foreign investors and domestic entrepreneurs, as seen in initiatives like 'Make in India' and PLI schemes, not only boost production capabilities but also drive domestic investments. Additionally, government measures such as GST implementation, financial sector liquidity management, and FDI policy reforms contribute to an improved business climate, complementing initiatives like public procurement orders and the phased manufacturing programme. Such concerted efforts create a conducive environment for both domestic and foreign investments, essential for propelling India's economic growth and generating employment opportunities, thereby aligning with the vision of a developed India by the year 2047.

The momentum generated by Sensex 75K contributes to job creation, infrastructure development, and industrial expansion, laying the foundation for sustainable growth and prosperity envisioned in *Viksit Bharat* @2047. Furthermore, the positive sentiment surrounding the stock market encourages entrepreneurial ventures, innovation, and technological advancements, aligning with the vision's objectives of fostering economic dynamism and global competitiveness. In essence, the attainment of Sensex 75K serves as a catalyst for realizing the ambitious goals outlined in Viksit Bharat@2047, steering India towards becoming a developed and prosperous nation by the year 2047.

CONCLUSION

Many economists predict India's imminent rise to become the third-largest economy after e US and China. The resilient performance of the Sensex, surpassing significant milestones, reflects investor confidence and market resilience. Additionally, robust FDI inflows underscore India's attractiveness as an investment destination, fostering economic growth and development. Despite the adverse impact of the Covid pandemic on the Sensex, it demonstrated resilience by bouncing back during the post-pandemic period, marking a substantial recovery. As a result, the prospect of the Sensex reaching the 100,000 milestone in the near future appears feasible and realistic.

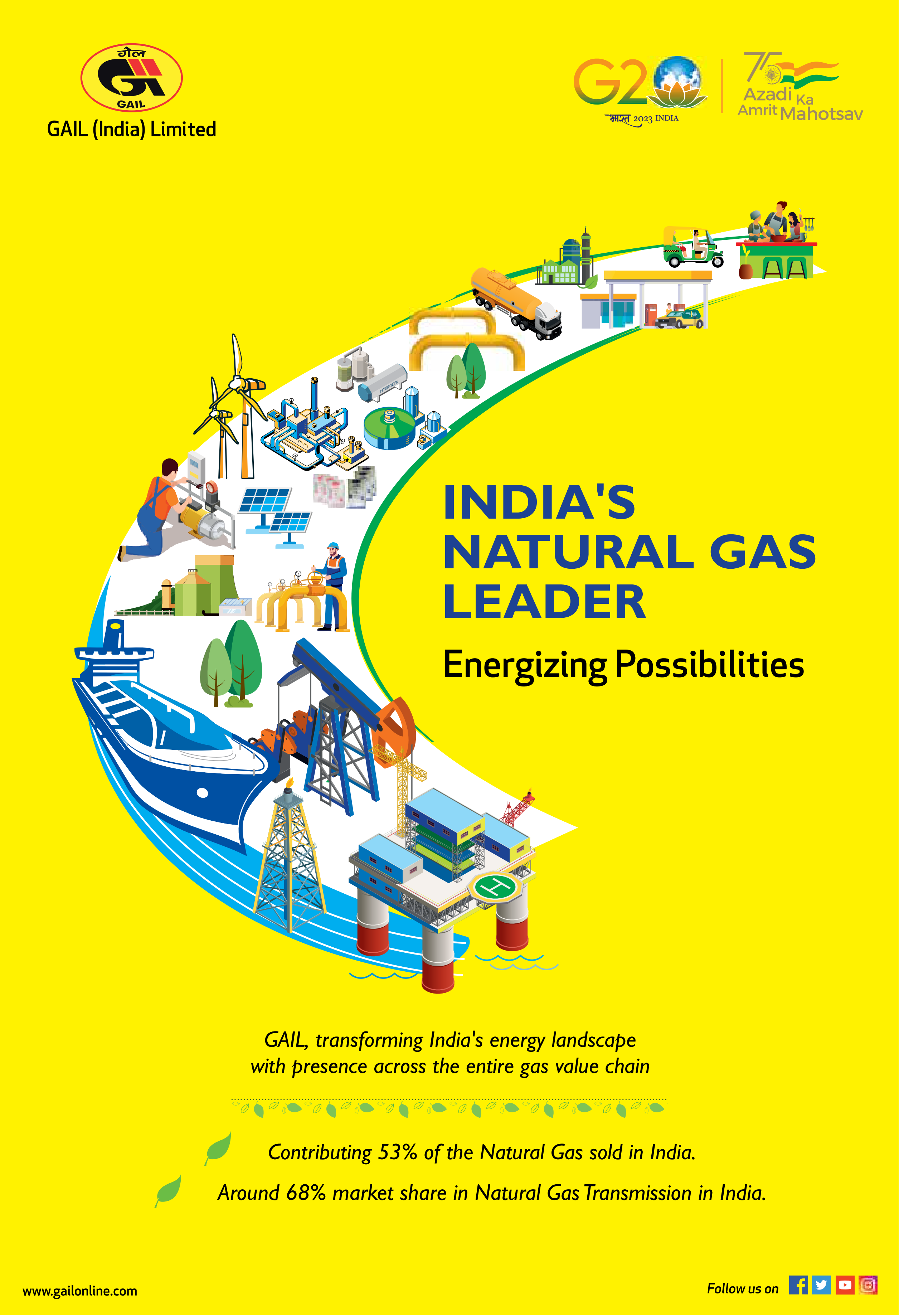
However, it's essential to recognize that while the Sensex offers valuable insights, it alone does not comprehensively gauge India's overall economic health or its potential to achieve the goals outlined in *Viksit Bharat*@2047. India's demographic advantage, with its large and youthful population, presents significant economic potential. With a burgeoning workforce and a low old-age dependency ratio, India is poised for sustained economic growth.

Despite these promising trends, addressing challenges such as employment generation and effectively leveraging technological advancements will be imperative for maintaining this positive trajectory in the long run. Additionally, factors such as social development, political stability, technological advancements, and reforms in sectors like agriculture and food processing, along with global trade dynamics, play crucial roles in shaping India's economic landscape.

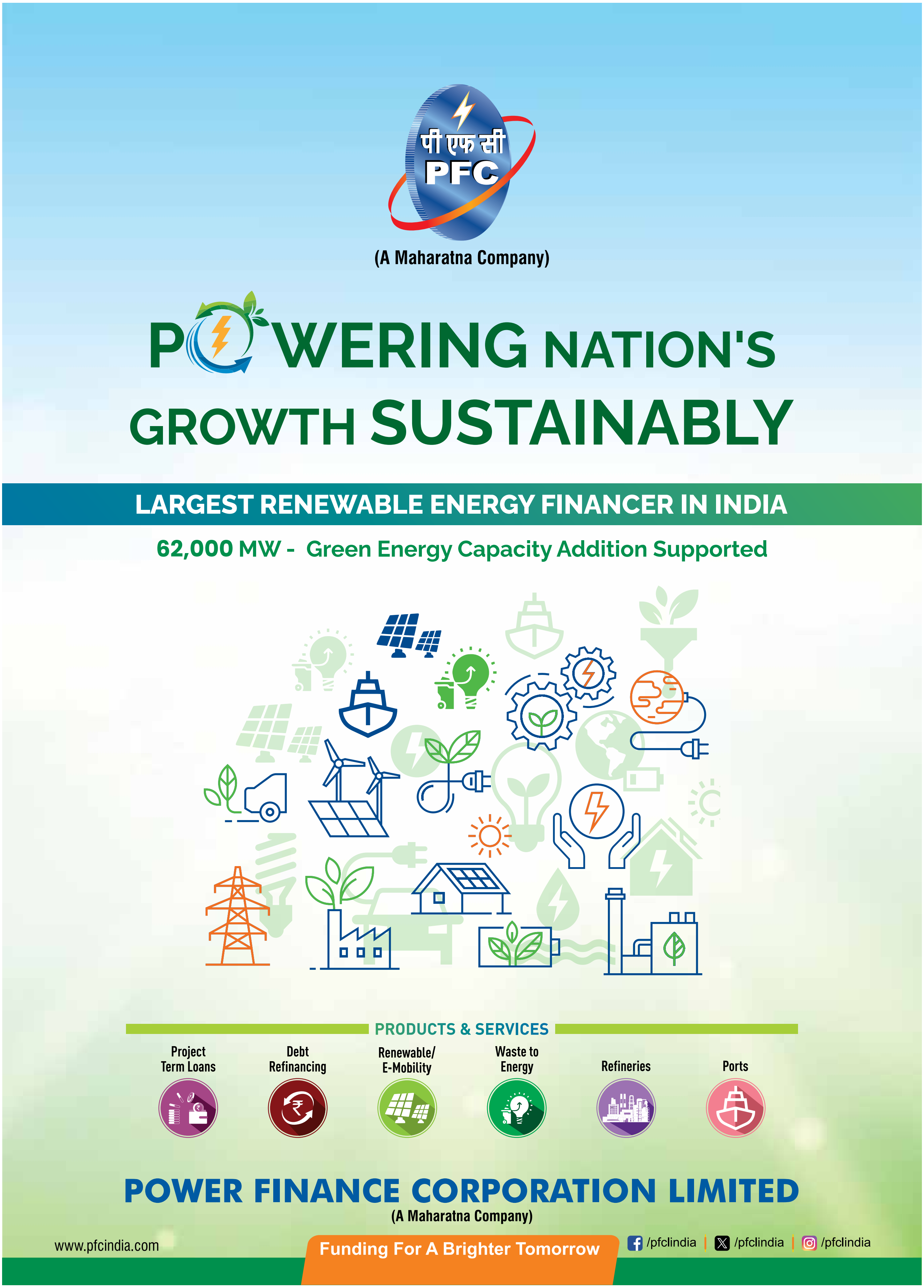
Furthermore, India must confront various challenges, including income inequality, infrastructure gaps and bureaucratic hurdles, to ensure sustained and inclusive economic growth. To foster the holistic development of all regions, it is essential for political leaders at both the Central and State levels to collaborate closely. Their shared goals and aspirations should align harmoniously to realize the vision of *Viksit Bharat*@2047 and propel India towards a prosperous and developed future. Effective implementation of Government policies and reforms has been crucial for both market growth and the overall development of the country. MA

REFERENCES

1. *The Economic Times,*
2. *The Times of India,.*
3. *Business Standard,*
4. *The Indian Express*
5. *Business Line*
6. *https://www.ibef.org/*
7. *https://www.moneycontrol.com/*



GAIL (India) Limited
G20
भारत 2023 INDIA
Azadi Ka Amrit Mahotsav
INDIA'S NATURAL GAS LEADER
Energizing Possibilities
GAIL, transforming India's energy landscape
with presence across the entire gas value chain
Contributing 53% of the Natural Gas sold in India.
Around 68% market share in Natural Gas Transmission in India.
www.gailonline.com
Follow us on


पी एफ सी
PFC
(A Maharatna Company)
POWERING NATION'S GROWTH SUSTAINABLY
LARGEST RENEWABLE ENERGY FINANCER IN INDIA
62,000 MW - Green Energy Capacity Addition Supported
PRODUCTS & SERVICES
Project Term Loans
Debt Refinancing
Renewable/ E-Mobility
Waste to Energy
Refineries
Ports
POWER FINANCE CORPORATION LIMITED
(A Maharatna Company)
www.pfcindia.com
Funding For A Brighter Tomorrow
/pfclindia | /pfclindia | /pfclindia

July, 2014

National Seminar 2014 on 'E-banking and Financial Inclusion: Trends, Challenges and Policies' jointly organized by the Institute and Rabin Mukherjee college on July 19, 2014. On the dais from the right are: CMA Swagata Sen, Professor & Dean of Commerce & Management, Calcutta University, Mr. S K Basu, former CMD, Bank of Maharashtra, CMA Manas Kumar Thakur, Council Member, Dr.Ramapada Bera, Registrar of WBSU, Prof. Amal Kumar Ray, Teacher-in charge, Rabin Mukherjee College

On July 15, 2014, the Surat South Gujarat Chapter of Cost Accountants organized a full day seminar on post changes in Excise, Customs, Service Tax and Income Tax. CMA Ashok B. Nawal (MD of BIZSOL India Pvt Ltd) explained the impact of budget in details for optimum benefit of all participants and also explained the practical issue for compliance by SEZ and DTA units

July, 2004

I.S.S.S. Ganesh, General Manager, BHPV Ltd, lighting the lamp at the student seminar at Visakhapatnam Chapter on 18th July, 2004

Seen from right: A. Chandra Sekhar, Treasurer, SIRC, G.S.R Krishnamurthy, Vice Chairman, D Ramana Murthy, Secretary and B.V. Ramesh

Union Budget-2004, Indirect Taxation at Hyderabad on 19th July, 2004

Seen from left: V. Bhanu Murthy Rao, Secretary, OnkarNath, Chief Commissioner of Customs & Central Excise, G.V.S.Subramanyam, Chairman

Down The Memory Lane

July, 1994

R.D. Joshi, Jt Secretary, Dept of Company Affairs, Govt. of India and Central Council Member, ICWAI, A.R. Ramanathan, Member, Company Law Board & Central Council Member, ICWAI, Dr. G. B. Rao, Central Council Member and Mrs. Rama Kashinath, now Director (PD&P), during inauguration of the DP&T Programme on Environment Audit at New Delhi

19th Regional Cost Conference at Bokaro. Seen in the picture from left to right are: A.K. Mukhopadhyay, Secretary, Bokaro Chapter, T.V.A. Narayan, Chairman Bokaro Chapter, B.L. Kshatriya, MD, BSL, Chief Guest, B.D. Bose then President, ICWAI, and J.K Puri, Keynote speaker

July, 1984

Joint Programme with ICAI Pune Branch and ICSI Pune Chapter on 6th July 1984 in the Conference Hall of the Pune Chapter of Cost Accountants

July, 1974

On 22nd July, 1974, the Eastern India Regional Council, arranged a meeting of Members and Students in the Cost Accountants' Hall, 12, Sudder Street, Calcutta to felicitate the newly elected President and Vice-President, immediate Past President, and other Central Council Members. The meeting was presided over by Shri L. Ganguly, Chairman, EIRC

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

DIGITAL OBJECT IDENTIFIER (DOI)

Issue: December - 2023 [Vol. 58 No. XII]

Name of The Article	Name of Author/s	Volume	Issue	Issue No.	Page No.	DOI Numbers
CORPORATE SOCIAL RESPONSIBILITY AT THE BOTTOM OF PYRAMID	CMA Suraj Kumar Pradhan	58	Dec-23	12	19-22	10.33516/maj.v58i12.19-22p
CSR AS A CATALYST FOR SKILL DEVELOPMENT IN INDIA	CMA Ajay Deep Wadhwa	58	Dec-23	12	23-24	10.33516/maj.v58i12.23-24p
ESG AND CSR: THE CURRENT SCENARIO AND FUTURE	CMA Harshad S. Deshpande Dr. Shilpa Bhide CMA Vikrant Kelkar	58	Dec-23	12	25-27	10.33516/maj.v58i12.25-27p
ROLE OF CMA IN ALIGNING TAXATION AND CSR FOR BALANCING SOCIAL AND BUSINESS DEVELOPMENT	CMA Vitin Kumar CMA Pokhraj Sharma Dr. V. K. Singh	58	Dec-23	12	28-30	10.33516/maj.v58i12.28-30p
ESG REPORTING AN ENABLER FOR SUSTAINABLE BUSINESS AND INCLUSIVE GROWTH	CMA Aparajita Roy CMA Neha Agarwal	58	Dec-23	12	31-34	10.33516/maj.v58i12.31-34p
TEACHING ETHICS AND SUSTAINABILITY: A FRAMEWORK FOR EMBEDDING CSR IN EDUCATION	CMA Quiser Aman Dr. Mrinal Gaurav	58	Dec-23	12	35-40	10.33516/maj.v58i12.35-40p
CSR IN INDIA: INVESTIGATING THE MACRO TRENDS	CMA (Dr.) Swapan Sarkar	58	Dec-23	12	41-46	10.33516/maj.v58i12.41-46p
SYNERGY OF CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY FINANCE: A NEXUS FOR POSITIVE IMPACT	CMA (Dr.) Arindam Banerjee Sutapa Banerjee	58	Dec-23	12	47-50	10.33516/maj.v58i12.47-50p
ESG: A STEP AHEAD OF CSR FOR SUSTAINABLE BUSINESS AND SOCIETY	CMA Soumendra Roy	58	Dec-23	12	51-54	10.33516/maj.v58i12.51-54p
THE NEXUS OF CSR AND TQM PRACTICES: A CATALYST FOR SUSTAINABLE DEVELOPMENT	Sanjay Bharti Dr. Asif Akhtar	58	Dec-23	12	55-58	10.33516/maj.v58i12.55-58p
CSR AND ESG	Pradeep Ramakrishnan	58	Dec-23	12	60-62	10.33516/maj.v58i12.60-62p
TRANSFORMATION FROM TRADITIONAL TO DIGITALISED TO NEO BANKING FOR INCLUSIVE FINANCE	CMA (Dr.) Paritosh Basu	58	Dec-23	12	63-69	10.33516/maj.v58i12.63-69p
HOW DO WE FURTHER ACTIVATE & EXTEND THE STOCK MARKETS FOR INCLUSIVE GROWTH OF THE SMALL & INNOCENT INVESTORS?	CMA (Dr.) Girish Jakhotiya	58	Dec-23	12	70-72	10.33516/maj.v58i12.70-72p
EXPLORING THE POTENTIAL OF REVERSE MENTORING: AN AVENUE FOR PROMOTING INNOVATION AND INCLUSIVITY	CMA Soumen Dutta	58	Dec-23	12	73-81	10.33516/maj.v58i12.73-81p
UNEMPLOYMENT SCENARIO IN INDIA IN THE BACKDROP OF COVID-19 PANDEMIC	Sucheta Sengupta Swatilekha Datta CMA (Dr.) Arindam Gupta	58	Dec-23	12	82-86	10.33516/maj.v58i12.82-86p
6R COST REDUCTION STRATEGY – A SUCCESS STORY OF BHEL (HYDERABAD)	CMA (CS) P.V. Arun Kumar CA Shimbhu Dayal Khokharia	58	Dec-23	12	87-91	10.33516/maj.v58i12.87-91p
A STUDY ON THE FACTORS INFLUENCING ELECTRIC VEHICLE (EV) ADOPTION: A CASE STUDY OF CONSUMER BEHAVIOR IN LUCKNOW CITY	CMA (Dr.) Anamika Shukla Dr. Nitesh Rawat Dr. Saurabh Singh Sarvesh	58	Dec-23	12	92-96	10.33516/maj.v58i12.92-96p

EASTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ODISHA CHAPTER

The Chapter celebrated International Yoga day with the Members, Students and Staff of the Chapter on 21st June 2024.With the help of the Yoga trainer around 35 participants actively participated in the programme. The managing committee members of the Chapter coordinated the programme to make it grand success.

CMA Foundation Day was celebrated by the Chapter on 28th May, 2024 at the Chapter Conference Hall. CMA Narasingha Chandra Kar, Chairman of the Chapter, CMA Ashwini Kumar Patro, Vice-Chairman of the Chapter, CMA Akshya Kumar Swain, Secretary of the Chapter, CMA Prasanta Kumar Pani, Treasurer of the Chapter and other M.C. Members along with students and staff were present at the function.CMA Ashwini Kumar Patro welcomed the dignitaries, guests and the gathering. CMA Narasingha Chandra Kar, inaugurated the function and shared his valuable views on history, role and responsibility of the Institute as well as its members. CMA Akshya Kumar Swain, spoke about the professional development, activities undertaken by the Institute to maintain social respect, dignity and Identity of CMA profession.CMA Prasanta Kumar Pani, shared his own experience in the corporate sector and as a professional accountant as to how he is respected and distinguishably identified because of CMA qualification.CMA Ashwini Kumar Patro, proposed a vote of thanks, with National Anthem, the programme came to an end.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter conducted a seminar on the theme "GST: Issues, Compliances, and Adjudication (Practical Aspect)" on 07.06.24 at its premises. Shri Kunu Padhi, Joint Commissioner, CT & GST, Odisha, Cuttack spoke on the topic as the chief guest cum resource person and CMA Shiba Prasad Padhi, Practicing Cost Accountant & Past Chairman, ICMAI-EIRC moderated the session. CMA Soumya Ranjan Jena, Chairman, PD Committee of the Chapter facilitated the event. CMA Ramesh Chandra Patra, Chairman of the Chapter delivered the welcome address, while CMA Sarat Kumar Behera, Vice Chairman of the Chapter delivered the keynote address. CMA Barada Prasan Nayak, Secretary of the Chapter proposed the vote of thanks.

On 15.06.24, CMA Bibhuti Bhusan Nayak, Vice President of ICMAI, CMA Niranjan Mishra, Former Council Member, ICMAI, CMA Lalit Kumar Mishra, Past Chairman of ICMAI-CJK Chapter along with the Managing Committee Members of ICMAI-Bhubaneswar & CJK Chapter, extended a gesture of goodwill by greeting and felicitating Shri Mohan Charan Mahji, Chief Minister of Odisha. During the meeting, they highlighted the pivotal role that CMA professionals play in fostering both the State and national economic development.

On 18.06.2024, CMA Debasish Saha, Past Chairman of ICMAI-EIRC, CMA Damodar Mishra, Treasurer of ICMAI-EIRC, CMA Ramesh Chandra Patra, Chairman, CMA Surya Narayan Tripathy, Immediate Past Chairman & MC Member and CMA Subhasish Sahoo, Member of the Managing Committee of the Chapter extended warm greetings and felicitations to Shri Pradeep Bal Samanta, Hon'ble Minister of State (Independent Charge), Department of Co-operation, Handlooms, Textiles & Handicrafts, Government of Odisha.

CMA Ramesh Chandra Patra, Soumya Ranjan Jena, Chairman, PD Committee of the Chapter along with CMA Damodar Mishra, Treasurer of ICMAI-Eastern India Regional Council and CMA Bibhuti Bhusan Nayak, Vice President, ICMAI welcomed Shri Ravindra Kumar Tyagi, CMD of PGCIL, CMA G. Ravisankar, Director (Finance) of PGCIL and other distinguished dignitaries from PGCIL at Biju Patnaik International Airport, Bhubaneswar on 20.06.24.

The 10th International Yoga Day was celebrated at CMA Bhawan on 21.06.2024. Over 50 participants comprising of members, staff, students and guests joined the yoga sessions led by experienced instructors Mrs. Manjushree Sahoo and Mr. Mihir Narayan Mishra. CMA Ramesh Chandra Patra, Chairman and CMA Sarat Kumar Behera, Vice Chairman of ICMAI Bhubaneswar Chapter along with CMA Damodar Mishra, Treasurer, ICMAI Eastern

India Regional Council and CMA Harihar Rath, Member of the Chapter felicitated CMA G. Ravisankar, Director (Finance), PGCIL on 22.06.24 at Hotel Mayfair Lagoon, Bhubaneswar. They discussed various professional development issues with the Director (Finance), PGCIL.

NORTHERN INDIA REGIONAL COUNCIL

NIRC conducted the seminar on Assessments, Adjudications and Appeals under GST on 07.05.2024. The keynote speaker was CMA Anil Sharma, Former Chairman of NIRC and Guest of Honour of the seminar was CMA Rakesh Kumar Jain, Director Finance, Gas Authority of India Ltd. The programme was inaugurated by lighting of lamp by Shri Rakesh Jain, Director Finance, GAIL along with NIRC Council Members i.e. CMA S.N. Mittal, Chairman NIRC, CMA Santosh Pant, Secretary NIRC, CMA Madhuri Kashyap, Treasurer NIRC and other council members of NIRC. NIRC organized a Residential Regional Conference- 2024 from 17th to 18th May 2024 at Anantum Gateway Resort, Jimm Corbett National Park Uttarakhand with the theme- Viksit Bharat: Growth with Green Energy. On the first Day, CMA Mahesh Kumar Mittal, Former Director Finance, NHPC took the technical session of the conference and shared his thoughts about Green Energy on Public Finance through Power Point. Guests of Honour were former presidents CMA Dinesh Kumar Bajaj and CMA Vijender Kumar Sharma. On the second day of technical session, CMA Sandeep Kumar Bhatt, Former Chairman, NIRC shared his views on major elements of green energy projects through PPT. Guests of Honour were CMA Santosh Pant and CMA Vijender Sharma. CMA Navratan Gupta, Director Finance (Bridge & Roof Company India Ltd.), CMA Bharat Bhushan Gupta, Director Finance (Haryana Sheheri Vikas Pradhikaran), Council Members, CMA Manoj Kumar Anand, CMA Navneet Kumar Jain, CMA Madhuri Kashyap, Treasurer, NIRC of ICMAI and Regional Council Members, Honey Singh, CMA Manish Kandpal and CMA Jeewan Chandra were present in the conference. The second day was organised after a Validatory session a mesmerising cultural programme was conducted by Team Gulabo. GAIL, POWER GRID, NHPC, IOCL, IGL, NBCC, NFL, NTPC, ONGC (VIDESH), RITES and EIL participated the Regional Conference, along with them delegates from different companies, 14 representatives from CMA Chapters along with Council Members and family members also participated in the programme. Conference was hosted by CMA Santosh Pant, Secretary NIRC and coordinated by CMA Rakesh Yadav, Vice-Chairman, NIRC of ICMAI.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA KANPUR CHAPTER

The Chapter organized a seminar on 11th February 2024 at Kanpur on the topic "India Vision 2047". The welcome address was given by CMA A.K. Bhargava. The one day seminar comprised of four technical sessions. Sri Vivek Kumar Upadhyay, Dy. Commissioner, SGST Kanpur explained the various amendments in the Act in simple terms. CMA S.N. Mittal, Chairman, NIRC, CMA Manish Kandpal, RCM, NIRC and CMA Santosh Pant, Secretary, NIRC also addressed the participants. Sri Vineet Nahata, Director, Power Gilt explained about investment and security market, its return and risk perceptions. Ms. Rubi Chawala, motivational speaker and Dr. Shivani Kapoor, Director, Allen house also presented their views. During Session II, Shri Satyadev Pachauri, Member, Lock Sabha, inaugurated the seminar by lighting the lamp. He explained the effective role of Cost Accountant, in the modern economy and said that the role of Cost Accountant is significant in the "India Vision 2047" as envisioned by our Prime Minister. CMA Navneet Jain and CMA M.K. Anand, Council Members, CMA S.N. Mittal, Chairman, NIRC, CMA A.K. Srivastava, Chairman, Kanpur Chapter, CMA Ajai Kumar Sharma, Secretary, Kanpur Chapter, CMA R.K. Shukla, Treasurer, Kanpur Chapter also addressed the gathering. MSME Director, Mr. V.K. Verma & Shri S.K. Agnihotri explained the new Government policies about MSME & start-ups. Ms. Samuiya Pandey, IAS, Additional Labour Commissioner, Kanpur explained the conceptual frame work of "India Vision 2047" and discussed the various government policies and steps taken by the government in this direction. CMA Madhauri Kashyap, Treasurer, NIRC and CMA Jiwan Chandra, RCM, NIRC, also addressed. CA Amar Omer explained the vision 2047 and said that it included the quality education and health care for all, social harmony and gender equality. In this session Sri R.C. Sharma, Asstt. State Commissioner, Bharat Scout, Dr. Bhagwan Jagwani, Director, PSIT, Dr. Atulesh Sharma, Director, Alfa Imaging, Sri Arjun Singh, Director, Triyance, CMA R.C. Katiyar, CMA A.K. Awasthi addressed the gathering. The vote of thanks was proposed by CMA A.K. Bhargava. CMA (Dr.) Ashutosh Mishra, CMA S.K. Verma, CMA R.K. Trivedi, CMA D.S. Kapoor, CMA Rakesh Misra, CMA Hariom Mishra, CMA Ruchir Gupta, CMA S.K. Saxena, CMA Ashutosh Gupta, CMA R.M. Bansal, CMA Jai Narain, CMA Anil Rajput, CMA Sandeep Gupta, CMA Ashok Kumar, CMA S.P. Saxena, CMA Anupam Tiwari and other members and students were present in the Seminar and Chief Guest, Hon'ble Sri Satyadev Pachauri, MP, awarded certificates to the successful students. The students presented various cultural programmes on this occasion.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

International Yoga Day was celebrated at its premises on 22nd June 2024. On this occasion, Members along with their family and staff performed yoga exercises under the guidance of Trainer Ms. Anamika Kothari, two times world record holder. A Team from Trance Welfare Society was also present who distributed Parinda for Birds' Drinking water to the Chapter as well as to the Members. Mrs. Alka Gaur, President-Forti Women Wing, Mrs. Puja Agarwal, Vice-Principal Arya College and RJ Ms. Devangana, Anchor and Influencer were present at the program. The Programme was attended by Management Committee Members, their family, Members of Jaipur Chapter and staff.

The Chapter participated in the Box Cricket Tournament 2024 organised by Tax Professional Association on 22nd and 23rd June 2024. Teams comprising of CMA, CA, CS and Tax Advocates participated.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA CHANDIGARH PANCHKULA CHAPTER

Professional Development Committee of the Institute in association with the chapter organized one-day seminar on "Viksit Bharat-2047 and role of CMAs in Developing India 2047". The event was inaugurated by the CMA Ashwin G. Dalwadi, President of the Institute in presence of CMA Bibhuti Bhusan Nayak, Vice President and CMA Manoj K. Anand, Council Member of the Institute at PDH House in Chandigarh. CMA Ashwin G. Dalwadi, President of the Institute mentioned that MSMEs are the back bone of economy and generate employment also. He further emphasized that we must reach every corner of the society to make India Developing economy by 2047. CMA Bibhuti Bhusan Nayak, Vice President also interacted with the participants and appreciated the role of chapters and its members for their contribution in industry for decision making process and also to work out the cost of products in systematic manner with great transparency. On the occasion, CMA Manoj K. Anand, Chairman, Professional Development Committee of the Institute also talked about how ICMAI is helping policy makers in government to adopt different and effective practices in industry to make local industry a global player. CMA Gulshan Kumar, Chairman, professional development committee of the Chapter introduced the dignitaries present and also talked about the theme of the event. Expert of the field discussed about scope of MSMEs in global market. CMA Pankaj Jain, Founder of Bhartiaya Global MSMEs Forum talked about success story of MSMEs becoming MNCs and making 'vocal for local' a reality. CMA Ish K Dandona, a CMA icon from Industry also presented his presentation on role and avenue for cost accountants. Mrs. Bharati Sood, Regional Director PHD Chamber of Commerce and Industry, CMA Anil Sharma, Past Chairman of NIRC-ICMAI and CMA D.S Bhatia also shared their views with participants and urged the government to enhance the role of CMAs in Industry and government spending especially in infrastructure. In the welcome session, CMA Sanjay K Singh, Chairman of the chapter welcomed the dignitaries and appraised the President about contribution of the chapter and how industry being served in this part of the region. CMA Mukeshkumar Pandey, Vice Chairman, CMA Munish Goyal Secretary, CMA Anil K Gupta, Treasurer, CMA C.L. Bansal senior member of the profession was also present on the occasion. Seminar ended with formal vote of thanks by CMA Parveen Sharma, a senior executive from pharma industry.

SOUTHERN INDIA REGIONAL COUNCIL

A regional seminar on the topic 'Practical aspects of GST' was organized by the Regional Council on 04.05.2024 in its Premises. The chief guest was CA M. Ramadoss, CMD of The Oriental Insurance Company Ltd & former CMD of New India Assurance Company Ltd. The key speaker was CA Sumit Kedia, GST Expert.

A grand regional CMA conference was jointly organized by SIRC of ICMAI & Vijayawada Chapter of SIRC on

11.05.2024 at ITC Grand Chola. The chief guests were Shri Sunil Mathur, IRS Principal Chief Commissioner of Income Tax (CCA) Tamilnadu & Puducherry, Shri Hans Raj Verma, IAS Additional Chief Secretary, Govt. of Tamilnadu and CMD of Tamilnadu Industrial Investment Corporation Ltd (TIIC). The speakers were CMA (Dr.) S.K.Gupta, MD, ICMAI Registered Valuers Organization & CEO, ICMAI Social Auditors Organization, CA R. Vittal Raj, CFE Accredited COBIT 5 Expert & Member, RBI Cyber Security Standing Committee, CMA (CS) K.Vaitheeswaran, Advocate, High Court of Madras, CA (Dr.) Abhishek Murali, past Secretary, SIRC OF ICAI and, President, All India Tax Payers' Association (AITPA). On this occasion the CMA Directory 2023-2024 was released.

A regional seminar on the topic 'Income Tax & GST' was organized by SIRC on 19.05.2024 'at the SIRC premises. The chief guest was Ms. Komali Krishna Davuluri, IRS, Commissioner of Income Tax and Joint Secretary to Government of India. The speakers were CA (Dr.) Abhishek Murali, past Secretary, SIRC of ICAI and President, All India Tax Payers' Association (AITPA and CMA M. Saravana Prabhu, GST Expert. Regional seminar on 'GST & Income Tax Planning for Rental Income from Property' was organized by the SIRC on 25.05.2024 at its premises. The Chief Guest was Dr. S. Geethalakshmi, a medical professional. The speakers were CA (Dr.) Abhishek Murali, past Secretary, SIRC Of ICAI and President, All India Tax Payers' Association (AITPA) and CMA M. Saravana Prabhu, GST Expert.

CMA Divya Abhishek, Chairperson, SIRC of ICMAI conducted a programme on grievance redressal mechanism on 29.05.2024 observed as grievance redressal day for the month of May-2024.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

The Chapter conducted a faculty meeting at its permises on 01.06.2024, on the eve of the commencement of the 98th Batch of the Oral Coaching classes with an agenda to discuss on improving the students' performance. Chairman, CMA (Dr.) R. Maheswaran presided over the meeting and extended a warm welcome to the gathering.

The Chapter celebrated World Environment Day on 5th June 2024. Management Committee members, members of the Institute and students participated and graced the occasion. Chairman, CMA (Dr.) R. Maheswaran initiated the move to arrange this program and extended a warm welcome to all those present.

The Chapter celebrated International Yoga Day on 21st June 2024. The welcome address was delivered by Chairman, CMA (Dr.) R. Maheswaran. The Management Committee members, members of the institute and students participated and graced the occasion. Mr. S. Sathyamoorthi, a Yoga Trainer and Yoga Therapist was the chief guest.

The Chapter conducted a students meet at its premises on 22.06.2024, to give them a clear understanding of where they are headed, well-written learning. Their objectives should be Specific, Measurable, Achievable, Result-oriented, and Time-bound (SMART). Chairman, CMA (Dr.) R. Maheswaran presided over the meet and extended a warm welcome to the gathering.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA VISAKHAPATNAM CHAPTER

The Chapter organized "CMA Foundation Day Celebrations" on 28.05.2024 at its premises. Chairman of the Chapter, CMA U. Lakshmana Rao, Vice Chairman CMA Ramalinga Reddy G, CMA V. Shanti Sireesha Secretary, CMA M. Himabindu Treasurer were present at the programme along with members and students.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

A session on "Advanced Techniques for Data Analysis and Visualization" was held on the 1st and 2nd June 2024. CMA TCA Srinivasa Prasad, Council Member conducted the session covering a range of advanced data analysis tools and methods, including essential commands and functions, various facilities within data tools, and the use of MACROS and VBA for automation.

On 6th June 2024, a lecture meeting on "Production Linked Incentive Scheme and its relevance to Cost and Management Accountants" was held with CMA P. Udaya Shanker as the key speaker. CMA N. Satya Krishna delivered an insightful lecture on Nidhi Companies, exploring the ongoing issues and regulatory challenges faced by these financial institutions.

The Chapter organized an interactive session on 15th June 2024 and focused on exploring career avenues and prospects for Cost and Management Accountants. The meet brought together past chairpersons and past presidents of the Institute.

On 18th June 2024, a lively and engaging event called 'Go Cricket' was jointly organized in association with the ICSI Hyderabad Chapter where members and students participated.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA THRISSUR CHAPTER

The Thrissur Chapter of the Institute organized a mega blood donation camp in association with IMA Blood Bank & Research Centre, Thrissur on June 14, 2024.The camp was inaugurated by CMA Praveen Kumar, SIRC Member. CMA Sreepriya K, Chairperson, CMA Vinod T.V, Treasurer and 20 students actively participated in Blood donation camp by donating blood.

On May 28, 2024, the Chapter celebrated the 65th Foundation Day of the Institute by signing a Memorandum of Understanding (MOU) with Atreya Hospital, Thrissur. The MOU was signed by Dr. Ramkumar Menon, Managing Director, and Dr. Divya Sukumaran, Joint Managing Director, on behalf of Atreya Hospital. Representing the Thrissur Chapter of ICMAI, the MOU was signed by CMA Praveenkumar, SIRC Member, and CMA Sreepriya K, Chairperson. This collaboration marked a significant step in fostering mutual cooperation and professional development between the two organizations.

On May 22, 2024, the Chapter hosted the All-Kerala CMA Placement Drive 2024 jointly organised by all the Cost Accountants' Chapters of the State of Kerala. The event saw the participation of 10 prominent companies and had 55 aspiring candidates in attendance.CMA Vinod TV, Treasurer, Thrissur Chapter, CMA Praveen Kumar, SIRC Member, CMA Pranav Jayan, Secretary, Trivandrum Chapter, CMA Anoop N G, Secretary, Thrissur Chapter, CMA Sreepriya K, Managing Committee Member, Thrissur Chapter, CMA Adarsh K P, Chairman & Placement Committee, Kozhikode, Malappuram Chapter were among those present.

The Chapter celebrated World Environment Day on 5th June 2024. CMA Sreepriya K, Chairperson and CMA Vinod T V, Treasurer joined the campaign by planting trees. Members and students also participated in the celebrations.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA DINDIGUL CHAPTER

The Chapter recently marked a significant milestone with its 65th Foundation Day celebrations combined with a professional development meeting on May 28, 2024, at Hotel Chenduran Park, Dindigul. The chief guest was CMA M. Sukumar, Director of Jainee Group of Institutions Dindigul (Rtd) and JMD of TNTD Finance Corp Ltd. His presence underscored the importance of continuous learning and goal setting in professional growth. CMA TCA Srinivasa Prasad, Council Member and Chairman of IT & MII Committee as the guest of honour delivered an informative and valuable address to the students. CMA (Dr.) S. Kumararajan, renowned expert in banking and finance, delivered an insightful keynote address on the evolving role of CMAs in the banking sector. The event culminated with the recognition of academic achievements, where K. Mohan, CMA Final qualifier, G. Kalpana and S. Venkatesh, Intermediate qualifiers were awarded shields as a testament to their dedication and hard work. The success of the event was further highlighted by the enthusiastic participation led by CMA D. Kalaichelvan, Chairman of the Chapter, who recounted the Chapter's journey and its significant milestones. The session concluded with a vote of thanks proposed by CMA B. Sangaiah, Vice Chairman of the Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

A "Plantation drive programme and world environment day celebration was organised at the Chapter premises on 05.06.2024. The speakers were Mr. V Ramprasad, Co-Founder & Convener, Friends of Lake, CMA Abhijeet S. Jain, Chairman BCCA, CMA G.C.Rao, Vice Chairman & Chairman Coaching, CMA Rajesh Devi Reddy, Secretary BCCA, CMA Santosh Kalburgi Treasurer BCCA and CMA Devarajulu B, PD Chairman BCCA.

International yoga day was celebrated by the Chapter at its premises on 21.06.2024. CMA Pranabandhu Dwibedy, yoga practitioner and soft skill trainer and CMA Abhijeet S. Jain, Chairman BCCA were the speakers on the occasion.

A number of career counselling programmes were organized by the Chapter at various institutions during the month of June 2024.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COCHIN CHAPTER

The Chapter recently organized the NP Gopalakrishnan Memorial Series talk on "Generative AI in Management Consulting." CMA K. R. K. Menon, a senior member gave an introduction about late Shri N. P. Gopalakrishnan to the gathering. He stated that Shri N. P. Gopalakrishnan was the Founder Member, First Secretary, and Past Chairman of the Chapter (serving from 1975–1977, 1981–1982, 1991–1994, and 1995–1996, for a total of seven years).The session was expertly conducted by the esteemed speaker, Shri Krishna Kumar, CEO of Green Pepper. The event commenced with a warm welcome by the Chairman of the Chapter, CMA Thomas T. V. CMA Arun Kumar S. expressed his heartfelt gratitude to the speaker for his enlightening presentation and also to all the participants for their active involvement.

The Chapter organized a programme, "Chat with CMA Legends," in connection with the 65th Foundation Day

Celebration. The event garnered a distinguished panel featuring CMA Jose V. J., Director Finance, Cochin Shipyard; CMA S. Sakthimani, Director Finance, FAC, CMA K. A. Felix, Practising Cost Accountant and CMA Jayaraj Kulangara, CFO, SFO Technologies (NeST Group). The programme was expertly moderated by CMA (Dr.) K. Sreekumar, Professor (Accounting & Financial Control), School of Commerce, Jain Deemed to be University, Kochi. Earlier the gathering was warmly welcomed by CMA Meena George, Chairperson of the Chapter. The panel discussion proved to be an enlightening and empowering experience, leaving a lasting impact on all attendees and reaffirming the commitment towards leadership positions. CMA Rajeesh E. G., Chairman PD Committee, conveyed his gratitude to the panelists for their enlightening experience sharing and all the participants for their active involvement.

International Yoga Day was celebrated by the Chapter on 21st June 2024. CMA George P. Mathew, Secretary, welcomed the Yoga master, Shri Sanjeev. Members and staff participated enthusiastically in the yoga practice session, making the event a resounding success.

The Chapter organised a CFO Meet for the Students. The highlight of the event was the interaction with CMA Manesh Ameer, Director Finance & Accounts, Clent Management Conduent Business Services Ltd. With his extensive professional experience and expertise, CMA Bijoy engaged with the students, offering them invaluable perspectives from the realm of finance and leadership.

WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PIMPRI CHINCHWAD AKURDI CHAPTER

On May 04, 2024, the Chapter organized a full day seminar on ‘GST Litigation Master Class: Navigating GSTAT & Legal Management Insights’. The programme was inaugurated by chief guest, Mr. Abhaysinh Phalake, Joint Director, DGGI. CMA Shripad Bedarkar, Chairman, MTPA, Shri Amit Ghaisas, Managing Director, Yash Prabha Group, CMA Brij Mohan Sharma, Past President, ICMAI, CMA Harshad Deshpande, Council Member, ICMAI, CMA Mahendra Bhombe, Member, WIRC, CMA Sagar Malpure, Chairman of the Chapter and CMA Ajit Shinde, Vice Chairman of Chapter were the other dignitaries who graced the occasion with their presence. CMA Sagar Malpure welcomed all the participants and guests. CMA Guruprasad Kulkarni, Chairman, PD Committee of the Chapter introduced all the dignitaries. The dignitaries were felicitated and presented with mementos by the managing committee members CMA Sagar Malpure, CMA Ajit Shinde, CMA Kunal Wakte, and CMA Dhananjay Kumar Vatsyayan. The first technical session was conducted by CMA (Dr.) Shailendra Saxena on the topic ‘Practical Aspects of Drafting Replies to Various Letters, Notices including SCNs with various Case Studies’. The second technical session was conducted by CA Swapnil Munot on the theme ‘Handling litigation in GST Tribunal (GSTAT) - New Opportunity for Practice and Legal Litigation Management Tips’. The third technical session was conducted by CA Pritam Mahure on the subject ‘Critical Emerging issues in Supply, ITC and RCM’. He discussed the Special provision with respect to goods and services tax. The last session was conducted by CMA Rajesh Shukla, Sr. General Manager, Indirect Tax Head, Tata Motors, Adv. Prakash More, Indirect Tax Head, Thermax Ltd., CA Ramaswamy Laxmanan, CFO Ador Powertron Ltd., CMA Suhas Kulkarni, Ex-DGM, Tata Motors Ltd. and CMA Mahendra Bhombe, RCM, WIRC of ICMAI. There was an interactive question-answers session.

On June 01, 2024, the Chapter organized a seminar Jointly with Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), and Maharashtra Tax Practitioners' Association (MTPA), on ‘Empowering

Co-operative Societies: Legal and Financial Insights for Effective Governance' at Science Park, Pune. The programme was inaugurated by chief guest Shri Rajesh Jadhvar, Joint Registrar, Audit Office-Commissioner Cooperation, Pune, others who graced the occasion were Dr. Hema Yadav, Director, VAMNICOM & CICTAB, CMA Shripad Bedarkar, President, MTPA, CMA Mahendra Bhombe, Member of WIRC, Mr. Narendra Sonawane, Past President MTPA, CMA Sagar Malpure, Chairman of the Chapter and CMA Ajit Shinde, Vice Chairman of the Chapter. CMA Ajit Shinde, Secretary of the Chapter earlier welcomed the guests Mr. Rajesh Jadhvar, Dr. Hema Yadav, CMA Shripad Bedarkar, CMA B.M. Sharma, Mr. Narendra Sonawane and CMA Mahendra Bhombe. CMA Balkrishna Hajare, Treasurer and CMA Guruprasad Kulkarni, Chairman PD Committee introduced the guests and CMA D. K. Vatsayan, CMA R. B. Laddha, CMA Jayant Hampiholi and other managing committee members felicitated the guests. CMA Vijayashree Bhagawati conducted the first technical session on the topic 'Comprehensive Insight into the Cooperative Sector and Its Achievement' in which she focused on social work. The second technical session was conducted by CMA Mahendra Bhombe on 'Decoding Legal & Financial Complexities for Co-operative Housing Societies' in which he deeply focused on how to register online for Society Audit, what are the precautions to be taken while doing society audit, what are the suggestions to be given to society management etc. The third technical session was conducted by Shri Santosh Sharma, Tax Consultant, Co-op Societies Public Trusts Auditor on the topic 'Co-operative Society Audit & Taxation Angle (Income Tax, TDS, GST & Prof. Tax)' in which he explained various aspects about society audit and taxation. The fourth technical session was conducted by Shri Tanaji Kawade, Former Joint Registrar of Cooperative Department, on the topic 'How to rectify the errors in the Audit Report & Compliance in Audit Report for different types of Co-operative Societies'. He focused on the various issues about the audit report and compliances and how to rectify it. Managing committee members CMA Rupali Kothavale, Vice-Chairman, CMA Kunal Wakte, Jt Secretary, CMA Dhananjay Vatsyayan, and CMA Amit Bhise were present at the seminar. The seminar was interactive and there was an overwhelming response from participants .The anchoring of the full day program was done by CMA Ajit Shinde.

The Chapter organized Tree Plantation drive on June 8 2024 at Pune. This event was organized with Swatantrya Veer Savarkar Mitra Mandal and Nisarg Mitra Mandal, Nigdi, Pune.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BARODA CHAPTER

The Bhoomi Poojan & Foundation Stone Laying Ceremony of the Chapter was performed on 01st June, 2024. Many members were present and participated. After performing Bhoomi Poojana members meet was held. President of the Institute, CMA A. G. Dalwadi was the chief guest. Many members and students attended the Members Meet.

The Chapter arranged a Yoga Session on the International Yoga Day on 21/06/2024 jointly with Vadodara Branch of WIRC of ICAI and Vadodara Chapter of WIRC of ICSI at ICAI Chapter premises.

The Chapter undertook various activities for placement & training; Large number of Students were benefited from the placement programmes.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER

The Chapter conducted a webinar on "Arbitration Proceeding and Financial Impact", on 26th May'24. CMA Vivek Bhalerao, RCM, welcomed the speaker CMA Kazi M Riyazuddin, Practicing Cost Accountant and Registered Valuer. The speaker highlighted various provisions of the Arbitration Act including scope, appointment, binding of order, time limit etc. More than 20 members were present in the program. CMA Arup Bagui, Secretary and Chairman PD committee thanked the speaker and presented memento to the speakers. CMA Anil Jha, member of Managing Committee of the Chapter proposed a vote of thanks.

On the occasion of Foundation day, the Chapter organized a CPE through webinar on Sustainability Reporting and Indian Perspective CMA Siddhartha Pal, practicing EGS consultant was the speaker, who was introduced by CMA Arup Bagui, Chairman PD Committee. The speaker highlighted various issues on sustainability reporting, standard & framework, stainable development goals, BRSR principles, attributes & responsibility matrix, UN SDG & BRSR - principle wise mapping, etc.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

The Chapter organized practice test for Intermediate students. Practice test papers were set as per the examination standards set by the Institute.

Certificate in Accounting Technicians (CAT) Course for the retiring/retired defence personnel was conducted by the Chapter from 27 May'24 to 08 Nov'24. The inaugural session was organized on 3rd June'24. Council Member, CMA Rajendra Singh Bhati, Col. Abraham Koshy, Mr. R K Jain, Director CAT, CMA Mitesh Prajapati and CMA Sunil Tejwani were the dignitaries present on the occasion Col. Abraham Koshy was the Chief Guest at the inaugural program. He was felicitated by Council Member, CMA Rajendra Singh Bhati. Council Member, CMA Rajendra Singh Bhati was felicitated by CMA Ashish Bhavsar. Mr. R K Jain, Director CAT felicitated CMA Mitesh Prajapati, Secretary of Ahmedabad Chapter and CMA Sunil Tejwani, Treasurer of the Chapter. Mr. R K Jain, Director CAT delivered a detailed lecture on CAT course. Secretary of Chapter CMA Mitesh Prajapati gave the inaugural address. Other dignitaries also addressed the participants. The vote of thanks was proposed by CMA Sunil Tejwani, Treasurer of the Chapter.

International yoga day was celebrated by the Chapter on 21st June 2024. CMA Mitesh Prajapati, Secretary welcomed Shri Kaushal Vays-Yoga Trainer and felicitated him by offering a memento. He also welcomed members, staff and students. Shri Kaushal Vyas gave his views on the importance of Yoga. Various asanas of yoga were demonstrated by Shri Kaushal Vyas during the program.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAGPUR CHAPTER

On behalf of the Chapter, the office bearers along with members of the Chapter felicitated Union Minister Shri Nitin Gadkariji on his re-election to the Loksabha from Nagpur (M.S.) as well his induction into the Union Cabinet as a minister for Road Transport & Highways. He humbly accepted the felicitation and enquired about the developments in the profession. He was also apprised of the activities of the Institute. He was very receptive and conveyed his best wishes to the CMA profession. Present on the occasion were Past President of ICMAI, CMA Pramod kumar Bhattad, Nagpur Chapter Chairman CMA P. S. Patil, Secretary CMA Manish Pandey, CMA Srihari Chava, Past Chairman WIRC, CMA Shriram Mahankaliwar, CMA Manisha Agrawal, RCM, CMA Jyotsana Rajpal and CMA Pankaj Padole.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NASHIK CHAPTER

The Chapter organised a Yoga Workshop on the occasion of "International Yoga Day 2024" on 21st June 2024 at the Chapter premises with great enthusiasm. Ms. Shweta Bhramhankar, Certified Yoga Teacher guided the participants and demonstrated various asanas. CMA Amit Jadhav, Chairman of the chapter proposed the vote of thanks and facilitated Ms. Shweta Bramhankar for the valuable guidance. Nashik Chapter Managing Committee members and students actively participated in the session.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AURANGABAD CHAPTER

On 21st June, 2024, the Chapter celebrated the 10th "International Yoga Day" at Manor Laws Chhatrapati Sambhajinagar. The programme was organized jointly with Art of Living and Teams of Association. Chairman of the Chapter, CMA Salman Pathan, MC Member CMA Vivek Deshpande, Member CMA Shreyas Khonde, students and all staff members participated in the programme.

On the occasion of CMA Foundation Day, 28th May, 2024, tree plantation programme was organized at the parking area of CMA Bhawan. Chairman of the Chapter, CMA Salman Pathan, Vice- Chairman Babasaheb Shinde, Secretary, CMA (CS) (Dr.) Sanvedi Rane, Managing Committee Member, CMA Vivek Deshpande, CMA Shreyas Khonde and CMA Ganesh Ingale were present on this occasion.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PUNE CHAPTER

6th May is celebrated as International Management Accounting Day. The Institute decided to mark this occasion by holding a seminar every year. Accordingly the Chapter celebrated The International Management Accounting Day by organising a National Seminar on "Navigating the New Frontier: Management Accounting in the era of Real-time Insights, Sustainable Growth and Cybersecurity" at Yashwantrao Chavan Auditorium, Nariman Point, Mumbai.

The Chapter conducted the first CAT Course (Part I & II) under DGR for Retired / Retiring Armed Forces personnel from November 2023 to May 2024 at the Chapter premises. The valedictory session was conducted on 9th May 2024. The chief guest for this session was Brig Rohit Mehta-ADG Directorate of Resettlement Zone (South), Ministry of Defence, GOI. CMA Rahul Chincholkar welcomed the chief guest and the participants. He felicitated Brig Rohit Mehta.

The Chapter conducted CAT Course for JCOs/OR under the Directorate General Resettlement (DGR) Department of Ex-Servicemen Welfare (Ministry of Defence, Govt. of India) from 28th November 2023, at its premises. The Chapter conducted the examinations of CAT Course Part - II on 10th& 11th May 2024. The examination was conducted as per Institute’s norms.

The Chapter organized its Foundation Day Celebrations at its premises. CMA Nagesh Bhagane, Chairman of the Chapter welcomed the guests and the gathering. The program commenced with the lighting of the lamp. CMA Nagesh Bhagane, Chairman, CMA Nilesh Kekan Vice Chairman, CMA Rahul Chincholkar Treasurer, CMA Himanshu Dave, CMA Nikhil Agarwal member of ICMAI Pune Chapter, CMA Narhar Nimkar, CMA Meena Vaidya and a large number of members participated in the function.

The Chapter conducted Career Counselling Program, at Maharashtriya Mandal’s Seth Dagduram Kataria High School & Jr. College of Commerce, on 31st May 2024. The speaker was CMA Smita Chapekar. She explained about the CMA Course which is statutorily recognized by the parliament and how it enriches with higher degree of employable skills and guarantees life-long employability, requirement of Professional Accountants to serve the requirement of the Indian Economy.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE DEWAS CHAPTER

The Foundation Day was celebrated by the Chapter on May 28. The keynote speaker of the program, MBA Program Chairperson, CMA of NMIMS Indore, Dr. Niranjan Shastri shared his research work on risk and innovation and guided the participants about dealing with the financial constraints of the company. Chapter Chairman CMA Rahul Jain and Secretary CMA Pankaj Raijada congratulated all the members and students on the Foundation Day which was celebrated by the Chapter. Chapter's Media Incharge CMA Ravindra Dubey informed that ICMAI (erstwhile ICWAI) was established in 1944 as a registered company under the Companies Act with the objective of promoting, regulating and developing the profession of cost accountancy. Subsequently on May 28, 1959, the Institute was established as a statutory professional institute for the regulation of cost and management accounting profession by a special Act of Parliament, namely Cost and Works Accountants Act, 1959. CMA Yash Wagrecha, CMA Uddhav Aage, CMA Vijay Joshi, CMA Nirmal Kushwaha along with other members and students were present at the program. CMA Sumit Jain, Chairman of the Professional Development Committee expressed his gratitude.

An introductory meeting with press personnel and managing committee of the Chapter was organised on 12/06/24, in which Shri Manish Upadhyay from Free Press Journal, Shri Piyush Mourya from Raj Express and Ms. Surbhi from Patrika were present along with Chairman CMA Neeraj Maheshwari, Vice Chairman CMA Rahul Jain, Secretary CMA Pankaj Raizada, Treasurer CMA Yash Vagrecha, Chapter's Media Incharge CMA Ravindra Dubey and Committee Member CMA Rajat Gupta. CMA Ravindra Dubey introduced the committee to the media personnel. A fruitful discussion was held between them regarding CMA Profession, Scope of CMA Course, Professional development etc.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT SOUTH GUJARAT CHAPTER

The chapter organized Foundation Day Celebrations programme at its premises. Chapter’s students & staff celebrated Institute’s Foundation Day on 28th May 2024.

Direct & Indirect Tax Updates - June 2024

DIRECT TAXES

- **Notification No. 48/2024 Dated 4th June 2024:** In exercise of the powers conferred by section 295 read with sub-section (3) of section 200 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, in Form No. 27Q, in the Annexure, under the heading "Verification", in the Notes, after Note No. 7, the following Note shall be inserted: '7A. Write "P" if lower deduction or no deduction is in view of notification issued under sub-section (1F) of section 197A.'
- **Notification No. 49/2024 Dated 6th June 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Real Estate Appellate Tribunal, Punjab' (PAN AAALR2230D), a body constituted by the Government of Punjab, in respect of the following specified income arising to that body:

  (a) Levy of fees/charges/fines collected under The Real Estate (Regulation and Development) Act, 2016 (Central Act No.16 of 2016) and Punjab State Real Estate (Regulation and Development) Rules, 2017 (b) Government grants (c) Interest on bank deposits.

  This notification shall be effective subject to the conditions that Real Estate Appellate Tribunal, Punjab - (a) shall not engage in any commercial activity (b) its activities and the nature of the specified income shall remain unchanged throughout the financial year(s) and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.
- **Notification No. 50/2024 Dated 6th June 2024:** In exercise of the powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes, hereby makes the following amendments in the notification of the Government of India, Ministry of Finance published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), vide number S.O. 3125 (E), dated the 10th December, 2014. In the said notification, in Schedule-II, against Sl. No. 9, in column (4), the words, letters and brackets "in the State of Uttar Pradesh which will be coterminous with the jurisdiction of Principal Chief Commissioner of Income-tax, UP (East)" shall be omitted.
- **Notification No. 51/2024 Dated 12th June 2024:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Kerala Co-operative Deposit Guarantee Fund Board' (PAN: AANFK3180E), a Board constituted by the Govt. of Kerala, in respect of the following specified income arising to that Board: a) Contribution received from the Government of Kerala b) Contribution received from society(ies) as defined in paragraph 2(k) of the Kerala Co-operative Deposit Guarantee Scheme c) Interest on bank deposits.
- This notification shall be effective subject to the conditions that Kerala Co-operative Deposit Guarantee Fund Board- (a) shall not engage in any commercial activity (b) its activities and the nature of the specified income shall remain unchanged throughout the financial year(s) and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.
- **Notification No. 1/2024 Dated 24th June 2024:** In exercise of the powers conferred under sub-rule (1) and sub-rule (2) of Rule 131 of the Income-tax Rules, 1962 ('the Rules'), the Director General of Income Tax (Systems), with the approval of the Board, hereby specifies the Forms shall be furnished electronically and shall be verified in the manner prescribed under sub-rule (1) of Rule 131.

INDIRECT TAXES

GST

- **Circular No. 207/1/2024-GST Dated 26th June 2024:** Reduction of Government Litigation fixing monetary limits for filing appeals or applications by the Department before GSTAT, High Courts and Supreme Court.
- **Circular No. 208/1/2024-GST Dated 26th June 2024:** Clarifications on various issues pertaining to special procedure for the manufacturers of the specified commodities as per Notification No. 04/2024 -Central Tax dated 05.01.2024.
- **Circular No. 209/1/2024-GST Dated 26th June 2024:** Clarification on the provisions of clause (ca) of Section 10(1) of the Integrated Goods and Service Tax Act, 2017 relating to place of supply.
- **Circular No. 210/1/2024-GST Dated 26th June**

2024: Clarification on valuation of supply of import of services by a related person where recipient is eligible to full input tax credit.

- **Circular No. 211/1/2024-GST Dated 26th June 2024:** Clarification on time limit under Section 16(4) of CGST Act, 2017 in respect of RCM supplies received from unregistered persons.
- **Circular No. 212/1/2024-GST Dated 26th June 2024:** Clarification on mechanism for providing evidence of compliance of conditions of Section 15(3)(b)(ii) of the CGST Act, 2017 by the suppliers.
- **Circular No. 213/1/2024-GST Dated 26th June 2024:** Seeking clarity on taxability of re-imbursement of securities/shares as SOP/ESPP/RSU provided by a company to its employees.
- **Circular No. 214/1/2024-GST Dated 26th June 2024:** Clarification on the requirement of reversal of input tax credit in respect of the portion of the premium for life insurance policies which is not included in taxable value.
- **Circular No. 215/1/2024-GST Dated 26th June 2024:** Clarification on taxability of wreck and salvage values in motor insurance claims.
- **Circular No. 216/1/2024-GST Dated 26th June 2024:** Clarification in respect of GST liability and input tax credit (ITC) availability in cases involving Warranty/ Extended Warranty, in furtherance to Circular No. 195/07/2023-GST dated 17.07.2023.
- **Circular No. 217/1/2024-GST Dated 26th June 2024:** Entitlement of ITC by the insurance companies on the expenses incurred for repair of motor vehicles in case of reimbursement mode of insurance claim settlement.
- **Circular No. 218/1/2024-GST Dated 26th June 2024:** Clarification regarding taxability of the transaction of providing loan by an overseas affiliate to its Indian affiliate or by a person to a related person.
- **Circular No. 219/1/2024-GST Dated 26th June 2024:** Clarification on availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act, 2017.
- **Circular No. 220/1/2024-GST Dated 26th June 2024:** Clarification on place of supply applicable for custodial services provided by banks to Foreign Portfolio Investors.
- **Circular No. 221/1/2024-GST Dated 26th June 2024:** Time of supply on Annuity Payments under HAM Projects.
- **Circular No. 222/1/2024-GST Dated 26th June 2024:** Time of supply in respect of supply of allotment of Spectrum to Telecom companies in cases where an option is given to the Telecom Companies for payment of licence fee and Spectrum usage charges in instalments in addition to an option of upfront payment.

CUSTOMS

- **Notification No. 26/2024-Customs Dated 27th June 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), read with sub-section (12) of section 3, of Customs Tariff Act, 1975 (51 of1975), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 19/2019-Customs, dated the 6thJuly, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 476 (E), dated the 6thJuly, 2019, namely: In the said notification, in paragraph 2, for the figures "2024"the figures "2029" shall be substituted.
- **Circular No. 06/2024-Customs Dated 7th June 2024**: Customs duty on Display Assembly of a cellular mobile phone.
- **Circular No. 07/2024-Customs Dated 25th June 2024:** Launch of Exchange rate Automation Module (ERAM).
- **Circular No. 08/2024-Customs Dated 30th June 2024:** Implementation of the Sea Cargo Manifest and Transshipment Regulations (SCMTR).

CENTRAL EXCISE

- **Notification No. 16/2024-Central Excise Dated 14th June 2024:** In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944)read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise, dated the 19th July, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 584(E), dated the 19th July, 2022. In the said notification, in the Table,-(i) against S. No. 1, for the entry in column (4), the entry "Rs. 3250 per tonne" shall be substituted.

Sources: *incometax.gov.in, cbic.gov.in*


infinity
advertising services
PROMOTION
RETAIL
EVENTS
PRINTING
PACKAGING
AMPLIFY
YOUR REACH WITH
OUR MAGIC
OUR DISTINGUISHED PARTNERS
LIC
J&K Bank
MARUTI SUZUKI
Way of Life!
HARYANA TOURISM
Come, holiday with us !
JCB
केनरा बैंक
Canara Bank
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
HCCB
More information call us
9811178585
Visit Our Website
www.infinityadvt.com

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)
www.icmai.in

CALL FOR PAPER

Research Bulletin, Vol. 50 No. II July 2024 (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:

1. *Finance for MSMEs in India: Sources and Challenges*
2. *Viksit Bharat@2047*
3. *Gender Equality and Women Empowerment*
4. *Sustainable and Socially Responsible Business Practices*
5. *Innovations in Supply Chain Management*
6. *Capital Markets in India*
7. *Banking & Insurance*
8. *Green Entrepreneurship and Circular Economy*
9. *Startups and Sustainable Development Goals (SDGs)*
10. *CSR*
11. *Corporate Governance*
12. *Insurtech and Regtech*
13. *Blockchain and Decentralized Finance (DeFi)*
14. *GST*
15. *Building Resilient Cooperatives*

Papers must be received within
31st October, 2024
in the following email id:
research.bulletin@icmai.in

Postal Registration No. : KOL RMS /139 /2022 – 2024
License to post without prepayment, WPP License No. : MR/TECH/WPP/KOL RMS/354/2022 – 24
Posted at Mumbai Patrika Channel Sorting Office, Mumbai – 400 001
Posting Dates: 11th, 12th & 13th day of each English month only
Date of Publication 10th of every month

RNI NO. 12032/1966

Benevolent Fund

FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

OBJECTIVE

The Fund has been created to provide outright grant of prescribed amount to the member in the event of critical illness of a member / beneficiary of the Fund. It is also for outright grant of prescribed amount to the beneficiary in the event of death of a member of the Fund.

LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

BENEFITS

- ***Income Tax Benefit under section 80G***
- ***Outright grant not exceeding ₹3,00,000.00/- in each case to the beneficiary in the event of death of the member.***
- ***Outright grant not exceeding ₹1,50,000.00/- in each case to the member and beneficiary for critical illness duly certified by the doctor under whom the treatment is continuing.***

Coverage of Critical Illness, leading to hospitalization, may cover the following -

- Cancer / Malignancy
- Coronary Artery Bypass Graft Surgery
- Stroke / Cerebral Attack / Paralysis
- Heart Valve Replacement Surgery
- Myocardial Infarction (heart attack) / Heart Failure / Pace Maker Surgery / Kidney Dialysis(CKD)/ Renal Failure
- Major Organ Transplant
- Hemophilia
- Thalassaemia
- Neurological Diseases
- Flue Blown acquired Immune Deficiency Syndrome
- Multiple sclerosis
- Tuberculosis / Bronchopneumonia/ Pleurisy
- Permanent disablement
- Any other disease that may be considered by the Board of Trustees to be critical in nature.

To apply for life membership or for further details please visit
https://eicmai.in/External/Home.aspx#