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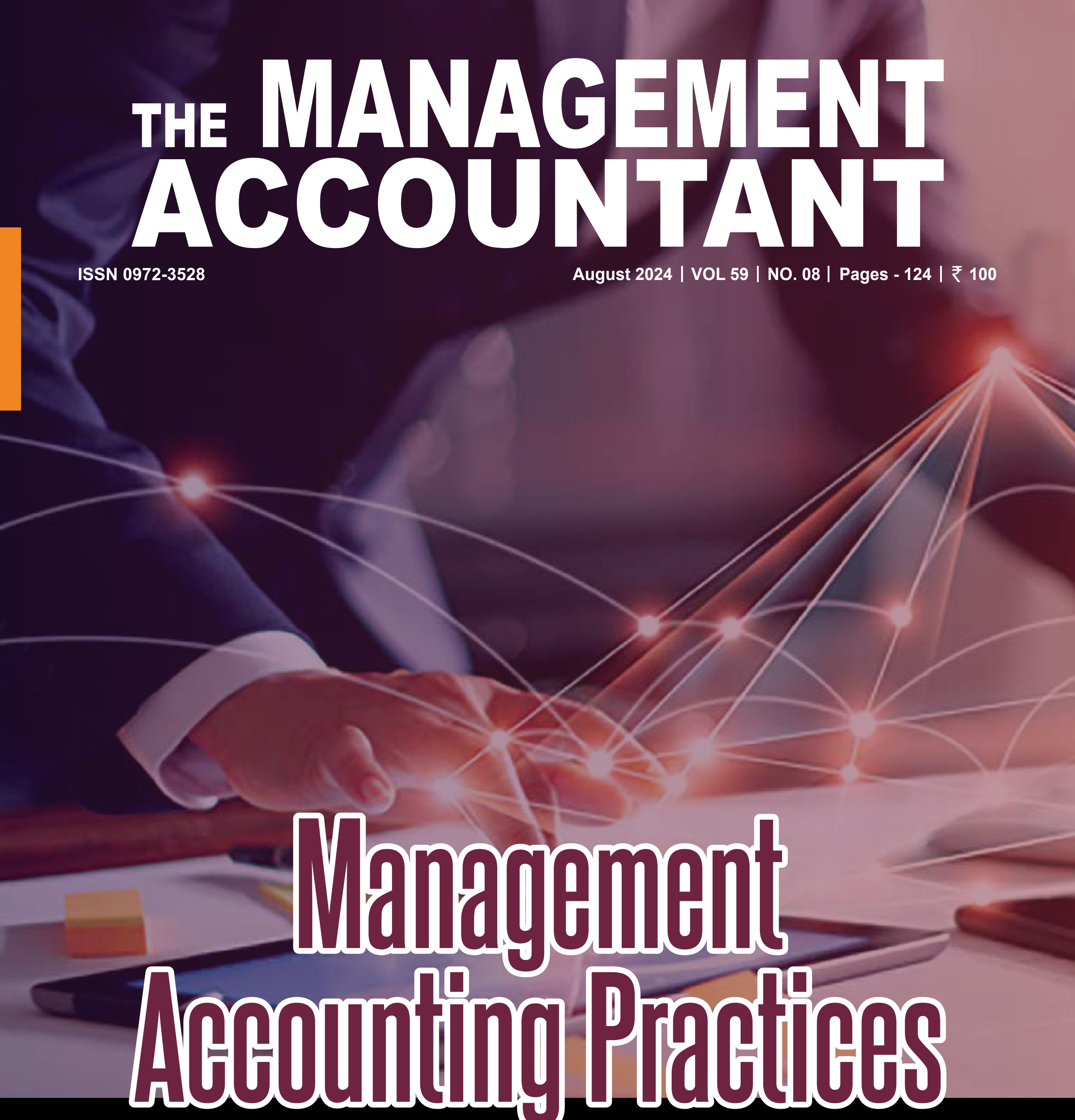

Management Accounting Practices

Holistic Integrated Thinking

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

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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

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

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)

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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

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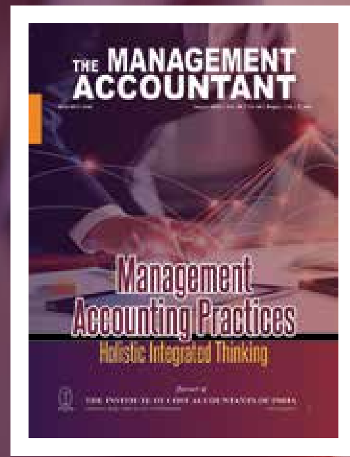

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COVER STORY

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Cover image source:
https://prisisi.com/why-management-accounting-is-so-important-for-your-business/

Our New President

CMA Bibhuti Bhusan Nayak

has been elected as President of the Institute for the period 2024-2025

He is a Fellow Member of the Institute of Cost Accountants of India. He retired as DGM (Finance) from Odisha Power Transmission Corporation Limited (OPTCL)/ GRIDCO. Presently, he is a practicing Cost Accountant.

He is elected member of Council of the Institute for the term 2023-27.

He has been the Chairman of Bhubaneswar Chapter of ICMAI and associated with the profession for more than 25 years.

He has served the Eastern India Regional Council of ICMAI as Regional Council Member for the term 2019-2023 and as Chairman, EIRC-ICMAI for the year 2022-23.

Our New Vice President

CMA TCA Srinivasa Prasad

has been elected as Vice President of the Institute for the period 2024-2025

He is a Fellow Member of The Institute of Cost Accountants of India. He has experience of more than 40 years in the areas of Finance, Cost, Management, ERP, IT, HR, IED, O&M, MM, CSR. He was the Executive Director (Finance & ERP Implementation) at SAIL (Steel Authority of India Limited). He has implemented ERP in 4 major Steel Plants of SAIL and the Central Marketing Organization of SAIL. He implemented ERP at NMDC in the capacity of Advisor(ERP), NMDC. He was the Central Council Member of ICMAI for the term 2011-15 and re-elected for the 2023-27 term. He has been the Chairman of Information Technology and Members-in-Industry committees of the Institute.

From the Editor's Desk

Management Accounting Practices – Holistic Integrated Thinking

While Holistic Thinking is considered as a way of looking at any system that emphasizes the interconnectedness of all elements within the same, Integrated Thinking has been hailed as a way of improving organisational decision-making and internal communication, leading to sustainable value creations.

The Management Accountant's role has shifted over the decades from the areas of pure finance and cost control to a more versatile area that takes the elements of the entire business into consideration while making strategic decisions for the company's growth and sustainability, eventually creating a competitive edge. Thus for a Management Accountant, Holistic Integrated Thinking has become a very important aspect of his/ her job.

Future Management Accountants should not only have strong cognitive and behavioural abilities but should also possess high technical skills to support strategic business decision-making and drive the business forward, leveraging the power of large data sets.

Technology has undoubtedly transformed the way Management Accountants work, and it will have an immense impact on the Cost Management and Decision-Making aspects of businesses. Many tasks can be substituted using AI and automation, but they cannot replace the need for management accountants.

This issue of Management Accountant comprises of 12 articles on Management Accounting Practices- Holistic Integrated Thinking.

Glimpses of the Articles:

Real Time Financial System is an advanced, forward looking and proactive System connecting the key critical business parameters into the financial figures on instant basis. *Real Time Financial Systems (RTFS)Transform 'Information' through 'Insight' to 'Influence'* analyses RTFS as a real-time tool that makes processes more agile, smarter and improves competitive edge.

Global Economic Slowdown– Challenges for The Management Accountants concludes Global economic slowdown automatically creates a global situation of economic inter-dependence. Management Accountants will have to interpret the present global economic slowdown with better maturity.

The article *M-SCORE – A Tool to Uncover Financial Misreporting-* focuses on one qualitative tool known as the M-Score .It concludes that this model must be used in conjunction with other models and tools to determine if a company has engaged in manipulating its earnings or has financial misreporting of any kind.

Automation and AI Adoption – Catalyst to Complement Management Accounting Principles illustrates with examples how automation and AI are being leveraged across different industries to complement and enhance Management Accounting principles, leading to improved efficiency, accuracy, and strategic decision-making

Management Accounting and Business Model - An Intertwined Relationship focuses on the fact that Management Accountants have an important role to play in each and every aspect of a business model.

Role of Management Accounting in Raising ESG Integration- This study intends to underline the crucial role played by Management Accounting in ESG performance as well as integration by conducting a detailed examination of existing research and studies, as well as the different ways in which Management Accounting facilitates initiatives related to sustainability.

The article *Relationship between Management Accounting and Business Model* tries to bring out the process and purpose of preparing the Business Model and the support the organisation derives from Management Accounting Principles to assess the progress in line with the Business Model.

Business Models and Cost Management in Growing Crops- In agriculture, business models help farmers and agricultural businesses to optimize resources, enhance efficiency and contribute to the overall profitability of the farming operation. In this article, one business model specific to the growing crops has been explained.

The article *From Cost Cutters to Strategic Partners: How Automation and AI are Empowering Management Accountants* explores the ways in which Artificial Intelligence (AI) and automation improve and strengthen core concepts in management accounting.

The purpose of the Article *Management Accounting Tools – An Imperative to Promote Organizational Vision and Strategy-* is to provide a succinct overview on two Management Accounting tools namely 'Balanced Score Card' and 'Activity based Costing' and their interplay in promoting an organization's vision and strategy.

Management Accountants – An Approach to Diversity – Transform Information through 'Insight' To 'Influence' discusses how a Management Accountant transforms information through 'insight' to 'influence' and even a small business enterprise must resort to these diversity/ diversification techniques for a sustainable growth and expansion.

The article *Impact of National Education Policy (NEP) 2020 on Management Education* investigates the importance of skill-based courses in NEP, 2020 syllabus in Management Education at undergraduate level in the form of skill enhancement courses, ability enhancement courses and Value-added courses.

Apart from these, this issue contains articles on various other contemporary matters.

Our sincere gratitude to all the contributors of this issue.

Please send your feedback at editor@icmai.in

Wish you all a happy reading.

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
September 2024	Accelerating India's Transport & Logistic Sector - A Corridor to evolution	⦿ 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	Forensic Audit: A Step Ahead	⦿ 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	Energy Consumption Management: A holistic approach to greener future	⦿ 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
December 2024	Vikshit Bharat 2047: Transform India to Developed Nation	⦿ Strategic plan to achieve Vikshit Bharat 2047 ⦿ Envision India after 100 years of Independence ⦿ Vikshit Bharat - Ensuring Farmer Welfare ⦿ Vikshit Bharat - New Momentum for Nari Shakti ⦿ Vikshit Bharat - Empowering India's young professionals ⦿ Vikshit Bharat - Honouring the marginalized ⦿ Vikshit Bharat - Northeast - A Growth Engine ⦿ Infra at speed and scale ⦿ Environment and Sustainability ⦿ Nuclear Energy - A transformative energy source of Vikshit Bharat ⦿ Budget 2024-25 - Highlights to achieve Vikshit Bharat 2047

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

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

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PRESIDENT'S COMMUNIQUÉ

CMA Bibhuti Bhusan Nayak
President
The Institute of Cost Accountants of India

"If you want to walk fast, walk alone. But if you want to walk far, walk together."

-- Ratan Tata

My Dear Professional Colleague,

I am truly honoured to serve as 67th President of the Institute of Cost Accountants of India (ICMAI) for the council year 2024-25. This is a pivotal moment in my professional journey, and I am filled with excitement and a deep sense of responsibility as I assumed charge of the President of this prestigious Institute on 22nd July, 2024.

First and foremost, I would like to express my sincere appreciation to my fellow council colleagues for their unwavering support and for entrusting me with this significant responsibility. Together, we will strive to uphold the values and mission of our esteemed Institute, which is the largest Cost & Management Accounting body in the world.

I extend my heartfelt congratulations to my council colleague CMA TCA Srinivasa Prasad on his election as Vice President of the Institute. I am confident that his rich professional experience will be an invaluable asset to the Institute and will greatly assist me in accomplishing our shared agenda for the growth of CMA profession.

I would also like to extend my heartfelt appreciations to CMA Ashwin G. Dalwadi, Immediate Past President for his laudable contributions during his tenure. I assure you that we will carry forward all his initiatives and achieve many significant milestones, taking the Institute to new and greater heights.

As we move forward, I am keen to work together to further our goals of promoting excellence, innovation, and ethical practices within the field of cost and management accounting. Our shared vision is to empower our members, elevate our profession, and contribute meaningfully to the global economic landscape.

Together, we will focus on key initiatives that enhance the professional development of our members, advocate for the strategic importance of cost and management accounting, and ensure that our Institute remains at the forefront of industry trends and best practices.

I believe that open communication and collaboration are key to our success. I encourage you to share your thoughts, ideas, and feedback as we work together to shape the future of our Institute. Your active participation is invaluable, and I am committed to fostering an environment where every member's voice is heard and respected.

I am excited about the journey ahead and confident that, with your continued support & cooperation, we will achieve significant milestones and drive positive change within our profession.

Meeting with MCA Officials

I along with CMA TCA Srinivasa Prasad, Vice President, ICMAI, CMA Manoj Kumar Anand, Council Member, ICMAI and CMA (Dr.) Kaushik Banerjee, Secretary, ICMAI, called on Dr. Manoj Govil, IAS, Secretary to the Government of India, Ministry of Corporate Affairs (MCA) and Shri Inder Deep Singh Dhariwal, Joint Secretary, MCA on 22nd July, 2024 and discussed the matters related to professional development and ongoing activities of the Institute.

Membership

I warmly welcome and congratulate all the new 157 members who were granted new associate membership and all the 47 existing associate members who were upgraded to Fellowship during the month of July 2024.

I take this opportunity to remind members who are yet to pay membership fees for 2024-25 as membership fees for the current financial year have fallen due on 1st April 2024 and members are required to pay the dues latest by 30th September 2024. I call upon members to check their due / payment status and pay fees accordingly by online mode at their convenience and continue to enjoy all the benefits of membership. Members can get all their details and also pay membership fees by the login facility available via the link https://eicmai.in/

MMS/Login.aspx?mode=EU.

Practicing members who could not renew their Certificate of Practice (CoP) for the year 2024-25 within the stipulated period 30th June, 2024 for any reason whatsoever, can now restore and renew their CoP for 2024-25 till the end of the financial year by paying necessary CoP restoration charges in addition to the normal renewal charges through the login facility available as mentioned above.

Peer Review Board

I am pleased to inform you that the webpage of the Peer Review Board of the Institute has been made operational and can be accessed at https://icmai.in/icmai/PeerReviewSystem/index.php. The webpage contains necessary details with regard to the Peer Review Mechanism. I sincerely hope that the information available on the webpage is of immense use of the members of the Institute. Further, the Board has initiated the process of conducting peer review of those firms who have sent their consent to undergo the peer review w.e.f. 1st August 2024. A circular in this regard is also uploaded on the PRB webpage. I urge more and more firms to send their requests to the Board for undergoing peer review.

The Board has uploaded on its portal a list of empaneled Reviewers and urged the other eligible practicing members to send their requests for empanelment which is available at https://icmai.in/icmai/PeerReviewSystem/upload/PR_Communication_Empanelment.pdf.

The Board has urged the Practicing members to share their willingness to conduct the Peer Review of their firms by uploading the request at https://icmai.in/icmai/PeerReviewSystem/upload/PR_Communication_Practice.pdf

I am thankful to the Peer Review Board headed by CMA Partha Sarathy Bhattacharyya for taking up its activities in a structured manner. I urge all the practicing members to visit the webpage and get benefitted.

ICMAI Article on IFAC website

I am happy to inform you that the International Federation of Accountants (IFAC) has published an article on its website, co-authored by CMA (Dr.) Ashish P. Thatte, Council Member, ICMAI and CMA (Dr.) S K Gupta, Managing Director of ICMAI Registered Valuers Organization on the topic "***Changing Dimensions of Management Accounting in India and its Relevance for Students***". Link to read the article is: https://www.ifac.org/knowledge-gateway/discussion/changing-dimensions-management-accounting-india-and-its-relevance-students

I wish prosperity and happiness to our esteemed members, dedicated students, and their families on the occasion of Independence Day, Raksha Bandhan, Parsi New Year's Day & Janmashtami and wish them success in all of their endeavours.

With warm regards,

CMA Bibhuti Bhusan Nayak

August 4, 2024

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

COOPERATIVE DEVELOPMENT BOARD

The Cooperative Development Board (CDB) of the Institute celebrated the 'International Cooperatives Day' on 6th July 2024 in association with the National Council for Cooperative Training (NCCT) at New Delhi. Both the bodies jointly organized a 'National Cooperative Conclave' physically at New Delhi that had online participation from all Chapters and Regions of the Institute. Many Chapters including Meerut, Trivandrum, Coimbatore, Pune, Bangalore etc organized a physical meet at their premises for the celebrations as well.

The Conclave at New Delhi received best wishes and a special message from Shri Krishan Pal Gurjar Ji, Hon'ble Minister of State, Ministry of Cooperation and Dr. Ashish Kumar Bhutani, IAS, Secretary, Ministry of Cooperation. President and Vice President of the Institute were present and delivered their key note addresses.

The speakers at the Conclave include eminent dignitaries and resource persons from the National Council for Development of Cooperatives (NCDC), International Labour Organization (ILO), International Cooperative Alliance (ICA) and the Social Auditor's Organization (SRO) of the ICMAI.

The Conclave was a huge success having a houseful of the limited seats available in physical mode and astonishing LIVE viewership from across the 117 Chapters and 4 Regional Councils of the ICMAI; and 20 Training Institutes of the NCCT including ICMs, RICMs and VAMNICOM.

The Conclave had deep delving on key issues pertinent to the development of Cooperatives including: (i) The statutory and non-statutory obligations for the functioning of Cooperatives (ii) the human rights and essential work conditions for the workers and members of the Cooperative Societies (iii) The Entrepreneurial zeal in Youth leading to successful Cooperatives (iv) skills required for successful Cooperatives models, and (v) success factors for sustainable development of cooperatives.

The leadership at the Institute congratulated and applauded the efforts of the Chairman (CDB), CMA Navneet Kumar Jain and Secretary (NCCT), Shri Mohan Kumar Mishra. After the two bodies have signed an MOU in the month of April 2024, the two pioneers have been working relentlessly towards making the support structure of the Cooperatives even more robust by working on their training and education needs.

At the Conclave, once again, the role of cost accountants in making cooperatives a sustainable working model was substantiated by all participating stakeholders as the professional acumen of cost accountants can lead to a zero defect functioning model of cooperatives with robust internal controls, cost management, compliance and tax management, strategic planning and effective MIS systems.

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 July 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. The concerted and diligent efforts have resulted in numerous opportunities for CMAs. The BFSI Board is greatly pleased to inform that CMAs are now eligible to apply for various posts of NaBFID.

B. Certificate Courses on Banking

The 10th batch of the Certificate Course on Credit Management of Banks started on 13th July, 2024. Shri Rajib L Pattanayak, General Manager (Credit), Large Corporate Vertical, Union Bank of India graced the occasion as the Chief Guest for the inauguration of the course.

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

Interested members and students of the Institute 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. Banking Month

The BFSIB observed the Banking Month by organizing webinars on various topics as follows:

i. Digital Transformation of Banks from Caterpillar to a Butterfly held on 12th July, 2024. The BFSI Board hosted the 1st webinar and CMA (Dr.) P. Siva Rama Prasad, Former AGM, State Bank of India was the speaker. Dr. A.C. Routh, BFSI Board Member, ICMAI graced the occasion along with CMA Partha Choudhuri, Former Chief General Manager, RBI.

ii. DeFi- Decentralised Finance or Lending held on 19th July, 2024. The BFSI Board hosted the 2nd webinar and CMA (Dr.) P. Siva Rama Prasad, Former AGM, State Bank of India was the speaker. Shri N.D.S.V Nageswara Rao, General Manager (IT-Loans and Trade Finance), State Bank Global IT Centre, Corporate Centre, Navi Mumbai graced the occasion as the Chief Guest for the webinar.

iii. Open Banking held on 26th July, 2024. The BFSI Board hosted the 3rd webinar and CMA (Dr.) P. Siva Rama Prasad, Former AGM, State Bank of India was the speaker. Shri Hrishikesh Mishra, General Manager (Risk Management), Union Bank of India was the Chief Guest for the webinar.

E. Launch of the Monograph on Net Zero Emissions Audit for Financing by Banks

CMA Ashwin G. Dalwadi, President, ICMAI in the 353rd Council Meeting held on 21st July, 2024 at New Delhi released the monograph. The online sale of the publication would be starting soon.

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

The online purchase link of the publication titled Aide Memoire on Infrastructure Financing (Revised and Enlarged 2nd Edition) is as follows:

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

CAT DIRECTORATE

- **CAT Course for retiring/retired Defence Personnel**

  The third batch of CAT course for retiring/retired JCOs/OR & their equivalent in association with 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 has commenced from 22nd July, 2024 in Udaipur. Further, two more batches will be starting on 12th August, 2024 at our Lucknow and Ranchi Chapters. The Institute is glad to support our retiring and retired defence personnel in their pursuit of new career opportunities and personal development.

- **CAT Course Part - I Examination – June 2024 term**

  The result of CAT Course Part- I Examination-June 2024 was declared. We congratulate all the students who have passed the examination. Since passing the CAT examination makes them eligible to take direct admission in the Intermediate Course of the Institute, we urge them to enrol in one of the best professional courses, i.e. CMA course. We look forward to seeing many of you continue your education with us and achieve even greater success in your future endeavors.

COMMITTEE ON ARTIFICIAL INTELLIGENCE

A seminar was organized by the Committee on Artificial Intelligence of the Institute on 'AI: Reshaping the Accounting Profession and the Disruption to Accounting Education' to celebrate the International AI Appreciation Day on 16th July, 2024 at SCOPE Complex in New Delhi in hybrid mode. The seminar involved significant discussions on various topics relevant to the profession of Cost & Management Accounting particularly in the advent of AI in Accounts, Finance & Costing Domain. A galaxy of dignitaries, having vast experience in various technologies, especially in the field of artificial intelligence, presented their views and shared their valuable knowledge to enlighten the participants who attended the seminar both physically and online.

The program started with lighting of the sacred lamp, by CMA Ashwin G. Dalwadi, President, ICMAI, CMA Neeraj D Joshi, Chairman of the Committee, Guest of Honour Mr. Atanu Sinha, Global Director, HCL-tech, CMA M K Anand, and CMA Chittaranjan Chattopadhyay, Council Members of the Institute. CMA TCA Srinivasa Prasad, Council member of the Institute addressed the seminar online. The Guest of Honour Mr. Atanu Sinha, Global Director HCL tech. told how technological transforming is being instrumental in driving large-scale operations across various sectors of the economy and how cutting-edge technologies are helping industries achieve significant cost savings and streamline operations.

The inaugural session was followed by Technical session 1 where Mr. Saurabh Shukla, Head – AI, Innovations & COEs, Bank of Baroda presented on ‘Impact of AI in the Banking & Finance Domain’. The second speaker of this session was CMA Vijay Kiran Agastya, Ex-Deloitte Vice-President & founder MentorMe Career Intelligence and Training. He presented on ‘Harnessing AI for Superior Accounting and Cost Management’ both the speakers elaborated on how Artificial Intelligence is affecting operational aspects of various industries and the need for reshaping the profession in such a direction so that the financial professionals can contribute very effectively in the economic growth.

The 2nd Technical session was an interview session which consisted of a panel of experts from both academia and industries. The interviewer was CMA Hrushikesh Shrotriya, a Senior Consultant & subject matter expert for Financial Transformation in Treasury, Cash & Fund management. The interviewee panel constituting Ms. Aruna Singh, Director Finance at Microsoft, Dr. Rahee Walambe, Associate Research Faculty at Symbiosis Centre for Applied Artificial Intelligence, CMA Ashutosh Saitwal, Founder CEO, KlearStack, and CMA Subhasish Chakraborty, Vice Chairman EIRC and Management Consultant by profession. Very vibrant and elaborate discussions took place during the interview session highlighting areas of AI that is influencing the profession of Cost & Management Accounting. Around two hundred participants across the country attended the seminar assiduously to understand the various aspects and impact Artificial Intelligence is making in the domain of Cost & Management Accounting.

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

The Central Board of Indirect Taxes and Customs vide its Circular No. 226/20/2024-GST dated 11th July, 2024 authorized Cost Accountants for Certifying the additional foreign exchange remittance on account of upward revision in price of the goods subsequent to export under para 6 (g) of the Circular.

We appreciate our members for their active participation in E-Consultation by Ministry of Corporate Affairs on the “Report of the Committee to review the existing framework of Cost Accounting Records and Cost Audit and to improve the usefulness of the Cost Audit Reports” by submitting their comments/ suggestions. We urge our members to submit their comments, if not submitted so far.

Please visit the PD Portal for Tenders/EOIs during the month of July 2024 where services of the Cost Accountants are required in Union Bank of India, M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd. Commercial Tax- GST Department, Chhattisgarh, HSCC India Ltd., Sardar Sraovar Narmada Nigam Limited, The Central University of Jammu, HSCC (India) Ltd., Punjab State Power Corporation Limited, Municipal Co-operative Bank Limited, Mumbai, The Pension Fund Regulatory and Development Authority (PFRDA), Webel Technology Limited, Karnataka Neeravari Nigam Limited (KNNL), Printing and Stationery Department, Chandigarh, NLC India Limited (NLCIL), Chhattisgarh State Power Generation Company Limited, Odisha Mining Corporation Ltd., Indian Institute of Management, Bangalore, Horticulture Development Corporation Limited The Airports Authority of India, Rangpuri, Uttar Pradesh Jal Nigam Gramin, Gliders India Limited invites, IREL (India) Limited, Hindustan Steelworks Construction Limited, Union Bank of India.

In the monthly Series, Professional Development & CPE Committee conducted 7th Webinar discussion with practitioners on “Project Appraisal and Financing” on 3rd July 2024 with overwhelming response and active participation in the discussion by the Members. CMA M K Mittal made a presentation covering practices and strategies for CMA professionals in the context of project appraisal and financing. Also, encouraged participants to share their experiences and insights related to navigating the realm of project appraisal and financing.

The Professional Development & CPE Directorate initiated to conduct online preparatory classes for qualified CMA candidates aspiring for the SEBI Examination with respect to the Recruitment of Officer Grade A (Assistant Manager) 2024. These intensive classes were conducted during 5th to 19th July 2024, encompassing a total of 62 hours. The curriculum was meticulously designed to cover all the pertinent topics in the examination syllabus, ensuring thorough preparation and guidance for nearly 500 candidates. The sessions were taken by a distinguished panel of experts and academicians who were very much appreciated for their exceptional teaching and guidance.

A webinar was conducted on “Challenges as Women Practitioners & Mitigating the same” on 11th July 2024 wherein deliberations by the speaker, CMA Parvathy Venkatesh, Practicing Cost Accountant, discussing strategies to mitigate these challenges effectively.

PD & CPE Committee conducted Seminar on "Budget-2024" at CMA Bhawan, New Delhi on 26th July 2024 wherein the learned speakers Dr. SP Sharma, Chief Economist, PHDCCI, CMA (Dr.) Pankaj Gupta, Director (CESM), O.P. Jindal Global University and CMA (Dr.) SK Gupta, MD, ICMAI RVO presented their perspective with an active interaction by the participants.

Professional Development & CPE Committee associated with PHD Chamber of Commerce and Industry for the seminars on "Income Tax, Search and Seizure - Practical issues during assessment proceedings subsequent to search matters" and "Post Budget Session on Union Budget 2024-25" at PHD House, New Delhi on 4th July and 30th July 2024 respectively.

During the month of July, around 80 programmes in Physical mode and around 30 programmes in online mode were organised by the different Committees, Regional Councils and Chapters of the Institute. We are sure that our members are immensely benefited with the deliberations in the sessions.

SUSTAINABILITY STANDARDS BOARD

The Sustainability Standards Board had organized the 12th webinar of *Vasudhaiva Kutumbakam* Series on the topic 'Funding Sustainability Measures through bonds' on July 12, 2024. Ms. Usha Ganapathy Subramanian, Practising Company Secretary was the speaker for the webinar. The 13th special webinar of *Vasudhaiva Kutumbakam* Series on the topic "IFSCA & Sustainability" was organized on July 26, 2024 and was led by Shri Pradeep Ramakrishnan, Executive Director, IFSCA.

The 1st batch of Certificate Course on ESG started from 13th July, 2024 and admission for the 2nd batch has now started. The admission link is as follows:

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

The Sustainability Standards Board released the July 2024 edition of its monthly newsletter *Sukhinobhavantu*. The Download link is as follows:

https://icmai.in/upload/Institute/Updates/SSB_July_2024.pdf.

TAX RESEARCH DEPARTMENT

In the month of July 2024, there has been the observance of GST Day on 1st July, 2024 and Income Tax Day on 24th July, 2024. Both the days were also celebrated through conduct of seminars/ webinars and discussion session across all the subsequent week by the chaptersof the Institute PAN India.

The month started with the observance of GST Day on 1st July, 2024. A special webinar was conducted on this occasion by the department. It was a grand ceremony, with CMA Anil Kumar Gupta, Principal Director General, Directorate General of GST Intelligence (DGGI) Goods & Services Tax, Central Excise Duty and Service Tax as the Chief Guest. In his deliberation he praised the Institute for its efforts in the process of disseminating knowledge and making the members and stakeholders ready to take on challenges for making GST implementation smooth.

On the occasion of GST week observance, the conclusion was drawn by conducting a physical seminar at SCOPE Complex at Delhi on 12th July, 2024. The seminar had CMA Sanjali Dias, Sr Vice President, GSTN as the Guest of Honour. The Topic for the seminar was "GST's Seventh Year - Driving India's Economic Renaissance". The seminar had 2 Technical sessions: (i) 'Industry Outlook - Assessing the Latest GST Council Updates' with deliberation from stalwarts like, CMA Anil Kumar Jain, Chief General Manager (IA), Indian Oil Corporation Limited, CMA Amit Sarker, Partner, Indirect Taxation - Deloitte Touche Tohmatsu India, LLP and CMA Sanjali Dias and (ii) Navigating the GST Legal Landscape - Adjudication, Appeal and Judicial Trends which had inputs from CMA Nitish Kalra, Practicing Cost Accountant, CMA Vivek Laddha, Advocate, Cost Accountant and CMA Sachin Kathuria, Practicing Cost Accountant. This seminar was also a wide success and was appreciated by all the participants.

A webinar was also conducted on 15th July, 2024 on the topic, 'Takeaways from the 53rd GST Council Meeting'. This webinar discussed the changes that have been brought about by the GST Council meeting dated 22nd June, 2024.

In the observance of Income Tax day, a two-hour webinar was conducted by the department on the topic, "Budget 2024- On Spot Review" on 23rd July, 2024. CMA Suman Kumar Mukerjee - Economist and CMA Ajith Sivadas - Cost Accountant were the speakers for the session and CMA Anil K Jain - Chief General Manager (IA), Indian Oil Corporation Ltd was the moderator. The faculties discussed in details about the changes brought about in the budget and the effect it would have on the different classes on the assessees.

On 24th July, 2024 another webinar was conducted for the observance of Income Tax day. The theme of the seminar was "Six Decades of Income Tax Act, 1961 - A Look Back and Way Forward". In this webinar, CMA Mushtaq Ahmad Mir - Director, Wizkid Consultancy and Financial Services (P) Ltd and CMA Rakesh

Sinha, Practising Cost Accountant were the speakers. CMA Mrityunjay Acharjee, General Manager Finance, Numaligarh Refinery Limited was the moderator for the session.

The Examination for the GST Course for college and university was undertaken at the Calcutta Girls College (Batch: 1) on 12th July 2024 and at Taradevi Harakchand Kankaria Jain College (Batch: 2) on 18th July, 2024. At St. Ann's College, Hyderabad an inaugural session for the conduct of GST Course for college and university - second batch will be held on 19th August, 2024.

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

- Certificate Course on GST (Batch – 16)
- Advanced Certificate Course on GST (Batch – 12)
- Advanced Course on GST Audit and Assessment Procedure (Batch – 9)
- Certificate Course on International Trade (Batch – 6)
- Certificate Course on TDS (Batch – 12)
- Certificate Course on Filing of Returns (Batch – 12) and
- Advanced Course on Income Tax Assessment & Appeals (Batch – 9)

The quiz on indirect taxes is conducted on every Friday Pan India basis. The Taxation Portal is being updated regularly with the circulars, notifications and press releases. 163rd and 164th Tax Bulletin has also been published and circulated to the Government and corporates. The 163rd edition has been a Special GST Day Edition which focussed on GST and had various inputs regarding the subject. This Bulletin was released in the hands of CMA Anil Kumar Gupta, Principal Director General, Directorate General of GST Intelligence (DGGI) Goods & Services Tax, Central Excise Duty and Service Tax.

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 July 2024.

Three day's online "Master Class on "Art of Handling a Resolution Plan" was held from 5th July to 7th July 2024.

- Seminar on Insolvency and Bankruptcy Code, 2016 was held on 5th July 2024 in association with Ahmedabad Chapter of Institute of Cost Accountants of India in Ahmedabad.
- Workshop on "Essentials of Valuation for Insolvency Professionals" was conducted on 12th July 2024.
- Webinar on Role and Opportunities of Cost Accountants under Insolvency and Bankruptcy Code 2016 was held on 13th July, 2024 which involved discussion by CMA Rajansh Thukral and CMA Deepika Bhugra Prasad regarding the role of Cost Accountants in Corporate Insolvency Resolution Process under IBC, 2016.
- Workshop on "Judicial Pronouncements under IBC, 2016" was conducted on 18th July 2024.
- Workshop on "Navigating Moratorium and Interim Finance Strategies for Insolvency Professionals" was conducted on 27th July 2024.
- In its endeavour to promote the profession, knowledge sharing and sensitisation of the environment, IPA ICMAI published Au-Courant (Daily Newsletter), a weekly IBC Dossier, and a monthly e- Journal which are hosted on its website.

ICMAI REGISTERED VALUERS ORGANIZATION (RVO)

ICMAI RVO has successfully organized two "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 July, 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. An interactive session was also organized with Mr. Nick Talbot CEO International Valuation Standards Council in Delhi.

ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

ICMAI SAO organized "1" Proficiency Development Program and organized "1" Professional Development program during July, 2024. ICMAI SAO also released its monthly Journal – The Social Auditor. ICMAI SAO has partnered with Catalyst 2030 for a Social Stock Exchange program held on 1st August, 2024 in Delhi.

'AI: Reshaping the Accounting Profession and the Disruption to Accounting Education'

A seminar was organized by the Committee on Artificial Intelligence of the Institute on 'AI: Reshaping the Accounting Profession and the Disruption to Accounting Education' to celebrate the International AI Appreciation Day on 16th July, 2024 at SCOPE Complex in New Delhi in hybrid mode. The seminar involved significant discussions on various topics relevant to the profession of Cost & Management Accounting particularly in the advent of AI in Accounts, Finance & Costing Domain. A galaxy of dignitaries, having vast experience in various technologies, especially in the field of artificial intelligence, presented their views and shared their valuable knowledge to enlighten the participants who attended the seminar both physically and online.

The program started with lighting of the sacred lamp, by the President CMA Ashwin Dalwadi, Committee Chairman CMA Neeraj D Joshi, Guest of Honour Mr. Atanu Sinha, Global Director, HCL-tech, CMA M K Anand, and CMA Chittaranjan Chattopadhaya, Council Members of the Institute. CMA TCA Srinivasa Prasad, Council member of the Institute addressed the seminar online. The Guest of Honour Mr. Atanu Sinha, Global Director HCL tech. told how technological transforming is being instrumental in driving large-scale operations across various sectors of the economy and how cutting-edge technologies are helping industries achieve significant cost savings and streamline operations.

The inaugural session was followed by Technical session 1 where Mr. Saurabh Shukla, Head – AI, Innovations & COEs, Bank of Baroda presented on 'Impact of AI in the Banking & Finance Domain'. The second speaker of this session was CMA Vijay Kiran Agastya, Ex-Deloitte Vice-President & founder MentorMe Career Intelligence and Training. He presented on 'Harnessing AI for Superior Accounting and Cost Management' both the speakers elaborated on how Artificial Intelligence is affecting operational aspects of various industries and the need for reshaping the profession in such a direction so that the financial professionals can contribute very effectively in the economic growth.

The 2nd Technical session was an interview session which consisted of a panel of experts from both academia and industries. The interviewer was CMA Hrushikesh Shrotriya, a Senior Consultant & subject matter expert for Financial Transformation in Treasury, Cash & Fund management. The interviewee panel constituting Ms. Aruna Singh, Director Finance at Microsoft, Dr. Rahee Walambe, Associate Research Faculty at Symbiosis Centre for Applied Artificial Intelligence, CMA Ashutosh Saitwal, Founder CEO, KlearStack, and CMA Subhasish Chakraborty, Vice Chairman EIRC and Management Consultant by profession. Very vibrant and elaborate discussions took place during the interview session highlighting areas of AI that is influencing the profession of Cost & Management Accounting. Around two hundred participants across the country attended the seminar assiduously to understand the various aspects and impact Artificial Intelligence is making in the domain of Cost & Management Accounting.

CMA Bibhuti Bhusan Nayak has been unanimously elected as the President, ICMAI and CMA T.C.A. Srinivasa Prasad as the Vice President, ICMAI for the year 2024-25

CMA M K Anand, Council Member, ICMAI along with CMA S.N. Mittal, Chairman, NIRC-ICMAI and CMA Santosh Pant, Secretary, NIRC-ICMAI met Shri Om Birla, Hon'ble Speaker of Lok Sabha, Parliament of India to have a brief discussion about CMA Profession

Shri Umesh Kini, our Senior Member met Shri Vishweshwar Hegde, MP from Uttar Kannada district, Karnataka and had discussions with him about the ongoing challenges before the profession. Shri Hegde assured to take up these issues with the Govt. at appropriate level.

CMA Balwinder Singh, Past President of the Institute congratulating CMA B B Nayak, Newly Elected President of the Institute of Cost Accountants of India at CMA Bhawan, New Delhi.

Valedictory Session of CAT Course batch under Directorate of General Resettlement, Ministry of Defence, Govt. of India at CMA Bhawan, Noida on 05th July, 2024.

CMA Bibhuti Bhusan Nayak, President, ICMAI along with CMA TCA Srinivasa Prasad, Vice President, ICMAI, CMA Manoj Kumar Anand, Council Member, ICMAI and CMA (Dr.) Kaushik Banerjee, Secretary, ICMAI, called on Dr. Manoj Govil, IAS, Secretary to the Government of India, Ministry of Corporate Affairs on 22nd July, 2024.

Release of 'Monograph on Net Zero Emissions Audit for Financing by Banks' developed by BFSI Board of ICMAI on 21.07.2024.

CMA Navneet Kumar Jain and CMA Niraj Joshi, Council Members had a meeting with Dr. Arvind Virmani, Hon'ble Member, NITI Aayog, to apprise him about various developments and initiatives taken by the Institute.

Closing Ceremony of GST Day Celebration Week 2024 at Scope Complex on 12th July, 2024.

CMA Navneet Kumar Jain, Council Member along with CMA Sandeep Kumar, Secretary - Gurgaon Chapter, CMA Amol Patil, CMA Rakesh Khandelwal had a meeting with PCIT Shri Pratap Singh, IRS, Gurugram handed over Guidance Note of Inventory Valuation and had discussions regarding training on Inventory Valuation Provisions.

CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI along with CMA (Dr.) Lavanya Kanduri, Chairperson, Hyderabad Chapter of ICMAI felicitating CMA Rajesh Kumar Dwivedi, Director (Finance), BHEL at Hyderabad.

CMA Navneet Kumar Jain, Council Member had a meeting with Shri Anil Kumar Gupta, Pr. DG, DGGI to apprise him about the various development and initiatives taken by the Institute.

Glimpses of the Seminar on Budget 2024 held on 26th July 2024 at CMA Bhawan, New Delhi conducted by Professional Development & CPE Committee.

REAL TIME FINANCIAL SYSTEMS (RTFS) TRANSFORM 'INFORMATION' THROUGH 'INSIGHT' TO 'INFLUENCE'

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Abstract

Real Time Financial System is an advanced, forward looking and proactive System connecting the key critical business parameters into financial figures on instant basis. This RTFS framework requires the careful designing of the business and operating systems and drive for Real Time Financial Statements. The most important benefit with RTFS is to take corrective actions spontaneously and immediately making the review process more robust and corrective actions immediately and thus paves the way for continuous improvement. RTFS makes processes more agile, smarter and improves competitive edge.

TRADITIONAL FINANCE

Earlier, most of the financial transaction processes involved around recording of transactions, ledgers preparations, bookkeeping of accounts payable, accounts receivables, Capex, general ledger accounting, taxation, costing, budgeting, and other statutory compliances , treasury functions etc., These were more of systematic rules or principles based and repetitive in character and with regular analysis of the financial data. Reports are often provided by traditional finance once all transactions have been documented or typically on a monthly, quarterly, or annual basis. Thus, this turns into more of a postmortem activity.

REAL TIME FINANCIALS SYSTEM

The real-time finance system (RTFS) is a real-time tool that provides financial data for meticulously crafted KPIs. It also allows users to assess variations and make timely, well-informed judgments.

In the past, managers had to wait a long time to view the financials and occasionally till the end of the month, quarter, or year. Monthly review meetings begin with an analysis for the reasons and design adjustments in the conference space. On the other hand, we can obtain online information hourly, daily or weekly trends or reports for several important financial drivers through the real-time financial system.

"The real-time finance system (RTFS) is a real-time tool that provides financial data for meticulously crafted KPIs"

To create an efficient and successful real-time financial system, we must do extensive brainstorming and create a suitable RTFS framework that includes the top 5–10 required key financial indicators that need to be tracked online in real-time in operations financials. One can pick KFI's like 1) Production/ throughput/ volume variance, 2) Efficiencies / Usage variance, 3) Conversion costs, 4) Fixed expenses, and 5) Other manufacturing costs as the critical parameters. This aids in the management's evaluation of immediate discrepancies, if any, from the actual. One benefit of having instant access to RTFS data is that we don't have to wait for a month, quarter, or year to make any modifications to the variances.

Image Courtesy: CPA Journal

We must identify 5 to 10 key real-time financial performance indicators that directly impact business performance. Even a slight deviation of 0.1 per cent can significantly affect revenues in any company, amounting to millions of rupees. Real-time financial information enables proactive alerts to the production department, empowering them to take corrective measures promptly. This proactive approach motivates the production team to address negative variances swiftly, thereby enhancing the company's competitive edge. Management asserts that beyond mere post-mortem analysis, identifying cost drivers for each operational pathway is crucial to optimizing expenses and maximizing potential.

Specific key finance indicators (KFIs) are custom-designed rather than readily available. They are identified through collaborative brainstorming sessions with management to determine factors impacting productivity. Targets are then established for each KFI, which the organization aims to achieve. Real-time assessment compares actual performance against these targets. Immediate actions are taken to address any deviations and mitigate variances promptly.

KEY FINANCIAL INDICATORS REGULARLY ASSESSED

The key financial indicators (KFIs) regularly assessed using RTFS applications may include:

1. Online sales & contribution (COPA) reports by product / Division / Region / Marketing Officer - both quantity and values
2. Online collections reports - Division / Region / Marketing Officer - both quantity and values
3. Online production data, yields, efficiencies, and usage variance (quantity & value)
4. Online throughput rate or productivity and volume variance (quantity and value)
5. Online monitoring systems for utilities: (a) Power (quantity & value) (b) Water (quantity & value) (c) Gas (quantity & value)
6. Online budgetary finance concurrence system for fixed costs & variable costs
7. Online raw materials - Purchase price variance
8. Total quality management (TQM) portal - value generation
9. Online inventory information

Online Efficiencies Monitoring

Efficiency, defined as producing finished goods with minimal waste in the most effective manner, is crucial. Production standards are typically based on historical data, but real-time monitoring of actual efficiencies at regular intervals is essential. Raw material costs often constitute a significant portion (60 to 90 per cent) of overall product costs. Implementing real-time financials requires thorough planning, including determining how to capture efficiency data (such as inputs/outputs from weighments, quality tests, raw material purity, or density factors) and integrating this into the real time finance system. This approach facilitates the computation and management of variance costs effectively.

Finance plays a crucial role in selecting methods to capture real-time information through the RISP (real-time information system portal) and linking it with the RTFS database, which encompasses standards, actual, and variances. Initially, standards are set for each raw material that must be met during production. The actual data is captured using various methods such as weighing balances, flow meters, weigh feeders, tank level indicators, or volumetric measurement. This data is then transmitted through the HMI (human machine interface), DCS (distributed control system), and finally to RISP, which integrates with RTFS.

Due to inherent limitations in each system, multiple interfaces are necessary to carefully align and consolidate data points. The goal is to create real-time financial insights into efficiencies and usage variances, leveraging this information to minimize wastage and losses.

Efficiency data collected and fed into RISP is processed through pre-programmed logic in RTFS to compute financial impacts relative to standards, actuals, and variances. The RISP software converts this information into intuitive dashboards using tools like Power BI, presenting data through visualizations such as charts and tables for easy comprehension.

The variability of raw material efficiencies over time can be attributed to various factors. RTFS ensures that cost data is continuously visible to management online, triggering alerts if deviations exceed predefined tolerances. This ongoing monitoring enables proactive management focus on critical parameters impacting costs, facilitating swift corrective actions to mitigate losses promptly. Such a system has demonstrated its ability to generate significant value creation within the manufacturing operations

Online production / Throughput monitoring

Monitoring online throughput or productivity and volume variance can be challenging due to the diverse nature of products, such as cement or mining materials. Achieving real-time data often requires extensive planning and consideration within the RTFS framework. This involves deciding whether to capture production data based on weighments of inputs and outputs, or through quality tests examining raw material purity or density influences on output.

Integrating finance parameters like overhead recovery rate, gross contribution, and internal transfer prices across divisions requires careful interface design with RTFS. Production data monitored online updates the RISP system, reflecting standards, actual, variances, and volume variances. RTFS is specifically designed to calculate the impact of volume variance, such as over or under absorption of overhead recovery, in rupee terms on an hourly basis. This system alerts production departments to deviations from recovery overhead rates, prompting corrective actions like reducing downtime.

Image Courtesy: softdesigners.co.in

Online condition based monitoring and reduces down time

Additionally, modern systems now incorporate "online condition-based monitoring and contribution loss dashboards" using IoT sensors. These systems analyze equipment conditions in real-time, predicting failures before they occur and alerting maintenance teams to take preventive measures. This proactive approach minimizes equipment downtime and interruptions in production processes.

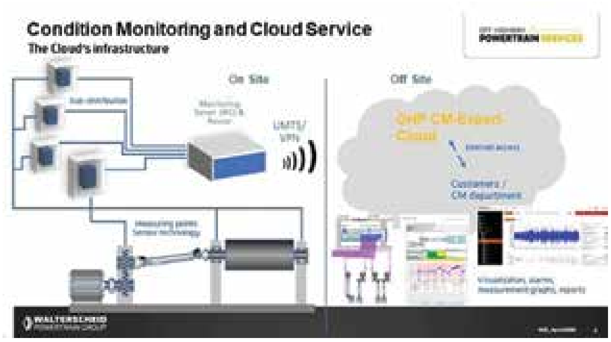


Image courtesy: Power train services

Online power cost monitoring

- Electricity plays a critical role in operating machinery, equipment, lighting, control systems, and other electrical devices within industrial settings. To effectively manage and optimize electricity consumption, meters are installed to measure actual usage data, which is then integrated into an energy management system (EMS).
- Setting specific targets for power consumption across different areas, equipment, blocks, and offices is crucial. Once these standards are established, actual consumption data collected through the EMS can either be managed directly within the EMS or transferred to RTFS for further mathematical or logical computations. This integration includes finance parameters to facilitate comprehensive analysis.
- By analyzing data within RTFS, corrective actions can be taken to address issues such as excessive power consumption or equipment idling, which can cause spikes in specific power consumption. This approach provides insights into the electricity consumption of each department during manufacturing processes.
- For example, determining the specific electricity

consumption required to produce one ton of production establishes a baseline standard. Targets and pricing information provided by the finance department, along with allocation logic, contribute to effective monitoring and control measures.

- In summary, integrating electricity consumption data with RTFS enables proactive management of energy usage through targeted interventions and optimization strategies, ensuring efficient operations and cost management.

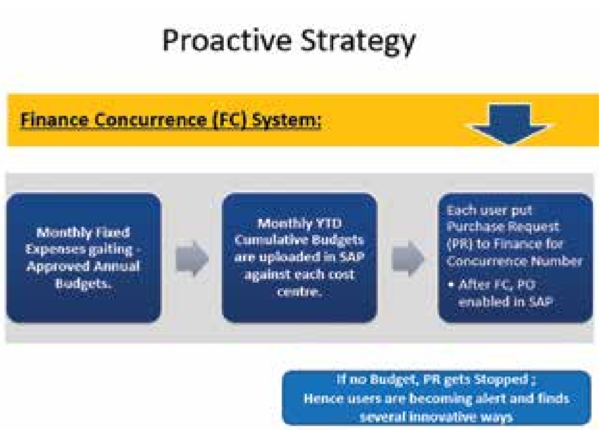
Image Courtesy: Energyly

Online natural gas monitoring

- Natural gas is a highly efficient source of hydrogen and energy, enhancing cost-effectiveness in production processes. Its preference stems from its relatively lower environmental impact compared to other fossil fuels. To manage natural gas consumption effectively, meters are installed to measure actual usage data, which is integrated into a distributed control system (DCS).
- Setting specific targets for gas consumption per kilogram or per ton of product is crucial. Once these standards are established, actual consumption data collected through DCS or RISP can either be managed within DCS for automated control functions like auto start/stop or variable flow of natural gas, or transferred to RTFS for further mathematical or logical computations. This integration includes finance parameters to facilitate comprehensive analysis and corrective actions for excess gas consumption and there by corrective actions.
- Furthermore, this data aids in predicting daily natural gas requirements and optimizing the gas mix to minimize overdrawn quantities or avoid commitments undertake-or-pay contracts through meticulous online monitoring. The information on RISP is analyzed using tools like Power BI, generating dashboards that offer clear insights and facilitate decision-making.
- Smart machines / ML
- Implementing online auto temperature control systems with appropriate start/stop mechanisms further enhances efficiency, contributing to the reduction of specific consumption norms. This holistic approach ensures efficient use of natural gas resources while optimizing operational costs and environmental impacts.

Fixed costs: Online budget finance concurrence number system

- Preventive measures in managing fixed costs are crucial for effective financial control. One approach is through the implementation of an online budget control system designed to oversee expenditures from the outset. Various models exist for controlling fixed costs, with a popular method being the establishment of an online finance concurrence system.
- In this system, each expense request specifies the financial amount and requires a budget concurrence number provided by the finance department before any expenditure is incurred. This proactive step ensures that budgeted cumulative spending within specific line items or expense categories is tracked against actual expenditures in real time. Such an online system enhances financial oversight and control.
- For optimal functionality, it is essential that the finance department balances rigidity with flexibility, ensuring that business needs are met promptly while maintaining stringent financial controls. Well-informed finance teams can ask pertinent questions to validate expense requests before issuing finance concurrence, thereby reinforcing fiscal prudence.
- Additionally, organizations can utilize either off-the-shelf ERP solutions or tailor-made controls to further streamline and strengthen their online budget management and financial oversight strategies. These approaches collectively contribute to maintaining financial discipline and optimizing resource allocation across the organization.



Cost center review meetings & GEMBA Walks

Cost center review meetings (CCRM) involve engaging with various cost center owners. This approach not only helps in understanding the reasons behind current expenditure discrepancies but also identifies potential future risks through discussions on existing costs and targeted inquiries into cost management. Often, these open dialogues can reveal opportunities for cost savings that can be leveraged for enhancement purposes. MA

GLOBAL ECONOMIC SLOWDOWN– CHALLENGES FOR THE MANAGEMENT ACCOUNTANTS

Abstract

Management Accountants will have to combine three major elements of analysis from three areas of perspectives - macro economics, micro or business economics and management accounting. This combination should facilitate the design of a comprehensive performance monitoring and evaluation system. It should also support the decision making process. Thus 'Strategic Management Accounting' should aim at combining all the three perspectives - financial, operational and strategic.

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INTRODUCTION

It is now a well-known fact that the distinguished finance professionals world-wide could not predict the possibility of the chronic global economic slowdown; neither they could correctly assess the longevity and impact of this serious phenomenon on the business enterprises. The economic slowdown is unfortunately accompanied by a few geopolitical issues. Situations like the deterioration in the working of the institutions like the WTO were wrongly interpreted and the blame was intelligently put on the global economic slowdown. Fortunately (and also systematically) Management Accountants worldwide can show reasonable solidarity to say that global episodes of 'financial or economic failure**'** were a result of 'human grid and indiscipline'. 'The role of the invisible hand' shall always be discussed while assessing the impact of many unknown variables influencing the extreme cases of some nationwide economic failures. Management Accountants therefore will have to evolve new techniques and methods to evaluate the systemic, strategic, structural and sensitive variables causing macro and micro situations of economic slowdown and their impact on the corporates' financial performance. They will have to design more contemporary and dependable methods of assessing the 'financial gravity' of the global economic slowdown using the wisdom of strategic management accounting. These models should be expected to capture right and adequate scenarios of collective, regional and also sectoral economic variations influencing the profitability, liquidity and sustainability of the corporate performance. It has also been observed that Management Accountants in different countries could not distinguish between 'useful business diversifications and misguided, misused diversifications of financial resources'. This is incidentally much truer of those Management Accountants who had the advantage of using sophisticated mathematical, economic and technical tools of 'notional cost benefit analysis'.

CHALLENGES BEFORE MAs

Now the question arises about the exact challenges for the Management Accountants who should be on the forefront to offer useful financial indicators to rescue the corporates from an irritably ongoing economic slowdown. As stated earlier, these challenges are multi-level, multi-angular and mutually consequential. Unless we define these challenges, it would be simply impossible for the fraternity of the Management Accountants to think about any sustainable and pragmatic parameters. Understanding these challenges would also require an appreciation of different socio-economic priorities of different corporates in different countries. The old hypothesis of applying same financial parameters to the corporates in the USA, China, India & Sri Lanka would not work now. International financial and accounting institutions made this 'statistical mistake' repeatedly and measured the financial performance of all the corporates using the same yardsticks.

Resource Allocation Parameters

The first and foremost challenge for the Management Accountants is to revisit the present arrangement of the 'resource allocation parameters'. Globalization, to some extent, has offered a 'market mechanism' to decide these parameters. The developed and powerful nations are using this market mechanism to define and assess the business performance of their corporates to define their policy framework related to the manufacturing industry. For example, the strategic costing and pricing of the agricultural produce and other associated services of the agro corporates has made them cost competitive in the international markets. The Management Accountants will have to accept the challenge of an integrated financial measurement of resource consumption by the competing countries and their corporates. A substantial rise in the anti-dumping cases is an alarming indication for such an initiative to be taken.

Rationing Of Financial Capital

The second challenge is equally serious. The rationing of financial capital and its corresponding cost is a matter of concern for the small and medium size business enterprises world-wide. Big corporations with their economy of scale are able to manage their 'cost of capital'. It is the SMEs, which require adequate capital at reasonable cost. It is a known fact that around 60 per cent of the 'gross domestic product' of the developing countries is contributed directly and indirectly by the SMEs. They are the largest providers of employment collectively. They also create 'value' with a lesser consumption of proportionate resources. Management Accountants will have to suggest 'viable financing models' for the SMEs. Global economic slowdown has affected SMEs badly not for their operational inefficiencies but more for non availability of adequate funds. In almost all the countries, bankers look at SMEs with same old-fashioned scepticism. Most of the non-productive assets of most of the banks worldwide have been contributed by the large corporations. Unfortunately, much of the blame for the NPAs is put on SMEs. This must change. Educating SMEs for better use of capital is also a challenge for the Management Accountants.

Public – Private Partnership

More and more countries are trying to gear up their economic growth through an accelerated model of 'Public – Private Partnership' (PPP). Without the private capital and entrepreneurial management, the exercise of developing public infrastructure is difficult, yet the private sector's participation in managing 'public goods' needs to be monitored well. Quite a few instances from the developing countries indicate that the 'PPP Model' is proving to be very expensive for the common people on account of financial and operational manipulations. Management Accountants can represent the public at large and facilitate a thorough verification of the financial design of every significant 'PPP Agreement'. Another common observation about the PPP is a disproportionately higher consumption of national resources. The private sector partners do not show reasonable efficiency in conserving 'public resources'.

Technological Adaptation

Developing countries are found to be working very hard on 'technological adaptation' including the application of Artificial Intelligence. It is a known fact that increasing investment in technological advancement has become a common feature of the budgetary exercise of most of the developing nations and their corporates. Management Accountants will have to critically assess the sustainable usefulness of these 'technological adaptations'. Developing economies like India, China, Brazil and Russia will have to decide a trade-off between technological advancement and human resource development using the mechanism of Strategic CBA. Combining the economic equilibrium and social development is a growing challenge for many countries. Management Accountants will have to evolve a new and sustainable mechanism of integrated or holistic accounting.

TOOLS OF STRATEGIC MANAGEMENT ACCOUNTING

Many American and European accountants have miserably failed in recent times, in applying the right type of tools of strategic management accounting. This failure was also due to 'ineffective understanding of organizational structures and business models of the corporates' needed for better financial management. Many multinational corporations, despite their economy of scale, could not simplify their organizational structures. Organizational bureaucracy, decision delays, lack of entrepreneurial control on costs, excessive investment in infrastructure, over emphasising of systemic compliances etc. have contributed to 'excessive business cost' of the western corporates. These excesses get covered up either by economy of scale or by monopolistic business positions. Management Accountants will have to revisit the organizational structures of the giant multinational corporations and assess the real advantage of 'being big'.

BUSINESS FOCUS

Globalization has promoted the concept of 'business focus' to its extreme end. Verticalization of businesses therefore has gained serious momentum. Global corporations are using verticalizations excessively without considering the local synergic advantages. Businesses in developing countries require a fine balance between verticalization and synergy. Management Accountants will have to understand the confrontation between 'people process chemistry and business physics'. Such an understanding would certainly require a versatile approach to redesigning 'corporate finance algorithms'. Management Accountants will have to develop more flexible 'business control and reporting methods' to take care of the impact of confronting variables of verticalization and synergy. After all, globalization and localization are the two sides of same coin.

SMALL AND MEDIUM ENTERPRISES

As mentioned earlier, a lot of 'economic value' is being created by the SMEs in the developing nations. These small enterprises also require appropriate 'investment avenues' to park their hard-earned surpluses. Such optimal parking of surpluses would come to their rescue during the difficult days of economic slowdown. Management Accountants will have to do a gigantic work in the area of 'financial engineering'. Right from developing suitable investment products up to establishing the capital usage efficiency for the SMEs shall be the responsibility of Management Accountants. Today's Stock Exchanges and debt-markets do not offer optimal and adequate investment solutions to the SMEs in many countries.

GLOBAL ECONOMIC SLOWDOWN

Global economic slowdown automatically creates a global situation of economic inter-dependence. During the times of economic success, countries like Japan and the US conveniently forgot the natural phenomenon of economic interdependence. Japan should have invested its idle funds appropriately in the economies of Sri Lanka, India, Thailand and Vietnam. Japanese economists and finance professionals can still educate their politicians and bureaucrats about the long-term advantages of getting economically associated with those countries which are culturally closer. 'Economic activism' of whatever nature and degree, should be a priority for stagnated economies like Japan, England, Germany and France. Management Accountants in partnership with the business economists can design mutually rewarding economic partnerships and promote them pragmatically in various economic regions especially for the developing nations to benefit. I personally attempted this initiative in the SAARC Region.

"Global economic slowdown automatically creates a global situation of economic inter-dependence"

CONCLUSION

Economic slowdown, whether global or local, creates a tempting situation of 'financial indiscipline and inefficiency'. The temptation may even lead to financial misbehaviour. Corporate failures in the USA and elsewhere have also been complicated by the confused behaviour of the policy-makers and policy-executors. Financial regulators today are seriously confused between 'entrepreneurial freedom and systemic discipline'. The reality is, sustainable freedom from the clutches of economic slowdown requires both – freedom and discipline. It is a big challenge for the Management Accountants to revitalize the macro and micro level functioning of the financial system. Such revitalization must be done keeping in mind the pathetic condition of the disadvantaged people at the bottom of the pyramid. It is these poor people who can create better value with lesser resources. Management Accountants from the developing nations owe a lot to these disadvantaged people because every economic crisis was resolved with higher sacrifice made by these poor people. Economic and resource management modelling for the poor people must be attempted to improve their financial condition. Such an improvement should lead to better 'survival capabilities'. Therefore, Management Accountants will have to interpret the present global economic slowdown with better maturity. After all, challenges can be converted into opportunities in India, a country being the present global engine of economic growth! MA

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M-SCORE – A TOOL TO UNCOVER FINANCIAL MISREPORTING

Abstract

Companies often engage in incorrect recognition of revenues, disproportionate capitalization of expenses, inadequate reporting of non-cash charges (such as depreciation and amortization), incorrect accruals, among other ways, to hide deteriorating profit margins or to project sustained growth. Thus, evaluation of financial reports is necessary to determine whether or not they adhere to the generally accepted accounting principles and whether or not the earnings reported in these financial reports are sustainable and capable of providing sufficient returns. Financial analysts and forensic examiners employ qualitative approaches and quantitative tools to determine whether or not a company has engaged in manipulating its financial reports. This article focuses on one qualitative tool known as the M-Score which was developed in 1999 by Dr. Messod D. Beneish, an American professor at Kelley School of Business in Indiana University, Bloomington, Indiana.

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PREDICTIVE POWER OF THE BENEISH MODEL

Dr. Beneish's study found that 76 per cent of the companies whose earnings were determined to be manipulated indeed had manipulated their earnings. These companies were later found to have actually manipulated their earnings and hence the determination that these companies were manipulators was correct. However, 17.5 per cent of the companies whose earnings were determined to be free from manipulation were later found to have engaged in earnings manipulation and therefore the determination that these companies were not manipulators turned out to be incorrect. The correct determinations as well the incorrect determinations were based on the *M*-score that comprised eight indices based on known examples of financial misreporting in the past.

THE *M*-SCORE AND ITS COMPONENT INDICES/VARIABLES

The probability that the earnings are manipulated (and therefore the financial reports are of bad quality) can be estimated using the formula for *M*-Score as provided below.

M-Score =

-4.840 + 0.920 (Days Sales Receivable Index) +0.528 (Gross Margin Index) + 0.404 (Asset Quality Index) + 0.892 (Sales Growth Index) + 0.115 (Depreciation Index) - 0.172 (Sales, General and Administrative Expenses Index) + 4.679 (Accruals Index) - 0.327 (Leverage Index)

The eight variables in the M-Score are explained below. Note that CY stands for current year and PY stands for previous year in the formulas that follow.

Days Sales Receivable Index

When a company invoices its customers and does not get paid immediately, it creates an accounts receivable amount under current assets on the balance sheet. Additionally, it creates either 'earned revenue' (i.e. sales) as an income item on the profit and loss report or 'unearned revenue' (i.e. customer deposit) as a liability on the balance sheet. This means utmost care should be exercised to determine whether revenues were already earned or not yet earned as of the time of issuing an invoice to the customer where the customer is also given some credit period. If a company is in an industry where accepting customer deposits before starting work is customary and it begins recognizing sales (or earned revenue) on its profit and loss report while not having actually earned it through performing its obligations, it could be a red flag. In such instances, it could be beneficial to determine the relationship between its accounts receivables and sales during a year and compare it with the relationship between the accounts receivables and sales during the very next year. Thus, the formula for this index would be as shown below.

$$\text{Days Sales Receivables Index} = \frac{\dfrac{\text{Accounts Receivables}_{CY}}{\text{Sales}_{CY}}}{\dfrac{\text{Accounts Receivables}_{PY}}{\text{Sales}_{PY}}}$$

The general benchmark of this index is 1 and any skewed relationship could possibly point to revenue recognition issues. If the Days Sales Receivables Index increases and it is also accompanied by an increase in the Sales Growth Index (discussed later in this article), there may be a possibility of recording of fictitious revenues by the company in the current year to ensure that investor confidence in the company remains intact.

Gross Margin Index

If a company were to find out that its gross profit margins in the current year are declining vis-à-vis the gross profit margins of the previous year, it is possible that the company would be induced to engage in earnings manipulation so as to appear strong this year. The formula for this index is provided below.

$$\text{Gross Margin Index} = \frac{\text{Gross Margin}_{PY}}{\text{Gross Margin}_{CY}}$$

Based on the above formula, if the previous year's gross margins happen to be higher than the current year's gross margins, this index would be greater than 1. The benchmark for this index is 1 and if it is greater than 1, it would mean that with the gross profits of the current year deteriorating, there may be a possibility of earnings being manipulated with the intent of covering up this deterioration.

Asset Quality Index

The formula for this index is given below:

$$\text{Asset Quality Index} = \frac{1 - \dfrac{\left(\text{Current Assets}_{CY} + \text{Net Fixed Assets}_{CY}\right)}{\text{Total Assets}_{CY}}}{1 - \dfrac{\left(\text{Current Assets}_{PY} + \text{Net Fixed Assets}_{PY}\right)}{\text{Total Assets}_{PY}}}$$

The numerator pertains to the ratio of assets other than current assets and net fixed assets to the total assets in the current year. The denominator pertains to the ratio of assets other than current assets and net fixed assets to the total assets in the previous year. The benchmark for this index is also 1 and if it is calculated to be greater than 1, it could indicate possible deliberate errors in decisions of expensing versus capitalizing fixed asset costs and/or errors in recording liabilities associated with such fixed assets as well as deliberate errors in accounting for components of current assets. These actions may be induced by the need to show enhanced earnings on the profit and loss report and a stronger asset base on the balance sheet.

Sales Growth Index

The formula for this index is given below:

$$\text{Sales Growth Index} = \frac{\text{Sales}_{CY}}{\text{Sales}_{PY}}$$

The benchmark for this index is 1 and while a greater index could also mean that the sales as reported have indeed increased and there has been no misrepresentation, one cannot disregard the possibility of growing business activities rendering the company's internal controls inadequate. If the company's internal controls do not evolve with the changes taking place, it could cause misreporting of earnings to go undetected. Besides, a greater index could indeed be the result of deliberate manipulation of sales and earnings even when there may not be any visible growth in the company's business. As mentioned before while discussing the Days Sales Receivable Index, if there is an increase in the Sales Growth Index along with an increase in the Days Sales Receivable Index, it may be that the company is recording fictitious revenues in the current year.

Depreciation Index

This index compares the rate of depreciation from the previous year with the rate of depreciation of the current year. The formula is given below:

$$\text{Depreciation Index} = \frac{\dfrac{\text{Depreciation}_{PY}}{\text{Depreciation}_{PY} + \text{Net Fixed Assets}_{PY}}}{\dfrac{\text{Depreciation}_{CY}}{\text{Depreciation}_{CY} + \text{Net Fixed Assets}_{CY}}}$$

The benchmark for this index is 1 and if it happens to be greater than 1, it would mean that the company had a higher depreciation rate in the previous year compared to that in the current year. One possible reason could be a deliberate understating of depreciation by deferral of asset costs through adoption of a new depreciation method or a revision of estimated useful lives of depreciable assets. If the company fails to disclose these actions in the notes that accompany the financial statements, this would point to manipulation of income and misrepresentation in financial reports.

Sales, General and Administrative Expenses Index

The formula for this index is given below:

$$\text{Sales, General and Administrative Expenses Index} = \frac{\dfrac{\text{Sales, General and Administrative Expenses}_{CY}}{\text{Sales}_{CY}}}{\dfrac{\text{Sales, General and Administrative Expenses}_{PY}}{\text{Sales}_{PY}}}$$

Accruals to Total Assets Index

The concept of 'extraordinary items' has been eliminated in the Accounting Standards of certain countries while the concept still continues in the Accounting Standards of certain other countries. To cater to the requirements of countries where the concept of 'extraordinary items' continues, the formula for this index is given below:

$$\text{Accruals to Total Assets Index} = \frac{\text{Income before Extraordinary Items}_{CY} - \text{Cash from Operations}_{CY}}{\text{Total Assets}_{CY}}$$

In the case of countries that have done away with the concept of 'extraordinary items', the formula for this index is modified as given below:

$$\text{Accruals to Total Assets Index} = \frac{(WC_{CY} - WC_{PY}) - (Cash_{CY} - Cash_{PY}) + (ITP_{CY} - ITP_{PY}) + (CPLTD_{CY} - CPLTD_{PY}) - DEP_{CY}}{\text{Total Assets}_{CY}}$$

In this formula, WC stands for working capital, ITP stands for income tax payable, CPLTD stands for current portion of long-term debt and DEP stands for depreciation.

The benchmark for this index is zero which means that if it happens to be greater than zero, it is possible that accruals have been done that result in manipulation of earnings amounts. With accrual accounting, earnings can be recorded even when cash is not received. Often, companies end up showing stellar earnings but are cash-strapped.

Certain specific components from the above formula can be used to measure specific relationships from one year to the other. Thus, a deeper analysis can be done using the formulas below:

$$\text{Current Assets to Total Assets Index} = \frac{\dfrac{(\text{Current Assets}_{CY} - \text{Cash}_{CY})}{\text{Total Assets}_{CY}}}{\dfrac{(\text{Current Assets}_{PY} - \text{Cash}_{PY})}{\text{Total Assets}_{PY}}}$$

$$\text{Accounts Receivables to Total Assets Index} = \frac{\dfrac{\text{Accounts Receivables}_{CY}}{\text{Total Assets}_{CY}}}{\dfrac{\text{Accounts Receivables}_{PY}}{\text{Total Assets}_{PY}}}$$

$$\text{Inventory to Total Assets Index} = \frac{\dfrac{\text{Inventory}_{CY}}{\text{Total Assets}_{CY}}}{\dfrac{\text{Inventory}_{PY}}{\text{Total Assets}_{PY}}}$$

$$\text{Current Liabilities to Total Assets Index} = \frac{\dfrac{(\text{Current Liabilities}_{CY} - CPLTD_{CY} - ITP_{CY})}{\text{Total Assets}_{CY}}}{\dfrac{(\text{Current Liabilities}_{PY} - CPLTD_{PY} - ITP_{PY})}{\text{Total Assets}_{PY}}}$$

$$\text{Accounts Payables to Total Assets Index} = \frac{\dfrac{\text{Accounts Payables}_{CY}}{\text{Total Assets}_{CY}}}{\dfrac{\text{Accounts Payables}_{PY}}{\text{Total Assets}_{PY}}}$$

$$\text{Depreciation to Total Assets Index} = \frac{\dfrac{\text{Depreciation}_{CY}}{\text{Total Assets}_{CY}}}{\dfrac{\text{Depreciation}_{PY}}{\text{Total Assets}_{PY}}}$$

Leverage Index

This index is calculated as shown below:

$$\text{Leverage Index} = \frac{\dfrac{\text{Debt}_{CY}}{\text{Total Assets}_{CY}}}{\dfrac{\text{Debt}_{PY}}{\text{Total Assets}_{PY}}}$$

In the formula above, debt includes both long-term and short-term debt and the benchmark for this index is 1. If it happens to be greater than 1, it could mean that the company has taken more debt. There is a possibility that this additional debt would be having covenants associated with it. The pressure to satisfy these covenants could induce the company to engage in manipulation of its earnings so as to ensure that the providers of debt capital do not recall the debt amount. If the providers of debt capital recall the debt amount on account of the company's failure to fulfil the debt covenants, the debt would become current i.e. it would become payable immediately and this would negatively impact the company's liquidity ratios. Thus, the leverage index can shed light on possible earnings manipulation that could be done by the company to project itself as having successfully satisfied the covenants associated with the additional debt capital.

M-SCORE CUTOFF

Dr. Beneish set the *M*-Score cutoff at negative 1.78 which means any company that ends up with a M-Score of negative 1.78 or less is likely not a manipulator of earnings and any company having a M-Score of more than negative 1.78 is likely a manipulator. However, as mentioned before regarding the predictive power of the Beneish model, there can be a possibility that a company with a M-Score of negative 1.78 or less gets caught for engaging in earnings manipulation while a company with a M-Score of more than negative 1.78 is actually not engaging in any earnings manipulation.

"The Beneish model is important and cannot be totally disregarded by financial analysts and forensic examiners"

CONCLUSION

The Beneish model was created around 25 years ago and Accounting Standards the world over have changed during these years. Likewise, the methods and techniques used by companies in preparing their financial reports have changed over these years. The Beneish model has not taken into consideration several other factors that could give hints about possible earnings manipulation, such as corporate governance or the lack of it, effects of deferred taxes, change in auditors, the quality of accruals, etc. and therefore this model has its own limits. If there are differences in the way certain components of the numerator and the denominator of any of the indices that make up the Beneish model are calculated, this could negatively impact the predictive abilities of the Beneish model. Lastly, those intending to manipulate earnings are likely to be aware of the items or components of financial reports that get focused upon by financial analysts and forensic examiners who rely on the Beneish model. This could mean that those intending to manipulate earnings would have come up with novel ways of engaging in such manipulations so that these manipulations do not get detected by the Beneish model. Thus, it is clear that while the Beneish model is important and cannot be totally disregarded by financial analysts and forensic examiners, this model must be used in conjunction with other models and tools to determine if a company has engaged in manipulating its earnings or financial misreporting of any kind. MA

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CONGRATULATIONS!!!

Heartiest Congratulations to CMA Raja Ghosh on being elevated as General Manager (F&A) Corporate Planning, WBSEDCL wef 1st July, 2024. Erstwhile, Sri Ghosh joined WBSEB in May 1995, as Assistant Manager (F&A) after qualifying as a Cost Accountant in the year 1993. Since then, he has handled several important assignments in the Company ranging from generation & distribution finance & accounts, Internal Audit, Project Finance, dealing with Government grants, Project Financial Closures, Establishment matters, Terminal Benefits, handling Income Tax approved Superannuation/Gratuity/Provident Funds, investment & fund management, Corporate Insurance, Loans, Borrowings, Working Capital, CAPEX Management, banking Consortium and Corporate Finance related activities.

He has been a person with sharp academic background. He is also an ACS, CFA, MCOM, MBA (Gold Medalist). He is a certificate holder of Institute's Arbitration Exam and is also a qualified CSR Professional & holds Certification in Forensic Audit from ICSI. At present, Sri Ghosh is pursuing his PhD (in Management) from ICFAI University, Jharkhand.

He was in the Journal & Publications Committee of the Institute for two consecutive terms and also contributed towards Institute's Orientation Programs for qualified CMAs. He was also felicitated by Saubhagya Award in 2019 for meritorious performance.

We wish CMA Raja Ghosh the very best for all his future professional endeavors.

AUTOMATION AND AI ADOPTION – CATALYST TO COMPLEMENT MANAGEMENT ACCOUNTING PRINCIPLES

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Abstract

The adoption of automation and AI is revolutionizing management accounting by improving efficiency, accuracy, and strategic decision-making. These technologies enable management accountants to add greater value to their organizations by focusing on analysis and strategic planning rather than routine tasks. Despite the challenges, the benefits of integrating automation and AI into management accounting are substantial, making them essential tools for the future of the profession.

In the dynamic landscape of the modern business world, the adoption of automation and artificial intelligence (AI) is rapidly transforming various sectors, including management accounting. These advanced technologies are not just enhancing efficiency but also significantly complementing and professing the core principles of management accounting.

THE EVOLUTION OF MANAGEMENT ACCOUNTING

Management accounting has traditionally focused on providing crucial financial information to aid decision-making, strategic planning, and performance management. However, the influx of massive data and the need for real-time insights have propelled the necessity for more advanced tools and techniques.

THE ROLE OF AUTOMATION AND AI

1. **Enhanced data accuracy and processing speed:** - Automation tools can handle repetitive and time-consuming tasks such as data entry, reconciliation, and report generation with minimal human intervention. This not only reduces the risk of errors but also accelerates the processing speed, enabling accountants to focus on more strategic activities.
2. **Advanced data analytics and insights:-**AI-powered analytics can process vast amounts of data to identify patterns, trends, and anomalies that might not be apparent through manual analysis. These insights are invaluable for management accountants in making informed decisions, forecasting future trends, and formulating effective strategies.
3. **Improved cost management:-**Automation and AI can provide detailed insights into cost structures and profitability. By analysing various cost drivers and their impact on the overall financial performance, management accountants can develop more precise cost management strategies, leading to enhanced efficiency and profitability.
4. **Enhanced decision support systems:-**AI can enhance decision support systems by providing real-time data analysis and predictive analytics. This allows management accountants to offer more accurate and timely advice to senior management, thereby improving the decision-making process.
5. **Streamlined compliance and reporting:-** Regulatory compliance and reporting are critical

aspects of management accounting. Automation ensures that these processes are handled efficiently, reducing the risk of non-compliance and ensuring that all regulatory requirements are met promptly.

CHALLENGES AND CONSIDERATIONS

While the benefits of automation and AI in management accounting are substantial, there are also challenges to consider. The integration of these technologies requires significant investment in terms of both finances and training. Ensuring data security and privacy is another critical concern that needs to be addressed to prevent potential breaches and misuse of sensitive information.

THE FUTURE OF MANAGEMENT ACCOUNTING

The adoption of automation and AI is set to revolutionize management accounting, making it more efficient, accurate, and insightful. As these technologies continue to evolve, they will further integrate into various aspects of accounting, driving the profession towards a more strategic and analytical future.

CONCLUSION

Automation and AI are not just tools for enhancing efficiency but are catalysts that complement and profess the core principles of management accounting. By embracing these technologies, Management Accountants can significantly improve their ability to provide valuable insights, drive strategic decision-making, and contribute to the overall success of their organizations.

AUTOMATION AND AI ADOPTION - CATALYSTS TO COMPLEMENT MANAGEMENT ACCOUNTING PRINCIPLES: A CASE STUDY

INTRODUCTION

ABC Corporation, a leading manufacturing firm, faced significant challenges in managing its complex financial operations. With increasing data volumes, stringent compliance requirements, and the need for real-time insights, the company sought to enhance its management accounting processes. To address these challenges, ABC Corporation embarked on a journey through the following to integrate automation and AI technologies into its accounting framework:

1. Challenges
2. Improve data accuracy and processing speed.
3. Enhance cost management and profitability analysis.
4. Strengthen decision support systems with advanced analytics.
5. Streamline compliance and reporting processes.
6. Foster a strategic role for management accountants.

IMPLEMENTATION

Phase 1: Automation of routine tasks

ABC Corporation began by automating routine and repetitive tasks such as data entry, transaction processing, and financial reconciliations. By implementing Robotic process automation (RPA), the company significantly reduced manual errors and accelerated processing times.

Phase 2: Integration of AI-powered analytics

The next step involved integrating AI-powered analytics tools to process and analyse vast amounts of financial data. Machine learning algorithms were employed to identify patterns, forecast trends, and detect anomalies in financial transactions.

Phase 3: Advanced cost management

To improve cost management, ABC Corporation implemented AI-driven cost analysis tools. These tools provided detailed insights into cost structures, helping the company to identify cost-saving opportunities and optimize resource allocation.

Phase 4: Enhancing decision support systems

AI-enabled decision support systems were introduced to provide real-time data analysis and predictive analytics. This empowered Management Accountants to offer timely and accurate strategic advice to the senior management team.

Phase 5: Streamlined Compliance and Reporting

Automation tools were deployed to handle regulatory compliance and reporting processes. This ensured that all compliance requirements were met efficiently, reducing the risk of non-compliance and associated penalties.

RESULTS

1. **Improved data accuracy and processing speed:** Automation of routine tasks led to a 70 per cent reduction in manual errors and a 50 per cent increase in processing speed. This allowed Management Accountants to focus on more strategic activities.
2. **Enhanced cost management:** AI-driven cost analysis tools helped ABC Corporation to reduce operational costs by 15 per cent. The company was able to identify cost drivers and implement effective cost-saving measures.
3. **Advanced decision support:** Real-time data analysis and predictive analytics improved the decision-making processes. The management team reported a 30 per cent increase in the accuracy of financial forecasts and strategic plans.
4. **Streamlined compliance and reporting:** Automated compliance and reporting processes ensured timely submission of regulatory reports. ABC Corporation achieved a 100 per cent compliance rate, mitigating the risk of non-compliance penalties.
5. **Strategic role of Management Accountants:** With the integration of automation and AI, Management Accountants at ABC Corporation transitioned from routine data handlers to strategic advisors. They played a crucial role in shaping the company's financial strategies and driving business growth.

"The adoption of automation and AI is set to revolutionize management accounting, making it more efficient, accurate, and insightful"

CHALLENGES

While implementation of automation and AI brought significant benefits, ABC Corporation faced the following challenges:

- Initial resistance from staff due to fear of job displacement.
- The need for substantial investment in technology and training.
- Ensuring data security and privacy during the transition.

CONCLUSION

The case of ABC Corporation demonstrates how automation and AI can serve as powerful catalysts to complement and profess management accounting principles. By leveraging these advanced technologies, the company enhanced its financial operations, improved decision-making processes, and positioned its Management Accountants as strategic partners in business growth.

This successful implementation highlights the potential of automation and AI to transform management accounting, making it more efficient, accurate, and strategically valuable. As businesses continue to navigate the complexities of the modern financial landscape, embracing these technologies will be crucial for sustained success and competitive advantage.

Example 1: Coca-Cola's use of AI for financial forecasting

Objective: Improve financial forecasting and demand planning.

Implementation: Coca-Cola implemented AI-driven predictive analytics to analyze huge sales data, weather patterns and social media trends. The AI algorithms provided accurate demand forecasts, which helped in optimizing inventory levels, reducing waste, and improving supply chain efficiency.

Results:

- Enhanced accuracy in demand forecasting.
- Reduced inventory costs.
- Improved supply chain management.

Example 2: Walmart's Robotic process automation (RPA) for invoice processing

Objective: Automate the invoice processing system to reduce manual errors and improve efficiency.

Implementation: Walmart adopted Robotic process automation to handle the repetitive task of invoice processing. The RPA system automatically extracted data from invoices, matched them with purchase orders, and processed payments.

Results:

- 80 per cent reduction in manual processing errors.

- 60 per cent increase in processing speed.
- Management Accountants could focus on more strategic tasks.

Example 3: Siemens' AI-powered cost management

Objective: Optimize cost management and improve profitability analysis.

Implementation: Siemens integrated AI-driven cost analysis tools to gain detailed insights into its cost structures. The AI system analysed various cost drivers and their impact on overall profitability, enabling more precise cost management strategies.

Results:

- Identified cost-saving opportunities.
- Improved resource allocation.
- Enhanced profitability analysis.

Example 4: General Electric's (GE) use of AI for decision support

Objective: Enhance decision support systems with real-time data analysis and predictive analytics.

Implementation: GE implemented AI-enabled decision support systems that provided real-time data analysis and predictive analytics. These systems helped management accountants offer more accurate and timely strategic advice.

Results:

- Improved accuracy of financial forecasts.
- Better strategic decision-making.
- Enhanced role of management accountants as strategic advisors.

Example 5: Procter & Gamble's (P&G) Automated Compliance Reporting

Objective: Streamline regulatory compliance and reporting processes.

Implementation: P&G deployed automation tools to handle compliance reporting. These tools ensured that all regulatory requirements were met promptly and efficiently, reducing the risk of non-compliance.

Results:

- 100 per cent compliance rate with regulatory requirements.
- Reduced risk of non-compliance penalties.
- More efficient compliance reporting process.

Example 6: IBM's AI-driven fraud detection

Objective: Detect and prevent financial fraud.

Implementation: IBM employed AI algorithms to monitor and analyse financial transactions in real-time. The AI system identified suspicious activities and potential fraud, enabling prompt action to mitigate risks.

Results:

- Enhanced fraud detection capabilities.
- Reduced financial losses due to fraud.
- Strengthened internal controls.

Example 7: Deloitte's automation of financial audits

Objective: Increase efficiency and accuracy in financial audits.

Implementation: Deloitte adopted advanced automation tools and AI for financial audits. These technologies automated data collection, analysis, and report generation, making the audit process more efficient and accurate.

Results:

- Increased efficiency in audit processes.
- Improved accuracy of audit findings.
- Freed up auditors to focus on more complex issues.

Example 8: Amazon's AI for Financial Planning and Analysis (FP&A)

Objective: Enhance financial planning and analysis.

Implementation: Amazon uses AI to analyze large datasets from various sources, including sales, market trends, and economic indicators. The AI system provides insights that inform financial planning and analysis, helping to create more accurate budgets and forecasts.

Results:

- More accurate financial planning.
- Improved budget forecasting.
- Better strategic financial decisions.

These examples illustrate how automation and AI are being leveraged across different industries to complement and enhance management accounting principles, leading to improved efficiency, accuracy, and strategic decision-making. MA

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MANAGEMENT ACCOUNTING AND BUSINESS MODEL - AN INTERTWINED RELATIONSHIP

Abstract

In today's world of cut-throat competition, as the business models are increasingly getting advanced, management accounting is getting advanced too. This is because unless the management can understand what is going on with their business, it will not be able to strategize properly. We can verily compare today's competition among the businesses to a war between two countries due to very little scope to increase prices. When a business cannot increase prices freely in a market, the obvious way of increasing profit is to reduce the cost and for that the entire value chain of the business model needs to be watched and here comes the importance of the intertwined relationship of management accounting and business model which is discussed in this article using various management accounting tools and their applications.

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Management accounting is that branch of accounting which helps the management in judging the various parameters of a business and take strategic decisions. While financial accounting helps a business to report its performance to the external stakeholders, management accounting communicates with the management of the company. Management accounting creates various reports for the management using tools like budgetary analysis, Just-In-Time inventory, Target Costing, Kaizen costing, etc to help the business excel. Management accounting and business model is intertwined because all the management accounting tools are used for the overall development for the business and it would not be of any use unless the tools are inculcated in the business model itself. Some interesting management accounting tools are discussed in this article and how they are inculcated in the business model and used for the development of the business. After reading about the tools the readers will easily understand that management accounting tools are useless unless implemented via the business models and the business cannot excel in today's world of cut-throat competition without constantly developing or doing something different from the competitors.

SOME LATEST MANAGEMENT ACCOUNTING TOOLS AND THEIR APPLICATION

- **Kaizen Costing**

  The word "Kaizen" is a Japanese word meaning continuous improvement. It tries to identify wastes and non-value adding activities in the manufacturing process itself. While a product is undergoing changes through the various stages of production, the company should try to identify which are the processes which are not adding much value i.e., the cost benefit analysis is negative meaning that the cost of the process is Rs 100/- but the value it is adding is of Rs 80/-. It tries to catch hold of the wrong doings right at that stage where the manufacturing process in going live. In this way it encourages employee engagement, long term sustainability, customer focus and a continuous improvement culture. The principle of P-D-C-A i,e. Plan-Do-Check-Act is fundamental to Kaizen costing. Toyota Company is the pioneer of Kaizen costing. They reduced their equipment set-up time by reducing the time needed for equipment changeovers. Hospitals also use Kaizen by reducing the medication administration errors by the nurses and staffs. In an office Kaizen can be used to eliminate unnecessary processes and speed up the document processing, digitized way of working etc. The very importance of Kaizen lies in the truth that cost reduction is a continuous journey. By mapping the entire production flow, a company identifies bottlenecks and streamlines the process and then uses brainstorming techniques for improvements. The main advantage of Kaizen is that it can be applied to all the stages and levels of an organization right from the shop floor level to the top management level. Thus it ensures an all round development if implemented accurately.

- **Just-In-Time (JIT) technique**

  As the name implies, this technique stresses on the fact that orders for inventories will be placed only when it's needed by the production department. This in turn will help the company to minimize wastage of resources, blockage of capital and lower insurance costs. JIT differs from the traditional approach in a way that in JIT production occurs on the basis of customers' orders whereas in traditional approach production is done in advance of the orders placed. JIT demands a highly sophisticated coordination and communication among suppliers, manufacturers and suppliers. Backward scheduling is very prevalent in JIT. It means ascertaining the requirement date of the customer and then scheduling the entire production and delivery process accordingly. JIT follows the 'pull' system where production is based on the actual demand for the product. JIT reduces the operational costs of a company by lowering storage costs, reducing wastage and improving the relationship with the suppliers. It also aids to strengthen the logistic system and supply chain of the company. Minimizing stock-outs and eliminating over-production are the hallmarks of JIT. JIT uses tools like Vendor Managed Inventory (VIM), Kanban, Point-of-Sale Tracking, Electronic data Interchange and Automated Replenishment System. Here also we can see how JIT can be used only by implementing or inculcating it in the business model.

- **Balanced Scorecard (BSC)**

  It is a performance measurement technique used to evaluate and improve various business functions separately for the improvement of the business model as a whole. It was first introduced by David Norton and Robert Kaplan in 1992. As the common saying goes ''we cannot improve what we cannot measure'', BSC helps a business to follow this saying. It measures mainly four aspects of a business *namely learning and growth, business processes, customers and finance.* The *financial* aspect measures the traditional and contemporary metrics like sales, operating income, PAT, NPA, ROI, etc. The business process aspect measures the efficiencies in production, logistics, quality, like if the standard was set at 10 units per hour whether it has been achieved or not. The customer metric measures customer satisfaction and retention like number of complaints received, issues resolved, total cost per customer, number of repeat orders placed and customer acquisition in newer markets or in the same market. Finally the learning and growth metric measures the number and hours of trainings imparted and in which areas, employee turnover rate, number of new products/services introduced, etc. KPI (Key performance Indicators) are introduced in each of the above mentioned metric to judge the business numerically. After all these are numerically measured and the company compares them with the previous year/quarter/month for reviewing and improving, BSC combines both financial as well as non-financial metrics which is an excellent feature because only financial metrics cannot judge a business completely.

- **Target Costing**

  Generally when firms price a product, they do it by adding all the costs like direct materials, direct labour, direct expenses, variable and a share of fixed overheads and then add a certain percentage of profit to arrive at the selling price. In target costing, the target cost is determined by subtracting the desired profit margin from the selling price. If a firm surveys that the maximum price which it can charge for a soap is Rs 60/- per unit then it will subtract the required profit margin (derived using its profitability metrics) from Rs 60/- to arrive at the ''target cost''. Now after arriving at this target cost, the company will strive to keep the cost to that level. Supposing the required profit here is Rs 12/- per unit, then the target cost is Rs (60-12) =Rs 48/- per unit. The company will try to keep the cost at or below Rs 48/- per unit. Now this helps the company to identify any loopholes in the cost of production at early stages. If the estimated cost of production exceeds the target cost, the company will need to find ways to reduce costs, such as through process improvements, materials substitutions, or design changes. Target costing is used in apparel, automotive, food and beverage industries. Businesses can improve their competitiveness in the market by designing and producing products or services that are cost-effective and attractive to customers. Here also we can clearly see how target costing can be implemented in a business only with the help of its model. Reducing the cost of production, calculating the desired margin, identifying inefficiencies, etc all can be done with the help of business models only as the entire value chain staring from the marketing and procurement of raw materials to the delivery of goods and after sales service are all included in the business model.

"If it boils down to very simple layman's term, management accounting is the language in which the management speaks with the Management Accountants about the business or its models!"

- **Life-Cycle Costing (LCC)**

Generally costing is done to arrive at the total cost before selling. This total cost includes the cost up to the point of sale (cost of sales). In LCC, the entire cost over the product's life cycle is taken. These costs include the initial investment, future additional investments, annually recurring costs, and salvage or disposal costs. This helps the management to gauge the long range costs and apply the cost benefit analysis more effectively. By focusing only on the immediate purchase/ manufacturing cost, the company might get it wrong in the long run as it may happen that over the entire span of the product, it would have been more economical if another product was chosen with higher initial cost but lower ''life-cycle'' cost. The beginning of an asset's life is when it's first contemplated as a part of planning or conceptual stage, then comes the designing stage which then moves on to the construction/ commissioning stage. Once it is commissioned it is ready for operation. After an asset starts operating then come the maintenance part. After working if the asset fails then comes repair, reinstall or replacement stage. At every stage costs are involved. It is needless to say how important it is to track and take into decision making the numerical of costing at each stage and over the entire life cycle of the asset. At each stage we can understand how it is intrinsically related to the business model of a company. Whenever a company has to decide about the asset to be chosen, it has to take its business model into consideration. There are various business strategies/ models like asset-light, asset heavy, etc. Recently IND AS 116 which deals with ''Leases'' has introduced the concept of ''Right to Use'' assets. 'Asset heavy business model' means where the amount of fixed asset like machinery is high thus involving a high amount of capital investment in contrast to industries like software / e-commerce which have fewer fixed asset involvement and are called' asset-light model'. An asset-light strategy or business model involves transferring capabilities, such as people, process and technology, to "better owners" in order to enable companies to transition fixed costs to a variable cost structure, enhance agility, and facilitate a shift of resources that allows a focus on core capabilities. To determine whether an asset-light or asset-heavy business model is preferable, we need to consider which model is more efficient at value-creation, taking into account capital investment. Here also the Management Accountants have a huge role to play.

Sound life cycle costing needs strategic data collection and analysis including the decision for the need to maintain and the frequency of maintenance.

- **Activity Based Costing (ABC)**

ABC mainly deals with the distribution /charging of overhead costs. Conventional approach of charging overheads has been through the use of absorption rates, blanket rates, etc. i.e., it has been more of a volume based costing often resulting in under and over costing of certain products.

Under conventional approach, high volume products receive large allocation of resources and conversely low volume products absorb small allocations as this method primarily relies upon volume related bases like direct labour hours and overhead costs change in direct relation to production volume. As a result, it under costs low volume products which may be complex or customised. ABC removes these problems by introducing concepts like ''cost driver''. It was developed by Cooper and Kaplan for assigning overhead costs to the final products, jobs or processes. ABC assigns costs to cost objects using the cost drivers. Cost drivers can be objects, actions, events which causes the variable costs to change. For example, the activity can be ''Machine set-up'' but the cost driver is ''Number of production runs''. In ABC, the role of Management Accountant is huge including the understanding of the business model, identifying the cost objects then allocation of overheads using the respective cost drivers so that the calculation of the total cost is accurate to the maximum extent possible. An activity level itself can be broken down into unit level, batch level, product sustaining level, facility level.

- **Budgetary Analysis**

  This is a very crucial aspect of any business. Not only business but we do it in our everyday lives too but for a large business it is not an easy task but quite daunting one thrusting on the need for specialized management accountants! Every business has to go according to a plan involving both monetary and non-monetary objects/models. Just as Governments present their budgets annually, businesses too need that because without a projection of the revenues and costs how can a business go ahead and that too in a competitive business scenario of today! Budgetary analysis involves forming budget committees, drafting the projections, preparing budget papers, estimating the revenues and expenses. The costing figures are usually budgeted. Then when the actual figures pour in again the role of Management Accountants comes into play to check the budgetary variances, reasons for variances and then drafting budgetary variance reports, variance analysis, adjusting forecasts and what not!

Management Accountants have an important role to play in each and every aspect of a business model. When a company has to decide whether to go ahead with major capital expenditures better known as ''Capital Budgeting'' then the evaluation of the feasibility of the decision using Internal Rate of Return(IRR), Net Present Value (NPV), Modified IRR, XIRR, Pay Back Period (PBP) is done. After the decision is made then comes the installation of the asset and its actual functioning. While the asset functions, constant vigil is kept in order to skim the maximum benefit out of it.

We can understand that not only in starting a business but in each and every stage of the business starting from marketing-production-sales-after sales- disposal, etc. Management Accountants are intertwined with the business models. After these comes the stage of variance analysis, rectification of errors, adjusting standards, etc.

Without management accounting, the management of the company cannot move an inch. Basically if it boils down to very simple layman's term, management accounting is the language in which the management speaks with the Management Accountants about the business or its models! Thus business model and management accounting are inseparable and it would be unwise to even try to separate them for allowing a company or business to flourish. MA

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ROLE OF MANAGEMENT ACCOUNTING IN RAISING ESG INTEGRATION

Abstract

The traditional role of management accounting has diversified to include economic, social, and governance aspects as organizations increasingly recognize the critical relevance of sustainability and responsible corporate practices. This study intends to underline the crucial role played by management accounting in ESG performance as well as integration by conducting a detailed examination of existing research and studies, as well as the different ways in which management accounting facilitates initiatives related to sustainability. The results underscore how crucial management accounting tools are in promoting sustainable practices and facilitating ESG performance. Through recognition of management accounting's function in ESG performance sustainability, businesses may employ these insights to promote favourable social, environmental and financial implications.

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INTRODUCTION

Management accounting plays a crucial role in enhancing environmental, social, and governance (ESG) performance as well as integration within organizations. ESG considerations have become integral to corporate strategy and stakeholder expectations, influencing long-term sustainability and value creation. In the recent past, the urgency of environmental, social, and governance reporting has been felt as stakeholders seek greater answerability and transparency from business activities *(Baret et al., 2023)*. In this regard, management accounting, which earlier centered around core financial information and decision-making operations *(Nartey& van der Poll, 2021)*, has widened to encompass instruments and procedures which encourage ESG principles. This management accounting enables businesses in evaluating, overseeing, and disclosing their responsible activities and ESG achievement in a precise way, which integrates their business strategies with larger economic, social and environmental goals

(Vărzaru et al. 2022). The present study explores the significance of management accounting on ESG performance. It investigates how certain management accounting approaches, such as material flow cost accounting, performance measurement and quality control systems and various other strategic management accounting instruments, be used to improve ESG disclosure of the business by carrying out a thorough analysis of existing research and studies.

ROLE OF MANAGEMENT ACCOUNTING IN FACILITATING ESG PERFORMANCE

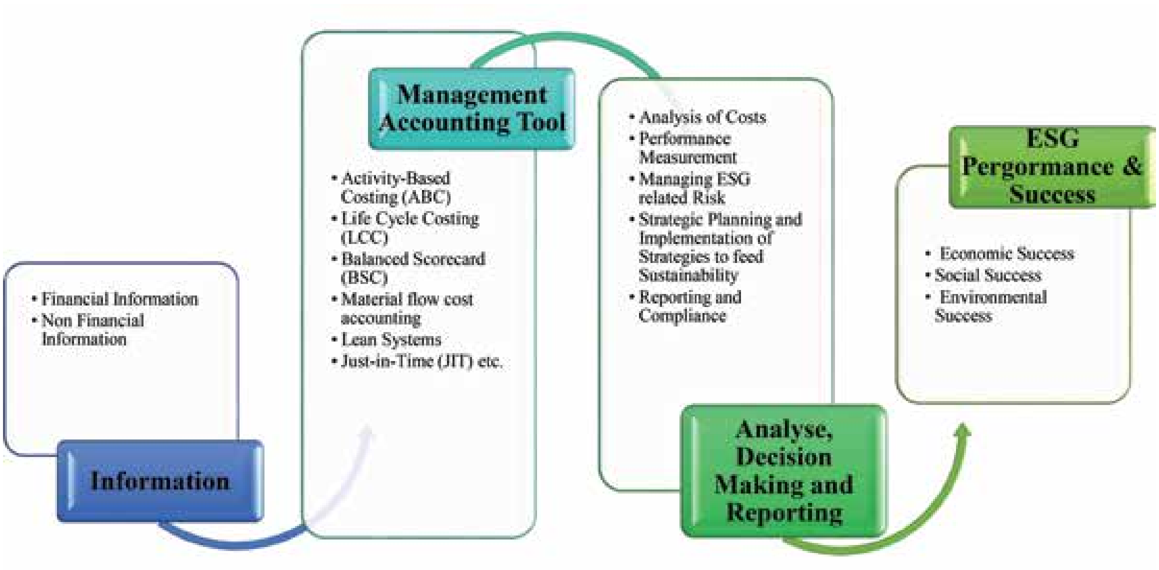

FIGURE 1: ROLE ANALYSIS OF MANAGEMENT ACCOUNTING

Source: Researchers' own Presentation

TABLE 1: ACTIVITY WISE ROLE ANALYSIS OF MANAGEMENT ACCOUNTING

Activity 1:	**Role Analysis**		**Link with GRI Standards**
Activity-Based Costing (ABC)	**Environmental Domain**	**Tracking of Resource Usage:** By tracking the specific costs of resource usage, including energy, water, and raw materials, ABC helps businesses to evaluate the environmental impact of various operations and practices.	**GRI 301, GRI 302**
		Management of Waste: By precisely calculating operations and detecting waste generation sources along with associated expenses, ABC helps businesses execute waste reduction initiatives more successfully.	**GRI 103,**
		Analysis of Carbon Footprint and other Hazardous: ABC offers vital information for environmental reporting, assists in determining the carbon footprint of different activities, and points out possible areas for reduction *(Zvezdov& Schaltegger, 2015).*	**GRI 305**
	Social Domain	**Promotion of Employee Well-being:** ABC offers insights into the investment in worker well-being by allocating costs for training, development, and employee health and safety initiatives.	**GRI 102, GRI 403, GRI 405**
		Fostering Community Engagement: In spite of delivering information for ESG reporting, which shows the organization's adherence to social responsibility, ABC contributes in assessing and controlling the costs associated with charitable giving, community projects, and other social initiatives.	**GRI 413**
		Ensuring Product Safety and Quality: ABC can assist in evaluating the expenditures made in product safety and quality, which are essential elements of social responsibility, by attributing costs to particular processes.	**GRI 103**

	Governance Domain	**Compliance and Risk Management, Transparency, Performance Measurement:** By assigning expenses to operations associated with risk management and regulations, ABC promotes compliance. Improving financial reporting's transparency enables stakeholders to comprehend how resources are used for governance-related tasks. Additionally, it supports continual improvement by assisting with performance measurement.	**GRI 403**
Activity 2:			
Life Cycle Costing (LCC)	**Environmental Domain**	**Promoting Resource Efficiency:** With LCC, businesses may evaluate a product's entire environmental cost, taking into account the extraction, production, distribution, usage, and disposal of raw materials. This aids in finding chances to raise resource efficiency and lessen environmental effect during the course of the product's life cycle.	**GRI 301, GRI 302, GRI 303**
		Ensuring Eco-friendly Product Design: By stressing the long-term costs of materials and processes, LCC facilitates sustainable product design and the creation of more environmentally friendly goods and services.	**GRI 103**
		Sustainability Assessments: By analysing environmental costs during a product's life cycle, LCC supports thorough sustainability evaluations and provides guidance for waste and carbon footprint reduction measures.	**GRI 302, GRI 305, GRI 303, GRI 304**
	Social Domain	**Health and Safety:** Throughout the course of a product's life cycle, encompassing the stages of manufacture, use, and disposal, LCC takes health and safety costs into account. This aids businesses in identifying and reducing the social risks connected to their goods.	**GRI 102, GRI 403,**
		Assessment of Community Impact: LCC helps to show the organization's dedication to positive social impacts by considering in social costs related to community connections and social initiatives throughout the product life cycle.	**GRI 413**
	Governance Domain	**Determining Compliance Costs:** LCC assists in detecting and controlling compliance costs across the product's life cycle, to guarantee governance-related spending are monitored and documented appropriately.	**GRI 102**
		Measures of Risk Management: By assessing life cycle costs, businesses are able to predict and handle risks connected with ecological standards, social obligations, and other Governance-related aspects.	**GRI 102, GRI 201, GRI 205**
		Strategic Planning: LCC facilitates long-term strategy development by offering an in-depth comprehension of the entire costs and benefits of ESG activities and hence assisting in the alignment of governance guidelines with sustainability goals.	**GRI 102, GRI 103**
Activity 3:			
Balanced Scorecard (BSC)	**Environmental Domain**	**Integration of Environmental Goals:** The BSC can incorporate particular ecological objectives and key performance indicators (KPIs) within its structure, making sure environmental objectives are monitored together with financial and functional information.	**GRI 301, GRI 302**
		Sustainability Initiatives: By introducing environmental indicators into the BSC, businesses may monitor and control sustainability objectives including energy use, waste reduction, and carbon footprint.	**GRI 301, GRI 302**
		Continuous Improvement: The BSC promotes constant surveillance and improvement of environmental performance by routinely examining accomplishment toward targets and altering approaches as needed.	

	Social Domain	**Employee and Community Metrics:** The BSC may assess social aspects by incorporating measures such as staff satisfaction, diversity and inclusion, community participation, and corporate social responsibility (CSR) initiatives.	**GRI 102, GRI 403, GRI 405**
		Stakeholder Engagement: The BSC framework includes social KPIs that assist businesses in measuring and reporting on their interactions with stakeholders such as customers, employees, suppliers, and communities.	**GRI 102**
	Governance Domain	**Governance Metrics:** The BSC might incorporate governance targets and KPIs including regulatory compliance, ethical behaviour, risk management, and Board diversity.	**GRI 103**
		Transparency and Accountability: Integrating governance indicators into the BSC improves accountability as well as transparency in reporting procedures, making sure governance practices are properly tracked and exchanged.	**GRI 103**
Activity 4:			
Material Flow Cost Accounting (MFCA)	Environmental Domain	**Resource Efficiency:** By assisting in the identification of inefficiencies in the consumption of materials, energy and water, MFCA helps businesses lower their environmental impact by improving resource efficiency and minimizing waste *(Kujur & Sahu, 2023).*	**GRI 301, GRI 302**
	Social Domain	**Health and Safety:** The overall health and safety of workers as well as the local community can be enhanced by MFCA's contribution to a healthier workplace and community environment through the reduction of waste and emissions.	**GRI 102, GRI 403,**
	Governance Domain	**Compliance and Risk Management:** By giving precise information on the consumption of resources and waste, MFCA assists businesses in adhering to environmental standards. Additionally, it aids in the efficient detection and handling of environmental risks.	**GRI 103**
Activity 5:			
Lean System	Environmental Domain	**Waste Reduction:** All forms of waste, including excess inventory, overproduction, and defects, are intended to be eliminated by lean systems. This reduces the impact on the environment by resulting in a more efficient use of materials and resources.	**GRI 103,GRI 301, GRI 302**
		Pollution Prevention: Lean systems contribute to a cleaner environment by reducing emissions and pollution and increasing process efficiency and waste reduction.	**GRI 305**
		Sustainable Supply Chain: The implementation of lean principles in the supply chain incentivizes suppliers to implement sustainable practices and mitigate their environmental impact.	**GRI 102, GRI 103, GRI 408**
	Social Domain	**Improved Working Conditions:** By removing wasteful movements and streamlining workflows, lean aims to improve working conditions by establishing safe and effective work environments.	**GRI 102, GRI 403, GRI 405**
		Skill Development: Lean promotes continuous learning and skill enhancement, allowing staff members to make more meaningful contributions to both personal and process enhancements.	**GRI 404**
	Governance Domain	**Risk Management:** Lean systems aid in better operational risk management by continuously detecting and removing inefficiencies, which promote organizational stability overall.	**GRI 102, GRI 201, GRI 205**
		Regulatory Compliance: Lean techniques facilitate adherence to social and environmental norms by encouraging sustainable actions and the effective use of resources.	**GRI 103, GRI 406**

Activity 6:			
Just-in-Time (JIT) Inventory Management	**Environmental Domain**	**Reduced Waste:** By emphasizing efficient production, JIT minimizes waste and surplus inventory, which lessens its negative effects on the environment by consuming fewer resources and producing less waste.	**GRI 103,**
		Energy Efficiency: By establishing a just-in-time (JIT) system, businesses can minimize energy usage in storage and handling thus reducing greenhouse gas emissions, as they will have less inventory to manage.	**GRI 302**
	Social Domain	**Improved Working Conditions: JIT** can result in more consistent and reliable work schedules, which will improve workers' quality of life. It lessens the requirement for overtime and contributes to the development of a more harmonious workplace.	**GRI 403**
		Local Sourcing: By using JIT, companies may be encouraged to source parts and materials locally, lowering lead times, boosting regional economies, and cutting down on emissions from transportation.	**GRI 413**
	Governance Domain	**Risk Management:** Businesses are able to mitigate the risks associated with financial losses and obsolescence of inventory by reducing excess inventory, which helps to produce a more consistent and predictable financial outcomes.	**GRI 102, GRI 201, GRI 205**
		Compliance: Because just-in-time (JIT) implementation encourages resource efficiency and waste reduction, it can assist businesses in adhering to environmental requirements and standards.	**GRI 103**

Source: Researchers' own Presentation

ROLE OF MANAGEMENT ACCOUNTANT IN ESG PERFORMANCE

Determination of Costs related to Sustainability Practices

Management accountants gather and analyze information on sustainable practices, cost minimization and productivity enhancement objectives to ensure economic well-being and track social and environmental costs. They also disclose data related to ESR performance and reporting, including environmental [e.g., GHG discharges (GRI - 305), material usage (GRI - 301), water consumption (GRI - 303), energy consumption (GRI – 302, etc.)], social [e.g., employee diversity (GRI - 405), health and safety of workers (GRI - 403), community engagement (GRI - 413, GRI - 414)], and governance [e.g., gender wise representation on boards, executive compensation (GRI - 102), pay gap between men and women (GRI – 405), prevention of corruption, money laundering (GRI - 205) etc.] dimensions.

"Adopting sustainable management accounting approaches is crucial for long-term profitability and resilience"

Performance Measurement

Management Accountants use performance measurement tools to track business's sustainability performance, demonstrating its adherence to environmental, social, and governance norms *(SD, D. K., 2023)*. They measure ESG performance indicators, such as greenhouse gas emissions and wage ratios, to provide quantifiable information to stakeholders. This transparency enhances ESG reporting's accountability and accountability, and allows businesses to benchmark against industry norms and competitors for potential advancement.

Managing ESG related Risk

In the VUCA world, ESG-related risks like supply chain disruptions and reputational damage can significantly impact a business's success. Management Accountants play a crucial role in recognizing, evaluating, and controlling these risks by establishing control systems, conducting risk analysis, and incorporating ESG-related risks into risk management strategies *(Arroyo, P., 2012).*

Strategic Planning and Implementation of Strategies to feed Sustainability

Management Accountants play a crucial role in integrating sustainable practices into businesses through ESG performance and reporting. They work closely with higher-level management to create long-term goals and sustainability targets aligned with the business's purpose, vision, and values. By providing structured information and tools for assessing and tracking sustainability and ESG performance, they encourage sustainable practices, support long-term viability and address environmental and social concerns in the VUCA world.

Reporting and Compliance

Management Accountants provide information and guidelines for preparing ESG reports in compliance with recognized frameworks and standards, such as GRI, SASB, TCFD, and BRSR. This ensures transparency, comparability, and understanding of an organization's ESG performance, gaining stakeholder trust and enhancing their understanding of future goals.

CONCLUSION

For businesses to be able to disclose ESG and be sustainable, management accounting is essential. It offers instruments for quantifying, evaluating and incorporating sustainability factors, enhancing businesses' overall performance. Adopting sustainable management accounting approaches is crucial for long-term profitability and resilience as businesses face increased demand to operate ethically and solve societal concerns. By providing alignment with business objectives, management accounting systems improve the efficacy and trustworthiness of environmental, social, and governance (ESG) performance. Management accounting plays a pivotal role in integrating ESG considerations into organizational strategy and operations. MA

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CONGRATULATIONS!!!

Heartiest Congratulations to CMA S.K Sinha, Chief General Manager, F&A, GAIL (INDIA) LIMITED on being honoured "World Cost and Management Promotion Award" on the occasion of World Youth Skills Day Celebrations 2024 at India International Center, New Delhi in the presence of national and International dignitaries on 15th July 2024.

The award was presented by Prof Pritam B. Sharma, President, World Academy of Higher Education and Development, Prof Markandey Rai, National Chancellor for India, UN Affiliated-IAEWP, Prof Priyaranjan Trivedi, President, National Institute of Skill, Prof Anil Sahasrabudhe, Chairman, National Assessment and Accreditation Council (NAAC) and National board of Accreditation (NBA), Government of India & Prof T.G. Sitaaram, Chairman, All India Council for Technical Education (AICTE), Government of India.

We wish CMA S.K Sinha, the very best for all his future endeavors.

RELATIONSHIP BETWEEN MANAGEMENT ACCOUNTING AND BUSINESS MODEL

Abstract

Any organisation carrying on business activities for profit or non profit purposes do employ various methods or techniques to ensure that its activities are conducted in line with the motto of deriving maximum benefits from its efforts. In pursuit of this goal, the organisation tends to rely on preparing in advance a plan for future period which is generally called a Business Model or Plan and measures the results of activities with the aid of Management Accounting principles to judge whether the activities are yielding the desired results or not. This article tries to bring out the process and purpose of preparing the Business Model and the support the organisation derives from Management Accounting Principles to assess the progress in line with the Business Model. While the Planning exercise is one looking into future and charting out the desired course, the Management Accounting principles support the progress with the backing of hardcore data and analysis of deviations throwing light on the corrective actions that may be necessary for fulfilling the Organisational Goal as envisaged in the Business Model.

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INTRODUCTION

Any organisation carrying on business activities for profit or non profit purposes do employ various methods or techniques to ensure that its activities are conducted in line with the objective of deriving maximum benefits from its efforts. In pursuit of this goal, the organisations tend to rely on an advance plan for future which is generally called a business model or plan and measure the results of activities with the aid of management accounting principles to judge whether the activities are yielding the desired results or not. This article tries to bring out the process and purpose of preparing the Business Model and the support the organisation derives from management accounting Principles to assess the progress in line with the business model. While the Planning exercise is one looking into future and charting out the desired course, the Management Accounting principles support the progress with the backing of hardcore data and analysis of deviations throwing light on the corrective actions that may be necessary for fulfilling the organisational goal as envisaged in the business model.

An organisation justifies its existence in society by contributing positively in the form of goods or services to the society. For achieving this goal, the organisation cannot leave the operations for Laissez-Faire mode without any planning which may not result in optimum outcomes always. Hence organisations rely on plans/budgets to guide them in the long-term/short-term operations and try to conduct the activities in agreed form with an anticipation of succeeding in their mission or goal. For this purpose organisations generally draw a business model from fairly long term perspective covering the entire cycle of product cycle of development, production, marketing and sales. Though, business models serve various purposes like finding optimum financing options, pooling physical and human resources for product or project implementation, empowering the executive for certain actions, guiding the teams on the path forward etc., we limit the conversation in the present context to business model being used for monitoring the business activities and results.

In this sense a business model can be defined as a plan or strategy adopted and documented by an organisation for putting forward its goals and ways and means to achieve the same. It may contain a mission statement, product development process, physical assets required, human capital acquisition and development, marketing and sales strategies, financial projections as well as likely challenges and remedial measures, if any identified to overcome the unforeseen adversaries and achieve its goal. Here one can understand that business plan identifies the resources, adopts measures for projections while dealing with many other aspects. Going forward we will examine in depth on these two particular aspects where interaction with management accounting is quite obvious.

Management accounting of an organisation can be defined as a process or practice identified and adopted by the organisation in collating, quantifying, analysing, interpreting data/information and adopting the results for decision making by relying on the basic financial inputs gathered from the accounting system in pursuit of achieving its quantifiable goals. From this definition we can identify that management accounting deals with resource utilisation data, deviations from standards fixed or anticipated plans as well as final quantifiable results envisaged and achieved.

From the above, we can safely conclude that two primary areas where an interaction between business model and management accounting can be significantly evident are financial data as regards costs and revenues and deviations from the projections or plans made in advance. A business model or plan would generally be documented for a fairly large time period and may be for an organisation or a specific product or service. On the other hand, management accounting time horizon is significantly less not exceeding a year in general. Hence, the organisation may depend on Annual or other Periodic Plans to convert the business model data and projections into smaller time period projections in the form of Budgets or Annual Plans and use the same for analysing the results with the support of management accounting reports.

Business models generally contain a detailed time specific activity report along with resources often deduced into financial numbers as well as annual operating plans once the product or project enter into commercial exploitation stage. While preparing the financial numbers to be adopted into annual plans, business model teams depend heavily on the management accounting data of an existing organisation or a planned organisation in the case of new product or project. Even in the case of planned organisation the teams have to depend on management accounting data of another empirical organisation so as to arrive at reliable numbers. This data is normally evaluated by various external stakeholders by subjecting to detailed scrutiny which is again based on empirical data available with them.

When it comes to preparing work sheets or reports of management accounting, the accounting team has to draw heavily from the business model to decide on identifying relevant resources and expenses, classification of expenses, utility time frame and standards for resources, standards for various categories of expenses, efficiency ratios anticipated, revenue sources anticipated, alternatives envisaged etc. Based on these inputs reports are prepared by the accounting team bringing out the budget/standard against the actual performance. For example, the reports may give standard machine hours vis a vis actual or break down time which will be further analysed and deviations explained with reasoning along with possible remedial measures. The same is presented to management for appropriate action. Similar will be case of man hour productivity or overhead expenses.

So when the reports under Management Accounting prepared the collated data is presented along with various standards or optimum results anticipated in the business model so that the management team can appreciate the data and analyse with desired perspective to undertake necessary contributing actions so as to achieve the stated goal in the business model.

Similarly when the deviations are analysed the management accounting team would be analysing the same and provide feedback to the planning team in case any permanent change for standards or budgets is needed to reflect the actual circumstances which may influence the future periods also. This would enable the planning team to examine and make any changes in the model as deemed necessary.

From the above we can conclude that business planning and management accounting have a undeniable interdependency to achieve the purpose of guiding the organisation to achieve the goals. We can present this interdependency in the following diagram for easy comprehension.

BUSINESS MODEL

MANAGEMENT ACCOUNTING

While it is true that the interactions between the business model and management accounting may not look very obvious, nevertheless these relationships are important and play a crucial role in the organisation achieving the desired goals. While management accounting borrowing or relying on inputs from the business model is a continuous and more frequent activity, the modification of business models based on inputs form accounts is rather infrequent and contingent upon occurrence of circumstances warranting a change in basic assumptions. However, the actual financial data from management accounting is drawn heavily for reliance while making any new business plan for the organisation or product/service. MA

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BUSINESS MODELS AND COST MANAGEMENT IN GROWING CROPS

Abstract

Business models outline how to create and deliver value for its customers. It defines the core elements like value proposition, target market, revenue streams, and cost structure. In agriculture, they help farmers and agricultural businesses to optimize resources, enhance efficiency and contribute to the overall profitability of the farming operation. There are many business models, but here specific ones to growing crops are explained.

The role of a Cost and Management Accountants is integral to the success of a business model; they help in designing and implementing a costing system by identifying the cost elements, classifying them and allocating them to different products or activities to arrive at the cost of production and also develop strategies to reduce costs and optimize profits.

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INTRODUCTION

Growing crops are the entire process from planting seeds to final harvesting; the production is dependent on many factors like weather conditions, land fertility, technology, etc. Corporates, cooperatives and individual farmers are in this business. It is a challenge to prescribe business models and implement costing systems.

BUSINESS MODELS

Business models are adopted in agriculture based on the nature of the product and the pattern of demand. Some of the important business models adopted in growing crops are:

- Seed to spoon model
- Hub and spoke model
- Profit optimization model

Seed to Spoon Model

"Seed to spoon" defines the process of growing food from the stage of planting seeds to harvesting and consuming the produce. It emphasizes the journey of agricultural products from their origin as seeds to their eventual use as a source of food.

This model focuses on the entire lifecycle of food, including the efforts and resources involved in cultivation, nurturing, and harvesting.

Advantages

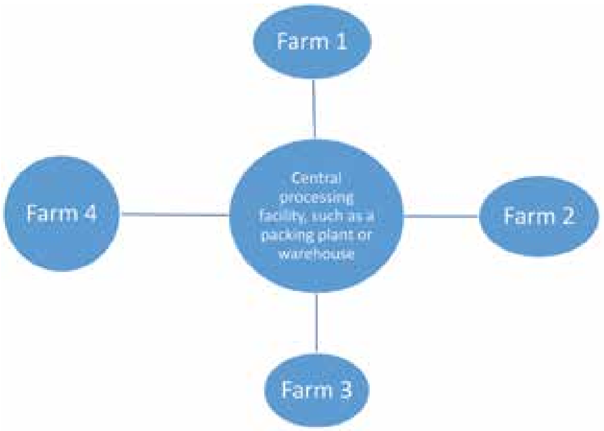
This model provides visibility at each stage of production and decisions can be taken for outsourcing any intermediary process for optimizing the revenue.

Hub and spoke model

In crop production, the post-harvest cost is very critical and this model focuses on it. To increase revenue, the crops have to be stored in cold storage and released in the market when the prices are high or sent for further processing to create value-added products including branding. This model aims to improve efficiency, reduce costs, enhance the overall value chain and help in optimizing revenue.

The hub and spoke model consists of a central location (hub) connected to various peripheral locations (spokes).

The following diagram illustrates a hub and spoke model in agriculture crop production:



Hub

This is the Central processing facility which may be a packing plant or warehouse and performs the following functions:

- Grading, sorting, and packaging crops
- Storing crops
- Shipping crops to market

Spokes

- Smaller farms or production facilities
- Produce crops and deliver them to the hub
- May also receive inputs from the hub, such as seeds, fertilizer, and pesticides

The hub focuses on the distribution, collection, and marketing of product and spoke consists of farms which concentrate on production.

This model is very useful for farmer producer organizations (FPOs), where the FPOs act as hubs and the member farms as spoke.

Advantages

- *Economies of scale:* Centralizing processing and distribution facilities allows for larger-scale operations, which can lead to cost savings and improved efficiency.
- *Reduced transportation cost:* By aggregating produce at the central hub, transportation costs can be reduced compared to individual farmers making separate trips to distant markets.
- *Quality control and standardization:* The hub can implement quality control measures and standardized processing techniques, ensuring that the final products meet specific quality standards.
- *Value addition and processing:* The hub can incorporate value-addition processes like sorting, grading, packaging and processing of agricultural products, increasing their market value.
- *Market access:* The hub can act as a marketing channel, helping farmers reach wider markets and command better prices for their produce.
- *Efficient resource utilization*: Shared resources at the hub, such as processing equipment and storage facilities, are utilized more efficiently, benefiting all participating farmers.
- *Risk mitigation:* The hub can serve as a buffer against market volatility. For example, it can store surplus produce during times of over supply and release it gradually when prices are more favourable.

PROFIT OPTIMIZATION MODEL

This model helps in optimizing the profit of the agricultural crop by deciding at what price it should sell. This model helps in managing price fluctuations, which are caused due to differences in supply and demand, weather conditions, etc. The following are the ways by which profits can be optimized:

- Farmers can enter into forward contracts, which are agreements to sell a crop at a predetermined price at a future date. This can help farmers to lock in a price for their crops before they are harvested, which can reduce the risk of price fluctuations.
- Farmers can store their crops; they can wait to sell them until prices are more favourable. However, this requires storage space and can be costly.
- Farmers can also add value to their crops by processing them or turning them into new products. This can help to increase the price that farmers can get for their crops and reduce the risk of price fluctuations.

A case study as to how to optimize the profit for a seasonal product is explained separately.

COST MANAGEMENT IN GROWING CROPS

Growing crops is the process of planting and cultivating plants for food or other purposes. The cost of producing crops can vary significantly from one farm to another and even within different regions and agricultural systems. Effective cost management, careful planning, and adopting efficient farming practices are crucial for optimizing profitability in crop production. Implementing an effective costing system will help in decision-making.

ROLE OF A CMA

CMAs have a significant role to play in implementing costing systems. They should understand the nature of the business and the business models to design and implement a Costing System

The process of designing and implementing a Costing System in the Business of Growing Crops is as follows

- Collect cost data at each stage
- Categorize costs into different cost elements and cost groups (e.g., seed costs, fertilizer costs, labor costs), identify cost centres and allocate costs to specific crops.
- Analyze the costs into direct and indirect, variable and fixed, seasonal costs, labor costs, and capital expenses.
- Use the data for generating reports for decision-making

"Indirect costs are typically more difficult to track and measure as they cannot be easily allocated to specific crops"

Identifying cost elements and cost centres

The most important step in developing a cost system is identifying the cost elements. The following are the cost components and elements relating to crop production

- Seeds/planting materials
- Fertilizers
- Pesticides and herbicides
- Irrigation expenses related to providing water for crops, including infrastructure, equipment, and water usage fees.
- *Labour:* Wages and benefits for farm workers involved in planting, cultivating, harvesting, and other agricultural activities.
- *Machinery and equipment:* Maintaining and operating farm machinery and equipment including depreciation
- *Fuel and energy:* Expenses for fuel and energy required for machinery operation, irrigation, and other farm activities.
- *Land costs*: Costs associated with acquiring or renting land for crop cultivation, Property taxes
- *Land preparation:* Expenses for activities like tilling, plowing, and land levelling before planting.
- *Storage facilities:* Expenses for maintaining storage facilities for crops, such as warehouses or cold storage.
- *Irrigation systems:* Cost of maintaining irrigation systems, including pipes, pumps, and sprinklers.
- *Post-harvest handling and transportation*: Costs for containers, boxes, crates, and other materials used for packing harvested crops and expenses for transporting crops from the farm to storage facilities, markets, or processing facilities.
- *Cooling and refrigeration:* Costs for maintaining proper storage conditions, especially for perishable crops.
- *Overhead and administrative costs*: Crop insurance, taxes and licenses, other costs related to administrative tasks, accounting, legal fees, etc.
- *Interest on loans*: If the farm has taken out loans for equipment, land, or operating expenses.
- *Marketing costs:* Costs associated with marketing efforts, including advertising materials and campaigns.
- *Distribution costs:* Costs related to delivering the products to consumers, such as fees for distributors or transportation.

Analyze costs

Costs can be classified based on the nature and the behaviour. This will help in reporting and decision-making. The following are the different ways in which the costs related to growing crops be classified.

Direct and Indirect Costs

- *Direct Costs:* Cost elements directly tied to the production of a specific crop. Examples include seed costs, fertilizer, and labor directly related to cultivation.

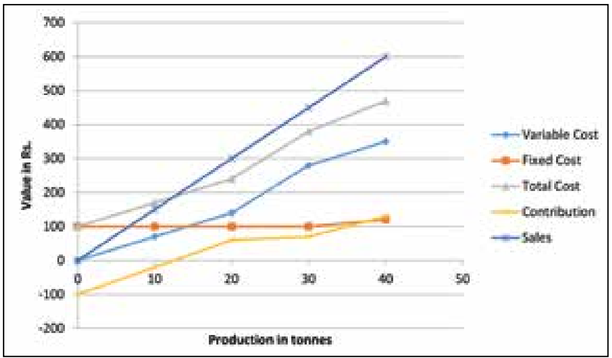
  Direct costs are typically easy to track and measure and they can be easily allocated to specific crops. This makes them useful for cost analysis and decision-making.
- *Indirect costs:* Cost elements that are not directly tied to a specific crop but contribute to overall farm operations. Examples include administrative expenses, general farm maintenance and shared resources.

  Indirect costs are typically more difficult to track and measure as they cannot be easily allocated to specific crops. They still have a significant impact on the profitability of crops. For example, if a farmer has high machinery and equipment costs, this can reduce their profitability, even if their direct costs are low.

This classification is used in reporting of cost statements

Variable and Fixed Costs

Costs which are dependent on production are variable and those which are independent of production are fixed. This classification will help in working out the contribution of the product to profitability



Variable Costs that change proportionally with changes in production levels. Examples include seed costs and labor for cultivation.

Variable costs make up a significant portion of the total cost of producing crops; it can be 70 per cent of the total cost of production.

Farmers can manage their variable costs by carefully selecting inputs, negotiating with suppliers, and using efficient production practices.

Here are some specific examples how farmers can manage their variable costs:

- A corn farmer can use precision agriculture techniques to target fertilizer and pesticide applications to where they are most needed. This can help to reduce input costs.
- A soyabean farmer can use cover cropping to improve soil health and reduce the need for irrigation. This can help to reduce irrigation costs.
- A wheat farmer can negotiate with suppliers to get the best possible prices on seed and fertilizer. This can help to reduce input costs.
- A tomato farmer can harvest tomatoes at the optimal ripeness to reduce the amount of waste. This can help to reduce harvesting costs.

By carefully managing their variable costs, farmers can improve their profitability and sustainability.

Fixed Costs: These are costs that remain constant irrespective of changes in production levels. Examples include land rent and property taxes.

Fixed costs can be 30 per cent of the total cost of production.

Farmers have less control over fixed costs than variable costs, but there are still some things that they can do to manage them. Here are some specific examples how farmers can manage their fixed costs:

- A farmer can rent land instead of owning it to reduce the cost of land.
- A farmer can purchase used machinery and equipment instead of new machinery and equipment to reduce the cost of machinery and equipment.
- A farmer can negotiate with insurance companies to get the best possible rates on insurance.
- A farmer can take advantage of subsidies and other Government programs to reduce the cost of labor, storage facilities and interest on loans.

By carefully managing their fixed costs, farmers can improve their profitability and sustainability.

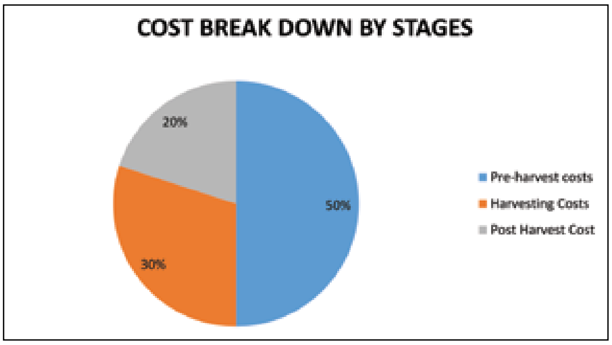
Semi-Variable Costs: Costs with both variable and fixed components. For instance, machinery costs may include a fixed ownership cost and a variable cost per hour of operation.

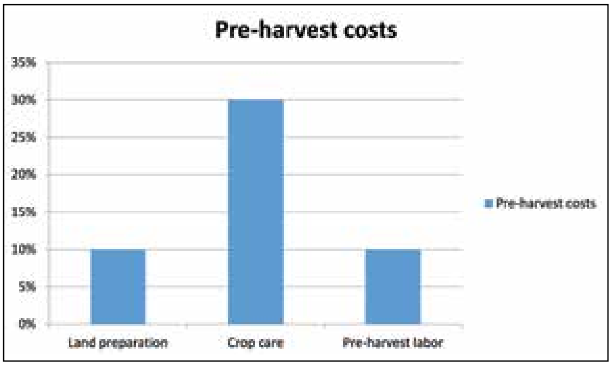
By Production Stage

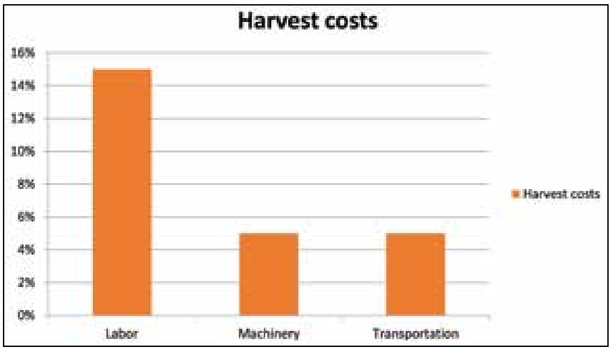
Costs can be grouped as follows into different stages of Product:

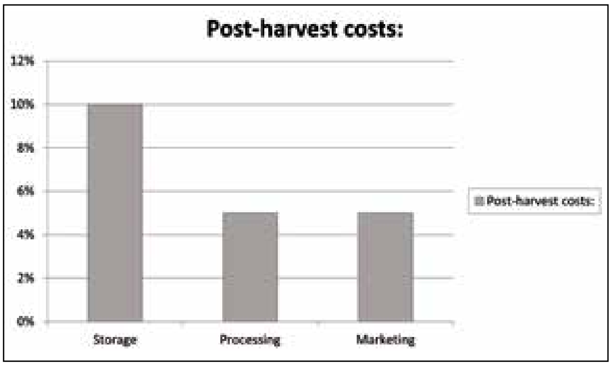
- ***Pre-Planting Costs:*** Include costs incurred on land preparation, seed procurement, and soil amendments.
- ***Cultivation Costs:*** Costs associated with the actual cultivation process, including planting, fertilizing, irrigation, and pest control.
- ***Harvesting Costs:*** Includes expenses related to labor, machinery, fuel, and any harvesting-related activities.
- ***Post-Harvesting Costs***: Costs incurred after harvesting, such as storage, processing, packaging, and transportation.

Here is an example how these costs might break down for a farmer:









The actual costs for a particular farmer will vary depending on the Product, however, this gives you a general idea of the different types of costs that farmers incur at each stage

By Activity

The whole process of growing crops can be broken down into activities, but the real challenge is assigning cost to it. Though activity based costing is an effective model, due to its complexities it is difficult to implement. Even in manufacturing and service Industries it has not become popular because of its inherent constraints.

Use the data for decision-making

The data collected and reports generated from a costing system should add value to the farmer.

This is demonstrated by the following case study as to how to optimize profits of seasonal crops during price fluctuations using costing data with the help of an Excel tool.

A simple tool is developed in Excel with the help of macros to demonstrate how to optimize profit. This will help farmers to maximize their revenue. This profit optimization tool is developed on the principles of the theory of optimization

The following is an illustration as to how to ascertain the optimal profits by applying the Excel tool when prices at different times are given for tomatoes and the cost of pre-harvest, during-harvest, and post-harvest are given; the figures taken are also illustrative.

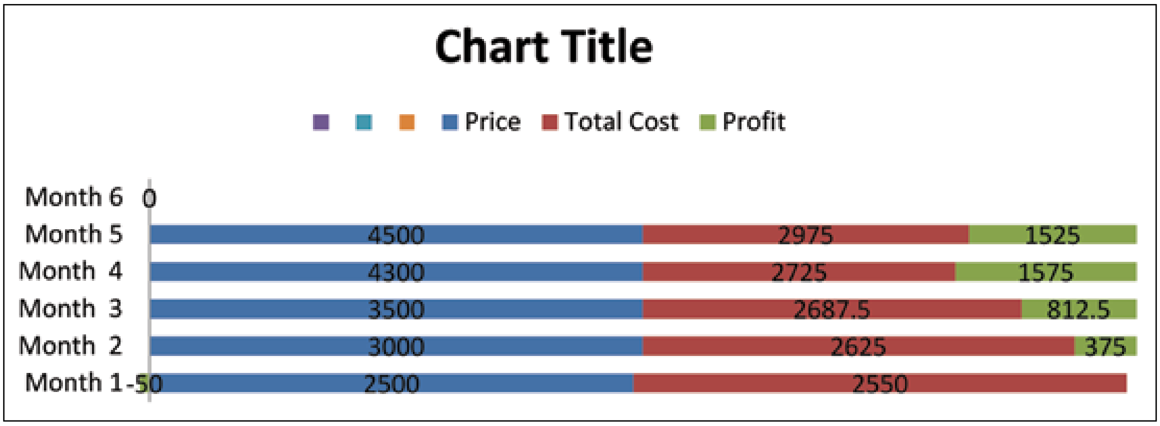
The following are the steps involved in applying the optimization model:

1. *Define the decision variables.* In this case, the decision variables are the price of tomatoes to produce at each period and the post-harvest cost incurred till the period
2. *Define the objective function*. The objective function is to maximize or minimize. In this case, the objective function is to maximize the total profit, which is the difference between the revenue from selling the tomatoes and the cost of producing the tomatoes up to the point of sale.
3. *Define the constraints.* The constraints are the limitations that we have on the decision variables. In this case, production in tons, which is already produced cannot be increased. Also, pre-harvest and harvesting costs are already incurred
4. *Formulate the optimization problem*. The optimization problem is the mathematical formulation of the problem that we want to solve. It consists of the objective function, the decision variables and the constraints.
5. *Solve the optimization problem*. There are different ways to solve optimization problems. In this case, we use a linear programming solver with the help of Excel to solve the problem.

Harvesting cost per ton (Rs)	1,975	constraint
Post harvesting cost per ton (Rs)	500	Variable
Production in tons	1	Constraint
Shelf life in months	5	Constraint

		MONTHS					
		1	2	3	4	5	6
Price	Variable	2500	3000	3500	4300	4500	5000
Cost increase							
Cold storage	%	5	10	12.5	15	50	50
Finance	%	10	20	30	35	50	60

Optimal Solution	
Time (months)	4
Price	4,300
Harvesting Cost	1,975
Cold Storage (%)	15
Finance (%)	35
Post Harvesting Cost	750
Total Cost	2,725
Profit	1,575.00



CONCLUSION

The objective of any business model is to optimize the profit and this is possible only if it is supported by an effective cost management system. MA

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FROM COST CUTTERS TO STRATEGIC PARTNERS: HOW AUTOMATION AND AI ARE EMPOWERING MANAGEMENT ACCOUNTANTS

Abstract

Artificial Intelligence (AI) and automation are bringing about a revolution in management accounting. This article explores the ways in which these developments improve and strengthen core concepts in management accounting.

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INTRODUCTION

Data handling is made easier by automated processes, freeing up management accountants to focus on strategic analysis and data-driven decision-making. AI extracts deeper meaning from financial data, enabling flexible budgeting, proactive cost control, and advanced risk assessment. Organizations can achieve more efficiency, accuracy, and ongoing improvement in financial management through the integration of automation, artificial intelligence, and management accounting concepts. These developments do not mean that management accounting's conventional concepts are going out of style; rather, they are being leveraged to increase their efficacy and application. This article explores how automation and AI adoption are enhancing and improving the core management accounting concepts, enabling businesses to make better financial decisions and accomplish their strategic objectives. This article concludes that, rather than serving as management accountants' replacements, automation and artificial intelligence (AI) are effective instruments that strengthen their position as strategic partners within businesses.

CONVENTIONAL MANAGEMENT ACCOUNTING PRINCIPLES

For businesses, management accounting principles offer a strong foundation for monitoring, evaluating, and interpreting operational and financial data. These guiding concepts form the basis for endeavors like the following:

- Cost management for determining, categorizing, assigning, and managing expenses to maximize the use of available resources.
- Profitability analysis for assessing a product's, service's, or business segment's profitability to inform pricing and resource allocation choices.
- Performance measurement for defining key performance indicators (KPIs) to monitor the achievement of strategy objectives and pinpoint areas in need of development.
- Budgeting and forecasting for making financial plans to project future income and outlays so that proactive money management is possible.
- Decision support for encouraging well-informed decision-making at all organizational levels by providing pertinent financial data.

These principles have long been instrumental in enabling organizations to gain a deeper understanding of their financial health, identify cost reduction opportunities, and make strategic decisions that drive profitability and growth.

For the purpose of gathering, analyzing, and interpreting data, these principles mostly rely on manual procedures and human skill. Although this conventional method has been beneficial to organizations for many years, there are certain drawbacks as outlined in the following paragraphs.

Data Overload: In today's intricate corporate world, the sheer amount of data collected can be too much for human processing.

Timeliness: Manual procedures can take a long time, which might cause delays in getting important financial information.

Human error: The accuracy and dependability of financial information can be impacted by mistakes made during manual data entry and analysis.

Restricted Analytical Scope: Older techniques might not be able to handle the intricacy of contemporary corporate data or spot minute trends concealed in sizable datasets.

AUTOMATION: INCREASING DATA POTENTIAL AND SIMPLIFYING PROCEDURES

The management accounting activities are being revolutionized by automation. With the use of technology like robotic process automation (RPA), repetitive, manual operations like data entry, transaction processing, and report preparation are being automated. This gives management accountants more time to devote to more strategic tasks like those enumerated hereunder.

Data Analysis and Interpretation: Management Accountants can examine financial data in greater detail to spot trends, patterns, and anomalies that may go unnoticed through manual procedures by using automated data extraction and cleansing techniques.

Advanced Cost Modeling: Automation makes it possible to create and simulate intricate cost models, allowing for more in-depth examination of cost behavior and the effects of strategic choices on profitability.

Scenario Planning and Risk Management: Financial forecasting model automation enables quicker and more effective scenario planning, allowing the management to proactively manage risks and evaluate the financial effects of various business initiatives.

Real-time Decision Support: Data-driven decision-making at all levels is made easier by automated dashboards and reports that give management real-time insights into financial performance.

AI: INTELLIGENT INSIGHTS TRANSFORMING MANAGEMENT ACCOUNTING

By adding intelligence to the study of financial data, artificial intelligence (AI) advances automation. Large data sets can be analyzed using machine learning algorithms, which can then be used to find patterns, forecast future trends, and produce insights that would be hard or impossible to find through manual research. In the following ways, this strengthens management accounting.

Predictive Cost Management: To forecast future cost behavior, AI systems can examine operational variables and historical cost data. This makes proactive cost management tactics possible and aids in the anticipation and mitigation of possible cost overruns by companies.

Dynamic Budgeting and Forecasting: AI is able to produce more dynamic budgets and forecasts that adjust to shifting market conditions by analyzing real-time data and market trends. This improves financial planning accuracy and permits more flexible decision-making.

Advanced Variance Analysis: AI may examine differences between actual and budgeted expenses in more detail, identifying the underlying reasons for discrepancies and facilitating more focused remedial measures.

Risk Assessment and Mitigation: AI is capable of identifying possible financial hazards, such as credit risk, fraud risk, or liquidity risk, by analyzing operational and financial data. This makes it possible to implement proactive risk-reduction techniques to protect the company's finances.

Data-Driven Decision Support: By thoroughly analyzing the financial data of the company, AI is able to produce insights and suggestions. This gives Management Accountants the ability to offer data-driven suggestions that assist in making strategic choices.

AI: EMPOWERING INFORMED DECISION-MAKING

Artificial intelligence (AI), a field of computer science that focuses on building intelligent machines, is transforming management accounting by providing sophisticated data analysis tools.

Here are some examples of how AI is changing the decision-making process:

Predictive analytics: AI systems are able to forecast future expenses, income, and profitability by examining a significant quantity of historical data, market patterns, and outside variables. Informed strategic decision-making is supported by management accountants' ability to proactively identify potential risks and opportunities.

Activity-Based Costing (ABC) at Scale: AI is capable of precisely allocating costs to activities and products by analyzing intricate operational data. This gets around the drawbacks of conventional costing techniques and offers a more detailed insight of cost causes.

Scenario Planning and Optimization: AI simulations are able to simulate the financial effects of many company scenarios, including new product introductions, market expansion, and price strategy adjustments. This makes it possible for Management Accountants to assess different possibilities and suggest the most economical course of action. Artificial intelligence (AI) is a potent technology that can enhance an accountant's capacity to evaluate complex data and convert findings into practical recommendations, not a substitute for human judgment. But it's important to keep in mind that AI is a tool, and the caliber of the data it is trained on determines how effective it is. In order to produce trustworthy AI-powered insights, management accountants are essential in guaranteeing data integrity and accuracy.

AUTOMATION AND ARTIFICIAL INTELLIGENCE: A PERFECT MATCH FOR MANAGEMENT ACCOUNTING CONCEPTS

Now let's examine how automation and artificial intelligence can improve key management accounting concepts in particular.

Cost management: Artificial intelligence (AI) and automation can expedite data collection for cost analysis, providing real-time cost insight and making it easier to find potential for cost savings. Management Accountants can devote more time to strategic cost management projects like value chain analysis and life-cycle costing by automating repetitive duties.

Management Control: Constant insights into budget and operational goal deviations are offered via AI-powered variance analysis and real-time performance dashboards. This makes it possible to implement prompt modifications and proactive management procedures to guarantee alignment with strategic goals.

Performance Management: AI is able to provide a comprehensive picture of an organization's performance by analyzing data from multiple sources. With the use of this data, stronger performance indicators can be created, and incentive compensation schemes that match worker performance to company objectives can be put into place.

Decision Support: Management accountants may give management critical decision support thanks to AI-powered scenario planning and risk assessment. They can assist leadership in making decisions that maximize long-term sustainability and financial performance by examining the financial ramifications of different options.

AUTOMATION, AI, AND MANAGEMENT ACCOUNTING PRINCIPLES WORKING TOGETHER

AI and automation are not intended to take the role of management accountants; rather, they are intended to be effective instruments that enhance their knowledge and increase their influence.

This is how the synergy develops:

Concentrate on Strategic Analysis: Management Accountants can devote more of their time to higher-level analysis, strategic thinking, and offering insightful advice to company leadership by automating repetitive duties.

Improved Data-Driven Decision Making: AI and automation provide Management Accountants the ability to use data more efficiently, which promotes data-driven decision making throughout the company.

Increased correctness and Efficiency: By streamlining workflows and reducing errors, automating data processing procedures frees up resources and guarantees the correctness of financial data required for analysis.

Proactive cost management and risk mitigation: By proactively identifying cost drivers and potential issues, AI-powered insights help Management Accountants to optimize resource allocation and put preventative measures into place.

Improved Communication and Collaboration: Management Accountants can communicate financial information more effectively, encouraging departmental collaboration and promoting strategy alignment, since they have access to real-time data and insights.

CHANGING MANAGEMENT ACCOUNTANTS' SKILL SETS IN AUTOMATION AND ARTIFICIAL INTELLIGENCE ERA

The fundamentals of management accounting are still important, but in the era of automation and artificial intelligence, the skill sets needed to succeed are changing. Management accountants should concentrate on the following:

Knowledge of data: Effective use of AI requires an understanding of data sources, data quality, and data analysis methods. Management Accountants must understand data visualization software, data cleaning methods, and how to evaluate insights produced by artificial intelligence.

Critical Thinking and Judgment: While AI algorithms can offer suggestions, the Management

Accountant's judgment and critical thinking ultimately decide how to implement those findings. It is still crucial for them to be able to evaluate AI results, spot any problems, and make wise financial decisions based on their professional judgment.

Cooperation and Communication: It's critical to successfully convey data-driven recommendations and intricate financial insights to audiences that are both technical and non-technical. To convert data into insights that can be put into practice for a variety of stakeholders, management accountants must possess strong storytelling abilities.

Change Management: Management Accountants must be skilled at handling organizational change as automation and artificial intelligence revolutionize labor processes. Proficiency in change management is vital to guarantee a seamless shift and efficient application of novel technology.

PARTNERSHIP BETWEEN HUMANS AND MACHINES IN THE FUTURE OF MANAGEMENT ACCOUNTING

The future of management accounting is not in automation or artificial intelligence (AI) taking the place of people, but rather in their effective cooperation. Automation and artificial intelligence will be used by Management Accountants to improve workflow, obtain deeper insights from data, and develop into key business partners. They will be able to: **Concentrate on Value Creation:** Management Accountants can focus their skills on activities that add value to the company, such creating strategic cost management strategies, enhancing profitability analysis, and encouraging a culture of data-driven decision-making, by automating repetitive duties. **Promote Continuous Improvement:** Organizations may continuously pinpoint areas for improvement in all operational and financial aspects by using real-time data and AI-powered insights. This encourages a culture of ongoing development, which results in long-term growth and financial sustainability. **Embrace Innovation:** Because technology is always changing, it is important to concentrate on lifelong learning and adaptability. The top Management Accountants will be able to fully utilize automation and artificial intelligence if they embrace innovation and keep up with the current developments in technology.

MANAGEMENT ACCOUNTANT'S CHANGING ROLE: FROM DATA CRUNCHER TO STRATEGIC PARTNER

The human element is still vital in management accounting, even as automation and artificial intelligence are replacing mundane activities. The Management Accountant of today plays a more strategic function, utilizing automation and artificial intelligence to offer insightful financial advice.

Management Accountants can flourish in this new environment by adhering to the following tips:

Increasing Knowledge of Data: Understanding data sources, data quality, and data interpretation will be crucial as AI becomes more widely used. Management Accountants must understand various data formats, data validation methods, and the ways in which data quality affects the outputs of AI models.

Adopting AI Tools: To fully utilize AI's capabilities, one must become familiar with its tools and features. Configuring these tools, interpreting their results, and integrating them with current financial procedures are skills that Management Accountants should possess.

Cooperation and Communication: It's critical to collaborate and communicate intricate financial insights obtained from AI models. To translate data, management accountants must improve their communication abilities.

PROMISING FUTURE

The data-driven and strategic discipline of management accounting has a promising future.

Management accountants may become strategic business partners by embracing automation and artificial intelligence They can provide forward-looking insights by using AI. The Management can proactively navigate an uncertain future with the help of AI-powered forecasting and scenario planning.

Promote data-driven decision-making: Organizations at all levels can make better financial decisions by utilizing data analytics and AI-generated insights.

Align resources optimally: AI may assist in determining how to employ resources most profitably and efficiently, which will increase both.

Improve risk management: AI-powered proactive risk identification and mitigation techniques help protect the organization's bottom line.

Ultimately, a more data-driven, flexible, and economical approach to financial management will result from the appropriate integration of automation and AI into management accounting procedures. Organizations will be able to accomplish their strategic goals, make better decisions, and obtain a competitive advantage in the dynamic business environment as a result.

SUMMARY & CONCLUSION:

Task	Before AI & Automation	After AI & Automation
Data Collection and Entry	Manual data entry from invoices, receipts, and other sources. Time-consuming and prone to errors.	Automated data extraction using OCR, RPA, and integrations with other systems. Minimizes errors and frees up time.
Data Cleaning and Validation	Manual verification and correction of data errors.	Automated data cleaning tools identify and correct inconsistencies. Management Accountants review flagged exceptions.
Transaction Processing	Manual processing of invoices, payments, and other transactions.	Automated transaction processing with pre-defined rules and workflows.
Cost Allocation and Reporting	Manual allocation of overhead costs and generation of reports.	Automated cost allocation based on pre-defined rules and models. Real-time reports and dashboards.
Variance Analysis	Manual comparison of actual costs to budgeted costs. Identifying variances can be time-consuming.	Automated variance analysis with detailed explanations for deviations. Ability to drill down into specific cost drivers.
Budgeting and Forecasting	Reliant on historical data and spreadsheets. Limited ability to model different scenarios.	AI-powered forecasting models that consider market trends and external factors. Scenario planning allows for analysis of different business strategies.
Cost Management	Reactive approach, focusing on cost reduction after they occur.	Predictive cost management using AI to identify potential cost issues and take proactive measures.
Performance Measurement	Manual calculation of key performance indicators (KPIs) based on limited data points.	Automated KPI dashboards with real-time data visualization and drill-down capabilities for deeper analysis.
Decision Support	Limited data analysis and insights provided to management.	AI-powered insights and recommendations based on comprehensive data analysis. Management Accountants interpret and communicate the findings.
Skill set	Strong focus on technical accounting skills and data entry.	Broader skill set encompassing data analysis, communication, and understanding of AI capabilities

AI and automation are changing the field of management accounting. These developments are not a threat to the field; rather, they are effective instruments that can greatly increase the influence of Management Accountants. Management Accountants can advance in their roles within organizations and become strategic partners who drive data-driven decision-making, optimize financial performance, and drive organizations toward long-term success by embracing automation and artificial intelligence (AI) while adhering to the profession's core values.

There is no doubt that management accounting will be supercharged in the next generations by the data-driven duo of AI and automation. MA

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MANAGEMENT ACCOUNTING TOOLS – AN IMPERATIVE TO PROMOTE ORGANIZATIONAL VISION AND STRATEGY

Abstract

Every company aspires to grow and the growth could be either organic or inorganic. Whichever route a company takes, it follows a growth strategy. C-Level executives who strategize and steer the company towards the organization's goals should ensure that they take along everybody in the organization's growth story. And what better tool than a 'Balanced Score Card' to achieve this!

In addition to this strategic planning tool, where organizations are combined with another management accounting tool - 'Activity Based Costing' in their arsenal, the various stakeholders in an organization are expected to benefit immensely from it.

The purpose of this Article is to provide a succinct overview on these two management accounting tools namely 'Balanced Score Card' and 'Activity based Costing' and its interplay in promoting an organization's vision and strategy.

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INTRODUCTION

Management accounting is a method of accounting that is used to create records, statements, reports and documents that enable better decision making by the management. Managerial accounting is generally considered to be an internal facing function dealing with how managements base their decisions upon the numerous records maintained for the purpose of analysis.

Organizations are usually judged by the financial metrics i.e top-line growth, bottom-line growth, EBITDA etc. available in public domain or gathered through other sources. This kind of judgment on an organization's growth (current and potential) appears to be one-sided in the sense that the other measurable metrics are not given their due importance. This lop-sided measurement led to the birth of a more nuanced approach called 'balanced score card approach' encompassing the various other functions in an organization propelling its growth.

Let us now focus in detail on this nuanced approach.

BALANCED SCORE CARD – A PEEK INTO ITS PERSPECTIVES

A vision statement defines the aspirations and long-term goals of an organization. The impact that the company would create in the society is also a part of the vision statement.

The mission statement, on the other hand, provides an update on the key focus areas of the company. It includes the kind of product or service it provides, its targeted audience, the markets it serves or intends to serve and so on and so forth.

While the above two critical statements provide an outsider with an overview of what the company does, its goals and the impacts it intends to create, for the management a more internal facing approach is the need of the hour.

This four-faced approach called the balanced score card encompasses the following perspectives:

1. Financial perspective
2. Internal business perspective
3. Learning and growth perspective
4. Customer perspective

The first perspective deals with crunching the numbers. The Y-o-Y or Q-o-Q growths in terms of top-line, bottom-line, operating profit improvement, ROI etc. are few of the metrics dealt with in this perspective.

Internal business perspective talks about the way the company produces the product or provides services. In other words, this perspective is all about analysing the way the products are produced or services provided from a strategic view point. It involves tracing down the activities performed by each operational and support functions and analysing whether they add up to the strategic direction provided from the top.

"A vision statement defines the aspirations and long-term goals of an organization"

As organizations turn on the heat to provide the best-in-class services to its consumers, a culture of innovation and learning has to set-in. The third perspective aims to provide an organization the strategic pathway for understanding the skill-sets its employees require to meet the current market demand. Increasingly, the workforce is expected to bridge the gap by engaging in upgrading their skills.

Organizations exist for the sake of customers and this picture is rightly incomplete without including their perspectives. Since customer demands vary from time to time, it's only a very agile organization that can truly stay on top of this game. Some of the metrics tracked here are shorter lead times, increased product quality, price recovery, quicker turnover time to quote, number of leads generated, hit ratio etc.

Having seen the different perspectives the balanced score card approach has to offer, let us now get to know why this tool is a key strategic driver in promoting an organization's vision and strategy.

BALANCED SCORE CARD – A KEY STRATEGIC DRIVER

While the financial metrics can be gleaned from the quarterly or the annual financial reports, gathering the other operational data and making use of them requires an intense unrelenting pursuit behind those responsible for creating and maintaining such data sets.

Maintaining data in silos are quickly becoming a thing of the past given that newer technologies are emerging faster than ever before. In such a fast-evolving ever-changing VUCA world, the ground reality has to sync with the strategic vision of the organization.

A typical balanced score card is designed by first identifying a small number of measurable metrics across the various functions in the organization. Care has to be ensured that every metric that is selected has a bearing on promoting the organization's vision. The metrics chosen should ideally have a high impact on promoting the organization's vision.

Next, the selected metrics are grouped and classified as to which bucket they fit in. For example, metrics selected from production or quality or maintenance functions can be grouped under internal business perspective – the third pillar. Metrics such as number of leads generated, hit ratio etc. could be part of the customer perspective – the fourth pillar.

With the metrics being placed in the right bucket, realistic targets need to be set against the metrics. Say, if one of the metrics is to improve the OEE (its underlying trackers being availability, performance and quality), the current OEE percentage (low, typical, world class and perfect) can be used either as a benchmark or baseline and the target set accordingly.

While the mid-management would typically track and review this metric on a monthly basis, attaching this metric to the Balanced Score Card exercise would help the top-management in the following ways:

1. Understand the usage pattern of the production assets
2. Plan for a more realistic and balanced Capex
3. Capex utilization can be monitored and due adjustments can be made on a timely basis

For an organization to sustain its growth momentum, it is essential that its top management get a holistic picture of the direction in which the company is headed. Financial metrics are but one of the pillars upon which a company has to be viewed. From a strategic viewpoint, the customers reign supreme.

The various functions in an organization while ultimately serving the end customer of the organization in one way or the other, little do we realize that the very next function which relies upon us is also a customer, *albeit* internal. This can be explained with an example and let us also see how the BSC can be used as a strategic driver to identify and improve upon such grey areas of the organization.

Say, a production asset breaks-down and the *Mean time to repair (MTTR)* take more than 3 hours. Now this 3 hours stoppage entails loss in production, resources lying idle, backlog of production orders resulting in payment of overtime etc.

Instead, were the management to focus on another metric - *Mean time between failure (MTBF)*, it not only enhances the predictive maintenance capability of the organization, but also allows the maintenance team to better schedule its preventive maintenance program and thus its internal customers i.e the production planning team and shop floor too in turn would be better prepared to foresee and handle such circumstances with more agility.

This is where the thrust of the top management is critical. In the BSC exercise, the above two metrics MTTR & MTBF would have been mapped in improving internal business process pillar, targets set and monitored. The management here, based on the understanding gleaned from the BSC exercise, would have emphasized and spent more time and effort on understanding the nature of such assets and providing strategic direction inclined more towards investing in assets that take lesser MTTR and also investing in other technologies that boost the predictive capabilities of the maintenance department.

Thus, the balanced score card initiatives, while being a top-down push approach, attempts a strategic interplay between the organization's visions, values and the actual ground reality. This kind of an approach offers the C-Level executives to get an in-depth view of the happenings on the ground and quickly adjust any deviations observed.

It is thus, imperative that the actual ground reality is in sync with the two critical documents i.e vision and mission statement for an organization to sustain and grow.

ACTIVITY BASED COSTING – KYC

KYC in banking terms mean 'know your customer'. In the world of manufacturing and also service sectors such as banking and insurance too, managements can practice KYC - "know your costs'.

Understanding the cost structure is the first key step in a costing exercise. To put things in simpler perspective, costs can generally be classified as material cost, other direct cost and overheads.

While material cost can, in an uncomplicated way, be simply understood as quantity procured multiplied by the weighted moving average rate when calculated at the end of a period; direct costs are something which is directly identifiable or assignable to a product or a cost object. Now, apart from these two, it is the third type of cost i.e overheads that require special attention of all, especially the Cost Accountants.

Overheads being indirect in nature, apportioning these and allocating them to cost objects generally require reasonable allocation basis. While machine hours, labour hours, revenue, production volume etc are some of the generally used basis to allocate indirect costs, Activity based Costing offers myriad perspectives to the cost sheet.

In the ensuing paragraphs let us delve into the concept of activity based costing, the varied analytical perspectives that it has to offer and its interplay with the organization's vision and strategy.

ACTIVITY BASED COSTING – THE CONCEPT

Resources are consumed activities and activities are in turn consumed by cost objects. This statement is the conceptual framework of activity based costing. Here we come across three distinct connectors' i.e resources, activities and cost objects. Resources are basically the objects necessary for carrying out activities. Examples include man, machines etc. Activities can broadly be classified into production activities, production support activities and other support activities. Production activities generally include the activities performed on the shop floor. Production support activities include activities which are ancillary to the production. For example, the activities performed in Stores Department, Maintenance Department, Quality Department etc. could form part of production support activities. Other service support activities could include activities performed in Departments such as HR, Admin, Finance etc.

Cost centre accounting is one of the basic pre-requisite for an activity based costing system to function effectively. Cost centers are basically used to capture, track and trace the cost incurred in performing the various activities.

While the numerator is taken care of with the help of the cost centers, the striking feature of an activity based cost allocation model lies in the selection and usage of appropriate cost drivers.

Let us now try to understand this concept further with an example and its interplay with an organization's vision and strategy

ACTIVITY BASED COSTING – A GLANCE INTO ITS PERSPECTIVES

Let us take the example of a production planning and control (PPC) department. A typical production planning department is primarily tasked with the function of planning the production volume of the various products produced by that organization.

While the cost incurred in this cost centre or department i.e the salary paid to the production planner and his team, depreciation on the computer used in the department and electricity charges can be discerned from the cost centre wise trial balance, the activity based costing environment would require us to ascertain the list of activities performed in this department and the resources consumed along the way.

The PPC department functions as a middle ground collecting the demand forecast done by the sales & marketing office, ascertaining the availability of the materials at the stores, informing the sourcing team to start procurement of raw materials with the vendors, determining the status of the machines on the shop floor with respect to its performance, identify the preventive maintenance schedule maintained by the maintenance crew and much more. While further sub-activities under each of these can be taken up, for our discussion purpose, let us restrict it to these activities and see its effect on the organization's strategy.

Using the activity based costing approach, the management would be in a position to ascertain the true cost of performing each activity which are directly and indirectly connected with the ultimate cost object. Another dimension which this scientific costing system brings to the table is in understanding the cost of the support activities. For example, let us assume that the organization has multiple sources for procuring a raw material. If the cost of procuring the same RM from multiple vendors is ascertained to be high since it involves an elaborate process, the management would like to have a much leaner version by eliminating non-value adding activities.

Many such insights can be gleaned using the varied operational data collected by the PPC department. These insights can also be used as strategic measure points to determine and plan for a more realistic capex on production assets, better scheduling the production, maintaining healthier relationships with the suppliers and customer etc. and give the management a solid strategy to bank upon and come up with a more prudent plan for the foreseeable future.

CONCLUSION

Organizations that aspire to sustain and grow in today's highly volatile environment, must wake up to the fact that using non-causal allocation logic to allocate costs to cost objects doesn't make for meaningful analysis. Top managements of today are fast on their feet and hence it becomes the responsibility of the mid-management team to escalate accurate and scientific cost related information for meaningful decision-making. In addition to the scientific activity based costing system, top-managements that take up an all-round analysis of their organization using the balanced score card approach are sure to benefit in the long run as they sustain and grow. MA

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MANAGEMENT ACCOUNTANTS – AN APPROACH TO DIVERSITY – TRANSFORM INFORMATION THROUGH 'INSIGHT' TO 'INFLUENCE'

Abstract

Management Accountants with their specialized and advanced knowledge in both Financial and Cost Accounting principles help Top Management in formulating and implementing a Strategy proved to be appropriate for a given problem. For the purpose they collect the relevant data/ information; sources being Financial Accounts (Aggregated in nature) and Cost Accounts (Provide elementwise Costs) along with the Firm's Cash flows and or Fund flows with due consideration to Segregated Accounts and analyze the information, critically examine with minute details and forms an opinion or Strategy. For this purpose, he may acquire similar Company's relevant information. The job is more practical than mere theoretical and depends solely on the knowledge, experience and the techniques applied; may vary from time to time and case to case. However, transformation of information 'through' 'insight' to influence is to be regarded as an approach to Diversity often practiced by Management Accountants.

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INTRODUCTION

Management Accountants are specialists in analyzing financial/cost information for the use of top management for control and decision making under various business situations. Thus, a Management Accountant is well versed with financial & cost accounting and able to analyze, interpret the data for presentation to the top management for specific use. Analysis and interpretation of data is to suit the specific business purpose. The sources of information/data are: Financial Accounts; Cost Accounts; Monthly Reports; MIS Reports etc. etc. Now the key difference between financial accounts and cost accounts is required to be clearly spelt out.

From financial accounts we can know the assets, liabilities, income, expenses and cash flow and from cost accounts we find the cost of production of a product/ service, and the cost can be segregated into variable and fixed components of cost and forms a base for marginal costing technique, which is often used by Management Accountants for various purposes.

Care is taken by the Management Accountants not to consider the *segregated accounts* which are separate bank accounts where a company holds its clients' money individually, while formulating strategies for any diversity/diversification.

Diversity management is an organization's skill to plan and implement changes to its systems and practices of managing people, so as to derive benefits of diversity. The managements create leadership teams who ensure a diverse and inclusive work place for developing a diverse organization and the people with different backgrounds implement inclusive policies to enhance the productivity, curb labour turnover by ensure job satisfaction.

MANAGEMENT / MANAGERIAL ACCOUNTING

Different authors have defined 'management accounting' and indicated its purpose; some of the most relevant definitions are mentioned below:

According to *J. Batty* (an authority in standard costing) "Management Accounting is the term used to describe the accounting methods, systems and techniques which, coupled with special knowledge and ability assist Management in its task of maximizing profits or minimizing losses".

The special knowledge mentioned in the definition is adhering to economic laws and use of statistical methods and any other related technique for the sole purpose of controlling the business activities.

**Oxford Dictionary mentions: Diversity – 1. The state of being varied. 2. Range of different things; and Diversification - 1. Make or becoming more varied. 2. (Of a Company) expand its range of products or markets; both the above treated as Synonim for the purpose of writing this paper).*

According to *Brown and Howard:* "The essential aim of management accounting should be to assist management in decision making and control". This definition emphasise the purpose of management accounting.

According to *Broad and Carmichael :* "The term management accounting covers all those services by which the accounting department can assist top management and other departments in formation of policy, the control of its execution and appreciation of the effectiveness".

This specifies the importance of the services provided by the accounting department to present the financial information which is the data for framing a policy by the Management Accountants and also by the top management for achieving the desired goal.

According to the Institute of Chartered Accountants of India: "Management Accounting is a systematic collection and presentation of relevant economic information relating to an enterprise for planning, controlling and decision making".

According to *Alicia Tuvovila:* "Management accounting is the practice of identifying, measuring, analyzing, interpreting and communicating financial information to managers for the pursuit of an organization's goals".

Therefore, management accounting is all about:

- Presentation of financial information by the accounting department to be used by management in making business decisions.
- Not confining to the Accounting Standards as in the case of financial accounting.
- Modification of information/data to suit the specific needs of management.
- Ensuring product costing, budgeting, forecasting and critical analysis of information when need arise.

AN APPROACH TO DIVERSITY

Management Accountants while helping the management to increase their profits/reduce their losses, need an approach to diversity as an effective tool. In business situations often diversity is required as to the following and each one of these is separately elaborated.

- Product diversity i.e, a range of different things or commonly known as product diversification.
- Process diversity i.e., the state of being varied
- Diversity in existing methods and techniques of cost accounting system
- Horizontal and vertical diversification
- Diversity in human resources management in respect of the vital 3Rs viz. recruiting, retaining and retiring of employees.

Product Diversification

To ensure survival or growth and expansion, business entities are required to resort to the strategy of product diversity by producing and selling new line of products or product to their existing product line or by stopping production of certain products altogether incurring perennial losses. For this purpose, the Management Accountants use marginal costing technique, often contribution being the main factor of consideration. This strategy may require acquisition of new machinery, technical know-how etc. and the Management Accountant considers important and viable information. Some examples are:

1. WIPRO which was producing and selling consumables entered into software business and improved their profits.
2. General Electric resorting to diversity into segments like aviation, health care, venture capital, finance etc.
3. Tata Group diversified its steel related business to hospitality, aviation, automobiles, power, etc.

In the current era, every company which has surplus funds, surplus manpower and other factors of production, resort to diversification and the same trend shall continue in the future too. This will help India to achieve the $5 trillion economy, by the end of next 5 years.

Ansoff Matrix

H. Igor Ansoff, a Russian applied mathematician and business manager developed a matrix regarded as a strategic option tool used to analyze and plan strategies a firm can use to grow .[Published in the Harvard Business Review in 1957].

The matrix used 4 strategies, which are worth considering by Management Accountants when a need arises to plan a strategy for product diversification.

ANSOFF MATRIX

Market Penetration	To grow the existing market of its products. Less risky when compared to others.
Market Development	Introducing a new product in the existing market. Risky as there is possibility of uncertainty.
Product Development	Expands availability of products in new market, Regionally/Globally. Less risky when compared to the product development strategy.
Diversification	Comes up with a new product and forget new market. It is the riskiest as involves both product and market development.

Following are the steps for making Ansoff matrix

- Formulate a matrix
- Evaluate options
- Evaluate risk
- Select and implement the option.

As regards market penetration and market development, the main focus is to increase sales in the current market by deep penetration of the product in the existing market.

Example – Development of electrical vehicles by the existing automotive companies. Similarly, development of electrical batteries for the vehicles by the existing battery manufacturers.

Process Diversification

Basically, process diversification is of the following two types:

1. *Concentric diversification* i.e., a strategy to introduce new products to fully utilize the installed capacity, manpower and other financial resources and enjoy the market. A bakery presently producing and selling bread entering into making and selling biscuits.
2. *Conglomerate diversification* i.e., a firm launches new products or services that have no relation to the current products or distribution channels. An example to this is Jindal entering to produce paints.

In both the above types of strategies, either it is required to add new processes or to dispense with some processes, as per the need.

Diversity in existing Methods and Techniques of Cost Accounting System

With the strategy to opt for diversification, it may be required to change the methods of costing i.e., from job/ batch costing to process costing and *vice-versa.* Also, it may be required to use different costing techniques in varied circumstances viz., standard costing, marginal costing, and activity based costing. Each of these techniques is suitable for decision making and it is for the Management Accountant to use a specific technique for a specific decision making.

Horizontal and Vertical Diversification

Horizontal diversification refers to an entity offering new services or developing new products that uses the firms' current customer base. Example: A diary company like Amul or Dinshaws producing milk and other related products starting to produce ice-cream

Vertical diversification denotes that a firm expands either in forward or backward direction. The firm tries to make its presence in the supply chain, either by taking over a supplier or the customer, or both. Usually resorted in the supply chain (procurement of raw material, conversion of raw materials into products, assembling, transporting, and sales); one firm performs one function but, if a firm takes on more avenues in the supply chain it is known as vertical diversification. This will result in lower dependence on the supplier and shall increase revenue by cutting costs and yielding higher profits. Amazon proved to be good at this as it operates its own distribution channel in addition to serving as a platform for buyers and sellers.

Diversity in Human Resources Management

In HR diversity can be in respect of recruitment, retention and retirement of employees, etc.

When any strategy is to be opted under any of the diversifications mentioned above, a need may arise as to the diversity in human resource management in regard to recruitment, retaining and retirement of employees. When a distribution channel is taken over, a need may arise to increase the work force (either technical or non-technical) or retire some by offering lucrative terminal benefits. The strategy applied here is crucial and must be beneficial to the firm and without creating disharmony amongst the work force.

GAME THEORY

Management Accountants may often be required to implement 'Game Theory', a part of operations research; i.e. a branch of applied mathematics for deriving the strategies and implementing in any given situation. As per this each entity competing in the market is known as a player. While forming a strategy of its own, the

Management Accountant has to study the strategies of other players and make decisions that are inter-dependent.

This inter-dependence causes each player to consider the other player's possible decisions, or strategies, in formulating the strategy. Appropriate examples are Colgate, Pepsodent, Close-up (Marketed by Hindustan Lever) use this theory, particularly to formulate a strategy for advertising for their growth and expansion.

This theory is an effective tool for Management Accountants in decision making process in various situations, apart from advertisement.

TRANSFORMING INFORMATION THROUGH'INSIGHT' TO 'INFLUENCE'

'Information' includes data, feed backs, facts, quotes, and observations. This is the base to make formal/informal decisions.

The literal meaning of 'insight' is – understanding the truth about people or situations. And the meaning of 'influence' is the power or ability to affect beliefs or actions.

'Insight' is the most important point to rely on the truth of information/data being considered for a decision making and can inspire and change the way we use the information/ data under consideration.

Such information/data is to be interpreted for its implication over the project/organisation and a strategy to be formulated for implementation. Following are some ways of transforming information into 'insight':

1. Understanding the stakeholders
2. Understanding the objectives
3. Developing an hypothesis
4. Knowing the users
5. Building relationship

"Vertical diversification denotes that a firm expands either in forward or backward direction"

'Insight' to influence is a critical phase where Management Accountants exercise more controls to form a strategy suitable to the type of diversity desired or diversification of product/process/ service or any other assignment by the management. Apart from the analyzed data, he may resort to any other source of information available outside the entity to frame a strategy and place before the management for its review and clearly mention whether existing resources are enough or additional resources such as funds, machinery and technology, manpower both skilled and unskilled etc. are required for implementing the strategy of diversification.

It is pertinent to mention that a firm named INSIGHT TO INFLUENCE is a specialist organizational psychology and organizational development consulting firm whose purpose is to awaken insights to influence and generate purposeful actions within the organization. Their consultants enable performance improvement across three pillars of organizational transformation: people, technology and processes. Their specializations are:

1. Organizational consulting
2. Leadership and culture
3. Capacity development
4. Safety, health and well-being.

Some of their better known clients for whom their consultants delivered valuable outcomes are:

- TATA
- WEST SIDE
- QANTAS
- NSW TRANSPORT RAIL CORP
- QUEENSLAND GOVERNMENT: DEPARTMENT OF PUBLIC WORKS
- SUN Crop; NEWMANN STEEL
- AUSTRALIAN GOVERNMENT: DEPARTMENT OF DEFENCE
- QUEENSLAND HEALTH

CONCLUSION

Every firm may not afford hiring big consultants for achieving the desired goal of diversity when sought for. They must engage qualified Cost and Management Accountants who are well equipped to come up with a strategy suitable for a given situation and can help the growth and expansion of the organization and definitely the benefits overweigh the costs. It is only a Management Accountant who can transform information through 'insight' to 'influence' and even a small business enterprise must resort to these diversity/diversification techniques for a sustainable growth and expansion. MA

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IMPACT OF NATIONAL EDUCATION POLICY (NEP) 2020 ON MANAGEMENT EDUCATION

Abstract

This article investigates the importance of skill-based courses in NEP, 2020 syllabus in management education at undergraduate level in the form of skill enhancement courses, ability enhancement courses and Value-added courses. The study also makes a comparison of these courses imparted by some of the reputed colleges and Universities in West Bengal region.

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"The Future belongs to those who learn more skills and combine them in creative ways."

-ROBERT GREENE

With the introduction of NEP 2020 in most of the States of India the education sector is witnessing a paradigm shift in the way education is to be imparted to the students in the current era of globalization. One of the important ways to impart education to the students is to frame the syllabus in such a manner that it enhances the capability of the students to make them ready for the job market.

In this era of globalization, the companies need defined skill sets from the students graduating from the colleges. With the introduction of artificial intelligence, machine learning, analytics etc. which are creating disruptions in the way the job is created in the market, it becomes very important the way the syllabus is framed for students to make them job ready in the market.

One of the important aspects of National Education Policy 2020 in management education is the introduction of skill enhancement course, ability enhancement courses and value-added courses at bachelor's level.

In today's era college education is becoming very important to groom a person and equip them with skill-based education and make them industry ready. NEP 2020 basically emphasizes on strong linkages with industry and focuses in providing vocational courses which will result in a student being more employable.

The present article basically aims at understanding the way the syllabus is framed emphasizing on skills development of the students keeping in conformity with the National Education Policy, 2020. It concentrates on the management education at bachelor's level with nomenclature of BBA (Bachelor of Business Administration), BMS (Bachelor of Management Studies) etc. in some reputed colleges / universities in West Bengal region.

This study has analyzed the syllabus at bachelor's level of management education and tried to extract the newly introduced skill enhancement courses, ability enhancement courses and value-added courses from the syllabus of some of the prominent colleges/universities in West Bengal.

The study has taken into consideration the following universities/colleges in West Bengal region:

- Calcutta University
- University of Burdwan
- S.T. Xaviers College, Kolkata
- S.T. Xaviers University, Kolkata
- J.D.Birla Institute, Kolkata (Affiliated to Jadavpur University)

The findings have been compiled and presented in Table 1 below:

TABLE 1: COURSES IN THE SYLLABUS CONCENTRATING ON SEC/AEC/VAC

Name of College /University	Skill Enhancement Courses (SEC)	Ability Enhancement Courses (AEC)	Value Added Courses (VAC)
Calcutta University (Source: https://www.caluniv.ac.in/ccf-ug/files/ccf-BBA.pdf) Course : 4 year BBA (Hons) (NEP)	***Sem.1***: Information Technology in Business (Theory + Practical) ***Sem. 2***: • AI (Artificial Intelligence) for Everyone • E.commerce and case study	***Sem.1***: Business Communication/ Communicative English ***Sem. 2***: • Case analysis, Copy Writing and Content Writing in English • Digital Empowerment	
University of Burdwan (Source: https://www.buruniv.ac.in/Downloads/Syllabus/Syllabus_BBA_NEP2023-2024.pdf) Course: 4 year BBA (Hons) (NEP)	***Sem. 1***: IT Skills for Business ***Sem. 2***: Small Business Management	***Sem.1***: Modern Indian Language ***Sem. 2***: English	***Sem.1***: Environmental Science/ Education ***Sem. 2***: Understanding India/Digital or Technological solution/Health and wellness, Yoga Education, Sports and Fitness
S.T. Xaviers College (Autonomous), Kolkata (Source: https://sxccal.edu/bms-syllabus-2023) Course : 4 year BMS (Hons) (NEP)	***Sem. 1***: IT Application for Business ***Sem. 2***: E.commerce: theory ***Sem. 3***: E.commerce: Practical	***Sem.1***: Business communication 1 ***Sem. 2***: Business communication 2 ***Sem. 3:*** Commercial English 1 ***Sem.4:*** Commercial English 2	***Sem.1***: • Environmental Education 1 • Spirituality and Inter Religious Harmony ***Sem. 2***: • Environmental Education 2 • Panchkosha: Holistic Personality development
J.D. Birla Institute, Kolkata (Affiliated to Jadavpur University) (Source: https://www.jdbimanagement.in/pdf_files/BBA-NEP-Curriculum-2023.pdf) Course: 4-year BBA(Hons) (NEP)	***Sem. 1***: IT tools for Business ***Sem. 2***: Investing in stock Markets. ***Sem. 3***: Digital Marketing ***Sem .4***: Advt. designing and Sales Promotion ***Sem. 5***: Fundamentals of Family Business Management	***Sem.1***: Communicative English ***Sem. 2***: Soft Skills & Personality Development ***Sem. 3:*** Creative Writing in Hindi/ Bengali ***Sem.4***: Excel & Spread Sheet ***Sem. 5***:Learning Programming Fundamentals with C ***Sem. 6:***Values and Ethics	***Sem.1***: Health and Wellness ***Sem. 2***: Ethics & Indian Culture ***Sem. 3***: Community Engagement & Service ***Sem. 4***: E-Learning
S.T.Xaviers University Kolkata (Source: sxuk.edu.in/commerce management syllabus) Course : 4 year BMS (Hons) (NEP)	***Sem.1***: Personality Development ***Sem.2***: Ecommerce ***Sem. 3***: Computer application in business	***Sem.1***: Communicative English 1 ***Sem.2***: Communicative English 2 ***Sem.3***: Modern Indian Language (Bengali/Hindi) ***Sem. 4***: Modern Indian Language (Hindi/Bengali)	***Sem.1***: • Inter-religious studies for global citizenship • Community services ***Sem. 2***: • Environmental studies and Sustainability • Understanding Indian Constitution

Note: In case of Calcutta University and University of Burdwan the syllabus for BBA (Honours) 4 years NEP is available up to 2nd Semester

BMS (Hons) = Bachelor of Management Studies (Honours) Degree

BBA (Hons) = Bachelor of Business Administration (Honours) Degree

Before the Table is analyzed let us understand the basic purpose of introducing the skill enhancement courses, ability enhancement courses and value-added courses in the syllabus of National Education Policy (NEP), 2020.

SKILL ENHANCEMENT COURSES (SEC)

The courses in SEC should aim at imparting practical skills, hands on training and soft skills to increase the student's employability. The courses in this category to include subjects related to artificial intelligence, analytics, machine learning etc. which will help the students to get exposure to the innovative technologies which would be integrated with the traditional courses.

ABILITY ENHANCEMENT COURSES (AEC)

The courses in AEC should include contents related to language, literature, or communicative English etc. It should aim at enhancing the student's skill in language, communication, and English language.

VALUE ADDED COURSES (VAC)

Value added courses aim to integrate the Indian values, ethos, culture and give a holistic view of the syllabus. It emphasizes on providing knowledge regarding yoga education, fitness, and sports.

ANALYSIS OF TABLE 1

It can be observed from Table 1 that most of the skill enhancement courses include analytics, information technology, artificial intelligence, ecommerce etc. There are other courses like digital marketing, advertisement designing as well as investing in stock markets which will add to the skill development of the students in specific domains. The main purpose of introducing such courses is that students, apart from having a strong theoretical foundation of the traditional courses in management, are also exposed to these skill development courses which will introduce to them these uncharted areas which will give a practical approach as to how the market performs in practical world integrated with the most recent technology.

It is also seen from the Table that most of the courses are introduced in Semesters 1 and 2 of the syllabi which will give an early introduction of these subjects to the students and they will be equipped with necessary skill sets to make them more employable. They can also inter relate these courses in their respective domains and understand their applications.

It is also observed from the Table that most of the courses under the ability enhancement category include courses related to business communication and soft skills exposing them to modern Indian language. It will help to develop the personality of the students and improve their communication skills which are very much required to get a job in today's scenario. These courses help to develop the soft skills and inter-personal skills of the students.

It is seen from the above Table that the value-added courses focus more on environmental studies with emphasis on health, yoga, spirituality, sports, culture, ethics. It also includes courses which will emphasis on community engagement and service. The main reason for the introduction of such value-added courses is to develop a holistic approach to the education system and imbibe in the students ethical, cultural, and constitutional values coupled with critical thinking and Indian knowledge systems. It helps the students to develop their character and personality and link with ancient Indian culture and ethos.

Thus, it can be observed from the above that the main purpose of the NEP syllabus is not only to impart theoretical knowledge about different subjects in various domains but also to give a practical touch which will result in all-round development of a student pursuing management courses at undergraduate level. Today's manager in the corporate world is facing stiff competition and "survival of fittest" is becoming the motto of the corporate. When a student freshly graduating from the college looks out for a job, these skills taught to them form a boon for them to be successful in the corporate world. These also help to reduce the industry- academia gap and make the student job ready. It can thus be concluded by emphasizing the fact that NEP 2020 will certainly bring about a revolution in the way the syllabus is taught to the students of management by helping to develop their skills which will add on to the traditional concepts taught in classroom and will give an edge to the students and make them corporate ready. MA

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BANKING IN GIFT CITY

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Abstract

The Banking ecosystem is not only the cornerstone of the GIFT IFSC but also one of its most thriving financial services. The IFSCA (Banking) Regulations, 2020 and the IFSCA Banking Handbook lay down the comprehensive principle-based regulatory framework for banking business in GIFT IFSC. This enabling framework is benchmarked with best global standards and practices and has been a game changer in the road map of banking business in GIFT IFSC, resulting in an impressive growth of total banking asset size from $14 bn. in September 2020 to $60 billion in March, 2024. As India is evolving towards its 2047 goal of 'Viksit Bharat', IFSCA is determined to develop the GIFT IFSC as an international nerve centre for Banking activity.

As one of the largest and fastest growing economies, India has been a major consumer of financial services from the International Financial Centres like Singapore, Hong Kong, Dubai, etc. With the objective of bringing back to India the international financial service business generated from India, and gradually emerge as an international financial services hub at the regional and global level, the Government of India established India's maiden International Financial Services Centre (IFSC) at GIFT Multi Services SEZ in April 2015. The International Financial Services Centres Authority (IFSCA) was established on April 27, 2020, under the provisions of the IFSCA Act, 2019, as a unified regulator for the financial product, financial services and financial institutions (FIs) in IFSC

The Banking ecosystem is the cornerstone of the GIFT IFSC playing multiple roles as a financial intermediary, providing financial services to clients both outside and from India and facilitator of various services forregistered units like mutual funds, AIF, stock exchanges within IFSC.The vibrant banking ecosystem in GIFT IFSC comprises 28 Banks and has a healthy mix of both foreign and domestic banks, set up as branches of their parent bank and termed as IFSC Banking Units (IBUs).The total Asset size of IBUs accounts for USD 60 Bn as on March , 2024 and cumulative value of transactions at USD 795 Bn. TheIBU's credit exposureas on March 2024 stands at USD 34.92 Bn, covering countries like US, UK, Singapore, UAE etc. apart from India. Additionally, the cumulative derivatives trades by IBUs has crossed USD 796 Bn and the cumulative Non-Deliverable Forwards (NDF) booked was over USD 439 Bn as on March, 2024.

The key enablers for such a thriving and stable banking ecosystem, showcasing exceptional growth rates over the past three years are the various policy measures like progressive Regulatory Framework, facilitating ease of doing business, competitive tax structures, etc.

Regulatory Framework for Banks in IFSC

To enable a sound, robust and stable banking ecosystem in IFSC, IFSCA notified the IFSC (Banking) Regulations, 2020 on November 18, 2020. These Regulations are proportionate, principle based and benchmarked with global best practice, aligned with the Basel Consolidated Framework. With a view to enhance ease of doing banking business in GIFT IFSC, the Authority issued the IFSCA Banking Handbook which is a single comprehensive source of all the instructions / directions governing banking operations in IFSC, aligned with the international standards. It comprises following three Directives:

a. General directions (GEN)- includes provisions on licencing of IBUs, defines the 'controlled' and 'designated' functions and the requirements for 'approved / authorised individuals' who can carry out such functions. It also lays out the broad principles for banking business and provides information about the IFSCA's supervisory powers, functions and approach.

b. Conduct of Business directions (COB)- aims at ensuring that IBUs meet the minimum standard of conduct expected, particularly regarding the treatment of their clients, their dealings with counterparties and other market participants and contribute to fostering and maintaining the integrity of financial markets in the IFSC

c. Prudential directions (PRU)-Prescribes the non-qualitative prudential requirements applicable to the Banking Company.On the principle that prudential requirements are meant for and are to be maintained and monitored at the bank level, for prudential requirements IBUs are to be guided by the requirements of the home regulator (i.e., the banking regulator of the jurisdiction where the parent bank has been incorporated).

Banking Activity- Permitted Currency

Under the provisions of the Foreign Exchange Management Act, 1999 ('FEMA), FIs set up in the IFSC are treated as a person resident outside India and such FIs can undertake business in such foreign currency and with such persons, whether resident or otherwise, as prescribed by the concerned Regulator i.e IFSCA. These Directions enable capital to flow freely between FIs in IFSC and rest of the world and also facilitate FIs to freely channelise capital from rest of the world into India.

In line with these provisions, IBUs are permitted to undertake activities in 15 foreign currencies, termed as "specified currencies" which are USD, EUR, GBP, JPY, CAD, AUD, RUB, CHF, HKD, SGD, AED, SEK, NOK, NZD and DKK. The IBUs are barred from undertaking transactions in INR amongst themselves. However, they can deal in INR for administrative purposes by opening a SNRR account with AD Bank in India. IBUs can undertaketransactions with persons resident in India in INR (subject to provisions of FEMA) or in any of the specified currency and transact with persons resident outside India, in any of the specified currency.

Banking in GIFT City-Mode of presence and operation

The IFSCA Banking Regulations permits a banking company to be established in four modes as described below. Once licenced by IFSCA, these entities can undertake the activities in the form stipulated under the conduct of business direction of the IFSCA Banking Handbook.

i. IFSC Banking Units (IBUs) can be set up as a branch of the parent bankand are permitted to undertake the business of 'banking' permitted under the Banking Regulation Act, 1949, financial product and financial service as specified under section 3 (d) & 3 (e), respectively, of the IFSCA Act, 2019 and are restricted from writing contracts of insurance.

ii. IFSC Banking Company (IBC) can be set up in the form of a WoS of the Banking Company. This is a potential opportunityfor existing IBUs whose business has grown substantially, to convert themselves into IBC for better regulatory comfort and also an enabling framework for issuing licence for Digital banks in IFSC. The Authority is in the process of issuing the Regulatory framework for the same.

iii. Global Administrative Office (GAO) established by a Banking company, would primarily undertake management, supervision and coordination of operations of overseas branches (including IBU) of the Parent Bank and provide "support services" for banking activities undertaken within and outside IFSC.

iv. Representative Office (REPO) established by a Banking company is permitted to provide marketing activities pertaining to financial services or financial products offered in a jurisdiction outside the IFSC by a 'related party' (i.e., its head office, another branch of the head office or a group member) and are prohibited from undertaking banking business in IFSC.

Banking in GIFT City- key advantages

i. Unified Regulator-IFSCA is the single point of contact for registration under multi sectoral activities undertaken by IBUs. The upcoming single window application process and the SupTech project is expected to streamline the licensing process and regulatory reporting by IBUs.

ii. Multiple business lines can be enabled under a single unit- The Banking Licence issued by IFSCA is a full stack licence enabling IBUs to undertake a whole gamut of financial services without setting up a separate entity.

iii. Ease of doing business due to adoption of prudential Regulations prescribed by the Home Regulator -This facilitates ease of doing business for IBUs who do not have to comply with disparate sets of prudential regulatory requirements prescribed by Home and Host Regulator.

iv. Adoption of best international practices: For developing GIFT-IFSC as a global hub for banking, one of first steps is to create the regulatory regime akin to other peer International Centres. IFSCA's banking regulatory framework has been appropriately benchmarked with the best international practices and standards, for wide spectrum of aspects like licencing, prudential norms, outsourcing , permitting risk management instruments like participating in synthetic securitisation program of the parent bank, conduct of permitted activities, etc.

v. Availability and proximity to large hinterland ecosystem- Being located on Indian Land, GIFT IFSC has emerged as preferred offshore banking jurisdictions for Indian clients (who were availing offshore financial services), owing to the easy connectivity and operating in the same time zone. Access to pool of manpower with requisite skillset of working both in domestic as well as international organization, state of the art infrastructure and the budding social infrastructure are some of the promising enablers for the Banking ecosystem.

vi. Beneficial cost of operations-. The administrative expenses like rentals, maintenance, legal, salary etc. is significantly lesser than in other global IFSCs and is permitted to be undertaken in Rupee through the designated SNRR account.

vii. Tax benefits under direct and indirect taxes- In order to boost investment in IFSC and provide parity to Regulated entities, GIFT-IFSC enjoys tax dispensation at par with other IFCs. These are in the form of tax holidays, relaxation in withholding tax etc.

Banking in GIFT City- Bank for the Future

The IFSCA Banking Regulations provide a full stack licence to bank which implies that a single unit along with providing traditional banking services can undertake other myriad financial services. GIFT City has a plethora of opportunities available in financial services for IBUs, some of them are as under

i. Providing wholesale banking services (e.g., lending, ECB, trade finance CASA, etc.) for foreign subsidiaries of India headquartered corporations

ii. Participate in global markets business, including treasury operations, dealing in non-deliverable forwards (in INR and other currencies)and participatory notes

iii. Provide acquisition financing to Indian & Foreign companies

iv. Providing services to designated entities without risk participation

v. Providing private wealth banking for NRIs in form of structured deposits, distribution of foreign currency denominated capital market and insurance products

vi. Distribution of capital market products

vii. Participate in an authorised payment system and offer payment services

viii. Participate in aircraft-leasing and associated ecosystem for India & near shore markets, ship acquisition, financing and leasing of India and nearshore markets

ix. Enable opening and managing of Foreign Currency Accounts (FCA) for Resident Individuals for undertaking permissible transactions under the Liberalised Remittance Scheme of the Reserve Bank of India.

Conclusion

As India is evolving towards its 2047 goal of 'Viksit Bharat', IFSCA is determined to develop the GIFT IFSC as an international centre for Banking activity. The availability of international banking services at competitive costs in GIFT IFSC and the enabling regulatory environment for the same has immense potential to boost the Indian corporates and entities,by providing key international banking services and in effect completely shifting such markets in other overseas financial jurisdictions, to India. Due to its proximity to the hinterland, IBUs can also effectively cater to the FCY requirements of SMEs, who have limited access to FCY funds from other offshore centres and in turn boost their competitiveness in the global export market. MA

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AI AND GENERATIVE AI - A MULTIDIMENSIONAL STUDY FROM CFOs' PERSPECTIVES

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Synopsis

AI and Generative AI are two of the most talked about digital technologies of the present decade and may continue to the next. While there are both hyped enthusiasm and debatable scepticism on the part of users about their usefulness, ANI and ASI, etc., huge investments have already poured into the entities of digital giants for unique innovations with GenAI. Recently, the Nasdaq Stock Exchange experienced a quasi-bubble bursting-like situation due to the price of their shares falling. Keeping all the debates and events of anxiety aside, there is no doubt that AI and Generative AI are the two most useful technologies from the perspective of CFOs and their CXO colleagues. This paper provides a multidimensional study from the perspective of CFOs. This study includes brief discussions on the imperatives of CFOs for harnessing benefits from AI and GenAI, AI strategy framework, multifaceted applications of tools, 12Rs for ensuring success with AI projects, AI TRiSM, etc.

Image Source: *https://www.istockphoto.com/photos/artificial-intelligence*

Introduction

Given the overwhelming speed at which Artificial Intelligence (AI) is being adopted and applied to influence and impact common people's lives, a debate may soon start on whether AI is more important than electricity and water for a common man. One part of the debate will settle immediately because electricity is a must. Without it, AI will not function, nor can the products from digital transformation be delivered and used, albeit environment lovers suggest for minimum most smart use of AI and less guzzle electricity. On the waterfront, the anxiety is the earth getting flooded with water due to the melting of icebergs and glaciers caused by global warming. The third and fourth dimensions are whether AI can help corporations meet their ESG-related obligations and contribute to diversity, equality, and inclusiveness (DEI).

Another debate that has lost steam, perhaps temporarily, is whether AI has reached the stage of artificial natural intelligence (ANI) or can perform what a common man can, which may escalate to another debate motion whether AI can reach artificial super intelligence (ASI). Given all these, the hype on AI and Generative AI (herein after referred to as GenAI) started catching the active attention of corporations like wildfire around 2020. It gained further momentum after Open AI launched ChatGPT. Globally, corporations across the industry sectors started accelerating the process of adopting and applying AI and GenAI to gain sustainable competitive advantages. However, it is still unclear whether ROI is sufficient to justify investments from the perspective of the AI application tools provider and the user corporations. Thus, the subject of AI is gradually becoming more complex and debatable.

Background

While the above scenario is dynamically developing and changing directions due to widespread debates, the third group, i.e., equity investors, are getting anxious about ROI from their investments in technology companies dealing with AI and GenAI. The Economic Times[1] (ET) reported on July 25, 2024, that *"Investors soured on the promise of artificial intelligence Wednesday, sparking a $1 trillion rout in the Nasdaq 100 Index as questions swirled over just how long it will take for the substantial investments in the technology to pay off.*"

Digital technology giants launched their respective brands of GenAI in around 2021, for which equity investors staked large funds in funding their GenAI projects. The expectation was that industrial corporations across the sectors would apply GenAI to accelerate the digital giants' financial performance and growth. However, such a report may indicate that fatigue has set in. Murmurs are reported to be there about a USD 9 trillion bubble-type value addition to the S&P Index. The head of equity researcher, Jim Covello1 of Goldman Sachs, commented, *".... the commercial hopes for AI are overblown and questioning the vast expense required to build out infrastructure required for the computing to run and train large-language models."*

While such friction and noise in the techno-financial ecosystem will keep occurring, the deepening taste of AI that has been there in the tongues of corporations will not fade away soon because one cannot deny that data is the most powerful driving asset of the present century and Industry 4.0 era. Large corporations, BFSIs, governments, academic institutions, and NGOs will not find the future easy to navigate without success in garnering the power of data. Moreover, applications of the recently added GenAI can also generate many tangible benefits if applied with due caution through the reasonably known domain of data and with rightful tasks to be assigned. Again, success with AI and GenAI will depend upon the volume, quality, relevance, currency of data, and effectiveness of analytics and powering digital tools.

The author is consciously aware that GenAI is also a member of the AI dynasty. However, GenAI is also being mentioned alongside AI, keeping in view the following major newer frontiers of advanced applications opened by AI technology as explained by Basu (2024)[2]:

- Low Code and No Code (LCNC) - Platforms to provide a high degree of independence for using computers to users,
- Transformer Model - To help the computer understand one full sentence and the paragraph simultaneously and summarise instead of word by word to facilitate speedier scrapping of contents, leading to qualitative improvement in output,
- Large Language Model - Extending the Transformer model for the computer to perform in an interconnected environment
- Collaborative Robotic (CoBot) for the manufacturing industry
- Advanced RPA - Versatile and powerful Robotic Process automation

GenAI also helps enhance the efficiency of tools for the **8Vs** of Data Analytics, which facilitates effective strategic decision management and execution. Those 8Vs are Volume, Value, Veracity, Visualisation, Variety, Velocity, Viscosity, and Viability. Readers may know more about these from the author's[3] writings on the subject.

Objective

The purpose of the above introduction and the quoted narratives under the Background section is not to discourage anyone. While the adoption of AI and GenAI will continue, including in the functional areas of CFOs, there is a need for due caution when aggressively pressing the accelerator pedal and not being influenced by the me-too syndrome. This is because not all cases of industry sectors and each organization at the micro level under any sector is not the same. Therefore, adopting and applying AI with a 'one-jacket-fit-all' approach, even with minor alterations, will not help attain success. If the decision maker does not respect each organisation's specificities and unique needs, any amount to investment for powerful AI tools and systems will not serve the purpose, not to speak of generating desirable returns.

Considering the above, the objective of this paper is to ideate and enumerate various aspects and dimensions that the CFO of any organisation should think through while making decisions for adopting and applying various tools from the stable of Artificial Intelligence and Generative AI. While the subsequent discourse will predominantly be keeping in view the functions of the CFO and his team, efforts will be made to make those equally relevant for other CXOs because every CFO is not only the main aide for her/his CEO but also the common service function thread across all functions, including digitalisation and digital transformation of business operations.

CFOs' Imperatives for Harnessing the Power of AI and GenAI

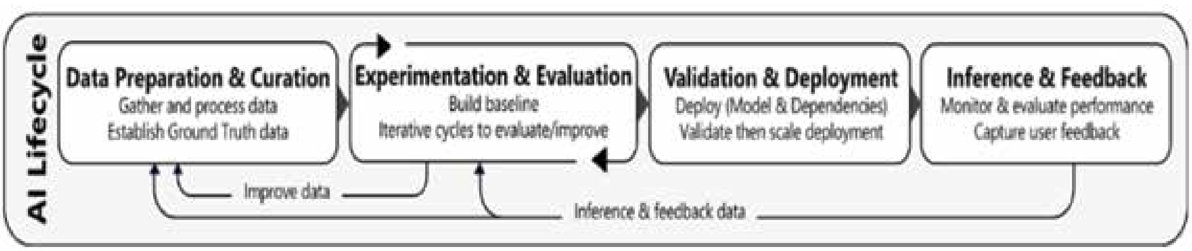
The author's experience as a CFO and Global Group Controller of two large Indian MNCs and presently as a consultant prompts to state that the horizon of any CFO's function in any corporation is not restricted to only accounting, reporting, budgeting, and treasury management. CFOs in many organisations and group corporates also head and lead functions like strategic planning. in-house investment banking, taxation, corporate administration, ICT, digitalisation, and now digital transformation.

Susie Clements (2024)[4] mentioned the following in one of her publications about the findings from survey-based research results of Heidirck conducted amongst financial officers worldwide. The results are not at all desirable if AI is to be seriously taken for the entity is to be transformed into a data-driven organisation:

- 68% are currently using AI for at least one activity,
- 92% expect to employ it in some form within two years. and
- Only 11% of CFOs surveyed own the AI strategy within their organisation, with 20% believing there is no owner at all.

Therefore, the discourse so far in this paper substantially widens the CFO's responsibility horizon, particularly in adopting and applying AI and GenAI. In this context, the overarching imperatives of a CFO can be summarised in the following lines. She/he has to:

- Articulate the Digital Vision, Mission, Policy, and SOPs with one identified AI Leader and AI champions for each functional area for approval of the board of directors,
- Align the organisational goals with the goals to be achieved by the deployment of AI and GenAI,
- Develop an organisation-wide strategic mindset for leveraging AI and GenAI to face business challenges and drive innovation,
- Design the Strategic roadmap for AI implementation using the principles of the AI Playbook to attain sustainable competitive advantages.
- Formulate effective action plans to build a transformative digital culture and responsible AI practices in the organisation, and
- Evaluate new options for AI tools and generate digital capabilities to meet specific business needs, etc., dynamically work on the same through the project-wise 'AI Life Cycle', monitor results from finance function, and participate in similar processes for other functional areas.



Source: https://learn.microsoft.com/en-us/ai/playbook/technology-guidance/generative-ai/

Readers may know about the 'AI Playbook' from many sources, one of which is Microsoft, available at https://learn.microsoft.com/en-us/ai/playbook/. According to them, *"We will base our capabilities in the context of the Gen AI application lifecycle that has standard stages for custom ML, and Large Language Model solutions. This lifecycle represents the typical iterative approach to preparing, deploying, and improving a Gen AI application over time"*.

AI Strategy Framework and CFOs

Every organisation has a specific set of periodically reviewed long-term strategies to achieve long-term goals aligned with its vision and mission. If AI and GenAI are to be used to transform the entity into a data-driven company, its AI strategies and objectives must also be aligned with the business strategies and objectives defined in financial terms. Even the execution tactics of AI strategies must also align with the same for business operations. If need be, the same may have to be suitably modified, befitting the specificities of each functional area.

AI Strategy Framework

Source: https://www.linkedin.com/pulse/gatners-ai-trism-framework-risk-mitigation-alignment-narayanaswamy-pwowc/

The above graphic suggests that any structured AI strategy framework should have four pillars, viz., Vision, Value, Risks, and Adoption. Each pillar has its reinforcements within, as narrated in the above graphic. One cannot deny that CFOs playing the role of Lord Shri Krishna in the battle of Kurukshetra and the chief advisors of the CEOs will also have to play a role in crafting the AI Strategy Framework. They are not narrated in detail due to the shortage of space. However, the two most important reinforcements that need specific mention are 'People and skills' for the Value and decision governance for the Adoption pillars. If not suitably handled, human resources may cause employee unrest or suffer from a lack of commitment and dilution in motivated support while implementing AI strategies.

Therefore, the CFO must keep in his AI Playbook provisions for recruiting new talents for the functional areas of data science, AI, and GenAI tools and systems. Simultaneously, existing members must be trained, upskilled, and reskilled for redeployment. In certain corporations, downsizing of human resources may be needed gradually with the deployment of GenAI tools and systems. Regarding decision governance, there are two imperatives, viz., involving the Management Audit Team right from the project conceptualisation stage through the period for the realisation of returns. The other one has already been narrated under the section 'CFO's Imperatives and Horizon.

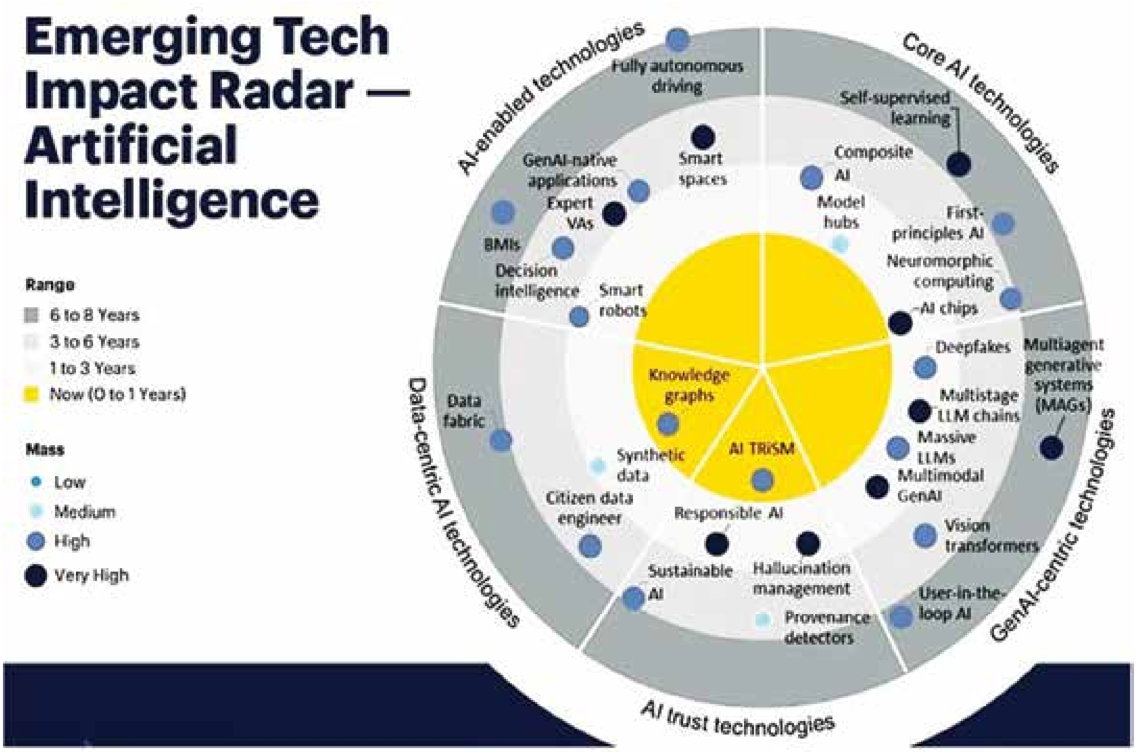
At this stage, it will be relevant and helpful to understand the global scenario of results generated by the adoption of AI and GenAI so that CFOs and her/his team members can appreciate what all are happening. A publication of Forbes Advisor (2024)[5], quoted the following statistics and predictions provided by various researched studies by reputed organisations:

- *"The global AI market was valued at $136.55 billion in 2022 and is expected to grow exponentially in the upcoming years, ...*
- *The global AI market size is projected to expand at a .... CAGR of 37.3% from 2023 to 2030. It is projected to reach $1,811.8 billion by 2030.*
- *... AI is expected to contribute $15.7 trillion to the global economy by 2030, more than the current output of China and India combined.*

The same publication contains statistics provided by PwC, which indicate that by 2030, Developed Asia regions, excluding China, will realise benefits of about 10.4% of their GDP or USD 0.90 trillion from applications of AI technologies. India, presently regarded as one of the front runners in adopting digital technologies in this region, will receive the lion's share of these benefits. According to that publication, India's AI market size was around USD 680 million in 2022 and has been predicted to reach 3,3935.5 million by 2028, recording a CAGR of 33.28%. Therefore, going forward, CFOs across all entities have a significant role to play and manifold higher responsibilities.

AI and Gen AI Applications for CFOs' Functions

Digital technologies in the AI domain, including GenAI and their innovative applications, are evolving globally at an accelerated pace. Almost every CEO's radar across countries has captured that development. Now AI and GenAI are one of the priorities in the agenda of almost every large organization across nations, albeit with varying degrees of adoption and applications to different functional areas. Some entities are also compelled to adopt and apply because of peer pressure, while others are adopting to keep pace with customers and vendors. Cases in point are organisations in the sectors like BFSI, aviation, tourism, eCommerce, supply chain, etc. A few may also be driven by 'Me-Too' syndrome.



Source: AI Tech Impact Radar: https://medium.com/@chasethisnow/gartners-emerging-technologies-trends-impact-radar-de8cf6e333e1

The question now is how to map the technologies in terms of their specificities under the main AI domain and the graded impact of those in terms of mass and impact. CFOs must understand this not only when making decisions to adopt and apply to their functions, but they must also apply the understanding while evaluating and according financial concurrence to AI Project proposals of other CXOs. Gartner[6], in one of their publications, has presented the above graphic for the benefit of CXOs with the following narratives to appreciate it:

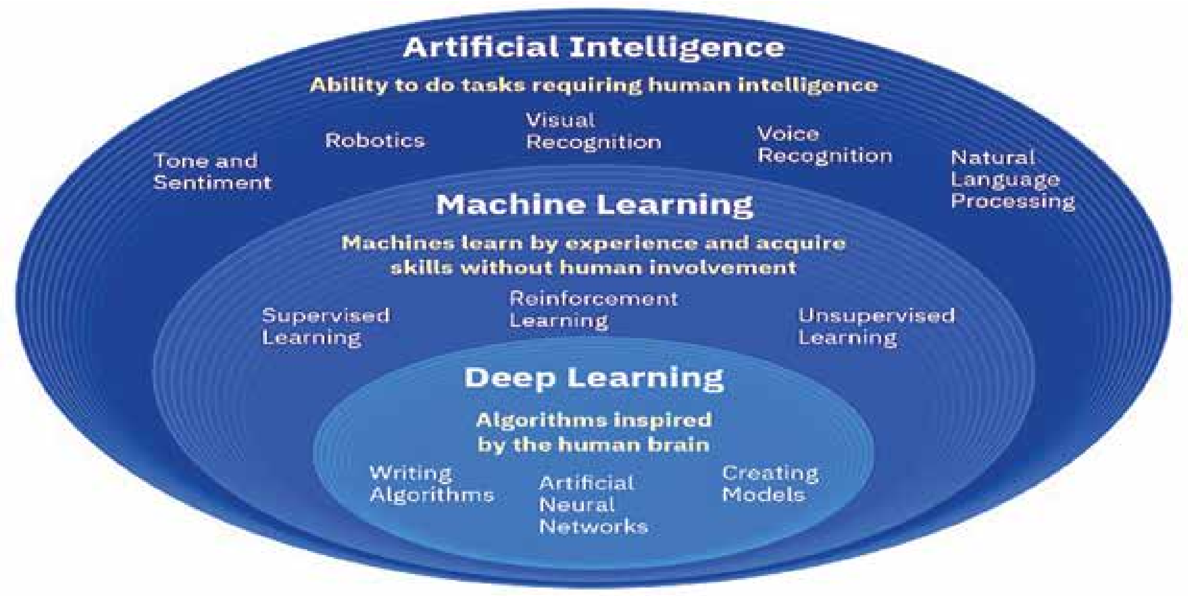
"The rings represent the range, which estimates the number of years it will take until the technology or trend crosses from early adopter to early majority adopter. The size and color of the emerging technology — or trend radar blip — represent the technology's mass; in other words, how substantial will the impact of the technology or trend be on existing products and markets." If the words in the graphic are difficult to read, readers may please expand the screen. If required, to understand terminologies, readers may refer to the "Gartner Glossary, " a Technology Dictionary at https://www.gartner.com/en/glossary/all-terms.

As can be observed from the graphic, Gartner has first categorised the technologies under the AI domain into four groups according to the nature of work they can perform. The fifth group is AI-enabled technologies, e.g., artificially intelligent Robots, IoT, and Robotic Process Automation (RPA) for computing software, which is gradually becoming a common application, particularly in the banking industry. The mass analysis would also help CFOs assess the impacts on operations and the financial viability of projects to be executed as independent projects.

Harnessing AI for CFOs' Functional Areas and Services to CXOs

Experts across the board agree that artificial intelligence has enormous potential for effective and affirmatively impactful applications by the CFO and her/his team, particularly considering the pivotal role they play for any type of organisation across business sectors. CFOs always drive for strategic collaboration with CXOs across functional areas. She/he is the custodian of the most powerful asset of the present digital era, i.e., data, as for any other tangible asset of the company, albeit the CDO and/or CTO may have direct responsibility for data storage and safe preservation.

But when the question of data utilization comes to conducting various analyses/analytics, trend visualisation, and drawing inferences to facilitate strategic decision-making, the CFO community is the largest user group. The following graphic contains the broad categories of tools from the stable of AI for need-specific adoption and applications by CXOs' in consultation with the CTO and data scientist:



Source: https://blog.ivanverges.com/2020/03/artificial-intelligence-machine.html

The enormity of such applications for AI-enabled functional efficiency and effectiveness improvement and transformations can be appreciated from the following list of tasks that can be performed powered by the AI Tools as contained in the above graphic:

1. Long-term business strategy formulations, crafting of tactics for execution, and performance monitoring to initiate midcourse strategy modification,
2. Predictive forecasting of risks and the value at risk (VAR) and proactively initiating risk mitigation measures for transforming the organisational approach from Enterprise Risks Management (ERM) to Risk Enabled Performance Management (REPM),
3. Robotic Process Automation (RPA) of routine, mundane financial and operating functions with applications of AI tools like Optical Character Recognition (OCR), Natural Language Processing (NLP), Speech2Text tools, Artificially Intelligent Internet of Things (AIIoTs), robotic and manual process integration, etc.,
4. Data analytics and trend analyses enabled forecasting and budgeting of annual business plans with a bottom-up approach after due diligence of the external business environment,
5. Crafting of new business models and revenue models based on environmental analyses driven by data and powered by digital technologies like RPA,
6. Dynamic and progressive trend assessment, inclusive extrapolation of financial data for day-to-day liquidity management planning and execution, including resource allocation for individual CGUs and business functions,
7. Foreign currency exchange risk exposure management and minimisation of hedging costs,
8. KRA and KPI-based daily performance reporting with deductive analyses from the corporate level to each CGU/business function level, including inferences drawn and trend ascertained for identification of root causes for variances and trend analyses at the minutest level for initiating mid-course corrective actions,

9. Improve and automate the process of determining and tracking ESG scores in compliance with relevant standards for ESG reporting to stakeholders,
10. Detection of instances of money laundering and other nefarious activities like terrorism, drug and ammunition smuggling, etc., particularly important for banking systems,
11. All-round improvement of periodical financial reporting for external stakeholders that will enable and ease their decision-making to deal with the company. and so on

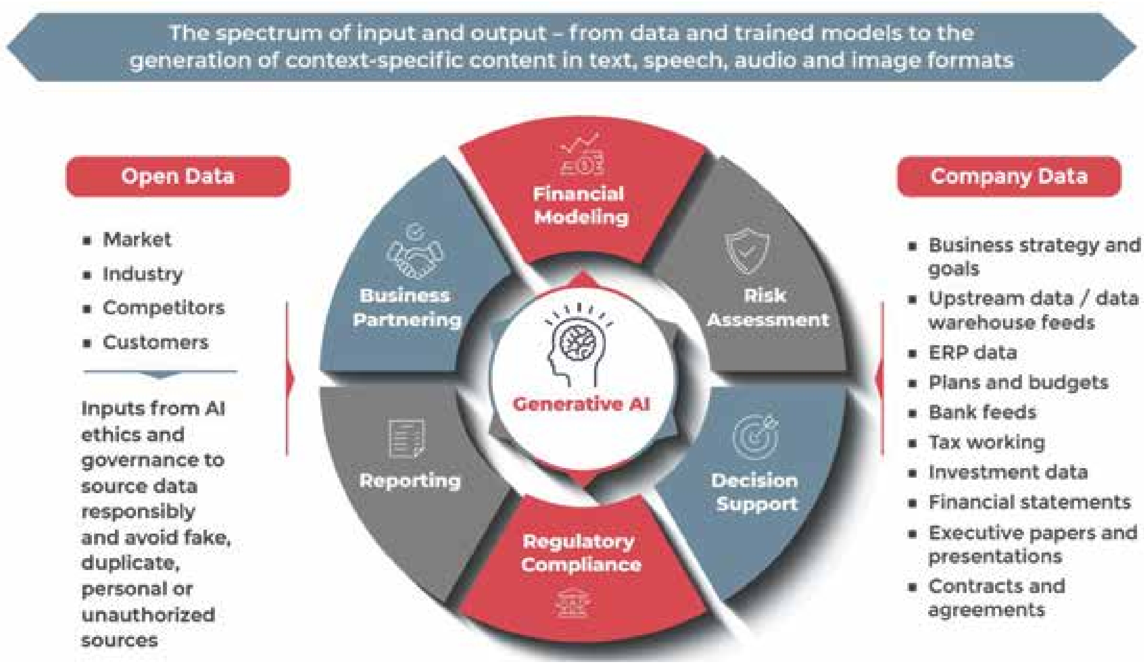
Each of the above tasks has not been narrated further due to a shortage of space. However, the author's detailed study of use cases and experience gathered from consulting assignments suggest that all the above can be done with applications of AI tools. Appropriately selected and meticulously implemented AI Projects can transform entities into data-driven organisations in search of excellence with sustainable competitive advantages. The point of caution here is that all data must be reliable, accurate, and relevant to the project under consideration. Therefore, CFOs must carefully select/concur the projects with due prior preparations for achieving a state of readiness, as enumerated in a previous section.

Needless to say, all the above tasks may not always apply to all corporations. Again, the costs of implementing AI tools-based projects may sometimes be more than the benefits derived in financial terms, particularly for smaller entities where the size of transactional data is not huge. They can take paid services from SaaS providers.

Generative AI for CFOs' Intricate Functions

The world is divided into groups about GenAI's effectiveness and the risks that can emanate from it. There also is scepticism about the accuracy of outputs it generates. Leaving that debate aside; none can deny that GenAI is an incredible innovation in the advanced AI domain. If the work assignments are appropriately articulated and the data is duly curated and updated from the known and reliable domains, outputs from Gen AI can be very helpful and effective. While GenAI can be applied by people across societal strata pursuing different tasks and objectives, the discussions in this section are limited to the purpose of commercial organization.

According to Gartner's Glossary[7], *"Generative AI refers to AI techniques that learn a representation of artifacts from data, and use it to generate brand-new, unique artifacts that resemble but don't repeat the original data. These artifacts can serve benign or nefarious purposes. Generative AI can produce totally novel content (including text, images, video, audio, structures), computer code, synthetic data, workflows and models of physical objects.* ...." Further detailed discussions about the fundamentals of GenAI are avoided in this paper. Readers may refer to the author's[2] another paper on these.



Source: https://s3.wns.com/S3_5/Documents/Articles/PDFFiles/7064/304/The-Future-forward-CFO-Harnessing-the-Power-of-Generative-AI-in-Finance.pdf

The above definition of GenAI, as articulated by Gartner, indicates, in all fairness, that all the tasks articulated in the previous sections for applications of AI tools by CFOs can furthermore be effectively and efficiently done and delivered with applications of GenAI. All these will contribute to the optimisation of financial results. McKinsey (2023) has concluded in their research-based report that *"Generative AI's impact on productivity could add trillions of dollars in value to the global economy. Our latest research estimates that generative AI could add the equivalent of $2.6 trillion to $4.4 trillion annually across the 63 use cases we analyzed*." Even the prediction comes true even with 50% of the two quoted values, GenAI will annually add a huge sum to the global economy.

The proverb "*A picture is worth a thousand words*" can be validated again by reflecting on the above graphic. It has divided the CFO's tasks into six distinct groups for applying GenAI tools. Readers can also take note of the kind of data that can be sourced from external and internal ecosystems. Another unique help for CFOs is that GenAI tools can generate **'Synthetic Data'**. Gartner's Glossary[7] writes that it "*is generated by applying a sampling technique to real-world data or by creating simulation scenarios where models and processes interact to create completely new data not directly taken from the real world*." This very definition indicates that Gen AI applications can be found very useful by CFOs and other finance professionals, particularly for qualitatively improving:

- Sensitivity analyses of new business and revenue models crafted post-digital transformation for business operations,
- Elevating the quality and efficacy of decision support services to the CEO and CXOs,
- Investment banking activities like IPO. FPO, M&A, and corporate restructuring,
- Financial modelling for capital budgeting and fund allocation,
- Predicting risks for proactive handling and staying ahead,
- Financial forecasting, strategic planning,
- Strategic alliance and business partnering, and so on.

Financial Viability AI and GenAI Projects

In one of his earlier papers[9], the author discussed the steps needed to assess the financial viability of AI-based projects, many of which are similar to those for assessing the viability of capital investment projects. Hence, the same is not being repeated here. However, the author craves the indulgence of readers to repeat the following '**12Rs for Success**' in any project with AI-related technologies:

- Selection of the 1. **Right AI Project** and
- executing the same using the 2. **Right set of Data**
- for the 3. **Right Purpose**
- at the 4. **Right Time**
- with the 5**. Right Analyses/Analytics**
- deploying the **6. Right Tool(s)/Software** and
- **7. Right Manpower**
- for generating the **8. Right Outputs**
- that are relevant for taking the **9. Right Decision**
- at the **10. Right Cost**
- for the **11. Right Return** and
- updating past learning points at **12. Right Intervals** with again the right set of data.

AI TRiSM

Thus, AI and GenAI can potentially provide powerful tools for CFOs if handled cautiously using reliable and relevant data to the context. It is also evident that GenAI is uniquely a new way of interfacing with a computing machine by a non-technical person like a CFO and other finance professionals. These are not transactional systems; rather, they deal with past data and to-be data. For this, machines are to be given appropriate instructions in the natural English language instead of clicking a button, an icon, or even a code.

Therefore, every user of GenAI software and digital tools, even if provided by the best of the digital giants, will also demand their skill in providing the right instruction to the machine for getting the right output. Here, there is a possibility of GIGO if due care is not exercised. Therefore, every CFO must be aware and careful about AI TRiSM or Trust, Risks, and Security Management

- **Trust:** Most importantly, the CFO must Trust the data to be used and the people who will handle the software configuration and maintain it. She/he either should attain the skills of a data scientist or have all the confidence to trust the one to be associated with her/him.
- **Risks:** Like any other digital technology, Gen AI

is also not without lurking fear of Risks that can fructify. CFOs must review the output by applying their own judgments to avoid accepting outputs that are 'Deep Fakes' and 'Output Manipulation'. All systems must be adequately protected against data leakage and malware.

- **Systems Management:** Adequate care must also be taken to ensure zero unauthorized access to the data to protect it against spoilage, mixing it with non-relevant and erroneous data, and causing data leakages. All possible UAT must be conducted to gain confidence in the systems, and periodical ethical hacking would be a must to ensure the safety, security, and privacy of the data.

To ensure this, all the above well-articulated and comprehensive Policies, Guidelines, SOPs, and Risk Management Frameworks must be in place. Those should be approved by the Board and overseen by the Audit Committee. At every stage, Internal Audit and/or the Management Audit Team should efficiently intervene as an aide to all than bloodhounds.

Conclusion

The author dedicates this paper to his colleagues in the finance profession. In his working life with corporates, the facilities provided by AI and GenAI were not there; instead, there were struggles to deliver the best. Efforts to write this paper will be considered to have met success if CFOs, other finance professionals, and their colleagues from different functional areas find the contents useful at least for one aspect of their working life and training the future CXOs of the world. The author will be happy to respond to any questions and clarification needed from any reader. He would like to benefit from observations from all. Communications may be sent through LinkedIn messages. MA

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Budget 2024-25 focuses on four themes: Employment, Skilling, MSME, Middle class

"Vikshit Bharat" represents Government vision to transform the country to Developed nation on the 100th Independence in 2047. Budget 2024-25 has been formulated envisioned of the concept "Vikshit Bharat 2047". A number of plans have been proposed in the budget giving priorities on the following:

Productivity and resilience in Agriculture

- Comprehensive review of the agriculture research setup to bring focus on raising productivity and developing climate resilient varieties
- For oil seeds such as mustard, groundnut, sesame, soyabean and sunflower
- 109 new high-yielding and climate resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers
- Promotion of FPOs, cooperatives & start-ups for vegetable supply chains for collection, storage, and marketing
- For systematic, orderly and all-round development of the cooperative sector
- Shrimp Production & Export
- Issuance of Jan Samarth based Kisan Credit Cards

Employment & Skilling

- Scheme A First Timers: One-month wage to new entrants in all formal sectors in 3 installments up to ₹15,000
- Scheme B Job Creation in Manufacturing: Linked to first time employees, Incentive to both employee & employer for EPFO contributions in the specified scales for the first 4 years
- Scheme C Support to Employers: Government will reimburse EPFO contributions of employers up to ₹3000 per month for 2 years for all new hires
- Skilling Programme: (a) 20 lakh youth will be skilled over a 5-year period (b) 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation, (c) Course content & design aligned as per skill needs of industry

Priorities for Viksit Bharat

- Purvodaya: (a) Plan for endowment rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh for generation of economic opportunities to attain Viksit Bharat. (b) Amritsar Kolkata Industrial Corridor with development of an industrial node at Gaya
- Pradhan Mantri Janjatiya Unnat Gram Abhiyan: Improving the socio-economic condition of tribal communities covering 63,000 villages benefitting 5 crore tribal people
- More than 100 branches of India Post Payment Bank will be set up in the North East region
- Andhra Pradesh Reorganization Act: (a) Completion of Polavaram Irrigation Project ensuring food security of the nation. (b) Essential infrastructure such as water, power, railways and roads in Kopparthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor

Manufacturing & Services

- Mudra Loans: The limit enhanced to ₹ 20 lakh from the current ₹ 10 lakh under the 'Tarun' category
- Credit Support to MSMEs during Stress Period
- Scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years
- Allowance of ₹5,000 per month along with a one-time assistance of ₹6,000 through the CSR funds

Urban Development

- Encouraging states to lower stamp duties for properties purchased by women
- Envisioning a scheme to develop 100 weekly 'haats' or street food hubs in select cities
- Transit Oriented Development plans for 14 large cities with a population above 30 lakh
- Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects

Energy Security

- Initiatives with private sector in Nuclear Energy

- Pumped Storage Policy: For electricity storage and facilitation of smooth integration of the growing share of renewable energy
- AUSC Thermal Power Plants: A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plants

Next Generation Reforms

- Unique Land Parcel Identification Number or Bhu-Aadhaar for all lands
- Land records in urban areas will be digitized with GIS mapping
- Survey of map sub-divisions as per current ownership
- Digitization of cadastral maps
- Linkages to the farmers' registries
- Establishment of land registry
- NPS Vatsalya: A plan for contribution by parents and guardians for minors
- New Pension Scheme (NPS): A solution that addresses the relevant issues protects the common citizen and maintains fiscal prudence will be formed

Simplification in Taxes

Changes in Custom Duty:

a. Fully exempt 3 more cancer medicines from custom duties

b. Reduce BCD to 15% on Mobile phone, Mobile PCBA and charger

c. Reduce custom duty on gold and silver to 6% and platinum to 6.4%

d. Reduce BCD on shrimp and fish feed to 5%

e. Exempted more capital goods for manufacturing of solar cells & panels

f. Fully exempt custom duties on 25 critical minerals

Direct Tax Proposals:

a. Short term gains of financial assets to attract 20% tax rate

b. Long term gains on all financial an non-financial assets to attract a tax rate of 12.5%

c. Increase in limit of exemption of capital gains on financial assets to ₹1.25 lakh per year

d. Abolish ANGEL tax for all classes of investors

e. Simpler tax regime to operate domestic cruise

f. Provide for safe harbour rates for foreign mining companies (Selling raw diamonds)

g. Corporate tax rate on foreign companies reduced from 40% to 35%

h. Standard Deduction for salaried employees increased from ₹50,000 to ₹75,000 under new regime

i. Deduction on family pension for pensioners increased from ₹15,000 to ₹25,000

Sources: *indiabudget.gov.in*

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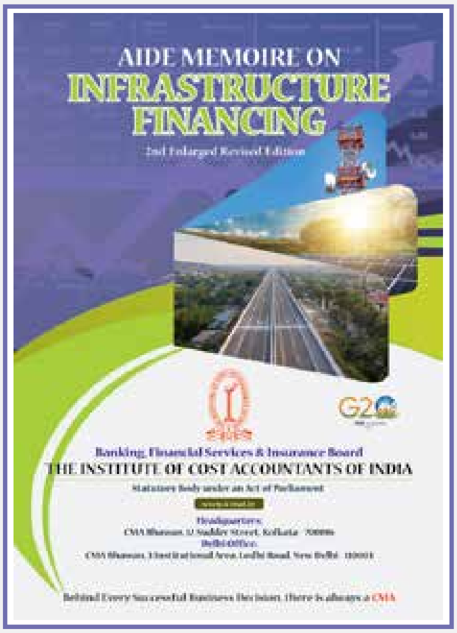

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  - Elements of Financing Infrastructure.
  - Types of Public Private Partnership (PPP) models.
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  - Financing mechanism consortium/syndication.
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  - Key performance indicators including financial indicators and non financial indicators. This includes detailed discussion on all financial ratios for long term funding like DSCR, IRR, BEP and concepts like ESG compliances.
  - Detailed discussion on the intricacies involved in appraisal and sanction, including various aspects of concession agreement, Power Purchase agreement, Escrow agreement, Fuel supply agreement Inter creditors agreement etc
  - Assessment of various Risks involved in infrastructure finance like sponsor risk , construction risk,market risk, financial risk etc and mitigation thereof.
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    - Road sector- Toll Operate Transfer (TOT) model-Funding against existing project as a part of Asset Monetization Plan.
    - Renewable Energy sector - Solar Power Plant-New Project.
  - Case studies on Credit Risk Mitigation
    - Waste to Energy Project
    - Water supply management project.
    - Railway station Redevelopment project.
  - Project monitoring and performance audit of infra projects
  - Restructuring, management of weak accounts and NPA accounts.
  - Infrastructure thrust by Government of India- National Infrastructure pipeline , National Monetization Pipeline, NABFID and Atmanirbhar Bharat
  - Alternate sources of funding including InvITs, IDFs, Securitisation, Credit, Enhancement etc
  - ESG risks and mitigation measures, sustainable finance, energy transition and BRSR
  - Urban infrastructure - the way forward
  - Methodology for pricing of loans
  - Preventive vigilance
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THE GREEN BOTTOM LINE: HOW COSTING STRATEGIES CAN ENHANCE ESG VALUE

Abstract

The adaption and integration of green costing in the R2R [record 2 report] process will enable the enterprise to determine, the sustainability of their bottom line, in terms of ESG quotient.

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INTRODUCTION

The integration of ESG factors into business valuation is crucial in the current context of environmental issues as it helps companies to identify and manage risks, enhance their reputation, comply with regulations, and attract investment. By prioritizing sustainable practices and responsible governance, businesses may, not only create long-term value but also contribute to a more sustainable and resilient global economy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG factors are critical in the business valuation in the current context of environmental issues for several reasons:

- **Risk Management:** Climate change, resource scarcity, and other environmental issues present financial risks to businesses. Companies that do not manage these risks effectively may face financial losses, regulatory penalties, and reputational damage. By incorporating ESG factors into their operations, companies can identify and mitigate these risks, thereby enhancing their long-term value.
- **Reputation and Brand Value:** Consumers are becoming increasingly conscious of sustainability issues and are more likely to support businesses that demonstrate a commitment to environmental responsibility. Companies that prioritize ESG factors can enhance their reputation, attract customers, and build brand loyalty, ultimately increasing their competitiveness and value.
- **Regulatory Compliance:** Governments around the world are implementing stricter environmental regulations to address pressing issues such as climate change and pollution. Companies that fail to comply with these regulations may face legal and financial consequences. By aligning with ESG principles, businesses can ensure compliance with existing and upcoming regulations, reducing the risk of costly penalties and disruptions to their operations.
- **Investor Demand:** Institutional investors and asset managers are increasingly integrating ESG considerations into their investment decisions. Companies that perform well on ESG criteria are more likely to attract investment, as investors seek to align their portfolios with sustainable and responsible practices. Such investor demand for ESG-compliant companies can influence business valuations and shareholder wealth.

GREEN COSTING FOR STRATEGIZING ESG VALUE

These components of costs are not part of the traditional transaction process of an enterprise and hence, R2R processes do not cognise for the same. The costs incurred on account of various ESG factors are reflected under various disparate heads of expenses, in our socio-eco environment which impacts the financial statement of enterprise, either directly or indirectly. Green costing is a method by which an enterprise will have means to capture the cost for efficient and effective measurement, control and decision-support in the financial system. The green costing system design should be flexible, adaptive and transparent, enough to consider and analyse the cost information beyond the books of accounts of the enterprise. This approach will consider not only the immediate financial costs,, expenditures etc. but also the long-term benefits of sustainable practices, such as increased brand reputation, customer loyalty, and regulatory compliance.

Green costing will consider the environmental impact of business activities and integrating sustainable practices into financial decision-making. By analysing the costs associated with environmental initiatives and investments in renewable energy, resource efficiency and waste reduction, enterprises can, not only reduce their carbon footprint but also improve their bottom line.

In recent years, environmental, social, and governance (ESG) considerations have become increasingly important for businesses, to demonstrate their commitment to sustainability and responsible corporate practices. One key aspect of this is implementing green costing strategies, which will not only help companies reduce their environmental impact but also drive positive ESG outcomes.

"Investor demand for ESG-compliant companies can influence business valuations and shareholder wealth"

DRIVING ESG VALUE THROUGH GREEN COSTING

Implementing green costing strategies can have a direct impact on a company's ESG performance in several key areas:

- **Environmental Impact:** By identifying and reducing carbon emissions, water usage, and waste generation through cost-effective measures, companies can demonstrate their commitment to environmental stewardship and resource efficiency.
- **Social Responsibility**: Green costing also considers the social implications of business operations, such as worker safety, fair labour practices and community engagement. By integrating these factors into financial decision-making, companies can enhance their reputation as responsible corporate citizens.
- **Governance Practices:** Transparent and accountable governance is a crucial aspect of ESG performance. Green costing can help companies align their financial strategies with ethical principles and sustainable goals, demonstrating a commitment to robust governance practices.

CONCLUSION

Integrating green costing strategies into financial decision-making, will not only help the businesses reduce their environmental impact but also drive ESG values. By considering the long-term benefits of sustainable practices and aligning financial strategies with ESG goals, companies will be able to enhance their brand equity, attract socially conscious investors, and drive long-term value creation goal. Green bottom line is not only about financial performance but also about caring and creating a more sustainable and responsible future for businesses and society, as a whole.

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- **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.
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ENHANCING ECONOMIC EFFICIENCY THROUGH COST AUDITS: A COMPREHENSIVE ANALYSIS

Abstract

Cost audit is a vital tool for ensuring transparency, efficiency, and accountability in financial reporting. In India, the applicability of cost audits is limited to specific industries, but their potential benefits suggest a need for broader implementation. This article explores the current scenario of cost audits in India, their importance, advantages observed in advanced countries, potential economic impacts, and the support required from the Ministry of Corporate Affairs to increase their applicability.

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PRESENT SCENARIO OF COST AUDITS IN INDIA

In India, cost audits are mandated for industries like cement, pharmaceuticals, steel, textiles, and sugar, among others, as specified by the Ministry of Corporate Affairs. The Companies (Cost Records and Audit) Rules, 2014, govern these audits. However, recent changes, such as increasing the turnover threshold for mandatory cost audits from INR 35 crores to INR 75 crores, have limited their applicability further.

Cement Industry: Cost audits are mandatory for companies producing cement, with data showing a consistent rise in production costs by 5 per cent annually over the past decade.

Pharmaceutical Industry: This sector has seen a cost inflation rate of 7 per cent annually, with R&D expenditures constituting 15-20 per cent of total costs.

Textiles Industry: Data indicates a 10 per cent annual increase in raw material costs, particularly in cotton and synthetic fibers.

Sugar Industry: There is a 6 per cent annual rise in production costs, with fluctuations in sugarcane prices being a significant factor.

Automobile Industry: There has been 6-8 per cent rise in production costs annually in Auto Sector.

The regulatory framework for cost audits in India is well-established, with the Companies Act, 2013, providing the legal basis. The Institute of Cost Accountants of India (ICMAI) plays a crucial role in setting standards and guidelines for conducting these audits.

- **Companies Act, 2013:** Sections 148 and 149 specifically deal with the maintenance of cost records and the appointment of cost auditors.
- **ICMAI Guidelines:** Detailed protocols and standards are laid out by the ICMAI, including Cost Audit Standards (CAS) that must be followed by practicing Cost Accountants.

Despite the regulatory support, several challenges hinder the effectiveness of audits in India:

- **Limited Scope:** The high turnover thresholds limit the scope of mandatory audits.
- **Compliance Issues:** Many companies either lack awareness or are reluctant to comply with cost audit requirements.
- **Training and Capacity:** There is a need for enhanced training programs for Cost Accountants to handle complex cost structures and modern analytical tools.
- **Non-compliance Rate:** Approximately 30 per cent of eligible companies fail to comply with mandatory cost audit requirements.

- **Training Programs:** Current ICMAI training programs cover only 60 per cent of the required skills, with a need for more specialized courses.

IMPORTANCE OF COST AUDITS

Cost Control and Efficiency

Cost audits help companies identify areas where costs can be controlled or reduced, leading to improved operational efficiency. By analyzing cost records, auditors can suggest measures to optimize resource utilization and minimize wastage.

- **Operational Efficiency:** Companies that regularly conduct cost audits report a 10-15 per cent improvement in operational efficiency.
- **Resource Utilization:** Effective cost audits can lead to a 5-10 per cent reduction in resource wastage annually.

Transparency and Accountability

Cost audits enhance the transparency of financial reporting by providing detailed insights into the cost structure of companies. This helps in building trust among stakeholders, including investors, regulators, and the public.

- ***Stakeholder Trust:*** Companies with transparent cost structures report a 20 per cent higher investment rate compared to those without.
- ***Financial Reporting:*** Detailed cost audits result in a 25 per cent reduction in financial discrepancies and misreporting cases.

Decision Making

Cost audits provide management with valuable data for strategic decision-making. By understanding the cost dynamics, companies can make informed decisions regarding pricing, production, and investments.

- **Strategic Decisions:** Data-driven decisions based on cost audits have led to a 15 per cent increase in profitability for companies in various sectors.
- **Pricing Strategies:** Companies using cost audit data can adjust pricing strategies more accurately, leading to a 10 per cent improvement in market competitiveness.

ADVANTAGES OF COST AUDITS IN ADVANCED COUNTRIES

Case Studies

- **Germany:** Manufacturing firms report a 12 per cent cost reduction and a 15 per cent improvement in production efficiency due to robust cost audit system.
- **Japan:** Lean manufacturing practices backed by cost audits result in a 20 per cent reduction in production costs and a 10 per cent increase in output quality.

In the United States, companies that regularly undergo cost audit procedures report an average cost saving of 10-15 per cent. These savings are achieved through better resource allocation and process optimization.

- **Cost Savings:** Detailed statistical analysis shows a 12 per cent average cost saving for audited companies.
- **Resource Allocation:** Companies report a 10 per cent improvement in resource allocation efficiency.

Advanced countries follow best practices such as integrating cost audits with overall financial audits, using advanced analytical tools, and maintaining a continuous auditing process. These practices ensure comprehensive oversight and real-time cost management.

- **Integration:** In advanced economies 85 per cent of companies integrate cost and financial audits for better oversight.
- **Analytical Tools:** Use of advanced tools like predictive analytics and machine learning has led to a 15 per cent improvement in cost management accuracy.

POTENTIAL CHANGES IN THE INDIAN ECONOMY THROUGH COST AUDITS

Widespread implementation of cost audits can lead to significant cost savings across various sectors. For instance, in the manufacturing sector, cost audits can identify inefficiencies, leading to lower production costs and higher profitability.

- **Cost Savings:** Potential annual savings of INR 20,000 crores across various sectors.
- **Profitability Increase:** An estimated 10-15 per cent increase in profitability due to optimized cost structures.

Manufacturing: Enhanced cost control can lead to competitive pricing and better market positioning. Manufacturing sector reports a 10 per cent reduction in production costs with regular cost audits.

Pharmaceuticals: Cost audits can ensure that R&D expenditures are optimized, leading to more efficient drug development processes. Companies report a 15 per cent reduction in R&D costs and a 20 per cent faster development cycle.

Textiles: Identifying cost-saving opportunities in the supply chain can lead to increased profitability and sustainability. Cost audits have led to a 10 per cent improvement in supply chain efficiency.

Automobile Industry: Cost audits can help in identifying cost-saving measures in the production process, such as optimizing supply chain management, reducing wastage, and improving resource utilization. Many auto manufacturers report a 12 per cent reduction in production costs and a 15 per cent improvement in efficiency due to efficient cost audit system.

Electronic Industries: In the electronics sector, cost audits can aid in managing production costs and improving efficiency. It can lead to a 10 per cent reduction in manufacturing costs and a 20 per cent increase in production efficiency.

"Widespread implementation of cost audits can lead to significant cost savings across various sectors"

Footwear Industries: Cost audits in the footwear industry can help companies optimize their manufacturing and distribution processes, reduce wastage, and improve overall cost efficiency. It can lead to a 15 per cent reduction in wastage and a 12 per cent increase in cost efficiency.

If cost audits are made mandatory for mid-sized enterprises, the Indian economy could see an annual saving of approximately INR 20,000 crores. This would also lead to increased competitiveness of Indian products in global markets.

SUPPORT NEEDED FROM THE MINISTRY OF CORPORATE AFFAIRS

Policy Recommendations

The Ministry should consider lowering the turnover threshold for mandatory cost audits to include more mid-sized enterprises. This will ensure broader applicability and more comprehensive cost management across industries.

- **Threshold Adjustment:** Lowering the threshold to INR 35 crores can increase coverage by more than 50 per cent.
- **Broader Applicability:** Including mid-sized enterprises can lead to a 20 per cent increase in the overall economic efficiency.

Incentives and Penalties

Implementing a framework of incentives for companies that comply with cost audit requirements and penalties for non-compliance can drive adherence to cost audit mandates.

- **Incentives:** Tax benefits and reduced compliance costs for compliant companies can lead to a 15 per cent increase in adherence.
- **Penalties:** Penalties for non-compliance can reduce the non-compliance rate by 20 per cent.

Capacity Building

The Ministry should invest in training and capacity-building programs for Cost Accountants. This can include workshops, certification courses, and continuous professional development initiatives to ensure they are equipped to handle increased applicability.

Training Programs

Investment in training programs could cover 80 per cent of the necessary skills gap, ensuring cost accountants are well-equipped to handle complex audits.

Workshops and Certification

Regular workshops and certification programs could increase the competency levels of cost accountants by 30 per cent.

In conclusion it can be said that cost audits play a crucial role in enhancing economic efficiency by ensuring cost control, transparency and informed decision-making. By looking at the advantages observed in advanced countries, it is evident that a broader implementation of cost audits can bring substantial benefits to the Indian economy. However, this requires proactive support from the Ministry of Corporate Affairs, including policy changes, incentives, and capacity-building initiatives. By collaborating with industry bodies and cost accountants, India can leverage cost audits to drive economic growth and competitiveness.

SUMMARY OF KEY POINTS

1. Cost audits are essential for cost control, transparency, and strategic decision-making.
2. Advanced countries have demonstrated significant benefits from regular cost audits.
3. Broader implementation of cost audits in India can lead to substantial economic savings and increased competitiveness.
4. The Ministry of Corporate Affairs needs to provide policy support, incentives, and capacity-building initiatives to enhance the applicability of cost audits. MA

CYBER SECURITY

Abstract

Protection of resources like system, network and information from cyber threat is called cyber security. To understand cyber security, understanding of cyber-attack, cyber-crime and cyber terrorism is must. Cyber-attack is kind of sophisticated battle with good and bad computer and internet users. Cyber-attack is an attack with mala fide intentions. Theft of data, money and other resources are common reasons behind these attacks. These attacks hamper working of all the important sectors of the world like education, research, health, safety, defense and entertainment. All organization including various countries' Governments now are worried about these attacks and various steps are taken to prevent these attacks. Cyber security is a continuous process as the attackers and hackers are updating their techniques rapidly. Continuous updating of technology, education of people about these threats, and being aware and alert are the best ways of protection from cyber attacks.

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INTRODUCTION

Computer system and internet have provided wings to human development dreams. These are now necessities for most of us. This technology impacts all the sectors of daily life health, education, research, communication, economy, defence, entertainment etc. now cannot be imagined without these.

To this boon of science to humanity human greed has made threats like hacking, theft and destruction of information and resources, change of process, extortion of money and many more.

To overcome these threats a system is required which can protect devices, network and programs; this is named as cyber security.

Meaning: -Protection of resources like system, network and information from cyber threat is called cyber security.

Scale of cyber threat: - Cyber security is a burning threat. Some of us can think that this is just a hype to create a new market of some companies. But various worldwide records are at risk. Some recent examples can be used to better understand these threats:

1. **MOVEit**:- A file transfer software faced a wave of cyber-attacks in the month of May and June 23. In this attack many organizations of USA were impacted including various present and past employees' confidential data of MOVEit.
2. **Mellisa virus**: - It affected millions of email accounts and recovery cost from this virus was approximately $ 80 million in the year 1999.
3. **NASA attack**:- In this cyber-attack NASA was required to be shut down for 21 days. Source code of millions of applications and confidentiality of various records were breached.
4. **Adobe cyber-attack**:- In this attack data of millions of users, their password, credit card details, email address was compromised. The company faced financial fines and law suits. This has dented the company image for many years.
5. **Ukraine power grid attack-** By this the attackers impacted over 2 lakh customers of power grid of Ukraine and they were forced to face blackout in the month of December 2015.

These are just some examples to understand how these cyber-attacks can impact people in large scale.

As per trends, hackers and intruders rapidly increase their frauds and scams. In some countries such frauds were reported in manifolds in a short period of time.

CYBER-ATTACK GENERATIONS

Cyber threats have their own history; they have grown overtime, rapidly; we can understand these stages wise as under:-

Stage I Virus attack: - In the decade of 80s cyber-attacks were done through use of viruses.

Stage-IINetwork: - In next level cyber-attacks targeted the network.

Stage-IIIApplications: - After network cyber-attacks were made on applications.

Stage-IVPayload: - When the attackers were able to evade the signature based security it was given the name payload breaches.

Stage –VMega: - Recently maximum attacks involved large volume and at large scale and hence these were named as mega.

CATEGORY

Cyber security is not a single act; it has to be done in parts and should be categorized in many parts as described in the following depiction:

Application:- Application should be designed to protect any kind of possible threat of cyber-attack.

End user education:-Users are required to be educated on the precautionary action they should take.

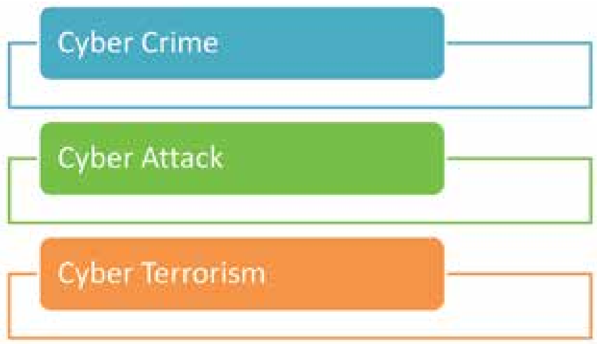
Information: - Information is very vital; it needs to be protected at the time of transit as well as storage.

Network:- Computer system is required to be protected from unwanted opportunistic and from intruders.

Operation: - All the operational process are required to be free from malfunctioning.

Disaster recovery and user continuity:-After cyber-attack the company should recover and get back to its normal routine working at the earliest.

TYPES OF CYBER THREAT



The following terms sound similar but actually they are different altogether.

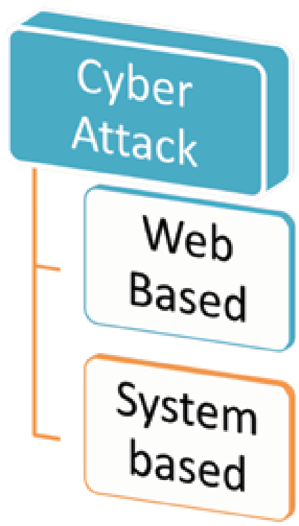
Cyber crime:-Any kind of criminal activity which uses computer or internet is cyber crime like transfer of money through fraudulently by use of technology.

Cyber attack:- An act done by attackers with a view to alter, damage or destroy a system network or computer is termed as cyber attack.

Cyber terrorism:- An act which is intended to spread fear and hate among large people by use of internet and computers is called cyber terrorism.

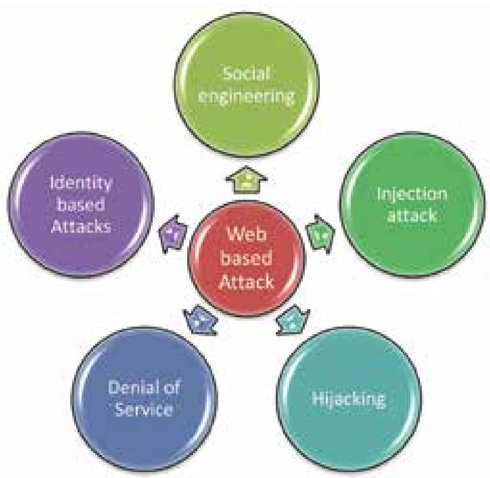
Above threats are carried out by use of some very sophisticated technology and tools. Cyber attack can be classified into the following types

1. Web based attacks
2. System based attacks



WEB BASED ATTACK

Where the attack is done on a web site or web based application it is called web based attack. Some examples of those are as under



a. **Social engineering**: - When people do such things which they should not do it is called social engineering. Example+: Spreading and downloading such information which they should not do.

Example :-

i. *Phishing:*-Use of SMS, emails and social media to motivate the user to share sensitive information.

Types of fishing:- Spear, whaling, smsishing, vishing,

ii. *Spoofing:*-Use of technique which disguise user to trust on fraudster as trusted source.

Types of spoofing:- Email spoofing, Domain spoofing, ARP spoofing.

b. **Injection attack**: - In this attack some destructing data is injected to a web application which can manipulate the web site and steal or destroy the required data.

c. **Hijacking**:- Hijacking any time slot by using of cookies and stealing the users' data is called hijacking.

d. **Denial of service (DoS) attack**:- These can be of two types:

i. One source of denial of service attack i.e. denial of service

ii. Multiple source of denial of service attack:- Distributed denial of service.

In both cases dummy traffic is created to hamper legitimate user to receive service.

These can be further classified as

1. Application layer attack
2. Protocol attack
3. Brute force

e. **Identity based attacks**:- When a hacker uses the credentials of a valid user, it becomes very difficult to find the attacker. These attacks can also be further classified as under :-

i. ***Men in the middle attack***:- When a person who is not genuine sender or receiver ,has access to such information it is called "men in the middle attack". In this attack the hacker secretly receives and uses information without the knowledge of the sender and receiver. This is easy to do in a place where unsecured WiFiis used.

ii. ***Credential stuffing***:-When criminals steel the login and password and use them for their benefit.

iii. ***Golden and silver ticket attacks***:-To breach the authentication system and get access to resources.

iv. ***Password spraying***:- Same password used by various users to breach security of system.

SYSTEM BASED ATTACK

These attacks target a particular computer of certain network.

Malware: - It is one kind malicious software that can make system unusable. This software can delete, alter, steal information from the computer system.

Examples of Malwares are Trojen Horse, Ransome ware, Scareware, Rootkits, worms, fileless malware, Spyware, Adware, mobile malware, Exploits, Keylogger, Botnet, Malspam, wiper Attack etc

Insider threat: - When a person inside the organization has all the access to system and information breaches the security and gets access to all the resources and information for prejudice interest is called insider threat.

AI powered attack: - AI use advance machine Algorithm to ascertain the weakness of any system for the purpose of destruction or change. This technique is very fast and rapidly destroys any system. It is very new for the cyber experts also.

Back door:- Bypassing an organization's existing security system is called backdoor. If any system allows to evade the security arrangement it may be harmful for the organization. Types of backdoor are:-

Built in backdoor: - Where device manufacturer includes any such kind of access to system

Web shells:-Remote access to system through a web page.

Supply chain exploits: - Where third party libraries and code is used by the system for operating the system.

IoT threat: - IoT means Internet of things. Devices like camera, sensors etc are required to work together with the system. These devices may not have basic security features like authentication and encryption. These devices can be used to launch cyber-attack. Data theft, vehicle security, unwanted internet connections were observed due to lack of security features in these devices.

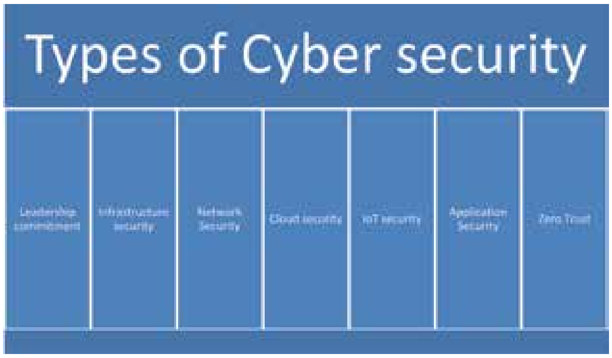
Threats can only be cured by precautions and remedial actions.

After discussing the entire gamut of threats it's time to discuss safety security operation functions and tips.

SECURITY OPERATION FUNCTION

1. **Identification of threat**: - It is a key element which examines the vulnerabilities of IT equipments. It also checks the capacity to prevent cyber threats.
2. **Investigate the details of threat**:-Analyzing threats and finding the evidences digitally and physically if possible. Understanding the situation and shortcomings of security and conducting initial enquiry are the steps of investigation.
3. **Minimize the threat**:- Threat if not prevented timely can damage the company's resources in large scale and hence the company should take steps to minimize the threats. Threats can be minimized in the following ways:-
    a. Make a cyber-security policy
    b. Implement a risk security process
    c. Make people aware of cyber-security
    d. Impart training to prevent external threats
    e. Identify key resources of the organization
    f. Update external and internal threats data
    g. Monitor and respond to threats
    h. Protect data
    i. Never write down security features like Id and Passwords
4. **Recovery from threat**: - Strength is always in attacking the threats, and also prevention; also how well and early the organization could get back to normal routine. Recovery is the process to get back the resources working. Companies now a days focus on these areas and also investing in these areas. Recovery can also be through the following steps:-
    a. Creation of a recovery policy and plan
    b. Contact persons in case of disaster
    c. Roadmap of recovery
    d. Training of personnel for recovery
    e. Backup of data
    f. Selection of a remote location, which should be isolated from organization's working space
    g. Storage of data
    h. Retrieving the data
    i. Taking insurance policy for such damages

Following are the types of cyber security:



Leadership commitment: - Security should be prime and utmost policy. An organization will be unsuccessful if the environment therein is full of fear and threat. It is the responsibility of the management to provide an environment to their employees where they can feel secure with security of resources and data. For this a work culture should be developed where the workforce is vigilant and committed towards the security of the organization.

Infrastructure security: - Protecting the resources, system, network from cyber and physical attacks should be a practice which is required to be followed always.

Network security: - To protect network from threats, it is important to identify the user, restrict unauthorized access and prevent data loss. Use of advanced technology, multilevel security, regular analysis of security and updating the security features can protect the network from all these threats.

Cloud security: - As most of the organizations are adopting cloud computing it is important to provide attention to secure the cloud. For this purpose discussion is required with cloud providers for security purpose and if required third party assistance should also be availed to protect the data and cloud.

Internet of things security: - Use of intrusion prevention system (IPS) can prevent various IoT threats. This technology is a network security tool. This feature continuously works and does regular monitoring of all the hardware and software. If any malicious activity is observed then it starts taking preventive measures immediately. It also provides report on all such events including blocking and, preventing when it happens.

"Threats can only be cured by precautions and remedial actions"

Application security: - For protection of application from any kind of threat use of application program interface (API) is very important. Use of this technology prevents all malicious data transfer with backend security features in devices like mobiles and computer.

Zero trust: - Traditional measures of security are still effective. Providing restricted access to resources, continuous monitoring and micro segmentation can prevent data from being exposed to all these threat to a great extent.

SAFETY TIPS

Safety tips are small steps which if taken timely can prevent big losses. Some of these areas under:-

Update software and operating system: - The very purpose of updating is to add more security features, add new features, remove bugs.

Anti-virus:- Use of anti-viruses is a good practice which is helpful for protection from cyber threats.

Password mechanism: - Use of password is very important. Password should also be frequently changed. Also these should not be predictable.

Beware of unknown senders: - Do not open unwanted and suspicious messages/ mail; this can prevent many of fishing attacks.

Unknown website: - Before visiting unknown websites and websites which have not used HTTPS one should be cautious. The site may be a using a server which is not secure one.

Unsecured Wi-Fi :-Avoid use of public Wi-Fi, These systems can be very vulnerable.

Up to date hardware: - Old hardware may not meet the updated requirement of software. These may also be harmful in case of cyber-attacks as these cannot respond quickly to meet the requirement.

File sharing system: - File sharing system should be a secure one to protect the system from various threats.

Avoid links:-Links provided from unreliable sources should be avoided as this can help to reduce the threat level. MA

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IS ARTHASHASTRA A PRECURSOR OF COMPETITION ECONOMICS?

Abstract

India has a rich intellectual legacy in the area of economics and finance. Arthashastra that emerged around 4th century BCE is a testimony to this. A proper evaluation of this magnum opus has still not been possible. Of the many unraveled areas of it the one pertaining to competition and related issues is really worth looking at. This article tries to look at it and attempts a comparative analysis with the modern day theories and policies of competition economics.

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INTRODUCTION

In recent times, the indigenous knowledge systems, which have been a part of India's intellectual legacy since ancient times have witnessed a revival of academic interest in it. India being the home to one of the most ancient civilizations of the world had been a cradle of quality intellectual exercises in diverse areas of knowledge (*Deodhar,* 2018). Indigenous knowledge systems in areas of physical sciences, mathematics, astronomy, and medicine have been recognized for their originality and high caliber (*Bokare, 2009*). But one area of indigenous knowledge which has not received its due recognition being overshadowed by its more illustrious siblings in spite of having the depth and quality is economics and finance. The plausible explanation for this could be the indifference of the scholars about India's intellectual legacy in the area of economics and finance. This may be because of the general perception that intellectual exercises in ancient India were abstract in nature having very little to do with the practical aspects of life and such intellectual exercises can hardly be expected to contain quality knowledge about economics and finance, the hardcore practicalities of human lives.

However, contrary to the misperception, thoughts on economics and finance emerged in ancient India, since the Vedic age, one and half millennia B.C.E. (*Deodhar,* 2018). As civilization progressed through the ages of Vedas, Puranas, and Dharma Shastras, the economic ideas also moved ahead with changing economic scenario, leading to the emergence of Arthashastra, the seminal work in the field of economics and finance around 4th century BCE. (*Saletore,*1963). Though according to the general perception 'Arthashastra' is thought to be the work of Kautilya, a brahmin scholar of the 4th century BCE. it is actually an assimilation of thoughts and knowledge of the pre-Kautilyan era which was greatly enriched by Kautilya and augmented by contributions from the post-Kautilyan scholars(*Bokare,* 2009). It represents the evolution of India's economic intellect from the ancient era till 8th century A.D. serving as the intellectual basis for subsequent developments in economics and finance till 12th century A.D. (*Mehta,* 1992).

An evaluation of Arthashastra in its entirety has not yet been possible mainly due to its vastness and subtlety of contents. Scholars have looked at specific areas of it mainly pertaining to public finance, taxation and governance (*Arthashastra,*2012). But there are many unraveled areas of Arthashastra and one such is regarding competition and related issues. Arthashastra contains extensive discussion on aspects of competition and related issues which are really worth looking at.

ARTHASHASTRA – ITS VIEWS ON COMPETITION AND RELATED ISSUES

Arthashastra emerged at a time when economies were nascent, markets were elementary and economic activities were very basic. Inspite of having such an economic environment in the background, the ideas in Arthashastra reflect a profound understanding of the role of competition, its benefits, hindrances to it and the ways to remove the hindrances. Kautilya and his fellow scholars seem to have realized the crux of market economies. Their analysis begin with the identification of activities like restriction of supplies, jacking up prices, reaping of excess and unjust profits , "adulteration", "fraud", "false description in selling" as unethical and undesirable conduct by the producers which prevents the free functioning of the competitive forces in the markets (*Kangle,*1965). Arthashastrian scholars realized that such unethical /anti-competitive conduct of producers which restricted competition in the markets lead to a conflict between public and private interests resulting in the exploitation of consumers by the producers. Thus Arthashastra reflected the crucial understanding that market economies could result in welfare for the people only if competition prevailed in markets enabling the free interplay of the forces of demand and supply. However, Arthashastraian scholars do not just stop at this but delve deeper, pointing out that whenever producers in the market had a position of dominance it gave them unbridled market power and they engaged in such conduct which prevented the competitive forces from functioning (*Kangle,*1965). According to Arthashastra, the position of dominance enjoyed by firms resulted from an economic condition in which new producers were unable to enter the market due to the presence of certain hindrances which in modern parlance are described as entry deterrents. In trying to identify the origin of such deterrence, Kautilya and his fellow scholars have distinguished commodity markets from factor markets pointing out that entry deterrence to commodity markets existed due to factor market imperfections which prevented the potential producers from having unrestricted access to the factors of production. Thus Arthashastra could identify imperfections in the factor markets as the main cause of commodity market imperfections. Consequently, Arthashastra prescribes the dual role for the state. On one hand, the State should play a regulatory role while on the other it would facilitate the thriving of competition. The regulatory mechanism was meant to look for any unethical conduct on part of the economic agents which vitiated the competitive environment and exploited the people and would accordingly take measures to correct it. The facilitative mechanism was meant to ensure unhindered accessibility to capital and labour, for every producer (*Kangle,* 1965). In this connection, scholars in Arthashastra realized that high cost of the factors of production could be a major obstacle in the way of their unhindered availability for the new entrepreneurs (*Kangle,* 1965). For this, serious efforts are noticeable in Arthashastra so that high factor cost do not become an entry deterrent to the commodity market. The detailed risk-weighted interest rate structure suggested in Arthashastra is an effort in this direction(*Kangle*,1965). The remarkable feature of such an interest rate structure was the balance that it tried to achieve between borrowers' affordability and lenders' business prospects. The interest rates proposed on the loans were such that the borrowers could repay it and lenders could have sufficient incentives. The risk-return trade-off was maintained with higher interest rates prescribed for loans to be taken for such business activities where both return and risks were higher. While lower interest rates were suggested for loans used for such purposes where returns and risks were both comparatively lower (*Kangle,* 1965). The key feature was that the peak rate of interest for every type loan was kept at a level which made capital affordable for every category of borrowers so its inaccessibility do not deter the entrepreneurs from doing business .

Along with capital, labour market was also accorded due importance. The motive behind the suggestions provided in Arthashastra for ensuring stipulated minimum wages for labourers, creation of productivity linked wage structure, motivating the workers through rewards and incentives, creation of decent work environment, providing job security was to create a sustainable and decent living for the labourers so that the labourers had no reason to make unreasonable demands that may not lead to such rise in the production cost which the producers were unable to afford. Like high interest rates, high unsustainable labour may also become a deterrent to the entry for new entrepreneurs in the commodity markets.

A COMPARATIVE STUDY

A survey of the ideas contained in Arthashastra on competition and related aspects reveal some significant issues. Of the various branches of applied economic theory, Competition economics is a relatively recent development. The idea of competition economics had its origin in Canada in the form of enactment of the first Competition Law in 1889. Subsequently, U.S.A. and the European Union followed by enacting their Competition Laws. India's experience of competition economics has come much later with the enactment of Competition Act. in 2002 (Bhattacharjea, 2008). Competition economics consists of two aspects, a facilitative one and a regulatory one. The facilitative aspect consists of policies designed to enable competition to flourish in different sectors of the economy. Whereas the regulatory aspect revolves around the Competition Law whose purpose is to prevent actions that may deter competition in any sector of an economy. It is indeed amazing that scholars in Artha shastra which emerged near about two thousand years ago could visualize the need for having a similar system in place for the competitive functioning of an economy leading to the welfare of the people.

The theoretical foundation of modern day competition economics is provided by New Empirical Industrial Organisation (NEIO) approach which marks a significant departure from the earlier theoretical basis provided by the Structure – Conduct- Performance (SCP) approach. In the S-C-P approach, it was the size of the firms and their share in the market that determined the extent of competition in the markets, (Kambhampati,1996). Concentrated markets, characterized by the presence of one or few firms each with a large market share were not supposed to deliver the benefits of competitive functioning as the market power enjoyed by firms in such a market structure enabled them to reap above average profits . But a scattered market structure characterized by the presence of many firms with smaller market shares was much more competitive,(Caves,1967). Consequently, the focus of the anti-monopoly Law that emerged in India in late 1960's in the form of MRTP Act was on the size of the firms with controls on their expansion and merger& acquisition activities. However, the emergence of firm level empirical research in the New Empirical Industrial Organisation (NEIO) approach underlined the fact that the presence of firms with large market shares per se could not be made responsible for the lack of competition in an industry but if such firms abused their position of dominance to perpetrate unethical conduct resulting in appreciable adverse effect on the level of competition in an industry then it became a matter of concern (Bhattacharjea, 2008). As the policy makers realised that it was the conduct of the firms that actually determined the level of competition in an industry, Competition Laws focused on firms' conduct, with provisions for penal actions against the abuse of market position by the firms to restrict the functioning of competitive forces. However, there is no blanket prohibition on expansion of firms in modern Competition Law (Bhattacharjea,2008).

Now it is indeed surprising, to find that the conduct-oriented underpinning of the NEIO approach which forms the basis of modern day Competition Laws has its antecedents in the Arthashastra. Arthashastra also doesnot reflect any inhibition about the size or the market shares of firms being responsible for restriction of competition rather it was the unethical conduct of economic agents like colluding to restrict supplies, jacking up prices for reaping super-normal profits that were identified as being responsible for prevention of the functioning of the competitive forces and exploitation of the people. So the focus was not on size but on the conduct of firms very much like that of the modern Competition Laws .

> "Arthashastra could identify imperfections in the factor markets as the main cause of commodity market imperfections"

As far as the facilitative aspect of today's Competition economics goes, it is a conglomeration of policies aimed at the factor markets, meant to ease the availability of inputs, making the factors of production, technology affordable and accessible for the entrepreneurs so that they can have an easy entry as producers in the commodity markets. This facilitative aspect of modern day competition economics can be traced back to Arthashastra where the underlying objective of having a risk-weighted interest structure for loans, a proactive labour welfare policy was basically to guard against factor market imperfections and thereby making factors of production accessible to all for boosting competition in the commodity markets (Sihag, 2016).

In the entire gamut of ideas related to competition that one may come across in Arthashastra, the one which probably stands out is the concept of "Just Price" (Kangle, 1965). According Arthashastra , the state through an assessment of the demand-supply situation in different markets was to fix the 'Just Price', of the commodities. In normal circumstances 'Just Price', is the price determined through the interplay of demand and supply forces in the market. But scholars in Arthashastra also thought about aberrations i.e. when market fails to arrive at the "Just Price" either due to a glut or a fall in production due to factors beyond control. In such a case, how the price should be fixed ? It is here that the originality and subtlety of Arthashastra come to the fore as the economic philosophy of "Just Price" is expressed. "Just Price" is the one which is affordable for the consumer and at the same time it enables the producer to sustain his business. Arthashastra underlines the stupendous effort towards calculation of Just Price which concretised the abstract concept of a balance between producers' and consumers' interests when the market fails to do so. According to Arthashastra, Just Price was the one which generated a profit margin of

5 to 10 per cent (Kangle, 1965). The quantification of Just Price is reflective of Arthashastra's views regarding what competition ought to achieve. It is thought that such a profit margin would not be at the peril of either the producer or consumer as it will be able to maintain a balance between their interests i.e. affordability for the consumers and sustainence for the producers. In a number of recent empirical researches on competition and profitability carried out by (Pushpangadan and Shanta, 2009) and others it has been observed that in competitive markets the long-run profit levels usually stabilize at around 5%. Arthashastra's specification of "Just Price" as the price with a profit margin of 5% to 10% indicates the deep understanding that Kautilya and other scholars had about the feasible level of profit.

In today's post - competition policy era, the sectors like the health , education and some others are witnessing soaring price levels driven by very high profit margins which is causing extreme hardships to people. In this context, the profit margin in Just-price may be used as a normative benchmark to assess how much profitability levels in a sector is soaring away from the normative level. Consequently, profitability levels may be targeted while designing of regulatory policy regime in competition economics in future which can work towards maintainence of the profitability levels as per the competitive norms. This can create a business environment which will be attractive but not exploitative.

There cannot be any doubt regarding the incomparability of the nascent economies of Arthashastrian era with the intricate modern day economies. But that is not the point here, the key feature of the ideas espoused in Arthashastra on competition and related issues is their depth and fundamentality. It can be observed that because of their fundamentality, the ideas contained in Arthashastra on aspects of competition and its role in the economic well being of people continues to be relevant today even after two thousand years. Because of the depth of understanding, subtility of analysis and practicality of recommendations which transform abstract economic philosophy to tangible policies meant to foster competition it would not be far-fetched to consider Arthashastrain ideas on competition as the precursor of modern day competition economics. MA

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Down The Memory Lane

August, 2014

CMA Dr. A.S. Durgaprasad, President and CMA Dr. S.C Mohanty, Immediate Past President of the Institute at the inauguration of E Library at Bhubaneswar Chapter of the Institute on August 23, 2014. The E Library was inaugurated by Shri Pradip Kumar Amat, Hon'ble Cabinet Minister of Finance & Public Enterprises, Govt. of Odisha.

A Round Table Discussion on 'Forensic Accounting and Auditing' organized by the Directorate of Research & Journal of the Institute heldat EIRC Auditorium on August 16, 2014.

Seen L-R: Shri Partha Mukherjee, Addl SP, CBI, Anti Corruption Branch, Kolkata, CMA Mrityunjay Acharjee, Associate Vice President, Balmer Lawrie & Co. Ltd, Shri Sukamal Basu, former CMD, Bank of Maharashtra, Janwab Khalid Aziz Anwar, Sr. Joint Commissioner, Commercial Taxes, Govt of West Bengal, CMA Manas Kumar Thakur, Chairman, Research, Innovation and Journal Committee, Shri Debashish Sarkar, General Manager & Chief Vigilance Officer, Allahabad Bank, Prof. Sanjay Banerji, Professor of Finance & Head of the Group, Nottingham University, U.K. were the eminent dignitaries on the dais.

August, 2004

Speech on "Budget proposals 2004-will they kick start the Economy?" held on 8 August, 2004 at ICWAI Bhavan, Visakhapatnam Chapter. Seen from Right, S. Satyanda Rao, Chairman, VCCA, V.S.N. Murthy, FCA, Speaker receiving Memento, I.S.S.S. Ganesh, General Manager (Finance), BHPV, Presenting the Memento and D.Ramana Murthy, Secretary.

Inauguration of Central Excise Course held at Aurangabad in August 2004. From Left: S.K. Jain, R.G. Modani, Chief Guest, Bhupendrapal Singh (Commissioner Central Excise & Customs-Appeals, Aurangabad), Faculty Shri V. S. Datey, A.R. Joshi, R.B. Shukla, M.R. Pandit, S.K. Vaya.

Down The Memory Lane

August, 1994

M.J. Kurian, Chairman, Tuticorin Port Trust, delivering the inaugural address at the seminar on ABC at Nellai Pearl Chapter on 20 August 1994. Seen in the picture from left: M Francis Clement Salvadore, Secretary, G. Ramamoorthy, Chairman, A.N. Raman, B.J.A. Bhaskaran, Vice Chairman.

Seminar on Merchant Banking on 5 August, 1994 at EIRC. Sitting on from left: N. Sinha Chaudhuri, Chairman, EIRC, Dr Sankar Sen, Minister in Charge, Dept. of Power, Govt of West Bengal, B.D. Bose, Past President, ICWAI and Harijiban Banerjee, Vice-President, ICWAI.

August, 1984

SAFA: South Asian Federation of Accountants. Shri R.L. Bhatia signing constitution of SAFA on 22nd August 1984 at New Delhi.

From (left to right): S/Shri D.C. Bhattacharyya, Secretary-ICWAI, Kamal Gupta, Secretary-SAFA, P.N. Shah, President-SAFA

August, 1974

Shri V. Kalyanaraman, the President of the Institute visited the Northern India Regional Council on 24th August 1974. He was given a reception in the Constitution Club at Rafi Marg, New Delhi, where a large number of gathering attended the function.

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

DIGITAL OBJECT IDENTIFIER (DOI)

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CONCURRENT AUDIT OF CREDIT PROPOSALS (Credit Risk Mangement - CRM)	CMA (Dr.) P. Siva Rama Prasad	59	Jan-2024	1	25-29	10.33516/maj.v59i1.25-29p
CMA's ROLE IN BANK CREDIT APPRAISAL AND MONITORING FRAMEWORK	CMA Omprakash Sinha	59	Jan-2024	1	30-32	10.33516/maj.v59i1.30-32p
DIGITAL LENDING (A Way Forward)	Nagarjun Kalava	59	Jan-2024	1	33-37	10.33516/maj.v59i1.33-37p
STOCK & BOOK DEBTS AUDIT OF BANKS (Working Capital/Cash Credit Loans)	CMA Manmohan Sahu	59	Jan-2024	1	38-41	10.33516/maj.v59i1.38-41p
CONTROL 'ELECTRICITY COSTS' OF BANKS (Through Energy as a Service (EaaS) Model)	Er. Sunil Dasari	59	Jan-2024	1	42-45	10.33516/maj.v59i1.42-45p
"e₹" CENTRAL BANK BANK DIGITAL CURRENCY	Dr. P. Sai Sudha	59	Jan-2024	1	46-51	10.33516/maj.v59i1.46-51p
NEW ERA OF "EXPECTED CREDIT LOSS PROVISIONING" IN INDIAN BANKING SECTOR	CMA Debaraja Sahu	59	Jan-2024	1	52-56	10.33516/maj.v59i1.52-56p
SUSTAINABILITY REPORTING IN THE BANKING SECTOR: EXPLORING THE TRENDS AND UNRAVELING THE IMPACT ON FINANCIAL PERFORMANCE	CMA (Dr.) Meenu Maheshwari Ashok Kumar Gupta Nupur Tiwari	59	Jan-2024	1	57-62	10.33516/maj.v59i1.57-62p
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UNDERSTANDING MECHANISMS OF EXPECTED CREDIT LOSS (ECL) BASED PROVISIONING OF BANK LOAN	CMA Ela Sen	59	Jan-2024	1	72-75	10.33516/maj.v59i1.72-75p
BRSR Lite	Pradeep Ramakrishnan	59	Jan-2024	1	78-80	10.33516/maj.v59i1.78-80p
DIGITAL TRANSFORMATION OF BANKING AND SERVICE DELIVERY PLATFORMS WITH BLOCKCHAIN TECHNOLOGY	CMA (Dr.) Paritosh Basu	59	Jan-2024	1	81-87	10.33516/maj.v59i1.81-87p
GENDER DIVERSITY IN THE BOARDROOMS AND FINANCIAL PERFORMANCE OF A FIRM- A LITERATURE REVIEW	CMA Sangeeta Harpalani Dr. Ayesha Farooq Dr. Ranjul Rastogi	59	Jan-2024	1	88-91	10.33516/maj.v59i1.88-91p
BUDGETING IN CAPITAL GOODS INDUSTRY	CMA Bhushan U Pagere	59	Jan-2024	1	92-95	10.33516/maj.v59i1.92-95
AUGMENTING THE CHANGING LANDSCAPE OF FINANCE ORGANISATION THROUGH PRACTICAL INSIGHTS AND METRICS FROM VALMIKI'S RAMAYANA	CA Viswanathan Panchukrishnan Mahadevan B Srinidhi K Parthasarathi	59	Jan-2024	1	96-99	10.33516/maj.v59i1.96-99

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UNVEILING VALUATION DYNAMICS: A COMPARATIVE PERSPECTIVE ON INDIA AND THE GLOBAL ARENA	CMA (Dr.) Sandip Sinha	59	Feb-2024	2	26-32	10.33516/maj.v59i2.26-32p
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PROSPECTIVE APPLICATION OF ARTIFICIAL INTELLIGENCE IN HIGHER EDUCATION AND ITS POTENTIAL BENEFITS	Dr. Pradipta Gangopadhyay	59	Feb-2024	2	86-89	10.33516/maj.v59i2.86-89
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EASTERN INDIA REGIONAL COUNCIL

CMA Uttam Kumar Nayak, Immediate past Chairman, ICMAI- EIRC was felicitated by the employees of EIRC.

EIRC celebrated the "GST Week" from 08.07.2024 to 12.07.2024. On 8th July, 2024 it had organized a CPE on the topic of "GST and EASE of Doing Business" at EIRC Auditorium. CMA Sandip Chatterjee was the guest speaker.

On 09.07.2024 a CPE was organized on the topic "How to handle notices under GST". Shri Shubham Khaitan was the keynote speaker.

On 10.07.2024, a CPE on the topic "Litigation and Case Studies on GST" was organised. CMA T B Chatterjee was the keynote speaker.

On 11.07.2024, another CPE on the topic "GST Audit, Adjudication and Appeal" was organised. CMA Utpal Saha was the guest speaker.

On 12.07.2024, yet another CPE on the topic "GST-Input Tax Credit" was organised. CMA Ranjan Sanyal was the guest speaker.

The CPE organised on 18th July, 2024 was on the topic "New Professional Opportunities for CMAs" CMA Chittaranjan Chattopadhyay, Council Member, ICMAI chaired the Session. CS Suresh Pandey, Council Member, ICSI, CS Rupanjana De, Council Member, ICSI, CS Devender Suhag, Former Chairman NIRC, ICSI were the Guest Speakers. The session was interactive and an overwhelming response was received from the members.

EIRC conducted several Career Awareness Programmes at different schools in West Bengal during July 2024.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter celebrated GST Day in grand fashion at CMA Bhawan on 1st July, 2024. The event, themed "53rd GST Council Recommendations and Its Impact on Industry & Consumer" was inaugurated by Shri Sribas Nath, IRS, Deputy Director of the Directorate of Revenue Intelligence (DRI), Bhubaneswar. He shared key insights on the 53rd GST Council's recommendations. CMA Niranjan Swain, Past Chairman of the Chapter and EIRC and Advocate (Orissa High Court) and GST Consultant provided an in-depth analysis of the recommendations' effects on industries and consumers as Resource Person. CMA Damodar Mishra, Treasurer of ICMAI-EIRC graced and addressed as Special Guest. CMA Ramesh Chandra

Patra, Chairman of the Chapter delivered the welcome address and CMA Sarat Kumar Behera, Vice Chairman extended formal vote of thanks. CMA Soumya Ranjan Jena, Chairman, PD Committee, coordinated the entire event and delivered the keynote address, while CMA Barada Prasana Nayak, Secretary of the Chapter facilitated the programme and welcomed the guests.

M/s Wallet Finserve Pvt. Ltd conducted an interview at CMA Bhawan on 17th July, 2024 for the engagement of CMA semi-qualified as trainees at their organization and selected 08 candidates for the said engagement. Before conducting the interview, CMA Ramesh Chandra Patra, Chairman and CMA Sarat Kumar Behera, Vice Chairman of the Chapter, CMA Antaryami Acharya, Adviser, Shri Trinath Lenka, Founder and MD and Ms Ritika Singh, Manager (HR) of M/s Wallet Finserve Pvt Ltd. interacted with the candidates along with a GD Round. The Chapter welcomed CMA Bibhuti Bhusan Nayak, President, ICMAI at Bhubaneswar on 23.07.2024.

The Managing Committee Members of the Chapter, CJK Chapter, and South Odisha Chapter, including CMA Damodar Mishra (the then Treasurer, ICMAI-EIRC) and CMA Uttam Kumar Nayak (the then Chairman, ICMAI-EIRC) along with Past Chairmen, Members, Students and Staff, extended a warm and grand welcome to CMA Bibhuti Bhusan Nayak, the newly elected President of ICMAI at Biju Patnaik International Airport, Bhubaneswar. From the airport, the President was escorted to the Chapter office, where he was greeted by more than 200 students and members with great enthusiasm. Following this, an interactive session was held focusing on professional development and various aspects of the better future of the institute. With the initiative of the Chapter, same was published almost all the leading local newspapers including few national newspapers.

The Chapter successfully conducted a Seminar on "Six Decades of Income Tax Act, 1961 – A Look Back and Way Forward" & "Panel Discussion on Union Budget 2024-25" on 25th July, 2024 at CMA Bhawan, Nayapalli, Bhubaneswar in commemoration of Income Tax Day celebration week. Shri Saroj Kumar Mohapatra, IRS, Principal Commissioner, Income Tax-1, Bhubaneswar inaugurated and graced the Seminar as "Chief Guest", CA Rajib Sekhar Sahoo, Member-CLC (Ministry of Corporate Affairs) & Principal partner, SRB & Associates graced the Seminar as "Special Guest". CMA Ramaballava Misra, Former CMD, Heavy Engineering Corp. Ltd. graced as "Guest of Honour", Dr. Amarendra Das, Associate Professor, School of Humanities & Social Sciences, NISER, Bhubaneswar delivered as "Resource Person". All the dignitaries delivered detailed and interacted with the participants. CMA Soumya Ranjan Jena, Chairman PD Committee of the Chapter delivered the welcome address, CMA Ramesh Chandra Patra, Chairman of the Chapter delivered keynote address, CMA Avinash Kotni, Treasurer of the Chapter facilitated the entire programme and extended the formal vote of thanks. CMA Barada Prasan Nayak, Secretary, CMA Sarat Kumar Behera, Vice Chairman and CMA Surya Narayan Tripathy, Past Chairman & MC Member extended their support to make the event a grand success. The chapter welcomed CMA Damodar Mishra, newly elected Secretary of ICMAI - EIRC on 27.07.2024.

A view during welcome to CMA Damodar Mishra, Newly elected Secretary of ICMAI-EIRC on 27.07.2024. Seen in the Photo from left to right: CMA Premananda Behera, Member of the Chapter, CMA Barada Prasan Nayak, Secretary of the Chapter, CMA Uttam Kumar Nayak, Past Chairman & Regional Council Member, ICMAI-EIRC, CMA Damodar Mishra, newly elected Secretary, ICMAI-EIRC, CMA Ramesh Chandra Patra, Chairman of the Chapter and Shri H. K. Biswal, AAO of the Chapter. Internal/Practice MCQ Examination for CMA Foundation and Intermediate (Group-1) held at the Chapter on 27.07.2024

A Career Awareness Programme was held at Allied Commerce Coaching Center at Puri on 29.07.2024. CMA Debadatta Swain, a Member & Guest Faculty of the Chapter highlighted in detail about Cost Accountancy Course and its Career Prospects. Shri H. K. Biswal, AAO of the Chapter interacted with the students and clarified the queries of the Students.

A Career Awareness Programme was held at Chakravarty Tutorial for Commerce at Puri on 29.07.2024. CMA Debadatta Swain, a Member & Guest Faculty of the Chapter highlighted in detail about Cost Accountancy Course and its Career Prospects. Shri H. K. Biswal, AAO of the Chapter interacted with the students and clarified their queries. 60 (sixty) numbers of students actively participated. The chapter conducted a Career Awareness Programme and seminar on “Management Accounting as a Profession in India” in association Commerce Department, Fakir Mohan Autonomous College, Balasore on 30.07.2024 in their auditorium at Balasore to create awareness among the pursuing commerce students about the opportunities available in the field of management accounting. The event was inaugurated by Shri Dillip Kumar Mohanty, Principal, Fakir Mohan Autonomous College as Chief Guest. Dr. Abhijit Das, Head of the Commerce Department delivered the keynote address. CMA Avinash Kotni, Chairman, Career Counseling/Students Facilitation Committee and Treasurer of the Chapter spoke about the significance of management accounting in India and its career prospects as “Resource Person”. Shri H.K. Biswal, AAO of the Chapter also highlighted details about the Institute, Chapter, CMA Course Curriculum and its career prospects. In total 150 (One hundred fifty) pursing commerce students and faculty members actively participated and interacted in the event and culminated with a grand success.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ODISHA CHAPTER

The Chapter celeberated the GST Day 2024 on 05.07.2024 at the Chapter’s Conference Hall by holding a seminar on the theme. “GST’s Seven Years – Driving India’s Economic Renaissance” Sri Arupananda Pradhan, Addl Commissioner, CT & GST, Ganjam Range, Berhampur, Odisha inaugurated the seminar and addressed the gathering as chief guest and CS Pranab Ku. Mishra, Company Secretary, ex- Superintendent, Indian Customs, Central Goods and Service Tax (Ministry of Finance, Govt. of India) Attorney and Solicitor in Corporate Arbitration, Direct / Indirect Tax & Constitutional Law delivered an address as resource person. CMA Narasingha Chandra Kar, Chairman of the Chapter delivered the welcome address, CMA Akshya Kumar Swain, Secretary of the Chapter proposed a vote of thanks and CMA Dharmendra Kumar Padhi, Chairman-MDP Committee of the Chapter facilitated the entire programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA ROURKELA CHAPTER

A seminar on 'Detailed Analysis of Union Budget 2024-25 – A deep dive into the Proposals' jointly organized by the Chapter and Finance & Accounts Department of SAIL, Rourkela Steel Plant was held at the Gopabandhu Auditorium of Rourkela Steel Plant on 29th July, 2024. Mr. Atanu Bhowmick, Director In-Charge, RSP, graced the function as chief guest while Dr. Kailash Chandra Mishra, Former Vice Chancellor of Sri Sri University and Former Chairman of ASCI, Hyderabad was the keynote speaker. In his address, Mr. Atanu Bhowmick highlighted the major challenges that steel industry is facing and the need to understand the budget so as to deal with the challenges. Dr. Kailash Chandra Mishra deliberated upon the priorities of the budget as outlined by the Finance Minister. He also stressed that RSP should focus on innovation to bring down the cost of production and make higher profits. Mr. A K Behuria, Executive Director (F&A) of RSP in his address spoke about major areas that the Union Budget 2024-25 is focusing and how it is going to affect steel industry. CMA (Dr.) G S Das, Chairman of the Chapter welcomed the gathering while CMA N K Rao, Vice Chairman of the Chapter proposed the vote of thanks.CMA K K Verma, DGM (F&A), RSP compered the event.

The Chapter also organized a quiz competition on Union Budget on 28th July, 2024 wherein more than fifty students participated. During the seminar, the DIC, RSP also felicitated the winners of the Quiz Competition. At the outset, the programme commenced with rendition of National Anthem followed by lighting of the lamp. A film on Institute of Cost Accountant of India and its history was screened during the event. The seminar was attended by all the executive directors of RSP, many Chief General Managers and other senior officers of RSP, around 40 members of the Institute and more than 30 students.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PATIALA CHAPTER

A prize distribution function was held in Patiala to honour the successful Foundation/ Inter & Final students of December'2023 session in order to applaud their efforts to work even harder. The special invitee (chief guest) CMA M.K Anand, Council Member, ICMAI presented the awards to the students.

SOUTHERN INDIA REGIONAL COUNCIL

CMA Members' Meet & Family Get Together'- 'The 65th CMA Foundation Day was commemorated on 01.06.2024 at The Presidency Club. The chief guest was Dr.V.Ramasubramanian, Specialist in infectious Diseases, The Capstone Clinic & Apollo Hospitals.

CMA Divya Abhishek, Chairperson, SIRC conducted a career counseling at Rajalakshmi Institute of Technology on 04.06.2024.

A Regional Seminar on the topic 'Results of Lok Sabha Elections – Impact on Share Market' was organized on 05.06.2024 at the SIRC Premises. The speakers were CA (Dr.) Abhishek Murali, past Secretary, SIRC and President, All India Tax Payers' Association (AITPA), CMA M. Saravana Prabhu, GST Expert, CA R. Sivaramakrishnan, Equity Market Expert and Co-founder & CEO of Sincere Syndication.

CMA Divya Abhishek, Chairperson, SIRC of ICMAI conducted a grievance redressal meet on 05.06.2024 on the occasion of Grievance Redressal Day for the month of June-2024.

A Regional Seminar on the topic 'Current Issues of Professional Relevance' was organized on 08.06.2024 at SIRC Premises. The speakers were CA (Dr.) Abhishek Murali, Past Secretary, SIRC and President, All India Tax Payers' Association (AITPA), CS M. Damodaran, Practising Company Secretary & Managing Partner, M. Damodaran & Associates LLP and past Chairman, SIRC of ICSI, and CMA (Dr.) V. Murali, Council Member, ICMAI.

CMA Divya Abhishek, Chairperson, SIRC of ICMAI inaugurated the New Block at Omega International School on 08.06.2024.

CMA Divya Abhishek, Chairperson, SIRC OF ICMAI conducted career counseling at FICCI FLO on 08.06.2024.

'Mega CMA Conference' was organized on 15.06.2024 at Savera Hotel. The chief guest was CA. D. G. RAJAN, Past President, IMCI and Former Senior Partner Lovelock & Lewes. Other speakers were Mr. P.S. Vasudevan, International Corporate Trainer & Life Coach, CMA (CA) (CS) V. Pattabhi Ram, Eminent Faculty & Corporate Trainer, CMA (CA) (CS) Divya Abhishek, Chairperson SIRC of ICMAI & Chairperson FICCI FLO, CA (Dr.) Chinnsamy Ganesan, Technical Expert Accounting Standards, CMA (CA) R. Subramanian, GST Expert, CA (Dr.) Abhishek Murali, Past Secretary, SIRC of ICAI and President, All India Tax Payers' Association (AITPA).

CMA Family Get Together was organized on 23.06.2024 at Madras Race Club. The chief guest was Prof. Dr. V. Chockalingam, Eminent Cardiologist, Chennai.

CMA Divya Abhishek, Chairperson, SIRC of ICMAI conducted the grievance redressal meet on 25.06.2024 marked as grievance redressal day for the month of June 2024.

GST day was celebrated on 05.07.2024 at 'SIRC premises'. The chief guest was Shri C. P. Rao, IRS, Former Principal Chief Commissioner, GST & Central Excise, Tamil Nadu. Other speakers were Shri R. Srivatsan, IRS, Assistant Director, NACIN, Chennai and CMA M. Saravana Prabhu, GST Expert.

Members in Industry & Placement Committee in association with SIRC organized CMA Campus Placement program 2024 (Phase II) for qualified Cost Accountants of December 2024 term on 9th July 2024 in which NLC participated.

A Regional Seminar on the topic 'Filing of Income Tax Returns – Practical Approach' was organized on 13.07.2024 at SIRC Premises. The speakers were CA (Dr.) Abhishek Murali, Past Secretary, SIRC of ICAI and President, All India Tax Payers' Association (AITPA), CMA (Dr.) V. Murali, Council Member, ICMAI.

CMA Divya Abhishek, Chairperson, SIRC OF ICMAI conducted the grievance redressal meet on 18.07.2024 earmarked as Grievance Redressal Day for the month of July-2024.

A Mega Budget Meeting – 2024 was held on 23.07.2024 at 'Rani Seethai Hall'. The speakers:- CA (Dr.) Abhishek Murali, Past Secretary, SIRC of ICAI and President, All India Tax Payers' Association (AITPA), CMA (Dr.) V. Murali, Council Member, ICMAI.

CMA Divya Abhishek, Chairperson, SIRC of ICMAI conducted the grievance redressal meet for the month of July on 26.07.2024

A Regional Seminar on the topic 'Union Budget – 2024 – Impact of the Budget Proposals' was organized on 27.07.2024 at SIRC Premises. The chief guest was Shri V. Selvaraj, IAS, Former Chairman, Chennai Port Trust. Other speakers were CA (Dr.) Abhishek Murali, Past Secretary, SIRC of ICAI and President, All India Tax Payers' Association (AITPA) and, CMA (Dr.) V. Murali, Council Member, ICMAI.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TRIVANDRUM CHAPTER

The Chapter conducted Industry oriented training for Final Students appearing for June 2024 examination from 15th April to 21st April 2024. Eminent faculties delivered lectures on various topics like Role of Cost Accountants in Industries and Professional Avenues, Effective Communication and Interview Skills, GD Resume Preparation, Mock Interview, Analysis of Financial Statements of Companies, CFO - A Key Strategist and Financial Architect etc. The training program concluded with a valedictory function on 21.04.2024 at Hotel Grand Chaithram, Thampanoor.

The Chapter organised a program to felicitate CMA Intermediate and Final passed students in December 2023 Examinations on 21.04.2024 at Hotel Grand Chaithram, Thampanoor. CMA Sarat Nair, in the Chairman's address greeted and congratulated all the students. CMA Nidhish Raju, Secretary welcomed all. The chief guest CMA Sankar P Panicker, Past Chairman, SIRC felicitated the All India 1st Rank Holder Sri Naveen K by presenting a memento. CMA Vishnu M V Nair, Vice Chairman, CMA Pranav Jayan, Treasurer, Sri Vinod M, Student Member were also present on the occasion. CMA Pranav Jayan, Treasurer proposed vote of thanks.

For the first time, the Chapter organised a CMA Students Meet to showcase their talent in extra curricular activities by conducting various sports events, Paper presentations, Debate, Quiz etc. Prizes were distributed to the winners in the closing ceremony held at Hotel Grand Chaithram, Thampanoor on 21st April 2024. CMA Sarat Nair U, Chairman, CMA Vishnu M V Nair, Vice Chairman, CMA Nidhish Raju, Secretary, CMA Pranav Jayan, Treasurer, Sri Vinod M, Student Member were present on the occasion.

The Chapter organised a CPE program on the topic Schedule III of Companies Act on 12.05.2024 at Royal Hall, Sree Moolam Club, Vazhuthacaud, Thiruvananthapuram. The session was handled by CMA (CS) Ram Ganesh R. CMA Nidhish Raju, Secretary welcomed the guests and the gathering and introduced the speaker. The session concluded with a vote of thanks by the Chapter Secretary.

The Chapter celebrated the 65th CMA Foundation Day on 28.05.2024.

The Chapter conducted an insightful orientation program on CMA Course on 09.06.2024. CMA Nisha Habi, Coaching Committee Chairperson & CMA Manoharan Nair G S, Former Chairman and Faculty member shared their invaluable insights about the CMA Course curriculum and Career Opportunities.

The Chapter in association with Department of General Education - Higher Secondary Wing Career Guidance & Adolescet Counseling Cell organised an online career counseling session "Virtual visit to CMA Course" for the Career Guidance Teachers of Higher Secondary Schools under Neyyattinkara and Attingal Education District on 20.05.2024 & 07.06.2024 in order to the give proper guidance to the students about the CMA Course. CMA Manoharan Nair G S, Faculty Member handled the sessions.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

As part of the GST Day celebrations, the Chapter organized a Professional Development Programme on July 5, 2024. The event featured CMA S.H. Karthikeyan, Assistant Commissioner of Central Tax and Customs (Retd.), as the chief guest and main speaker. The programme commenced with a formal welcome address by the Chairman of the Chapter, CMA (Dr.) R. Maheswaran. In his address, the guest speaker, leveraging his extensive experience through a power point presentation, discussed the evolution of indirect tax and its achievements in India. The program was interactive and engaging, providing valuable insights for the participants.

On the eve of the International Day of Cooperatives, the Chapter conducted a Professional Development Programme on July 6, 2024, focusing on cooperative education and training. The event featured CMA Rakesh Shankar Ravishankar, Assistant Professor in the Department of, Chennai and Sri P. Ponram, CEO of Unicon Engineers and Honorary Treasurer of CODISSIA, Coimbatore, as guest speakers. CMA (Dr.) Maheswaran, Chairman of the Coimbatore chapter of ICMAI, delivered the welcome address. CMA Rakesh Shankar Ravishankar spoke on "Co-operative Education and Training," discussing the features of cooperatives across the nation, with references to States like Maharashtra and Uttar Pradesh. In the second session, Sri P. Ponram spoke on "Impact of Delayed Payments to MSMEs." His presentation covered the laws and regulations related to the impact of delayed payments on MSMEs.

The chapter convened a practitioner's meeting on July 20, 2024, focusing on the MCA Committee's recommendations for the existing framework of cost accounting records and cost audit. The event featured guest speakers CMA (Dr.) G. L. Sankaran, Proprietor of GLS & Associates, and CMA A. R. Ramasubramania Raja, Practicing Cost Accountant, Coimbatore. The welcome address was delivered by CMA (Dr.) Maheswaran, Chairman.

CMA (Dr.) G.L.Sankaran provided an update on the Committee's recommendations, including changes to turnover limits and the proposed inclusion of new industry sectors under cost audit applicability, while also noting the removal of certain industry sectors. CMA A.R.Ramasubramania Raja addressed the disparities within product categories (CETA code-wise) where cost audit is not applicable despite high market supply percentages. Practicing members shared their views and were encouraged to voice their opinions through the MCA portal "E-consultation" to ensure the framework benefits both the government and industry.

A Professional Development Programme on Income Tax Day- 2024 & Union Budget 2024 was organized on24th July 2024. Eminent professional and a versatile speaker CA K. Ravi, CFO, Roots Group of Companies and Director, Roots Multi Clean Limited was the Chief Guest and main speaker. He enlightened the audience about the Indian economy at a glance and the present status in comparison with countries like Japan, USA China etc.

The Chapter organized a "Workshop on Cost Accounting Standards and Cost Audit Standards" on July 27, 2024, focusing on the existing framework as essential guidance for practitioners. The event featured guest speaker, CMA P. Raju Iyer, a Practicing Cost Accountant and former President of ICMAI, and co-speaker CMA Rakesh Shankar Ravishankar, Assistant Professor, Chennai. CMA P. Raju Iyer provided in depth insights into the existing framework, emphasizing the vital role practicing members must play in adhering to these standards. CMA Rakesh Shankar Ravishankar discussed key notes from the institute's portal, interpreting them and addressing practical challenges across various industries. The meeting concluded with a vote of thanks, by Chapter secretary CMA Subramaniam Kumar, followed by National Anthem.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

As part of GST week celebrations, the Chapter organized a lecture programme on “Takeaways from the 53rd GST Council Meeting,” on 6th July 2024 at CMA Bhavan, Sanathnagar branch, Hyderabad. Shri Gopi Donthireddy, Additional Director, DGGI, was the chief guest and Shri Hitesh Jain, President, Tax Bar Association, Telangana & Andhra Pradesh, was the speaker. Shri Gopi Donthireddy, discussed the developments and usage of the Telangana GST App. Shri Hitesh Jain, presented a detailed overview of the recent circulars issued by the department in a PPT.

On July 14, 2024, a webinar on the subject “Practical Approach on ITR Filing" was organized by the chapter, featuring CMA Kedarnath Potnuru as the speaker. He provided an in-depth and practical guidance on filing Income Tax Returns, addressing common challenges and best practices.

On July 17, 2024, the Chapter organized a webinar to discuss the recently released report by the Ministry of Finance on the review of Cost Accounting Records & Cost Audit framework. The programme held on the Webex platform, featured CMA Manoj Kumar Anand and CMA (Dr.) K Ch A V S N Murthy as chief guests, with approximately 70 members in attendance. Key points discussed included recommendations on aggregate turnover limits, the inclusion and exclusion of specific sectors, changes in reporting formats, and measures to enhance the utility of cost audit reports.

The chapter, in collaboration with ICBM-SBE, conducted a mega workshop on "Strategic Insights from Financial Statements Analysis" on July 20, 2024. The workshop featured distinguished speakers Ramesh Babu CMA (US), CMA Ganesh Narwade and CMA Vijay Kiran. The speakers provided expert analysis and strategic perspectives on financial statements. The event included an engaging quiz conducted by Dr. P. Sai Rani and an ice-breaker session by Dr. Shamsuddin Zarar. CMA Ganesh Narwade presented on the "5 Cs for Career Success," while CMA (Dr.) Lavanya Kanduri shared her insights on transitioning from CMA to CFO. The workshop concluded with a session led by Dr. Jitender Govindani, marking the successful completion of a highly informative and interactive event.

On July 26, 2024, BHEL Hyderabad had the honour of hosting a visit by Shri Rajesh Kumar Dwivedi, Director (Finance), at PE&SD. The event was graced by CMA (Dr.) K Ch A V S N Murthy, Council Member of ICMAI, CMA (Dr.) Lavanya Kanduri, Chairperson of Hyderabad Chapter and CMA Khaja Jalal Uddin, Secretary. The distinguished guests felicitated Shri Dwivedi, acknowledging his contributions and for fostering a constructive dialogue on financial strategies and practices.

On July 27, 2024, an insightful session on the Union Budget 2024 was conducted, featuring Smt. Namrata Singh, IRS, Deputy Director of the Enforcement Directorate, Hyderabad Zonal Office, as the chief guest, and Shri Animesh Garg, IRS, Deputy Commissioner of Customs, Aircargo Commissionerate, Dept. of Revenue, Bangalore, as the guest of honour. Invitees included CMA (Dr.) K Ch A V S N Murthy, Council Member of ICMAI, and CMA Lavanya KVN, RCM, SIRC of ICMAI. Shri Vineet Suman Darda, Strategic Management and Tax Advisor, and Global Trade and Indirect Tax Expert, delivered a comprehensive analysis of the Budget 2024-2025, focusing on key highlights and the proposals for direct and indirect taxes. Additionally, Shri Rathnakar Samavedam provided an overview of IT implications related to the Budget. The session was well-attended, with around 60 members who actively participated in the discussions.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

The Chapter organized a Professional Development Programme on “GST Evolution: Assessing the 53rd Council's Key Recommendations” on 06.07.2024 at its premises. Shri M.V. Sridhar, Partner - KGS CESTAX Advisors LLP, President of India Awardee 2019, CMA Abhijeet S Jain, Chairman BCCA, CMA Rajesh Devi Reddy Secretary BCCA, CMA Devarajulu B PDC Chairman of the Chapter was present on the occasion.

On 13.07.2024, the Chapter organized another Professional Development Programme on “Integrating AI and BI Tools: A Strategic Approach to data Driven Decisions” at its premises. Mr. Satish Kumar S, Senior Technology specialist, Sandhata Technologies, CMA Abhijeet S Jain Chairman BCCA, CMA Rajesh Devi Reddy Secretary BCCA, CMA Devarajulu B PDC Chairman BCCA were the speakers.

The 165th Income Tax Day was observed by holding a talk on the Highlights of the Union Budget 2024”at its Chapter Premises on 27.07.2024. CMA (CA) K Gururaj Acharya, CMA Abhijeet S Jain, Chairman BCCA, CMA G N Venkatraman, Former President, CMA Devarajulu B PDC Chairman BCCA were the speakers at the programme.

Practitioners’ Forum Programme was held on 17.07.2024 with a talk on “Discussion and deliberations: key Takeaways the Committee report on cost Accounting Records and Cost Audit” at Chapter’s Premises. The speaker was CMA Suresh R Gunjalli, Council Member. CMA Abhijeet S Jain, Chairman BCCA, CMA Santosh G Kalburgi, Chairman PF & Treasurer BCCA, CMA Girish K, SIRC Treasurer, CMA Vishwanath Bhat, SIRC Member also attended the programme.

Career Counseling programmes were organized on 10.07.2024 and CMA G.C.Rao Vice Chairman & Chairman Coaching BCCA was the speaker at these programmes.

Walkathon 165th Income Tax Celebration Day with Principal Chief Commissioner Shri Shelley Jindal, I.R.S was conducted on 24.07.2024 CMA Abhijeet S Jain, Chairman BCCA and CMA Santosh G Kalburgi, Chairman PF & Treasurer BCCA attended the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA THRISSUR CHAPTER

The Chapter in association with Palakkad Chapter of ICMAI organised a seminar on “7 Years of GST – Way Forward”on 06th July 2024 in connection with GST Day Celebrations CMA Sreepriya K, Chairperson of the Chapter delivered the welcome speech. Mr. Abdul Latheef K, Joint Commissioner (Audit), Thrissur Zone, State GST Dept, Kerala was the Chief Guest. CMA Praveen Kumar, Member of SIRC inaugurated the function by lighting the lamp and delivered the inaugural speech. CMA(CS) Abukutty Sellappan, Secretary, Palakkad Chapter of ICMAI, CMA (Dr.) Mahalakshmi, Member of Palakkad Chapter and CMA C N Narayanan, Chairman, Professional Development Committee & Managing Committee Member of Thrissur Chapter delivered the key note Addresses. The Technical session was handled by CMA (CA) Ajith Sivadas. The seminar was conducted both online and offline mode and members from various Chapters attended the programme. CMA Cily Jose, Vice-Chairperson of Palakkad Chapter of ICMAI proposed the vote of thanks.

The Chapter celebrated "International Cooperatives Day" on 6th July 2024. CMA Sreepriya K, Chairperson along with CMA Praveen Kumar SIRC Member, CMA P.V.Antony Secretary, CMA O.Balakrishnan, Vice Chairman, CMA Vinod T V, Treasurer, CMA C.N.Narayanan, MC Member and some Chapter members attended the function.

WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BARODA CHAPTER

The MOU signing ceremony for Academic collaborations between The Faculty of Management Studies, Parul Institute of Management & Research, Parul University, Waghodia, Vadodara & the Institute was held on June 29, 2024 in the presence of Dr. Bijal Zaveri Dean of Faculty of Management Studies, Dr. Dipak Gayvala Professior, CMA Nihar Naik Assistance Professor from Parul University also CMA Ashwin Dalwadi President of the Institute, CMA Kaushik Banerjee, Secretary of the Institute, CMA Mihir Vyas, Secretary of WIRC, CMA Priyank Vyas, Chairman, Baroda Chapter, CMA Vandit Trivedi, Treasurer, Baroda Chapter, represented the Institute. The Chapter arranged CPE on “7 Year of GST: Achievements, Challenges and Opportunities ahead (Recent updates on 53rd GST Council Meeting)”on 01/07/2024 at the Chapter premises. CMA D. S. Mahajani was the chief guest and speaker. The Chapter conducted a CPE webinar on “Unpacking the MCA Committee Report on Cost Records and Audit Framework” by CMA Manish Kandpal on 18/07/2024. The Chapter arranged “Live Budget Streaming –The Union Budget, 2024”on 23/07/2024.

The Chapter arranged various activities regarding Placement & Training. The Chapter, arranged the Student Orientation Programme on 06/07/24, at its office. The session was conducted by CMA Priyank Zala. The committee members were present in the session. Speaker, CMA Priyank Zala, CMA Priyank Vyas, Chairman-Baroda Chapter, CMA Mihir Vyas, Secretary-WIRC &

other committee members of Baroda chapter provided significant guidance to students about CMA course, scope, trainings etc. Significant amount of students were present in the session.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AURANGABAD CHAPTER

To observe "GST Day" the Chapter jointly with the Institute of Company Secretaries of India-Chhatrapati Sambhajinagar Chapter organized a Workshop on "Goods & Service Tax" on 13th July, 2024 at Chambers of Marathwada Industries & Agriculture Auditorium. In the gracious presence of WIRC Chairman, CMA Chaitanya Mohrir, Dy. Commissioner of State, GST Shri Chandrashekhar Borde, Dy. Commissioner of State GST Shri Yogesh Netankar and CMA Rahul Chincholkar Practicing CMA Pune were the special guests and speakers who guided on "GST Appeal & Procedure", "GST Audit & Assessment", and " Discussion on 53rd GST Council meeting". The Programme earlier commenced with the lighting of the lamps by the auspicious hands of Chairman of Aurangabad Chapter of ICMAI CMA Salman Pathan. Chairperson of CS Chapter, CS Komal Mutha welcomed the guests and speakers. In his address Shri Chandrashekhar Borde explained in details about "GST Appeal & Procedure", and informed that a new zone will be declared for GST Appellate Tribunal for Marathwada region shortly also the State Govt. will create a position of Additional Commissioner at Chh. Sambhajinagar. Shri Yogesh Netankar, Dy. Commissioner of State GST, Chh. Sambhajinagar spoke on the issues and challenges revolving on the Audit and Assessment Procedures. Chairman of WIRC, CMA Chaitanya Mohrir appealed for the exemption for CMA Professionals from the GST. CMA Rahul Chincholikar briefed about the discussions on 53rd GST Council Meeting which was held on 22nd June, 2024 at New Delhi. Chairman of the Chapter of ICMAI, CMA Salman Pathan proposed a vote of thanks. He also expressed special thanks to all the guests and delegates and requested all members to attend all the forthcoming programmes of Aurangabad Chapter. Ms. Sakshi Kulkarni co-ordinated the Programme. For this Seminar, special co operation was received from the Managing Committee Member, CMA Vivek Deshpande for Pubic relationship. Vice Chairman and Chairman, PD Committee, CMA Babasaheb Shinde, Treasurer, CMA Aksahay Dande, Managing Committee Member, CMA Parag Rane and Senior Members were present on this occasion.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PUNE CHAPTER

Insolvency Professional Agency of the Institute in association with the Chapter arranged a seminar at CMA Bhawan, Karvenagar on 2nd June 2024. The topic for discussion was "The Future of Insolvency and Valuation Predictions, Prospects and Potential Disruptions". CMA Neeraj Joshi and CMA Harshad Deshpande, Council

Member of the Institute were the Guests of Honour. CMA Ajay Joshi was the speaker on Insolvency Professionals and CMA Amit Apte, Past President, ICMAI was the speaker on Registered Valuers.

The Chapter & Mahavan organized a Orientation Program for NGOs on "Social Stock Exchange" on 17th June 2024 at CMA Bhawan, Karvenagar. CMA Nilesh Kekan, Chairman, Pune Chapter was the Chief Guest CMA (Dr.) S.K.Gupta Chief Executive Officer, ICMAI SAO was the main speaker. CMA Shrikant Ippalpalli, Vice-Chairman of ICMAI-Pune Chapter welcomed the guests, speakers, and dignitaries on the dais and participants.

The Chapter celebrated the 10th International Yoga Day on 21st June 2024, at CMA Bhawan, Pune large number of members and students took part in this event. Mr. Sandip Joshi welcomed Yoga Expert CMA N. K. Nimkar and the participants. Yoga Expert CMA N. K. Nimkar guided the participants on various aspects of yoga. CMA Amit Apte, Past President ICMAI, CMA Nilesh Kekan, Chairman ICMAI-Pune Chapter, CMA Nagesh Bhagane, Past Chairman, ICMAI-Pune Chapter felicitated Yoga Expert CMA N.K.Nimkar.

The Chapter arranged a program for Principals, HODs & faculties of Commerce colleges in and around Pune on the topic "Orientation on CMA Course" on 22nd June 2024 at CMA Bhawan, Karvenagar to discuss various points regarding Costing & other subjects. CMA Ramkrishna Kashelkar was the speaker. CMA Shrikant Ippalpalli, Vice-Chairman of the Chapter welcomed the guests and participants. The program commenced with the lighting of the lamp and rendering of Institute's Anthem. CMA Shrikant Ippalpalli, Vice-Chairman of the Chapter introduced the speaker CMA Ramkrishna Kashelkar while CMA Nilesh Kekan, Chairman of the Chapter felicitated the speaker. CMA Nilesh Kekan expressed his thanks to all invitees for accepting ICMAI-Pune Chapter's invitation. He also described how CMA converts loss into profit. Speaker CMA Ramkrishna Kashelkar expressed his thanks and congratulated ICMAI-Pune Chapter for arranging this event, sharing ideas, clearing doubts, importance of communication. He also informed about the opportunities areas such as cost audit with Equity research, analysis etc. CMA Amit Shahane briefly discussed the information about ICMAI available on its website. He also told that India is the only country where cost audit is mandatory. CMA's work is not limited upto factory but they also work as Internal auditors, Insolvency professionals, valuers, GST Auditors, Business valuation experts, Information system experts, Income tax experts etc. He also explained the objective of CMA Course, stages in course, subjects, mandatory trainings etc.CMA Rahul Chincholkar, Secretary of the Chapter described the scope for CMAs in a variety of fields like practice in costing, service industry, cost consultancy etc. He also informed that CMAs can work as heads in various departments. CMAs can join teaching field also. He explained the new areas like Shark Tank, Social Stock Exchange etc.CMA Nilesh Kekan, Chairman, Pune Chapter explained the scholarship scheme for CMA students at Pune Chapter. He also requested the representatives of various colleges for career counseling and develops the relations between students & ICMAI-Pune Chapter for growth of their career and future. After this a lively question and answer session was conducted. Representatives from various colleges participated in this session. Vote of thanks was proposed by CMA Himanshu Dave, Treasurer of ICMAI-Pune Chapter.

The Second batch CAT Course for JCOs/OR under the Directorate General Resettlement (DGR) Department of Ex-Servicemen Welfare (Ministry of Defence, Govt. of India) commenced from Monday, 24th June 2024 at CMA Bhawan, Karvenagar. After completion of documentation process Mr. Sandip Joshi, Co-ordinator for CAT Course welcomed the faculty CMA Abhay Deodhar and participants for this course. First introductory lecture on Fundamentals of Financial Accounting was delivered by CMA Abhay Deodhar.

Inauguration of 2nd batch of CAT Course for JCOs/OR under the Directorate General Resettlement (DGR) Department of Ex-Servicemen Welfare (Ministry of Defence, Govt. of India) was held on Friday, 28th June 2024, at CMA Bhawan, Karvenagar.CMA Tanuja Mantrawadi, Managing Committee Member of Pune Chapter welcomed the guests and participants of the CAT course. The Inauguration Program started with the Lighting of the lamp by Chief Guest Cdr Rahil Rai DRZS, Pune, CMA Himanshu Dave, Treasurer, CMA Tanuja Mantrawadi, Managing Committee Member of Pune Chapter, and representative from participants from CAT Course comprising of Senior and Juniors of Army, Navy, and Air Forces Personnel. The Welcome address was delivered by CMA Tanuja Mantrawadi, She mentioned that it is the proud moment for ICMAI-Pune Chapter to render a helping hand for conducting the CAT Course for the Retired / Retiring Armed Forces Personnel. CMA Himanshu Dave, Treasurer, Pune Chapter talked about the tag lines of the ICMAI 'Behind Every Successful Business Decision, there

is always a CMA'. He also explained how trend has been changed from works to management. This CAT Course for JCOs/OR under the DGR, Department of Ex-Servicemen Welfare, Govt. has given opportunity to the Pune Chapter to serve the nation. He explained the participants that CMAs can work not only in traditional practice but also in MNCs, SOP, Mutual Funds etc. After completing the CAT Course the participants can work in GST filing, accounting, income tax, book keeping, banking, cash management, summer camp events etc. Subjects covered in the course like computer skills, oral and written communication will provide the participants opportunities in job market for future. CMA Himanshu Dave, Treasurer, Pune Chapter felicitated the Chief Guest Cdr Rahil Rai DRZS, Pune. Cdr Rahil Rai, in his address expressed his thanks to ICMAI-Pune Chapter for providing opportunity to his comrades though CAT course. He also appreciated the faculties for the course and the infrastructure. He said that this course is not only to teach but help them after retirement. Although Govt. provides all the facilities to them they must be financially stable. As India is growing market, they will be able to achieve job satisfaction after finishing this CAT Course. They also can serve Govt. by giving employment to others. He advised them to maintain discipline in course duration. He conveyed his best wishes to the participants. CS Sushant Kulkarni, faculty for CAT Course stated that teaching to these army personnel was an amazing experience. He informed that there are huge employment opportunities. The Vote of thanks was proposed by CMA Tanuja Mantrawadi, Managing Committee Member of Pune Chapter.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE DEWAS CHAPTER

Office bearers and students of the Chapter participated enthusiastically in the campaign of plantation of 12 lakh 41 thousand plants within 24 hours on 14th July 24 sponsored by Indore Municipal Corporation which is recorded in Guinness book of world record. CMA Rahul Jain, Vice Chairman, CMA Pankaj Raizada Secretary, CMA Rajat Gupta Managing Committee Member and students of the chapter were present at the event.

Direct & Indirect Tax Updates - July 2024

DIRECT TAXES

- **Notification No. 53/2024 Dated 15th July 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, 'Uttaranchal Board of Technical Education, Roorkee' (PAN: AAALU0281D), a Board constituted by State Government of Uttaranchal, in respect of the following specified income arising to the said Society, as follows: a) Grants/subsidies received from Government/government bodies b) Fees, Fines and Penalties collected as per the provisions of Uttaranchal Board of Technical Education Act, 2003 c) Receipts from sale of printed application forms and educational material d) Receipts from disposal of assets, sale of scrap material or waste papers e) Rent received in form of let out of properties f) Royalty of license fees for providing technical knowledge and infrastructure g) Interest on bank deposits.

  This notification shall be effective subject to the conditions that 'Uttaranchal Board of Technical Education, Roorkee' (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. 54/2024 Dated 18th July 2024:** In exercise of the powers conferred by sub-clause (vi) of clause (b) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) number S.O. 3952(E), dated the 2nd November, 2020 (Notification No. 89/2020/F. No. 370133/16/2020-TPL) published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii), except as respects things done or omitted to have been done on and from the 1st day of April, 2024 till the date of publication of this notification in the Official Gazette. In the said notification, in the opening paragraph, for the figures, letters and words "31st day of March, 2024", the figures, letters and words "31st day of March, 2025" shall be substituted.

- **Notification No. 55 - 92/2024 Dated 18th July 2024:** In exercise of the powers conferred by sub-clause (iv) of clause (c) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance, Department of Revenue (Central Board of Direct Taxes). In the said notification, in the opening paragraph, for the figures, letters and words "31st day of March, 2024", the figures, letters and words "31st day of March, 2025" shall be substituted.

- **Notification No. 93/2024 Dated 19th July 2024:** In exercise of powers conferred by sub-clause (iv) of clause (c) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the "Act"), the Central Government hereby specifies the pension fund, namely, AIMCo India Infrastructure Limited (PAN: AAZCA0927A) (hereinafter referred to as "the assessee") as the specified person for the purposes of the said clause in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March 2025 subject to the fulfillment of the following conditions:

  (i) the assessee shall file return of income, for all the relevant previous years falling within the period beginning from the date in which the said investment has been made and ending on the date on which such investment is liquidated, on or before the due date specified for furnishing the return of income under subsection (1) of section 139 of the Act (ii) the assessee shall furnish along with such return a certificate in Form No. 10BBC in respect of compliance to the provisions of clause (23FE) of section 10 of the Act, during the financial year, from an accountant as defined in the Explanation below sub-section (2) of section 288 of the Act, as per the provisions of clause (vi) of rule 2DB of the Income –tax Rules, 1962 (iii) the assessee shall intimate the details in respect of each investment made by it in India during the quarter within one month from the end of the quarter in Form No. 10BBB, as per the provisions of clause (v) of rule 2DB of the Income-tax Rules, 1962 (iv) the assessee shall maintain a segmented account of income and expenditure in respect of such investment which qualifies for exemption under clause (23FE) of section 10 of the Act (v) the assessee shall continue to be regulated under the law of the Government of Alberta, Canada (vi) the assessee shall be responsible for administering or investing the assets for meeting the statutory obligations and defined contributions of one or more funds or plans established for providing retirement, social security, employment, disability, death benefits or any similar compensation to the participants or beneficiaries of such funds or plans, as the case may be (vii) not more than ten per cent of the total value of the assets administered or invested by the assessee are allowed for the purpose other than the purpose listed at clause (vi) provided such assets are wholly owned directly or indirectly by the Government of Alberta, Canada and such assets vest in the Government of Alberta, Canada upon dissolution (viii) the earnings and assets of the assessee should be used only for meeting statutory obligations and defined contributions for participants or beneficiaries of funds or plans referred to in clause (vi) and no portion of the earnings or assets of the pension fund inures any benefit to any other private person; barring any payment made to creditors or depositors for loan or borrowing [as defined in sub-clause (b) of clause (ii) of Explanation 2 to clause (23FE) of section 10 of the Act] taken for the purposes other than for making investment in India (ix) the earning from assets referred to in clause (vii) may be used for purpose other than the purpose listed as in clause (viii) provided that the said earnings are credited either to the account of Government of Alberta, Canada or any other account designated by such Government so that no portion of the earnings inures any benefit to any private person (x) the assessee shall not have any loans or borrowings [as defined in sub-clause (b) of clause (ii) of Explanation 2 to clause (23FE) of section 10 of the Act], directly or indirectly, for the purposes of making investment in India; and (xi) the assessee shall not participate in the day to day operations of investee [as defined in clause (i) of Explanation 2 to clause (23FE) of section 10 of the Act] but the monitoring mechanism to protect the investment with the investee including the right to appoint directors or executive director shall not be considered as participation in the day to day operations of the investee. Violation of any of the conditions as stipulated in the said clause (23FE) of section 10 of the Act and this notification shall render the assessee ineligible for the tax exemption.

- **Notification No. 94/2024 Dated 24th July 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, 'Punjab Skill Development Mission Society, Chandigarh' (PAN: AAAAE8085G), a Society constituted by Government of Punjab, in respect of the following specified income arising to the said Society as follows: a) Grants and contributions received from Central Government, State Government of Punjab, and other Government institutions (b) CSR funds received from companies/firms (c) Levy of service charges or administrative charges for the schemes/projects (d) Interest on bank deposits. This notification shall be effective subject to the conditions that Punjab Skill Development Mission Society, Chandigarh (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. 95/2024 Dated 24th July 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, 'Himachal Pradesh State Load Despatch Centre, Shimla', (PAN-AAAAH7757E), a body established by the Government of Himachal Pradesh, in respect of the following specified income arising to that body as follows: a) Income from levy of fees/charges as per Electricity Act, 2003 and as fixed by Himachal Pradesh Electricity Regulatory Commission, and b) Interest on bank deposits. This notification shall be effective subject to the conditions that Himachal Pradesh State Load Despatch Centre (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; 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. 96/2024 Dated 24th July 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, 'Society for Applied Microwave Electronics Engineering & Research (SAMEER), Mumbai' (PAN: : AALAS5825K), a Society constituted by Central Government, in respect of the following specified income arising to the said Society, as follows: a) Grants received from Ministry of Electronics and Information Technology b) Fees received from test measurement and consultancy services. c) Design and development charges for systems/subsystems in RF/ Microwave and allied areas. d) Revenue from Royalty and transfer of technology. e) Miscellaneous income as per Memorandum of Association of the SAMEER. f) Interest on bank deposits. This notification shall be effective subject to the conditions that 'Society for Applied Microwave Electronics Engineering & Research (SAMEER), Mumbai' (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.

INDIRECT TAXES

GST

- **Notification No. 12/2024 – Central Tax Dated 10th July 2024:** In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017. In the said rules, in rule 21, (i) in clause (f), after the words, letters and figures FORM GSTR-1, the letters, words and figures as amended in FORM GSTR-1A if any, shall be inserted. In the said rules, in rule 21A, in sub-rule (2A), in clause (a) (i) after the words, letters and figures furnished in FORM GSTR-1, the letters, words and figures as amended in FORM GSTR-1A if any, shall be inserted;(ii) after the words, letters and figures in their FORM GSTR-1, the words, letters and figures or in FORM GSTR-1A of the previous tax period, if any shall be inserted.

- **Notification No. 13/2024 – Central Tax Dated 10th July 2024:** In pursuance of the powers conferred by sub-rule (4B) of rule 8 of the Central Goods and Services Tax Rules, 2017, the Central Government, on the recommendations of the Council, hereby rescinds the notification of the Government of India in the Ministry of Finance, Department of Revenue, number 27/2022-Central Tax, dated the 26thDecember, 2022 published vide number G.S.R 903(E), in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 26thDecember, 2022, except as respects things done or omitted to be done before such rescission.
- **Notification No. 14/2024 – Central Tax Dated 10th July 2024:** In exercise of the powers conferred by the first proviso to section 44 of the Central Goods and Services Tax Act, 2017 (12of2017), the Commissioner, on the recommendations of the Council, hereby exempts the registered person whose aggregate turnover in the financial year 2023-24 is upto two crore rupees, from filing annual return for the said financial year.
- **Notification No. 15/2024 – Central Tax Dated 10th July 2024:** In exercise of the powers conferred by sub-section (1) of section 52 of the Central Goods and Services Tax Act,2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 52/2018-Central Tax, dated the 20thSeptember, 2018 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R.900(E), dated the 20th September, 2018, namely: In the said notification, for the words "half percent.", the figure and word "0.25 percent." shall be substituted.
- **Circular No.223/17/2024-GST Dated 10th July 2024:** Amendment in circular no. 1/1//2017 in respect of Proper officer for provisions relating to Registration and Composition levy under the Central Goods and Services Tax Act, 2017 or the rules made there under.
- **Circular No.224/17/2024-GST Dated 11th July 2024:** Guidelines for recovery of outstanding dues, in cases wherein first appeal has been disposed of, till Appellate Tribunal comes into operation.
- **Circular No.225/17/2024-GST Dated 11th July 2024:** Clarification on various issues pertaining to taxability and valuation of supply of services of providing corporate guarantee between related persons.
- **Circular No.226/17/2024 - GST Dated 11th July 2024:** Mechanism for refund of additional Integrated Tax (IGST) paid on account of upward revision in price of the goods subsequent to export.
- **Circular No.227/17/2024 - GST Dated 11th July 2024:** Processing of refund applications filed by Canteen Stores Department (CSD).
- **Circular No.228/17/2024-GST Dated 15th July 2024:** Clarifications regarding applicability of GST on certain services.
- **Circular No.229/17/2024 - GST Dated 15th July 2024:** Clarification regarding GST rates & classification (goods) based on the recommendations of the GST Council.

CENTRAL EXCISE

- **Notification No. 17/2024 - Central Excise Dated 1st July 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 19thJuly, 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. 6000 per tonne" shall be substituted.
- **Notification No. 18/2024 - Central Excise Dated 15th July 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 19thJuly, 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. 7000 per tonne" shall be substituted.
- **Notification No. 19/2024-Central Excise Dated 31st July 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 19thJuly, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 584(E), dated the 19thJuly, 2022. In the said notification, in the Table, (i) against S. No. 1, for the entry in column (4), the entry "Rs. 4600per tonne" shall be substituted.
- **Circular No. 1086/01/2024-CX Dated 3rd July 2024:** Revised Monetary Limits for Adjudication of Show Cause Notices in Central Excise for commodities classified under Chapter 24 of Schedule IV of Central Excise Act, 1944.

CUSTOMS

- **Notification No. 27/2024-Customs Dated 12th July 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 of 1975), the Central Government, on the recommendations of the Council, on being satisfied that it is necessary in the public interest so to do, hereby exempts all goods imported by a unit or a developer in the Special Economic Zone for authorised operations, from the whole of goods and service tax compensation cess leviable thereon under sub-section (9) of section 3, of Customs Tariff Act, 1975 (51 of 1975) read with sub-section (2) of section 8 of the Goods and Services Tax (Compensation to States) Act, 2017.
- **Notification No. 28/2024 - Customs Dated 12th July 2024:** Seeks to amend notification No. 50/2017-Customs to give effect to the recommendation of the 53rd GST Council meeting.
- **Notification No. 29/2024-Customs Dated 23rd July 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), 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.154/94-Customs, dated the 13thJuly, 1994, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 583(E),dated the 13thJuly, 1994, namely : In the said notification, in the TABLE, against S.No.3, in column 3, in condition (v), in clause (A), in sub-clause (b), for the letters, figures, brackets and words "Rs.1,00,000 (One lakh)", the letters, figures, brackets and words "Rs.3,00,000 (Three lakhs)"shall be substituted.
- **Notification No. 30/2024-Customs Dated 23rd July 2024:** Seeks to further amend notification No. 50/2017-Customsdated the 30th June, 2017, so as to notify BCD related changes.
- **Notification No. 31/2024-Customs Dated 23rd July 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), 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, Ministry of Finance (Department of Revenue), No. 22/2022-Customs, dated the 30th April, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 328(E), dated the 30thApril, 2022, namely: In the said notification, in the TABLEIII , against S. No. 12, in Column (5), for the entry, the entry "4" shall be substituted and in Column (6), for the entry, the entry "1" shall be substituted.
- **Notification No. 32/2024-Customs Dated 23rd July 2024:** Seeks to amend notification No. 11/2021-Customs dated 1st February, 2021 so as to revise AIDC applicable on certain items.
- **Notification No. 33/2024-Customs Dated 23rd July 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), 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, Ministry of Finance (Department of Revenue) No. 57/2000-Customs,dated the 8thMay, 2000, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), vide number G.S.R. 413 (E), dated the 8thMay, 2000, namely: In the said notification, in the TABLE, against Sl. No. 1, in Column (4), for"9.35%"wherever it occurs, "4.35%"shall be substituted.
- **Notification No. 34/2024-Customs Dated 23rd July 2024:** Seeks to amend notification related to electronics including Nos.25/1999-Customs, 25/2002-Customs and 57/2017- Customs.
- **Notification No. 35/2024-Customs Dated 23rd July 2024:** Seeks to amend notification No. 8/2020-Customs dated 1st February, 2020 in order to revise Health Cess on certain items.
- **Notification No. 36/2024-Customs Dated 23rd July 2024:** Seeks to provide exemption/concessional rate of BCD and SWS to critical minerals.
- **Notification No. 37/2024-Customs Dated 23rd July 2024:** Seeks to amend notification no. 27/2011-Customs dated 1st March, 2011 in order to amend the export duty on specified items of raw hides, skins and leather.
- **Notification No. 38/2024-Customs Dated 23rd July 2024:** Seeks to amend 32 notifications in order to extend their validity to a further period and amend notification No. 153/94-Customs to extend the time period for re-export of certain foreign origin goods when imported for maintenance, repair and overhaul.
- **Notification No. 39/2024-Customs Dated 23rd July 2024:** Seeks to amend notification No. 45/2017-Customs dated 30th June, 2017 in order to extend the time period of re-import.
- **Notification No. 41/2024-Customs Dated 31st July 2024:** Seeks to amend notification No. 50/2017-Customs, dated 30.06.2017, in order to prescribe conditional BCD rate of 10% on Laboratory Chemicals [excluding undenatured ethyl alcohol of any alcoholic strength], falling under HS 9802 00 00, for specified use.
- **Circular No. 09/2024-Customs Dated 9th July 2024:** Amendment in Circular No. 29/2020-Customs dated 22.06.2020 for allowing transhipment of Bangladesh export cargo to third countries through Air Cargo Complex, Kempegowda International Airport, Bengaluru.

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

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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:

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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*
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8. *Green Entrepreneurship and Circular Economy*
9. *Startups and Sustainable Development Goals (SDGs)*
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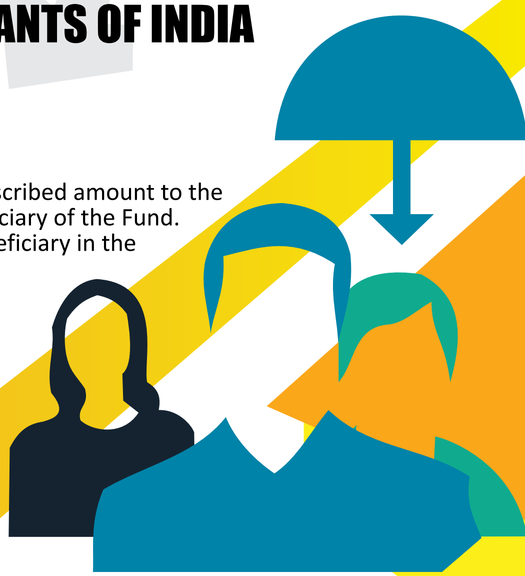

OBJECTIVE

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.

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