THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

January 2025 | Vol. 60 | No. 01 | Pages - 124 | ₹ 100

BANKING IN INDIA

TODAY & TOMORROW

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

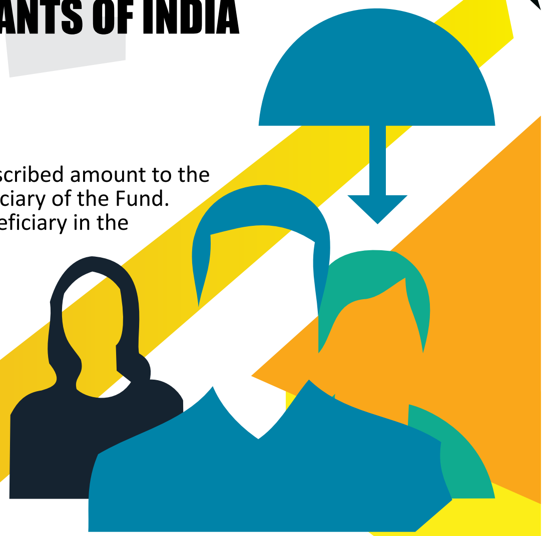
(Statutory Body under an Act of Parliament)

www.icmai.in

Benevolent Fund

FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016



OBJECTIVE

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

LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

BENEFITS

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

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

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

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

Publisher – Sucharita Chakraborty – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.
Place of Publication – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.
Printer – Maneck Eruch Davar, 10th Floor, Sun Paradise Business Plaza, Opp. Kamala Mills, Senapati Bapat Marg, Lower Parel., Mumbai, Maharashtra – 400013.
Printing Press – Spenta Multimedia Private Limited, Plot No. 15, 16 & 21/1, Morivali MIDC, Village Chikhloli, Ambernath West, Thane, Maharashtra – 421505.
Editor – Sucharita Chakraborty – 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.
Owner – The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata, West Bengal – 700016.

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

www.icmai.in

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

VISION STATEMENT
"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

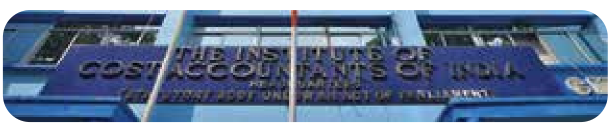
MISSION STATEMENT
"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

Institute Motto

असतोमा 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

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



Headquarters:
CMA Bhawan, 12 Sudder Street, Kolkata - 700016

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

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)

Publisher – Sucharita Chakraborty – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.
Place of Publication – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.
Printer – Maneck Eruch Davar, 10th Floor, Sun Paradise Business Plaza, Opp. Kamala Mills, Senapati Bapat Marg, Lower Parel., Mumbai, Maharashtra – 400013.
Printing Press – Spenta Multimedia Private Limited, Plot No. 15, 16 & 21/1, Morivali MIDC, Village Chikhloli, Ambernath West, Thane, Maharashtra – 421505.
Editor – Sucharita Chakraborty – 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.
Owner – The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata, West Bengal – 700016.

Chairman, Journal & Publications Committee
CMA Harshad Shamkant Deshpande

ENQUIRY
- **Articles/Publications/News/Contents/Letters/Book Review/Enlistment**
  editor@icmai.in
- **Non-Receipt/Complementary Copies/Grievances**
  journal@icmai.in
- **Subscription/Renewal/Restoration**
  subscription@icmai.in

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

The Management Accountant technical data

Periodicity : Monthly
Language : English

Overall Size : 26.5 cm x 19.6 cm

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

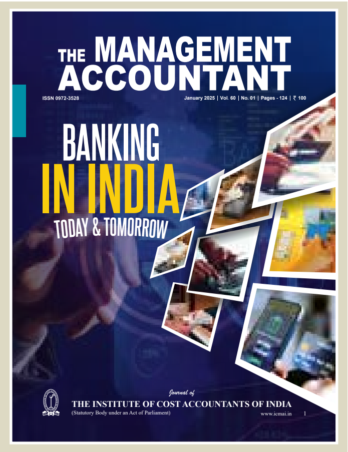
Concessional subscription rates for registered students of the Institute: ₹300 p.a or ₹30 for a single copy

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

We have expanded our Readership from **1** to **94** Countries
Afghanistan, Algeria, Argentina, Australia, Azerbaijan, Bahrain, Bangladesh, Belgium, Benin, Botswana, Brazil, British Indian Ocean Territory, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Colombia, Croatia, Czech Republic, Djibouti, Egypt, France, Gambia, Germany, Ghana, Great Britain, Greece, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Liberia, Lithuania, Malawi, Malaysia, Mauritius, Mexico, Morocco, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Oman, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Syria, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States of America, Vietnam, Zaire, Zimbabwe.

Inside

January 2025



JANUARY VOL 60 NO.01 ₹100

Contents

Cover Story

Interview

Valuation Corner

Business Cases

Financial Management

CSR

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

Images in this issue are sourced from google

THE COUNCIL

From the EDITOR'S DESK

The banking sector in India has seen remarkable transformations, driven by technological innovations, policy changes, and the growing demand for financial inclusion. As we move towards a cashless economy and sustainable financial practices, several developments are influencing the banking landscape. From UPI's role in cashless banking to the rise of neo-banks and the push towards net zero, the future of banking in India promises a more inclusive, efficient, and customer-centric financial landscape. The continued evolution of banking will require innovation, ethical practices, and a deep understanding of both global trends and local realities.

This issue presents articles on the cover story "Banking in India- Today & Tomorrow" written by distinguished experts.

Glimpses of the articles:

Unified Payments Interface (UPI) and the Future of Cashless Banking: Regional Adoption, Global Comparisons, and Policy Innovations explores the widespread adoption of UPI across various regions, delving into the factors influencing its penetration, state-level initiatives, and the rural-urban divide.

Bank Merger - Impact on Credit Growth concludes that the mergers of public sector banks have had minimal impact on both credit growth and GDP growth, at least for now.

Net Zero Banking: A Prudent and Sustainable Approach to Lending highlights the critical role the banking sector plays in the global transition to a net-zero future, underscoring its responsibility in supporting sustainable practices.

Internal Audit: Excellence through XAI in BFSI aims to introduce Explainable Artificial Intelligence (XAI) to readers, showcasing its potential to enhance the reliability and security of systems in the banking, financial services, and insurance (BFSI) sector.

The Neobanking Landscape: India vis-à-vis Global offers a comparative analysis of the neobanking sector in India, evaluating its development alongside that of the USA, UK, Brazil, Nigeria, and Australia.

Corporate Social Responsibility (CSR) Accounting in Banks India: A Case Study Approach examines the impact of CSR initiatives on banks' overall performance and their public perception.

Beyond Branches: The Emergence and Impact of Neobanks identifies key players in the global and Indian neobanking markets, analyzing their strategies and customer-centric models.

The Role of Ethics in Shaping the Future of Banking in India concludes that adopting ethical banking practices not only strengthens customer relationships but also promotes sustainable economic growth.

Infrastructure Financing – The Bank's Role and Practical Solutions suggests that addressing cost overruns and time delays in infrastructure projects will reduce payback periods and help accelerate the launch of new projects, fostering continued economic growth.

Neo-Banks: Catalysts for India's Financial Transformation (Service Verticals, Opportunities, and Challenges) discusses the significant growth potential of India's neobanking sector, driven by the large unbanked population, while acknowledging the numerous challenges faced during this period of financial services transformation.

AI-Powered Banking: Are the Customers Ready? reviews the past, present, and future roles of Artificial Intelligence (AI) in banking, examining the research and implications of AI on the banking industry.

This issue also features articles on various other contemporary topics. We are privileged to include an exclusive interview with CMA Gopal Singh Gusain, Independent Director of Nainital Bank.

We extend our sincere gratitude to all the contributors for sharing their valuable insights through their articles and research. We hope that the content in this issue will greatly enhance your knowledge.

We welcome your feedback at: editor@icmai.in.

Wishing everyone a year filled with love, laughter, and boundless opportunities. Happy New Year 2025!

ICMAI
The Institute of Cost Accountants of India
(Statutory Body under an Act of Parliament)
www.icmai.in

Directorate of Journal & Publications

Headquartcers: CMA Bhawan, 12, Sudder Street, Kolkata - 700016, Ph: +91-33-40364777/40364722/40364726
Editorial Office: CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road, Kolkata - 700025, Ph: +91-33-4036 4725/2454 0063/86/87/0184

Members, Students, Employees & Well Wishers of the Institute
Wishing you a Healthy, Prosperous & Happy New Year

2025

JANUARY

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

FEBRUARY

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

MARCH

M	T	W	T	F	S	S
31					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

APRIL

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

MAY

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

JUNE

M	T	W	T	F	S	S
30						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

JULY

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

AUGUST

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

OCTOBER

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

DECEMBER

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Only Central Govt. Gazetted Holidays*

JANUARY
26 Republic Day

FEBRUARY
26 Maha Shivaratri

MARCH
14 Holi
31 Id-ul-Fitr

APRIL
10 Mahavir Jayanti
18 Good Friday

MAY
12 Buddha Purnima

JUNE
07 Id-ul-Zuha (Bakrid)

JULY
06 Muharram

AUGUST
15 Independence Day
16 Janmashtami (Vaishnava)

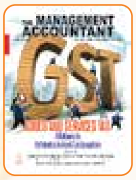
SEPTEMBER
05 Milad-un-Nabi or Id-e -Milad (Birthday of Prophet Mohammad)

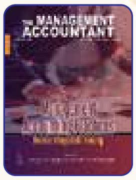
OCTOBER
02 Mahatma Gandhi's Birthday
02 Dussehra
20 Diwali (Deepavali)

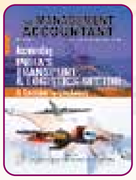
NOVEMBER
05 Guru Nanak's Birthday

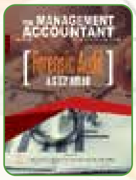
DECEMBER
25 Christmas Day

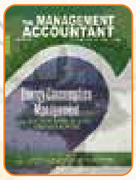
*https://documents.doptcirculars.nic.in/D2/D02est/List%20of%20holidays%202025KtKLw.pdf

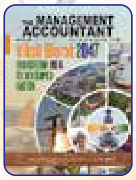












The Journal started its journey in 1966

We have Expanded our Readership to 94 Countries

ISSN 0972-3528

Index Copernicus and J-gate Global Impact and Quality factor [2015]:0.563

Vision
"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

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

Mission
"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."

Behind every successful business decision, there is always a CMA

President's
Communiqué

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

"You can't cross the sea merely by standing and staring at the water."
- Rabindranath Tagore

My Dear Professional Colleague,

As we usher in this new year, I extend my heartfelt wishes to all members, students, and stakeholders of our esteemed Institute. May this year bring us new opportunities to grow and excel, individually and collectively.

National Cost and Management Accountants Convention (NCMAC) 2025

I am delighted to announce that the Institute will be organizing its 62nd National Cost and Management Accountants Convention (NCMAC) on 23rd to 25th May 2025 in Bhubaneswar, Odisha. This mega national event of the Institute will serve as a platform to showcase the significant contributions of CMAs in fostering economic growth and innovation. I urge members and students to mark their calendars and actively participate in this grand convention.

International Conference on Cost and Management Accounting

I am delighted to announce that the Institute is organizing the 'International Conference on Cost and Management Accounting' on the theme "CMAs, Trusted partners in Business Growth" on 15th February 2025 in Dubai, UAE. This prestigious event will bring together global thought leaders, policymakers, and professionals to discuss emerging trends, challenges, and opportunities in the field of cost and management accountancy. The conference will focus on sustainable business practices, digital transformation, and the evolving role of CMAs in the global economy. Registrations for the event will be starting very soon. I encourage all members to participate in this event and contribute to the exchange of ideas and best practices.

CMA Achievers' Meet: Vision 2030

The Institute has successfully organised CMA Achievers' Meet: Vision 2030 in Vigyan Bhawan, New Delhi on 12th December 2024 on the theme "Repositioning the ICMAI towards 'India Vision@2047". **Shri Shripad Yesso Naik,** Hon'ble Union Minister of State for Power and New & Renewable Energy graced the event as the Chief Guest of the Meet while **Dr. Jayanta Kumar Roy,** Hon'ble Member of Parliament and Member, Standing Committee for Finance and **Ms. Deepti Gaur Mukerjee,** IAS, Secretary to the Government of India, Ministry of Corporate Affairs were the Guests of Honour of the event. **Shri Inderdeep Singh Dhariwal,** Joint Secretary to the Government of India, Ministry of Corporate Affairs and **CMA Pradeep Kumar Das,** CMD, IREDA were the Special Guests of the event.

CMAs holding high positions in Industry, Management Experts and Globally renowned Professionals like **CMA Mukesh Agrawal,** Director (Finance), Coal India Limited, **CMA Anupam Agarwal,** Director (Finance) ONGC Videsh Limited, **CMA Asim Mukhopadhyay,** CEO & Managing Director, Tata Motors Smart City Mobility Solutions Ltd., **CMA Bikash Prasad,** President & Group CFO, Olam Agri, Dubai, **CMA Dr. Sanjoy Sen,** Global Head (Research & Eminence), Deloitte LLP, UK, **CMA Debashis Sanyal,** Advisor to Chairman, Great Lakes Institute of Management, **CMA Rameesh Kailasam,** President & CEO, IndiaTech.org, **CMA Gagan Bihari Swain,** Director (Finance), Odisha Power Generation Corporation Limited, **CMA Baidyanath Maharana,** Director (Finance), North Eastern Electric Power Corporation Limited (NEEPCO), **CMA (Dr.) Paritosh Basu,** Senior Director (Services), Stragility Consulting Pvt. Ltd., **CMA (Dr.) Pankaj Gupta**, Professor, Executive Director (CESM), O P Jindal Global University, **CMA Santosh Sharma,** Head - Business Planning & Stakeholder Management (CX), Air India shared their views, expectations and experience with the participants.

Around 100 CMA Achievers holding high positions in Government, PSUs and Private Sector were honoured by the Guests by presenting a special commemorative memento and a certificate of appreciation. The event brought together an inspiring blend of accomplished professionals, industry leaders, and visionaries from the domain of Cost and Management Accounting. This meet has not only reinforced the commitment of CMAs to nation-building but also paved the way for innovative strategies to achieve Vision 2030.

Meeting with Dignitaries

I along with my Council Colleagues called on Ms. Deepti Gaur Mukerjee, IAS, Secretary, Smt. Anuradha Thakur, Additional Secretary, Shri Inder Deep Singh Dhariwal, Joint Secretary, Ministry of Corporate Affairs, Govt. of India and Shri Manish Goswami, Adviser (Cost), Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India on 3rd January, 2025.

I along with my Council Colleagues had an opportunity to meet and felicitate CMA Sadanand Vasant Date, Director General of the National Investigation Agency (NIA) on 3rd January, 2025.

I along with CMA TCA Srinivasa Prasad, Vice President, ICMAI had meeting with CMA Arup Mukherjee, ED (Finance) and CMA H Datta, GM (Finance) of IISCO Steel Plant (ISP) at CMA Bhawan, Kolkata on 27th December, 2024.

CAASB organised second series of online interactions on draft Cost Audit Reporting formats

As informed in the previous communique that the Cost Auditing and Assurance Standards Board (CAASB) of the Institute organised the first series of online interactions to discuss the Cost Audit Reporting formats for the service sectors proposed by the committee constituted by the MCA in its report. I am pleased to inform you that the second series of the interaction on the formats of the remaining services, was organised by the Board during 16th to 24th December 2024 and the same was well attended by the members and others. Discussion were centered around Aeronautical Services, Films, Media & Entertainment Services, Petroleum Products & Services, Port Services, Warehousing & Storage Services and Waste Management Services.

I sincerely appreciate this important endeavour of the CAASB led by CMA Ashwin G Dalwadi, Immediate Past President and Council Member of the Institute. I hereby convey my gratitude to all the participants who constructively contributed in this endeavor.

Regional Chapters' Meet

I am pleased to share that the Southern Region Chapters meet was organised by the Regional Council & Chapters Coordination Committee jointly with the SIRC at Pondicherry on 8th December 2024 with the help of Pondicherry Chapter of the Institute and the Northern Region Chapters meet was organised by the Regional Council & Chapters Coordination Committee jointly with NIRC at Osiyan, Rajasthan on 22nd December 2024 with the help of Jodhpur Chapter of the Institute.

The meet at Hotel Atithi, S. V. Patel Salai, Pondicherry was Chaired by CMA Bibhuti Bhushan Nayak, President and was convened by CMA Dr. K Ch A V S N Murthy, Chairman, Regional Council & Chapters Coordination Committee which was also attended by my Council Colleagues who are members of the Committee, EIRC Office Bearers, Chapter representatives of Southern Region, Institute and Pondicherry Chapter officials. During the meet, representatives of the Chapters under SIRC shared their suggestions, views and issues and deliberated on all relevant matters which need the attention and perusal of the Committee, RC and Headquarters with a view to streamline and improve upon the functioning of the Chapters and the Institute.

The meet at Osiyan, Rajasthan was Chaired by me and was convened by CMA Dr. K Ch A V S N Murthy, Chairman, Regional Council & Chapters Coordination Committee which was also attended by my Council Colleagues who are members of the Committee, NIRC Office Bearers, Chapter representatives of Northern Region, Institute and Jodhpur Chapter officials. During the meet, representatives of the Chapters under NIRC shared their suggestions, views and issues and deliberated on all relevant matters which need the attention and perusal of the Committee, RC and Headquarters with a view to streamline and improve upon the functioning of the Chapters and the Institute.

As we step into 2025, I express my sincere gratitude for the unwavering support and contributions of our members, students, and stakeholders. I look forward to your continued participation and support in making 2025 a milestone year for the Institute.

Wishing you and your loved ones a year filled with success, happiness, and good health! With warm regards,

CMA Bibhuti Bhusan Nayak
January 04, 2025

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

AGRICULTURE COST MANAGEMENT BOARD

The Agriculture Cost Management Board (ACMB) under the Chairmanship of CMA Chittaranjan Chattopadhyay has successfully organized a web meet on "Farmers' Contribution & Role of CMAs towards the Viksit Bharat" for the celebration of the National Farmers' Day 2024 and a Research Monograph "Agri- The Farmer First" was released in the occasion. Dr. Vinayak Sridhar Deshpande, Vice-Chancellor, G.H.Raisoni University, Amravati, Maharashtra was the Chief Guest and Dr. Anand Kumar Singh, Vice-Chancellor, Chandra Sekhar Azad University of Agriculture and Technology, Kanpur, Uttar Pradesh was the Guest of Honour.

The keynote speakers were Prof. Praveen Kumar Jain, Director, School of Agriculture, IGNOU, CMA Balbir Singh, General Manager, PNB, CMA Santosh Sharma, Practicing Cost Accountant, CMA Raveendranath Kaushik, Practicing Cost Accountant, CMA Anil Sharma, Practicing Cost Accountant & everybody have elucidated the significance for the celebration of the day as well as the important role played by our Institute towards this end.

The consequence of the web meet was to discuss about the farmers' contribution to the nation's growth as they are the backbone of India's agricultural sector; providing food security for every one of us. I hope that our Members have enjoyed the deliberations and got some meaningful input to take away for their professional development.

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 December 2024, a synopsis of which is presented herein under:

A. Certificate Courses of BFSI

i) Advance Certificate Course on Fintech

The admission for the 2nd batch of Advance Certificate Course on Fintech has started.

ii) Certificate Course on Concurrent Audit of Banks

The admission for the 12th batch will start soon.

iii) Certificate Courses on other courses on Banking

The admission for the 11th batch of Credit Management of Banks and 9th batch of the Treasury and International Banking are currently going on.

iv) Investment Management in collaboration with NSE Academy

The admission for the Level-3 Batch No. 1 (Financial Derivatives & it's application) is presently going on and the classes of the Level-1 Batch No. 2 completed on 8th December, 2024. The Level-2 Batch No. 2 admission has started.

The admission window for the courses is stated as follows:

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

B. Webinars conducted by the BFSI Board

i) The BFSI Board of ICMAI organized a Webinar on 13th December 2024 on the topic "Life Insurance Finance". CMA P N Murthy, Insurance Consultant was the Speaker.

ii) The BFSI Board of ICMAI organized a Webinar on 16th December 2024 on the topic "Significant Changes Ahead in the Insurance Sector". CMA (Dr.) S. K. Gupta, MD, ICMAI Registered Valuers Organization, CEO, ICMAI Social Auditors Organization, COO, ICMAI International ADR Chamber was the Speaker.

iii) The BFSI Board of ICMAI organized a Webinar on 27th December 2024 on the topic "Insurance Fraud using Artificial Intelligence (AI)". CMA Guruprasad V, Consultant was the Speaker.

C. Seminar on Ethics, Accountability, and the Human Touch: Redefining Professional Roles in the Age of AI".

The BFSI Board of ICMAI organized a Seminar on 14th December 2024 at CMA Bhawan, Kolkata on the topic " Ethics, Accountability, and the Human Touch: Redefining Professional Roles in the Age of AI". Dr. Saurabh Maheshwari, Consultant was the Speaker.

CAT DIRECTORATE

- **CAT Course in partnership with Directorate**

General Resettlement (DGR), Ministry of Defence, Government of India

The CAT Directorate has successfully continued the Institute's collaboration with the Directorate General Resettlement (DGR), Ministry of Defence, Government of India. As part of this ongoing partnership, the tenth batch of the CAT Course (2024–25) for retiring and retired JCOs/ORs and their equivalents commenced on 23rd December 2024 at the Madurai Chapter.

The DGR has expressed great satisfaction with the professional conduct of the CAT Course by the Institute. They are so impressed that they are eager to assign more batches with enhanced strength of candidates at additional locations of the Institute in their next calendar year, i.e., 2025–26.

Special acknowledgment is due to CMA Rajendra Singh Bhati, Council Member and the dynamic Chairman of the Committee for Accounting Technicians, for his exemplary leadership in steering this noble initiative.

CAREER COUNSELLING & PLACEMENT COMMITTEE

A two days online workshop on 'Moving up the Career Value Chain' was organized jointly by Journal & Publications Committee, Training & Educational Facilities Committee and Career Counselling & Placement Committee of the Institute for all the Students & Members. A good number of participants, both students and members, were addressed by CMA Harshad S. Deshpande and CMA Vinayaranjan P. Chairmen of the respective Committees. I am thankful to CMA Sudhir Y Raikar, a Writer, Management Consultant & Thought Leadership Content Architect who had eloquently addressed the participants both the days of this online workshop.

COOPERATIVE DEVELOPMENT BOARD (CDB)

Under the initiatives of the Cooperative Development Board (CDB), the Institute entered into a Memorandum of Understanding (MoU) with the National Federation of State Cooperative Banks (NAFSCOB) at the Bharat Mandapam at New Delhi on November 28, 2024 where it hosted its Diamond Jubilee Celebration during the Global Cooperative Conference 2024.

The broad purpose of the MoU is to conduct joint training programmes, conferences, workshops and jointly publish policy level reports. CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI and Shri Bhima Subrahmanyam, Managing Director, NAFSCOB & President, ICBA signed the MoU in presence of CMA Navneet Kumar Jain, Chairman, Cooperative Development Board (CDB), ICMAI; CMA M. K. Anand, Council Member, ICMAI; Shri Mohan Kumar Mishra, Member (CDB), ICMAI; CMA Manish Kandpal, Regional Council Member (NIRC), ICMAI; Shri Konduru Ravinder Rao, Chairman, NAFSCOB and Shri Jagdev Singh, Chairman, Punjab State Cooperative Bank.

The CDB also released the 3rd Issue of the Quarterly Journal 'CMA's Cooperative Digest' in the month of November' 2024.

MEMBERSHIP DEPARTMENT

During the month of December 2024, 168 new members were enrolled as Associate members and 47 Associate members were advanced to Fellowship. All final passed students who have a minimum of 3 years of relevant working experience and have not yet taken Associate membership are requested to immediately apply for membership and enjoy all the benefits of membership. Applications for membership are available both by online and physical mode.

Members are requested to login and check the accuracy of their contact details in the Members' Online System. If such contact details need to be updated or altered members may kindly submit Form M-8 online after login to their account or they can download the form and send a scan copy with all details filled in to membership@icmai.in. Updated address, phone number, email id etc. will ensure that all important communications and the Journal from the Institute would reach on time.

Hard copy of Identity Cards is now getting issued to the members' alongwith their welcome kit, Scarves and Brooch are sent to Women CMAs now, QR Code is getting affixed on the Membership Certificate, so that members can easily avail e-Certificates just by scanning it. MOU with New India Assurance Co., HDFC Life and PNB Metlife has been initiated to extenders to our members.

MSME & START-UP PROMOTION BOARD

The MSME & Start-up Promotion Board (MSPB), under the Chairmanship of CMA Suresh R. Gunjalli successfully conducted a Webinar on "Enhancing MSME Competitiveness through Innovation & Creativity" on 20th December 2024. The speaker of the webinar was Dr. Sivapriya Chellappa, Co-Founder, Jnana Vikas Jagrati.

This webinar focussed on empowering Micro, Small, and Medium Enterprises (MSMEs) to thrive in a competitive business landscape. MSMEs are the backbone of economies and their growth is essential for driving job creation, innovation, and inclusive economic development. In today's rapidly evolving market MSMEs face various challenges, including limited resources, access to technology, and market reach. The speaker left with a deeper understanding of the subject matter and a renewed enthusiasm to contribute positively to the respective fields. The overall atmosphere was one of excitement and fulfilment, making the program a great attainment for all involved.

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

As per Regulation 20(1) (ii) of the Securities and Exchange Board of India (Investment Advisers) (Second Amendment) Regulations, 2024, vide notification dated 16th December, 2024 an independent professional who is a member of the Institute of Cost Accountants of India is eligible for monitoring the compliance by the Investment Adviser. For details refer the notification https://icmai.in/upload/pd/SEBI_1912_2024.pdf

National Financial Reporting Authority (NFRA) has invited applications from qualified Cost Accountants for the post of Young Professional and the last date for submission of the application is January 10, 2025. For details visit the website.

With reference to notification no. G/128/12/2024 dated 2nd December 2024, the practicing Cost Accountants and Firms may please enroll under the Multipurpose Empanelment Scheme (MES) for the Empanelment Year 2024-25 upto 31st January 2025. For more details refer MES Portal https://eicmai.in/MESPORTAL/Default

Please visit the PD Portal for Tenders/EOIs during the month of December 2024 where services of the Cost Accountants are required in the District Health & Family Welfare Society (DH&FWS), Fatehabad, Uttar Pradesh Medical Supplies Corporation Ltd, Karnataka State Seeds Corporation Limited, National Textile Corporation Limited, Jaipur Development Authority, Securities and Exchange Board of India, Engineering Projects (India) Limited, The Department of Commercial Taxes, Govt. of Rajasthan, Assam Power Distribution Company Limited, Jharia Rehabilitation and Development Authority, Brahmaputra Cracker and Polymer Limited, CSIR-Central Leather Research Institute Chennai, Office of the Assistant Commissioner/GSTO (Audit): Department of Trade and Taxes, Delhi, Central University of Tamil Nadu, District Health & Family Welfare Society (DH&FWS), Yamunanagar, Municipal Corporation, Adityapur, Airports Authority of India, HSCC India Limited invites, Department of Agriculture Cooperation and Farmers Welfare, Webel Technology Limited, Advanced Weapons and Equipment India Limited, Power Transmission Corporation of Uttarakhand Limited, Neyveli Lignite Corporation Limited, etc,.

In the monthly series of Webinar discussion, 12th Webinar was conducted on "Appeals in Income Tax" on 4th December 2024, wherein CMA Manoj Kumar Bansal, Practicing Advocate Corporate and Taxation delivered a comprehensive presentation on best practices and strategies for CMAs in handling income tax appeals, focusing on effective approaches for preparing and presenting cases to appellate authorities. The webinar received an overwhelmingly response from participants with a high level of engagement and enthusiastic feedback.

Professional Development & CPE Committee in association with SCOPE conducted an "Interactive Workshop on GST: Issues and Implications" at SCOPE Complex, New Delhi on 5th December 2024. The workshop was inaugurated by Shri Sandeep Kumar Gupta, Chairman, SCOPE & CMD, GAIL. Shri Atul Sobti, Director General, SCOPE; CMA Manoj Kumar Anand, Chairman PD & CPE Committee, ICMAI and CMA Nisha Dewan, Director ICMAI and addressed the participants. The workshop led by CMA Bhogavalli Mallikarjun Gupta, attended by over 60 participants from various PSES, aimed at equipping participants with a deeper understanding of GST's evolving framework, through technical sessions, expert-led discussions, and case studies. The workshop was highly appreciated by the participants with actionable insights to optimize Input Tax Credit (ITC), mitigate risks, and ensure compliance with the latest GST amendments and judgments.

During the month of December, around 50 programmes in Physical mode and 20 programmes in online mode were organised by the different Committees, Regional Councils and Chapters of the Institute on various topics such as Opportunities in CMAs in Banking and Insurance Sectors, Steering Startups to Success: Integrating Techno-Marketing Valuations with CMA's Expertise, Implication of

GST on Gold and Ornaments & Impact of GST on Rent, Recent amendments in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Jurisprudence and Judicial Interpretation, Seizure & detention of Goods under GST, Risk Based Internal Audit & Scope and opportunities for CMAs at Higher Educational Institutions, Understanding IFRS-SS1 and SS2, Proposed Changes in Insurance Sector and so on. 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 22nd webinar of Vasudhaiva Kutumbakam Series on the topic "Sustainability viewed from the lens of Economics" on 6th December, 2024. CMA A.Sekar, Practising Company Secretary was the speaker for the webinar. The 23rd webinar of Vasudhaiva Kutumbakam Series on the topic "Carbon Accounting: Role of CMAs" was organized on 20th December, 2024. Ms. Jyothi G.H., Assistant Professor, PES Institute of Technology and Management was the speaker for the webinar.

A special webinar on 11th December, 2024 was hosted on the topic of Understanding IFRS: S1 and S2. Ms. Priya Doogal, Chartered Accountant was the speaker

The Sustainability Standards Board released the December 2024 edition of its monthly newsletter Sukhinobhavantu.

The Download link is as follows:

https://icmai.in/upload/Institute/Updates/SSB_Dec_2024.pdf

The Sustainability Standards Board is celebrating the month of January, 2025 as Sustainability Month with various events and programmes. Kindly check the SSB portal for further details.

TAX RESEARCH DEPARTMENT

The month of December, 2024 in the Tax Research department started with a few interesting developments.

Firstly, a physical workshop was organised by the department for the employees of Steel Authority India Limited at their Management Training Institute at Ranchi on the 6th & 7th of December, 2024. The session had participation with 26 senior officials of the PSU and the discussion started with basic introduction through topics like, Overview of GST Laws, ITC Management, ITC Management and proceeded to advanced levels through topics like GST in Works Contracts and AMR (Addition, Modification, and Reconstruction) and Overview of Assessment, Appeal, Adjudication, demand, and recovery under GST Laws. How to handle litigations. The session was highly appreciated and the PSU has confirmed that they look forward to such sessions in the future as well.

The next most important contribution by the department has been the conduct of the Workshop on Inventory Valuation on 19th December 2024 at the Office of Principal Chief Commissioner of Income Tax, Bhubaneswar, Odisha. The speakers in this session addressed the Income Tax Officers at different levels and also solicited their feedback on how the Cost Accountants can more effectively be a part of Tax Compliance in the country. Topics discussed in this session has been (i) Inventory Valuation under Section 142(2A) of Income Tax Act, 1961 by Cost Accountants (ii) Inventory Valuation and its' Accounting Vs. reliance on the Computation of Income (ICDS and Ind As) (iii) Identifying Red Flags Early Warning Signals (EWS) in inventory Valuation (iv) Inventory Valuation -Common Window Dressing Practices (v) Tools and Techniques for Detection: Including - Screening of inventory valuation methods and calculations & - Review of Income Tax Return filed by the Assessee, (vi) Income Tax Regulatory Frame work [Section 139 – 142] (vii) Applicability of section 142(2A) - Circumstances under which the valuation of Inventory made by the Assessees not be accepted by the I.T. Authority (viii) Data Collection, computation and valuation in SAP environment and (ix) Practical aspects associated with the Inventory Valuation in Cost Records.

Also on 17th December, 2024 a MoU was executed between the Institute and Christ University, Bengaluru for conducting courses of TRD for the students of that University. The University is likely to commence the GST and Direct Taxation Courses from end of January, 2025. Few other Universities/Colleges have been visited by the TRD team along with the Chairman of Bengaluru Chapter on 17th and 18th December 2024 to promote the courses of TRD and a very good response has been received from all of them. The name of the Universities/Colleges are as under:

i. ABBS School of Management.
ii. Arihant Group of Institutions
iii. Chanakya University

iv. Soundarya institute of Management and Science
v. Government Ramnarayan Chellaram College of Commerce and Management
vi. THK Jain College, Kolkata

These Universities/Colleges has expressed their interest in entering into MoUs with the Institute for conducting of various courses of TRD.

Classes for GST Course for College and University Students have continued at Umesh Chandra College (Batch: 4) through December with 70 candidates at Kolkata. Exams have been conducted for Ramnarayan Chellaram College of Commerce and Management on 4th December, 2024.

Two important webinars have been conducted on the topics, 'Taxability of compensation received by an allottee of a house from Builder under Income Tax Act, 1961 (Ref: Order of Consumer Forum or RERA)' on 9th December, 2024 and on 'Recent amendments and Judgements in GST' dated 13th December 2024. Both the webinars were participated by huge number of members and both the sessions were quite interactive.

The classes for the Taxation Courses has also commenced from 14th December, 2024 and like all other terms this time also there has been corporate admissions from organisations like Jute Corporation and Reserve Bank Information Technology Private Limited. We wish them a happy learning Journey.

Admissions to the Taxation Courses have closed on 30th November, 2024. The details can be reached at: https://eicmai.in/OCMAC/TRD/TRD.aspx. The courses are:

i. Certificate Course on GST (Batch – 17)
ii. Advanced Certificate Course on GST (Batch – 13)
iii. Advanced Course on GST Audit and Assessment Procedure (Batch – 10)
iv. Certificate Course on International Trade (Batch – 7)
v. Certificate Course on TDS (Batch – 13)
vi. Certificate Course on Filing of Returns (Batch – 13) and
vii. Advanced Course on Income Tax Assessment & Appeals (Batch – 10)

The quiz on indirect taxe is conducted on every Friday pan India basis. 173rd and 174th Tax Bulletin has also been published and circulated to the Government and corporates.

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 December 2024.

- Workshop on "Navigating the NCLT & NCLAT Landscape" was conducted on 1st December 2024.
- A Two days "Master Class on "Liquidation: Beyond & Basics" was conducted from 7th December to 8th December 2024.
- A Workshop on "Personal Guarantors to Corporate Debtors" was conducted on 14th December 2024.
- Workshop on "Judicial Pronouncements under IBC, 2016 was conducted on 20th December 2024.
- A Workshop on "Unlocking the Power of Commercial Wisdom; Effective Decision-Making by CoC" was Conducted on 28th December 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 assets, and also organized 10 "Professional Development Programs" in the month of December 2024. ICMAI RVO also released its monthly journal, The Valuation Professional.

ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

ICMAI SAO organized one certificate course on social enterprises during December 2024. ICMAI SAO also released its monthly journal, The Social Auditor.

FROM THE DESK OF CHAIRMAN

Journal & Publications Committee
The Institute of Cost Accountants of India

CMA Harshad S Deshpande

"Be not Afraid of anything. You will do Marvelous work. it is Fearlessness that brings Heaven even in a moment."

- Swami Vivekananda

Dear Friends,

As we step into the new year 2025, I am delighted to reflect on our remarkable achievements of the past year, as also share our vision for the year ahead.

2024 ended with the indomitable Donald Trump reclaiming US presidentship. What's most striking about his second innings is the emphasis on cost management in public spending, in the form of Department of Government Efficiency (DOGE), the proposed presidential advisory commission aimed at restructuring the federal government by minimising wasteful spends and eliminating needless regulation. Brainchild of President Donald Trump, DOGE is being spearheaded by the world's wealthiest business magnate Elon Musk and leading American politician-entrepreneur Vivek Ramaswamy.

The primary goals of DOGE include:

- Reducing Expenditures: Identifying and cutting down on wasteful government spending.
- Eliminating Redundant Agencies: Streamlining the federal government by removing unnecessary agencies.
- Downsizing the Federal Workforce: Reducing the number of federal employees to increase efficiency and reduce cost.
- Removing Convoluted Regulations: Simplifying regulations to foster economic growth and innovation.

These goals are an integral part of Cost and Management Accounting principles. Taking a cue from the US, the Indian government should also adopt these measures and implement them end to end, in line with the specific realities back home. Needless to say, our institute will play a pivotal role in ensuring that these measures yield measurable and sustainable value.

One of among our institute's pivotal initiatives in 2024 was our Journal & Publication Committee's focused effort to enhance the quality and reach of our publications. Our insightful research articles, elaborate case studies, perceptive industry reports, and prompt updates on emerging cost management paradigms and trends have been widely appreciated by members and stakeholders. Our digital drive has dramatically improved the accessibility of actionable content to members. Further, our initiative to ensure that the hard copy of "The Management Accountant" is dispatched to each and every members has yielded great results.

In 2025, we will continue to innovate and improve all our offerings. We plan to expand our digital library, boost interactive content, and collaborate with industry experts to develop and deliver cutting-edge knowledge and insights. Additionally, we will host customised webinars, workshops, and conferences to facilitate knowledge sharing and steer the professional development of our fraternity.

We are committed to maintaining the highest standards of excellence in our publications, and ensuring that they continue to serve as an invaluable knowledge resource for our members. Needless to say, your feedback and suggestions are always welcome, and we encourage you to actively participate in all future programs and events.

Together, let us embark upon a remarkable journey of resilience, excellence, and hope, and work towards making 2025 a year of growth, success and fulfilment for the Journal & Publication Committee of ICMAI

Warm regards,

CMA Harshad S Deshpande
January 04, 2025

FROM THE DESK OF CHAIRMAN

Banking, Financial Services & Insurance Board
The Institute of Cost Accountants of India

CMA Chittaranjan Chattopadhyay

"Learn everything that is good from others, but bring it in, and in your own way absorb it; do not become others."

- Swami Vivekananda

As we embark on a new year, I would like to extend my warmest greetings to all members and students of the ICMAI on the occasion of the New Year 2025. I am delighted to introduce this special issue of the Management Accountant, which is dedicated to the theme of banking. This issue brings together thought-provoking articles that highlight emerging trends, best practices, and future opportunities in the banking sector.

The banking and financial services industry plays a pivotal role in shaping the economic framework of our nation. As we delve into this special issue, I am confident that it will provide valuable insights and stimulate intellectual discourse among our readers. The banking sector has undergone a paradigm shift in recent years, with the introduction of advanced technologies like artificial intelligence, blockchain, and data analytics. These technologies have made banking operations more efficient, transparent, and inclusive.

As management accountants, we play a crucial role in this transformation journey of an organization. Our focus is on cost management, financial planning, and risk analysis, which contribute to the strategic decision-making processes and augur the effectiveness of banks and financial institutions. CMAs are indispensable in navigating challenges such as non-performing assets (NPAs), regulatory compliance, and ensuring profitability in a competitive environment.

I am pleased to announce that the BFSI Board, ICMAI has launched the Advance Certificate Course on Fintech, which aims to equip professionals with the knowledge and skills required to navigate the complexities of the fintech industry. The course is designed to provide a comprehensive understanding of crypto, insurtech, investech, and other aspects of fintech. We have kept the fees for the course at a nominal amount, and it is trained by experts in the fintech field.

We have completed 29 batches of our Certificate Course on Banking and have trained more than 1000 professionals working in banks, NBFCs, consultants, and practicing members. This demonstrates our commitment to skill development and capacity building for the banking fraternity.

This special issue brings together thought-provoking articles that highlight emerging trends, best practices, and future opportunities in the banking sector. I am certain that the knowledge shared here will serve as a guiding light for professionals, academics, and students alike.

We are happy to state that for the first time in the history of the Institute, we are organizing a National Seminar on Banking and Insurance on 16th and 17th January 2025 at Mumbai at the IMC, Churchgate. We hope to have a wonderful interaction with bankers, insurers, and other professionals for a threadbare analysis on the topic of Enhancing Efficiency in Banking and Insurance by Leveraging on Risk and Cost Management. The Chief Secretary, Government of Maharashtra will grace the occasion as the Chief Guest for the event, along with other dignitaries from the banking and insurance fraternity.

As we move forward, let us reaffirm our commitment to fostering innovation, resilience, and ethical practices in the BFSI domain. Together, we can build a robust financial ecosystem that supports inclusive growth and sustainable development. I encourage all members and students to take advantage of the resources and training programs offered by the ICMAI, and to participate in our upcoming events, including the National Seminar on Banking and Insurance, to stay updated on the latest trends and developments in the banking and financial services industry.

Warm regards,

CMA Chittaranjan Chattopadhyay
January 04, 2025

ICMAI
The Institute of
Cost Accountants of India
(Statutory body under an Act of Parliament)
www.icmai.in

iCMA

CMA Achievers' Meet - Vision 2030

Repositioning the ICMAI towards 'Vision India@2047'

December 12, 2024 | Hall No. 6, 2nd Floor, Vigyan Bhawan, New Delhi

Introductory Session

Session Manthan 1: CMAs in Nation Building

Address by Guests

Session Manthan II: Repositioning the CMAs - Global Perspective's

Take Aways Session

CMA Manoj Kumar Anand, Council Member, ICMAI along with CMA Pradip Kumar Das, CMD of IREDA met and felicitated Shri Shripad Yesso Naik, Hon'ble Union Minister of State for Power and New & Renewable Energy on 04.12.2024

Honors Horizon Diamond Jubilee Celebrations of Hyderabad Chapter with his Excellency Honorable Governor of Telangana Sri Jishnu Dev Varma

CMA Manoj Kumar Anand, Council Member, ICMAI extending greetings to Shri Tejasvi Surya, Hon'ble Member of Parliament (Bengaluru South) and National President - Yuva Morcha on 04.12.2024

CMA Arup Mukherjee, ED (Finance) and CMA H Datta, GM (Finance) of IISCO Steel Plant (ISP) met CMA Bibhuti Bhusan Nayak, President and CMA TCA Srinivasa Prasad, Vice President, ICMAI at CMA Bhawan, Kolkata on 27.12.2024

CMA Bibhuti Bhusan Nayak, President, ICMAI along with his Council Colleagues had an opportunity to meet and felicitate CMA Sadanand Vasant Date, Director General of the National Investigation Agency (NIA) on 3rd January, 2025

CMA Bibhuti Bhusan Nayak, President, ICMAI called on Shri Manish Goswami, Adviser (Cost), Cost Audit Branch, Ministry of Corporate Affairs, GoI on 3rd January, 2025

CMA Bibhuti Bhusan Nayak, President, ICMAI along with his Council Colleagues called on Shri Inder Deep Singh Dhariwal, Joint Secretary to the Government of India, Ministry of Corporate Affairs on 3rd January, 2025

CMA Bibhuti Bhusan Nayak, President, ICMAI along with his Council Colleagues called on Smt. Anuradha Thakur, Additional Secretary to the Government of India, Ministry of Corporate Affairs on 3rd January, 2025

CMA Bibhuti Bhusan Nayak, President, ICMAI along with his Council Colleagues called on Ms. Deepti Gaur Mukerjee, IAS, Secretary to the Government of India, Ministry of Corporate Affairs on 3rd January, 2025

Diamond Jubilee Celebrations by Bengaluru Chapter of ICMAI on 27th November 2024. From Left to Right: CMA Girish K, PD-Chairman SIRC, CMA Vishwanath Bhat, Chairman - SIRC, CMA (Dr.) K Ch A V S N Murthy, Council Member, CMA Abhijeet S Jain, Chairman-BCCA, CMA TCA Srinivasa Prasad, Vice President of ICMAI, CMA Suresh R Gunjalli, Council Member, CMA Ashwin G. Dalwadi, IPP- ICMAI, CMA Neeraj Joshi, Council Member and CMA Rajesh Devi Reddy, Secretary-BCCA

CMA TCA Srinivasa Prasad, Vice President, ICMAI alongwith CMA Navneet Kumar Jain, Council Member, ICMAI and CMA Vishwanath Bhat, Chairman, SIRC of ICMAI met with Addl. Registrar Coop Tamil Nadu and discussed the role of CMAs in cooperative sector

CMA Navneet Kumar Jain, Council Member, ICMAI met Shri Vijay Kumar Singh, ICAS, Vice Chairman, Delhi Development Authority (DDA) along with CMA Rakesh Kakkar, FA, DDA

2 Days workshop on 'Comprehensive understanding of GST Laws and Practice & Compliance of ITC' conducted by the Tax Research Department of the Institute in collaboration with Management Training Institute, SAIL at Ranchi attended by senior executives of SAIL

GST: Issues & Implications" organized by SCOPE in collaboration with the Institute of Cost Accountants of India (ICMAI) on 5th December 2024 at the SCOPE Convention Centre, New Delhi.

(Left to right) Shri Atul Sobti, Director General, SCOPE, Shri Sandeep Kumar Gupta, Chairman & Managing Director GAIL & Chairman, SCOPE, CMA Manoj Kumar Anand, Chairman PD & CPE, CMA Nisha Dewan, Director PD & CPE

GST: Issues & Implications" organized by SCOPE in collaboration with the Institute of Cost Accountants of India (ICMAI) on 5th December 2024 at the SCOPE Convention Centre, New Delhi.

(Left to right): Shri Sandeep Kumar Gupta, Chairman & Managing Director GAIL & Chairman, SCOPE, CMA Manoj Kumar Anand, Chairman PD & CPE

Meeting with the Accounting and Finance Services Sectional Committee on Bureau of Indian Standards (BIS), Govt. of India at CMA Bhawan, New Delhi on 30.12.2024. Mr. Dharamsoth Santosh (Scientist-D/ Joint Director, Services Sector Department), Mr. Ritesh Kumar Baranwal (Deputy Director, A&F), and Mr. Gurpreet Singh (Director Finance) representing BIS with CMA M K Anand and CMA Chittaranjan Chattopadhyay, Council Members, ICMAI, CMA B.B Goyal, Advisor, ICMAI MARF and CMA Simarjeet Chadha, Director, ICMAI

Council Member CMA Harshad Deshpande felicitated by WIRC at Tax conclave at Surat

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB and CMA Avijit Goswami, Chairman, Members Facilities Committee felicitating CMA Balbir Singh, General Manager, Punjab National Bank at Headquarters Office on 27th November, 2024

CMA Chittaranjan Chattopadhyay, Chairman, BFSIB felicitating Dr. Saurab Maheshwari, Consultant and faculty of Advanced Studies Courses in a Seminar organized by the BFSI Board, ICMAI on 14th December, 2024 at the Headquarters Office, ICMAI, Kolkata

CMA Avijit Goswami, Council Member and CMA Abhijit Dutta, Treasurer EIRC, ICMAI meeting with CMA Subash Chandra Das, Director Finance Brahmaputra Valley Fertilizer Corporation Limited and his CMA team at their office at Namrup, Assam, as on 24th December, 2024

UNIFIED PAYMENTS INTERFACE (UPI) AND THE FUTURE OF CASHLESS BANKING: REGIONAL ADOPTION, GLOBAL COMPARISONS, AND POLICY INNOVATIONS

Abstract

India's Unified Payments Interface (UPI) has emerged as a transformative force in the digital payments ecosystem, driving cashless banking and financial inclusion. This article explores UPI's remarkable adoption across regions, highlighting factors influencing penetration, state-level initiatives, and rural-urban dynamics. Additionally, it compares UPI with global systems, emphasizing its interoperability, cost efficiency, and cross-border potential. Technological advancements, such as blockchain, offline payments, and quantum-resistant security, alongside policy frameworks, are analyzed to ensure UPI's continued resilience and scalability in fostering a robust, inclusive digital economy.

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

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

Introduction

Cashless banking is the new frontier in financial transactions, utilizing the most advanced digital infrastructures Real-Time Gross Settlement (RTGS), Distributed Ledger Technology (DLT), and Application Programming Interfaces (APIs) to operate smoothly. The ecosystem thrives on the use of Financial Technology (FinTech) innovations combined with secure cryptographic protocols and regulatory frameworks, such as Payment Services Directive 2 (PSD2)[1] in Europe, which promotes interoperability and open banking. It also helps retire physical cash, amply enhances efficiency, cuts systemic risks associated with cash handling, and aids informed data-driven insights into economic activities. The key enablers are blockchain for decentralized transactions, biometric authentication for security, and cloud computing for scalable digital platforms. Challenges such as vulnerabilities in cyber security,

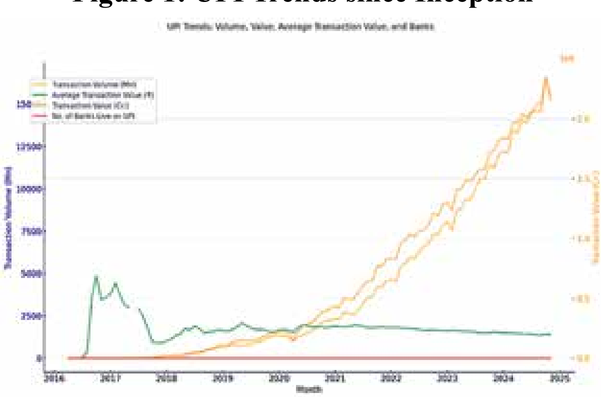
[1] The revised Payment Services Directive (PSD2) updates and enhances the EU rules put in place by the initial PSD adopted in 2007. The PSD2 entered into force on 12 January 2016 and EU Member States were given until 13 January 2018 to transpose it into national law. https://www.ecb.europa.eu/press/intro/mip-online/2018/html/1803_revisedpsd.en.html

digital exclusion, and regulatory harmonization require constant evolution of standards, consumer education, and infrastructure so that this digital transformation can be equitably accessed and truly resilient.

Unified Payments Interface (UPI) has been a transformative force in India's cashless banking revolution. Launched by the National Payments Corporation of India (NPCI), UPI can seamlessly facilitate fund transfers between banks through mobile devices in real-time. According to NPCI monthly statistics, UPI processes more than 15.48 billion transactions per month, with a transaction value of 21,55,187.40 crores, showcasing its widespread adoption. Its interoperability, low-cost model, and user-friendly interface have significantly reduced cash dependency, especially for small-value transactions and rural areas. UPI accounts for over 75% of all retail digital payments in India, driving financial inclusion and transparency. Innovations such as UPI Lite, UPI for feature phones, and cross-border payments are further expanding its impact in promoting a robust cashless ecosystem.

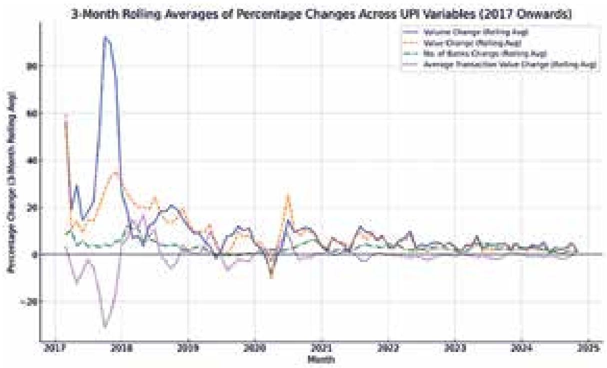
The Unified Payments Interface (UPI) in India has experienced remarkable growth from 2017 to 2024 (Figure 1). Transaction volumes soared from 92 crore (920 million) in FY 2017-18 to 13,116 crore (131.16 billion) in FY 2023-24, reflecting a compound annual growth rate (CAGR) of 129% (Figure 2). In value terms, transactions escalated from ₹1 lakh crore (₹1 trillion) to ₹200 lakh crore (₹200 trillion), achieving a CAGR of 138%. This expansion underscores UPI's pivotal role in India's digital payment ecosystem.

Figure 1: UPI Trends since Inception



Source: Authors own creation based on data from Electronic Transaction Aggregation & Analysis Layer(ETAAL, MEITY)

Figure 2: UPI Growth Rate Trajectory



Source: Authors own creation based on data from ETAAL, MEITY

Global Perspective

The global transition toward cashless banking is being propelled by collaborative efforts among governments, private sectors, and international organizations to develop secure, inclusive, and interoperable digital payment ecosystems. The European Union's Revised Payment Services Directive (PSD2) plays a pivotal role in fostering open banking across the EU. By enabling secure sharing of financial data through Application Programming Interfaces (APIs), it allows third-party payment service providers (TPPs) to integrate with traditional banks, driving innovation, enhancing user convenience, and increasing competition. In China, platforms like Alipay® and WeChat Pay®[2]dominate the mobile payment ecosystem, processing trillions of dollars annually. The Chinese government actively supports these initiatives by integrating digital payments into public services such as transportation and healthcare, paving the way for a comprehensive digital economy. Meanwhile, India's Unified Payments Interface (UPI) is a leader in real-time digital transactions, processing over 10 billion transactions monthly. UPI is also expanding globally, integrating with cross-border payment systems such as Singapore's PayNow and collaborating with countries like the UAE and Bhutan to enable seamless international transactions. Sweden stands out as a near-cashless society, with cash usage below 9%. Its central bank, Riksbank, is piloting the e-krona, a digital currency designed to further reduce dependence on physical cash. In Africa, mobile money solutions such as M-Pesa

[2] "Alipay" and all related logos, products, and services are registered trademarks of Alipay US or its licensors. WECHAT PAY is a trademark of TENCENT HOLDINGS LIMITED.

in Kenya have revolutionized financial inclusion. These platforms provide essential banking services to previously unbanked populations, allowing mobile-based money transfers, bill payments, and savings, thereby empowering communities economically. These initiatives collectively underscore a global push toward creating a secure, inclusive, and interconnected cashless banking system. By addressing local needs and promoting international collaboration, stakeholders are laying the foundation for a robust, future-ready financial ecosystem.

UPI - global benchmark of digital transactions

India's Unified Payments Interface (UPI) has set a global benchmark for digital payment systems, standing out for its unique features, inclusivity, scalability, and cost efficiency. UPI outpaces global counterparts such as China's Alipay and WeChat Pay, the European Union's Single Euro Payments Area (SEPA), and the U.S.'s Zelle through several key advantages. One of UPI's defining strengths is its interoperability. It seamlessly integrates multiple banks and financial institutions into a single platform, allowing users to transact across different banks without the need for separate apps. In contrast, systems like Alipay and WeChat Pay function as closed ecosystems tied to their respective platforms. UPI also supports real-time and instant settlements, enabling peer-to-peer (P2P) and peer-to-merchant (P2M) transfers 24/7. Comparatively, SEPA often experiences delays for cross-border transfers or operates only during banking hours.

Another significant advantage of UPI is its low transaction costs. It operates at near-zero cost to users, supported by the government and NPCI's not-for-profit model. On the other hand, platforms like PayPal® and Zelle® impose transaction fees, particularly for businesses and cross-border payments. UPI also prioritizes massive inclusivity by integrating with feature phones via UPI123Pay and supporting offline payments. This ensures accessibility in rural areas with low internet connectivity, whereas systems like Zelle and SEPA rely heavily on internet access, limiting their reach. UPI's cross-border potential further strengthens its global leadership. It has expanded internationally by integrating with platforms like Singapore's PayNow and exploring cross-border remittance opportunities in countries like the UAE and Bhutan. This ability to interlink with multiple international systems highlights UPI's role as a global payment leader. Additionally, UPI offers unparalleled flexibility and innovation, with features such as auto-pay mandates, IPO subscriptions, and utility payments, making it far more versatile than competitors, which are often restricted to basic P2P or merchant transactions.

Overall, India's UPI exemplifies a cost-efficient, scalable, and inclusive digital payment system that not only addresses domestic needs but also paves the way for international adoption, setting new standards for innovation and accessibility in the financial sector.

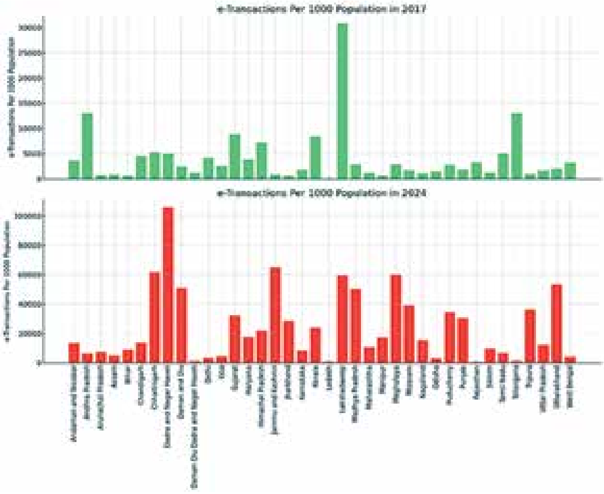
Regional adoption and heterogeneity

The adoption and penetration of the Unified Payments Interface (UPI) in India show significant variation across states, influenced by factors such as digital literacy, infrastructure, urbanization, and economic activity. High penetration states include Maharashtra, Karnataka, Delhi, and Tamil Nadu, which lead to UPI adoption, contributing to over 30% of UPI transactions in 2023 (Figure 3). Maharashtra alone accounted for 15.2 billion transactions during the year, driven by urban centers and tech-savvy populations. States like Karnataka and Maharashtra benefit from strong e-commerce ecosystems and thriving technology hubs such as Bengaluru and Mumbai, where UPI is extensively used for retail and online payments.

In moderate penetration states like Gujarat, Andhra Pradesh, and West Bengal, UPI adoption is growing rapidly, supported by state-level digital initiatives. For example, Gujarat experienced a 60% growth in rural UPI transactions during 2023, primarily due to focused digital literacy programs. Similarly, in West Bengal, the integration of UPI with government schemes such as direct benefit transfers (DBT) has significantly boosted adoption, particularly in rural districts. On the other hand, low penetration states like Bihar, Jharkhand, and Odisha exhibit slower adoption rates, with less than 10% of their populations actively using UPI services. Key barriers include low smartphone penetration, weak banking infrastructure, and limited internet connectivity. For instance, rural areas in Bihar and Odisha face a lack of digital touchpoints, further hindering widespread adoption. Certain states have implemented state-specific initiatives to address these challenges. In Madhya Pradesh, rural adoption of UPI increased by 70% between 2021 and 2023, driven by its integration with MGNREGA payments and various welfare schemes. Meanwhile, in Kerala, NRI remittances contribute significantly to UPI transactions, alongside urban centers like Kochi and Thiruvananthapuram, where tourism and retail activities play a major role in driving adoption.

Data from NPCI monthly statistics further emphasize this growth. India recorded a total of 117billion UPI transactions in 2023 and 155.48 billion transactions from January 2024 to November 2024, with Maharashtra and Karnataka leading the way. Additionally, rural UPI adoption grew by an impressive 90% during the same period, propelled by targeted digital literacy programs and infrastructural improvements. Overall, the success of UPI adoption across states reflects a combination of technological advancements, government initiatives, and economic activity, while highlighting the need for improved infrastructure and digital literacy in underserved regions to achieve uniform growth.

Figure 3: Shift in e-Transactions (per 1000 populations)



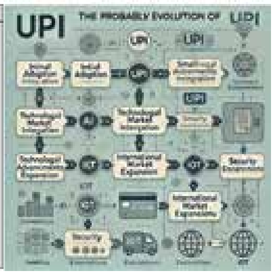
Source: Authors own creation based on data from ETAAL, MEITY

Discussion and the way forward

To advance the Unified Payments Interface (UPI) and cashless banking as a global standard, a robust technical blueprint and enabling policy framework are essential. The technical blueprint begins with critical infrastructure upgrades. Transitioning to decentralized cloud architectures will support exponentially growing transaction volumes and ensure uptime during peak usage. Real-time analytics powered by AI and machine learning will enhance fraud detection, analyze user behavior, and enable predictive transaction insights. Furthermore, the integration of Distributed Ledger Technology (DLT), such as blockchain, will ensure secure, tamper-proof cross-border and high-value payments while reducing settlement times. Next, enhanced interoperability will play a pivotal role in UPI's global expansion. In terms of security enhancements, UPI must prepare for future challenges by implementing quantum-resistant cryptography to counteract quantum computing risks. Expanding biometric integration with multimodal authentication, such as facial recognition, will reduce fraud, while adopting zero-trust architecture will enhance end-to-end identity verification and real-time risk assessments.

Figure 4: Probable Evolution and Future Perspectives

Stage	Future Perspectives
UPI Launch (2016)	Foundation for all further UPI developments.
Adoption & Support	Increased accessibility and financial inclusion.
E-commerce Integration	Convenience for businesses and consumers.
Enhanced Security	Strengthened user confidence in digital transactions.
Global Expansion	Facilitation of global remittances and payments.
AI/ML for Fraud Prevention	Proactive prevention of financial frauds and anomalies.
UPI 2.0 Features	Better user experience and expanded use cases.
Future Innovations	Advanced technological integrations for the future.



To further enhance adoption, UPI must support offline[3] and IoT payments[4]. Edge computing will enable IoT devices and feature phones to process transactions offline via technologies such as Near Field Communication (NFC), Bluetooth, or SMS-based protocols. Additionally, expanding UPI for wearable will promote seamless integration with smart devices and ecosystems. For international expansion, solutions such as FX conversion APIs for real-time foreign exchange and blockchain settlements for cross-border remittance transparency and efficiency are essential. On the policy front, a comprehensive

[3] Offline UPI transactions refer to payments made through the Unified Payments Interface (UPI) without requiring an active internet connection. These transactions are designed to facilitate digital payments in areas with limited or no network connectivity, expanding the reach of UPI to rural and remote locations. For example - Users dial a specific code like *99# on their mobile phones (even feature phones) to initiate payments.

[4] IoT (Internet of Things) payments refer to transactions made through interconnected devices equipped with internet connectivity and payment capabilities. These payments are processed automatically or semi-automatically, leveraging IoT technology to provide seamless and efficient payment solutions. For example - Devices like Amazon Alexa can order products or services (e.g., Uber rides, groceries) and process payments using saved credentials. A smartwatch with NFC capabilities (e.g., Apple Watch, Fitbit) allows users to make contactless payments at stores.

framework is required to address global and domestic challenges. Regulatory harmonization is key, with collaboration among international organizations like the Financial Stability Board (FSB), G20, and World Bank to create unified frameworks for cross-border payment systems. Data localization policies must balance global operability with local sovereignty through localized storage and processing standards. To enhance fraud prevention and consumer protection, regulatory sandboxes should test innovative fraud detection solutions, and mandatory fraud insurance can boost user confidence in digital payments.

Promoting financial inclusion remains critical. Subsidies for digital infrastructure will incentivize private players to invest in last-mile connectivity and banking systems, while state-led digital literacy programs will educate underserved populations about the safety and benefits of cashless transactions. Policies surrounding taxation and incentives can accelerate adoption by offering tax benefits or cashbacks to merchants and consumers using UPI. Additionally, mandating low or zero Merchant Discount Rates (MDR) for small businesses will encourage broader participation. To ensure data privacy and cybersecurity, stringent privacy laws aligned with General Data Protection Regulation (GDPR) -like frameworks are essential to safeguard user data. Compliance with global cybersecurity standards, such as Payment Card Industry Data Security Standard (PCI DSS) and Service and Organization Controls (SOC 2), must be mandatory for UPI service providers. Finally, fostering innovation through increased R&D investments in AI, blockchain, and IoT technologies will strengthen cashless systems. Policies that promote open banking will encourage banks to securely open APIs for FinTech integration, fostering competition and delivering user-centric features.

By adopting this comprehensive blueprint and policy framework, UPI can solidify its position at the forefront of global cashless banking innovation. These measures will enable scalable, secure, and inclusive digital payment ecosystems that can address both local and international demands, paving the way for a more connected and efficient financial future. MA

References

1. *Kumar, A., Gupta, R., & Verma, M. (2023). Digital payment systems: A rural-urban analysis in India. Technological Forecasting & Social Change, 188, 122432. https://doi.org/10.1016/j.techfore.2023.122432*
2. *NPCI. (2023). Annual report 2022-2023. National Payments Corporation of India. Retrieved from https://www.npci.org.in*
3. *Singh, S., Tan, J., & Lim, H. (2023). Cross-border digital payment systems: Lessons from UPI-PayNow linkage. Journal of World Business, 58(3), 102533. https://doi.org/10.1016/j.jwb.2023.102533*
4. *Tanda, A., &Schena, C. (2019). PSD2 and beyond: Open banking and the future of payment systems. Journal of Risk Finance, 20(4), 321-336. https://doi.org/10.1108/JRF-02-2019-0044*

NOTES FOR AUTHORS

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

- **Choose a referencing style:** There are many different referencing styles, such as APA, MLA, Chicago, and Harvard, each with its own specific format and rules. Choose the style that is most appropriate for your field and stick to it consistently throughout your paper.
- **Cite your sources:** Cite the sources of information you use in your text by giving the author’s name, publication date, and page number(s) for direct quotes or paraphrased material.
- **Use a reference list:** At the end of your paper, include a reference list that lists all the sources you have used in alphabetical order. This will give your readers a complete list of the sources you consulted in your research.
- **Be accurate:** Ensure that the information you provide in your references is accurate and complete. This includes the author’s name, publication date, title, and source of the information.
- **Paraphrase carefully:** When paraphrasing, make sure to put the information into your own words, but still give proper credit to the original source.

By following these tips, you can effectively reference your sources in your journal article and avoid plagiarism. Remember that proper referencing is not only important for avoiding plagiarism, but it also helps to support your arguments and show the depth of your research.

COVER STORY

BANK MERGER - IMPACT ON CREDIT GROWTH

CMA C. Shreeram
Chief Manager
Union Bank of India
Hanumakonda
sriram_1983111@yahoo.com

Abstract

The Govt of India has an ambitious target of making India a $5 Trillion economy by 2027. In order to achieve this objective and to adapt BASEL III norms, EASE reforms were introduced by the Govt of India in 2018. PSU bank mergers is one of the agenda of EASE reforms. Individually, at bank level, PSU Bank mergers have created synergies, brought cost efficiency, rationalized presence of Banks and enabled the PSU Banks to grow big in size. It has also reduced unwarranted competition among peer banks. However, on comparing credit growth and GDP growth in pre merger era vs post merger era, it is observed that growth is constant in both eras. We expect the Govt of India to bring in more EASE reforms in this regard to enable credit growth as well as GDP growth.

1. When it all started?

When the present National Democratic Alliance (NDA) took charge of the Government of India way back in 2014, the biggest challenge, in terms of financial stability of economy was to strengthen the Public Sector Undertaking (PSU) Banks. The PSU Banks were reeling under tremendous stress with burgeoning NPA, rising stress book, limited corporate governance, lack of professionalism, irrational competition between PSU Banks. At the same time, to sustain and survive in global market (especially the US and European), India as a member to BASEL Committee on Banking Supervision, it had to adapt to BASEL III requirements quickly which prescribes to strengthen capital requirements to mitigate inherent risks in banking. Key features of BASEL III being:-

a. Minimum Tier 1 capital in proportion to risk weighted assets to be increased to 6% within which Common Equity Tier 1 capital being 4.5% and additional tier 1 being 1.5%.
b. Mandatory capital conservation buffer equivalent to 2.5% of risk weighted assets.
c. Discretionary counter cyclical buffer up to 2.5% of risk weighted assets as capital during period of high credit growth.
d. Liquidity Coverage Ratio(LCR) = High Quality Liquid Assets (HQLA) / Total net liquidity outflows over 30 Days to be Minimum 100%
e. Net stable Funding Ratio (NSFR) = Available amount of stable funding / required amount of stable funding to be minimum 100%.

The think tank of Govt of India, after closely watching progress of banks vis a vis credit growth in its first term(2014-19), had rolled out EASE reforms in Banking sector in its second term starting 2019 especially PSU Banking arena. As of today, there are six versions of EASE reforms and each reform has its own significance. The Ministry of Finance reviews PSU Banks periodically and measures deviations and issues necessary guidelines to adapt to EASE reforms. We give below the versions of EASE:-

Table 1: EASE Reforms

S.No	EASE Reform Version	Theme	Implementation year
1	EASE 1.0	Focus on transparency in NPA	2018

2	EASE 2.0	Focus on rebuilding management committees, pushing liquidity in PSU Banks, potential mergers	2019
3	EASE 3.0	Focus on smart, tech enabled banking	2020
4	EASE 4.0	Focus on collaborative, streamlined and tech enabled banking	2021
5	EASE 5.0	Focus on enhancing digital customer experience with an emphasis on technological integration	2022
6	EASE 6.0	Focus on delivering customer service excellence and enhancing HR operations	2024
7	EASE 7.0	Economic Development: Customer Delight, Resilient Banking	Ongoing

2. Why merger happened – The Rationale?

As we can see from above that if India had to survive, Indian banking system, not only has to survive but has to grow. PSU Banks led by State Bank of India have lion share in market share were only way through which the Govt of India can propel growth trajectory in days to come.

In addition to the above, India has made an ambitious target of becoming world third largest economy with target GDP of $5 Trillion by 2027-28. Further, NDA Govt has even higher aim to reach $30 Trillion GDP by 2047 and make India as a Developed country in the world. The Govt of India also aimed to strengthen its banking wings beyond India and wanted to have few of its PSU Banks in top banks in the world.

India Inc came up with idea of potential PSU bank mergers as suggested in EASE 2.0 and it started as given below:-

Table 2: PSU Bank merger history

S.No	Effective Year	Merger candidates
1	01.04.2017	Five of associate banks of SBI viz State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, and State Bank of Travancore merged with SBI.
2	01.04.2019	Vijaya Bank and Dena Bank merged with Bank of Baroda
3	01.04.2020	a. Allahabad Bank merged with Indian Bank b. Syndicate Bank merged with Canara Bank c. United Bank of India and Oriental Bank of Commerce merged with Punjab National Bank d. Andhra Bank and Corporation Bank merged with Union Bank of India

Overall, in span of three years, 9 PSU Banks got inexistent in banking system and number of PSU Banks in India was reduced to 12. It was good for the Govt of India as now it has fewer candidates for capital infusion in PSU Banks.

3. Impact of mergers -- Credit Growth/ GDP growth *

Now, let us study impact of PSU Bank mergers in credit growth. Let us have a comparative analysis of credit growth/GDP in two scenarios – before amalgamation phase (i.e before 2019) and post amalgamation phase (i.e after 2019)

Table 3: Credit Growth Vs GDP growth trajectory

S. No	Year	Credit Growth %	GDP Growth %	Merger
1	2012-13	15.40%	(+) 5.45%	
2	2013-14	14.30%	(+) 6.38%	
3	2014-15	9.50%	(+) 7.41%	BEFORE AMALGAMATION
4	2015-16	10.70%	(+) 7.99%	(2012 to 2019)
5	2016-17	5.10%	(+) 8.26%	
6	2017-18	10.30%	(+) 6.80%	
7	2018-19	13.20%	(+) 6.45%	
8	2019-20	6.10%	(+) 3.87%	
9	2020-21	5.60%	(-) 5.78%	
10	2021-22	9.60%	(+) 9.69%	AFTER AMALGAMATION
11	2022-23	15.00%	(+) 6.99%	(2020 – 2024)
12	2023-24	20.20%	(+) 7.58%	

* Relation between credit growth and GDP growth is direct. More the credit outflow more is the consumption and more is the GDP growth. However, this may not be true in all cases. It is to be noted here, that high credit growth can lead to credit losses and inflationary pressures. Even economic slowdown can also put dent to GDP growth. Since GDP growth is the most popular way to measure economic growth, we are taking GDP growth to measure performance of PSU banks vis a vis mergers.

4. Conclusion

We can analyze from above statistics that GDP growth has been growing on an average 1% before amalgamation of PSU Banks and 1.44% after amalgamation of PSU Banks. So we may deduce that there is no effect of amalgamation of PSU Banks on the GDP growth of the economy.

GDP growth is the most popular way to measure economic growth, we are taking GDP growth to measure performance of PSU banks vis a vis mergers

If we see effect of mergers on credit growth, before mergers, the credit growth has recorded an average 11.21% growth and after merger, the credit has grown at 11.26%. Here also, we can deduce that mergers had minimal impact on credit growth.

Based on historical data and performance of India Inc, we come to a conclusion that mergers of PSU Banks have negligible effect on credit growth as well as GDP growth as of now.

We hope that EASE reforms will have even more reformed versions in years to come, to witness both credit growth as well as GDP growth. MA

References

1. *India GDP Growth Rate 1961-2024 | MacroTrends(www.macrotrends.net/global-metrics/countries/IND/india/gdp-growth-rate*
2. *India Bank Loan Growth Yoy | Historical Dates 2012-2024 Data| Moneycontrol(www.moneycontrol.com/economic-calender/india-bank-loan-growth-yoy/53#25Y*

NET ZERO BANKING
(A Prudent and Sustainable Approach to Lending)

Abstract

Net-zero Banking - A Financial Institution's Commitment to attain a Net-zero Carbon Footprint by Equating the Volume of Greenhouse Gases (GHGs) removed from the Atmosphere with the GHG Volume emitted into the Atmosphere.

CMA (Dr.) P. Siva Rama Prasad
Former Asst. General Manager
State Bank of India
Hyderabad
cma.psrprasad@gmail.com

The Financial Sector is increasingly recognizing its Essential Function in facilitating the transition toward a Low-carbon Economy and a Sustainable Future, particularly as the International Community approaches a critical juncture in Combating Climate Change. Consequently, the notion of Net-zero Banking, which aims to align Financial Services with Social and Environmental sustainability Goals.

Banks are required to engage with every dimension of Sustainability. Nevertheless, at present, they appear to be contributing to both facets of the journey toward a Greener Future. On one hand, they bolster endeavours to decarbonize the Economy, while on the other, they provide financing for Enterprises that Generate Carbon Dioxide Emissions. In this Dual Role, Banks emerge as formidable Agents of Change, capable of instigating a significant transformation in the metrics associated with Climate Change on a Global Scale.

The International Market for Sustainable Finance is anticipated to experience substantial growth, with forecasts suggesting an increase from USD 3.6 trillion in 2021 to USD 23 trillion by 2031.

> The Banking Sector's Commitment to Net-zero Objectives reflects the increasing prominence of Sustainable Banking Practices

Need for Net-zero Lending:

Given the necessity to address climate change, the Inter governmental Panel on Climate Change (IPCC) has advocated for limiting Global Warming to 1.5°C above Pre-industrial Levels to avert further degradation of the Global Climate. However, the detrimental repercussions of Climate Change are inescapable for Global Markets, as Current Temperatures have already surpassed the established thresholds by 1.1°C. Therefore, it is essential for Businesses to Integrate Robust and Effective Net-zero Strategies into their Core Operational Frameworks to ensure their long-term viability while responding to evolving Environmental Challenges.

Increase in Importance of Sustainable Banking:

The Banking Sector's Commitment to Net-zero Objectives reflects the increasing prominence of Sustainable Banking Practices. In 2023, the United Nations (UN) Established the Net-Zero Banking Alliance (NZBA), comprising 138 of the World's Leading Banks across 44 Countries, collectively representing 41% of Total Banking Assets, to tackle this Emerging Challenge.

The Global Banking Industry, managing Assets exceeding USD 9.5 Trillion, has embraced the imperative of strategically aligning its operations and directing its lending and investment portfolios toward achieving Net-zero Greenhouse Gas Emissions by 2050, in accordance with the Paris Agreement.

Currently, Banks are generally at tuned to the Collective Sentiment of Stakeholders, which is progressively favouring enhanced Sustainability Ratings. The 'Environment' and 'Sustainable' dimensions of Environmental, Social, and Governance (ESG) Criteria are being actively integrated into the Internal Frameworks of Banks, while the 'Governance' aspect simultaneously evolves to accommodate the former Two Dimensions. This Signals the advent of a New Era of Responsible Banking, wherein the emphasis extends beyond Conventional Profit-driven Models to encompass the Environmental repercussions of their operations. A significant element within this framework is the consideration of Financed Emissions-namely, the Emissions Generated from the Projects and Activities that Banks Finance.

Banks have frequently been subjected to critical evaluation owing to their involvement in financing endeavours that Exacerbate Greenhouse Gas Emissions. As societal and Regulatory Entities amplify their emphasis on Climate Change Mitigation, Financial Institutions are progressively assessing the Ecological Ramifications of the initiatives they currently support. In pursuit of Financing Environmentally Sustainable Projects, Bolstering Renewable Energy Initiatives, and promoting Energy Efficiency, they are adopting Sustainable Banking Methodologies. This, in turn, effectively diminishes the overall Carbon Footprint associated with their Financial Operations.

a) Tallying the Green Books-Towards Net Zero:

Finance Minister Nirmala Sitharaman underscored the allocation of INR 350 billion (USD 4.2 billion) for the transition to Net-zero Emissions during the announcement of the Interim Budget 2024 in India. Concurrently, the Securities and Exchange Board of India (SEBI) has formulated a framework for Sustainable Issuance and has revised the disclosure Protocols concerning Green Debt.

Green Finance:

Over the past decade, Indian Commercial Banks have been actively engaged in supporting Green Finance initiatives, directing resources towards projects designed to promote Environmental Sustainability.

These initiatives encompass a diverse array of Sectors, including Sustainable Agriculture, Energy Efficiency, and Renewable Energy.

- On April 11, 2023, the Reserve Bank of India (RBI) released a Framework for Acceptance of Green Deposits, aimed at Promoting, Nurturing, and Developing a Sustainable Financial Ecosystem within the Nation.

With the enforcement of this framework on June 1, 2023, banks and Non-banking Financial Institutions (NBFCs) are encouraged to provide Green Deposits, thus facilitating the Financing of Environmentally Sustainable

Projects and activities for their clientele. This Framework seeks to safeguard the interests of Depositors, assist clients in realizing their sustainability objectives, address concerns related to Greenwashing, and stimulate an increased flow of Credit towards Projects aligned with Green Initiatives.

- It is imperative for banks and NBFCs to establish a Comprehensive Policy, duly authorized by their Boards, specifically pertaining to Green Deposits. This Policy must encompass all relevant information regarding the issuance and distribution of Green Deposits. To ensure the efficient allocation of Green Deposits, these institutions are also required to implement a Financing Framework (FF) that has received Board Approval.
- Among the 34 Scheduled Commercial Banks in India, which comprise Public, Private, and Foreign Entities, 85% have expressed their commitment to restructuring their existing Lending and Investment Strategies to Bolster Green Financing, as indicated by the RBI's Report of the Survey on Climate Risk and Sustainable Finance, July 2022. Notably, a Significant Majority of Banks (56%) have opted to gradually reduce their exposure to firms that produce or discharge substantial quantities of Carbon in the forthcoming years.

Furthermore, despite the fact that the Green Initiatives of Banking and Financial Institutions were already progressing prior to the introduction of the RBI's framework, it provided Indian Commercial Banks with additional motivation and impetus to actively incorporate the facilitation of Green Deposits for their Borrowers. The measures undertaken by Several Banks in this context are:

- In February 2023, the preeminent Public Sector Undertaking (PSU) Banking Institution in India successfully procured a Syndicated Social Loan amounting to USD 1 Billion, facilitated through the Collaboration of Two Prominent International Banking Entities. This achievement is acknowledged as a Significant Milestone, as it represents the Largest Environmental, Social, and Governance (ESG) Loan obtained by a Commercial Banking Institution within the Asia-Pacific Region and Ranks as the Second-largest Social Loan on a Global Scale.
- In September 2023, a Leading State-owned Indian Bank, in conjunction with the Indian Renewable Energy Development Agency (IREDA), embarked upon a Collaborative Venture aimed at augmenting Credit Operations within the Renewable Energy Domain. The Principal areas of concentration for both the Bank and IREDA encompass an extensive array of Renewable Energy initiatives, particularly focusing on Co-lending and Loan Syndication Practices.
- In August 2023, another prominent Indian PSU Bank unveiled a Green Deposit Policy and lending framework, conforming to the Green Deposit Framework promulgated by the Reserve Bank of India (RBI). The Primary Objective of the Bank is to provide Green Financing alternatives to its clientele, thereby facilitating their transition towards a Sustainable Future.
- To foster innovation in the Domain of Green Hydrogen, a major International Banking Institution with a presence in India established a partnership with a distinguished Indian Management School and a leading Sustainable Energy Foundation in August 2023.

Net-Zero Banking Alliance

As Collaborative Partnerships and Co-operative endeavours gain momentum in the pursuit of Net Zero, Numerous Institutions are proactively undertaking initiatives to accelerate the advancement of Green Finance.

b) Net-Zero Gap-Attentions for Banks:

Despite the articulation of the Net-zero objective, surmounting the challenges associated with its realization proves to be a formidable task. Regulatory Bodies, Policyholders, Customers, and a myriad of Stakeholders are meticulously scrutinizing these challenges while exerting pressure on Banks to implement proactive sustainable Banking Methodologies, Innovative thought Processes, and Strategic Foresight.

Regulator: Regulatory entities such as the Task Force on Climate-related Financial Disclosures (TCFD) are advocating for enhanced Transparency and Comprehensive Risk evaluations concerning climate-related matters. In alignment with these initiatives, Banks must establish meticulous Accounting Records pertaining to the Emissions they Finance. This necessitates an analysis of the Carbon Footprints associated with the Projects they endorse, an assessment of their Individual Emission Reduction Strategies, and the Identification of Opportunities for Sustainable Investment.

Stakeholder: Both Customers and Investors are increasingly urging Banks to engage in more Ethical and Transparent Operational Practices. Their advocacy for sustainable alternatives is intensifying, driven by heightened awareness regarding the environmental repercussions of projects funded by Banking Institutions.

Accounting: It is imperative for Banks to Diligently Monitor, Collect, and Analyse Data pertaining to Financed Emissions. They are also required to employ Sophisticated Methodologies to ascertain the Carbon Footprints across various Industries. Furthermore, the necessity for Annual Disclosures arises, as Transparent Reporting not only fulfils Regulatory Mandates but also fosters trust among Stakeholders and Promotes Prudent Investment Behaviours.

Risk Management: The ramifications of Climate Change expose Banks to a diverse array of Risks, encompassing Transitional Risks stemming from evolving Market Dynamics and Policy Shifts, as well as Physical Risks associated with Climate-induced Catastrophes. Consequently, the deployment of Advanced Risk Assessment Tools and Comprehensive Risk Management frameworks is essential for understanding and mitigating these risks. Such frameworks encompass Stress Testing, Scenario Analysis, and the Formulation of Contingency Plans to address the Financial Repercussions of Climate-related Events.

Data Analytics: The cornerstone of climate-conscious Banking is the availability of Comprehensive and Accurate Data. The utilization of cutting-edge technologies is crucial for Effective Data Collection Methodologies, Climate Risk Evaluation, and Carbon Footprint Quantification. Investments in Advanced Artificial Intelligence and Machine Learning Technologies would empower Banks to engage in Data-driven Decision-making and to effectively analyse the Emissions associated with their Investment Portfolios.

Opportunities: Banks that possess an in-depth understanding of the Net-zero Implications for their Clients and who actively engage in addressing their challenges will be better positioned to serve as reliable Advisors and Financiers during their Clients' Business Transition Phases. By proactively aligning their Operations with the Objectives of the Paris Agreement in the Initial Stages of Engagement, Banks can Capitalize on Significant Climate Finance Opportunities, thereby establishing themselves as Leaders in the Evolving Market.

c) Carbon-Neutral Future-Strategies for Transitioning to Net Zero:

- Implementing a meticulously devised and systematically organized strategy to effectively integrate Net Zero initiatives into the Composition of Investment Portfolios, Corporate Objectives, and overarching Business Aspirations.

- Employing a Strategy grounded in proportionality and materiality to facilitate focused interventions; promptly pinpointing critical areas by executing a Portfolio Emissions heatmap that is consistent with the Partnership for Carbon Accounting Financials (PCAF) framework.

✓ Ensuring the Accurate Modelling of Financed Emissions Projections in relation to established targets and reference scenarios by addressing uncertainties in Data through the Application of Actuarial-inspired Models and Methodologies.

✓ Leveraging a Diverse Array of Data sources to acquire Emissions Data at the Asset Level or to Construct Proxies, thereby Bridging Data Deficiencies and producing estimates in instances where Emissions Data is Insufficient.

✓ Recognizing Deficiencies in Transition planning through Comprehensive Gap Analysis to Assist Banking Institutions in concentrating on Long-term Strategic Priorities as well as areas necessitating Enhancement, Transparency, or Immediate Intervention.

Summing up:

The Banking Sector occupies a Pivotal Role in the ongoing sustainable transformation as the Global Community advances towards a Net Zero Future. It is imperative for Financial Institutions to assume a Leadership Position in advocating for Sustainability, Resilience, and Environmental Accountability, particularly as we confront the Challenges posed by the rapidly evolving Climate Landscape. The Overarching aspiration of Net-zero Banking is to cultivate a future wherein Ecological preservation and Financial Viability Coexist Synergistically exceeding the mere objective of Carbon Emission Reduction. By adopting Sustainable Finance Instruments, Enhancing Transparency, Fortifying Risk Management Methodologies, and engaging Stakeholders, Banks possess the capacity to incite profound transformations that will guide sectors towards a more Environmentally Sustainable Future. MA

References:

1. *RBI Directives.*
2. *SEBI Directives.*

INTERNAL AUDIT: EXCELLENCE THROUGH XAI IN BFSI

Abstract

As India embarks on its journey toward Viksit Bharat 2047, the integration of Artificial Intelligence (AI) into internal auditing holds great promise for enhancing transparency and accountability across various sectors. However, the "black box" nature of AI often leaves professionals in the dark about its decision-making processes, making it difficult to understand why certain transactions are flagged as suspicious while others go unnoticed. To bridge this gap, leading organizations including the Big Four accounting firms and major investment banks are championing the use of Explainable AI (XAI). This approach demystifies AI, allowing auditors to grasp how these systems work and actively engage in their oversight. By promoting trust and clarity, XAI empowers professionals to use AI responsibly and effectively. This article highlights XAI's crucial role in fostering a culture of transparency and ethical auditing practices, which are essential as India strives to realize its vision of Viksit Bharat 2047.

Sam Varghese
PG Scholar
School of Technology Management and Engineering
SVKM's NMIMS
Indore
sam.varghese08@nmims.in

CMA (Dr.) Niranjan Mahendranath Shastri
Associate Professor
School of Business Management
SVKM's NMIMS
Indore
shastriniranjan@gmail.com

Introduction

Traditionally, internal auditing involved pain taking, manual processes that required extensive time, effort, and diligence. Auditors would sift through volumes of financial records and documents, and manually identify discrepancies. While this approach ensured a deep level of scrutiny, it was highly prone to human error, subjectivity, and fatigue, resulting in missed issues and inconsistencies.

To address these challenges, organizations began to embrace Artificial Intelligence (AI) and Machine Learning (ML) technologies.(Maurer, 2023) AI tools with advanced neural networks like CNN (Convolution Neural Network), LSTMs (Long Short-Term Networks), LLMs (Large Language Model), etc. offered the promise of automation, efficiency, and greater accuracy. These systems could quickly process enormous amounts of data and detect patterns far faster than humans ever could. However, firms soon discovered the limitations of these technologies when left unchecked. Consider the following instances when the internal audit team failed to detect flaws of the system:

1. In 2016, the AI systems for mortgage approval, made black applicants 80% more likely (Hale, 2016) of getting rejected even with considerable credit ratings. This affected at-least 50,000 people.
2. On 14th July 2024, US banking giant, Wells Fargo sacked number of employees over pretending to work by faking keyboard activity.(Sherman, 2024) The AI systems implemented simply kept checking the keyboard activities of the employees to check if they were on duty or not.
3. The AI enabled recruitment system of Amazon preferred male candidates over females. (Dastin, 2018)This happened because the data used to train this model saw more males in the last 10 years and learnt to prefer males. This issue has also been encountered in the recruitment processes of various BFSI firms. (Ryan Browne, 2023)
4. As per the reports of Nov 2019, when Apple partnered with Goldman Sachs for their credit cards, it was observed that the credit limits were differing much for different people, even with similar financial conditions. (Elsesser, 2019)

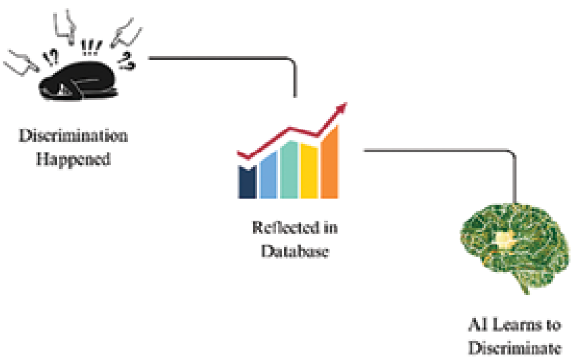


Figure 1: Demonstrating how AI learned to discriminate

Therefore, it's never safe to completely rely on the decisions of AI systems, (Leitner et al., 2024) as they may go wrong in multiple ways. Hence in the recent times, where the dependency on AI systems is more than ever, it is crucial to have proper controls, to never let such an incident happen again. For this, an important tool that is currently a trending topic of research in the AI-ML domain is XAI.

Explainable AI (XAI)

XAI is defined (IBM, 2024) as follows:

"Explainable artificial intelligence (XAI) is a set of processes and methods that allows human users to comprehend and trust the results and output created by machine learning algorithms."

XAI, which has now become the talk of the town, is an effort to decode this black box model so as to understand deeply, how the model is making decisions. Had the AI models for mortgage approval in 2016, Wells Fargo's monitoring system, Amazon's recruitment model, and Goldman Sachs credit limit setting system included XAI, then the flaws could have got detected long before the deployment, potentially saving billions of dollars in losses and mitigating reputational damage.

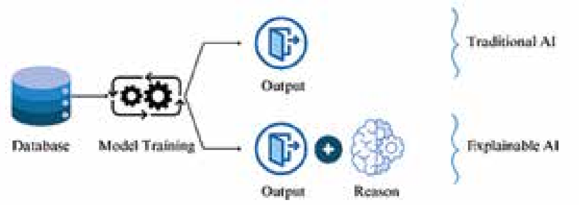


Figure 2: Indicating how XAI is different from Traditional AI

Adoption of XAI by BFSI Firms

Let's explore a few examples and see how this piece of technology is revolutionizing the BFSI Sector:

KPMG

On 24th April, 2023, KPMG Canada announced a strategic alliance with Mind Bridge, to have advanced AI systems for its Digital Audits. As per the official reports (KPMG in Canada, 2023), this alliance enables KPMG in integrating XAI technology to identify high-risk transactions from clients' general and subledger data. Such a development brings them closer to their goal of *Cloud Based Continuous Auditing* where the transactions can be analysed in real time.

Deloitte

Since 2022, Deloitte has been strongly advocating for the integration of XAI to make reliable AI models that contribute to the internal auditing process.(Surkov et al., 2022) iCredit, which is a chatbot developed by Deloitte for managing credit risks gained a lot of attention for its emphasis towards explainability and reliability of the predictions that the model outputs.

An important tool that is currently a trending topic of research in the AI-ML domain is XAI

PwC

With the recent partnership of OpenAI and PwC, this firm has become one of the pioneers of AI integration for transformation of existing accounting and auditing methods. With the recent articles of PwC UK, XAI has become one of the highlights for PwC's framework in *Best Practices of AI: Responsible AI* (PwC, Explainable AI) which assures that all of the PwC services inherently include XAI and thus, are trustable and reliable.

JP Morgan

JP Morgan is one of the few firms to have established a dedicated **Explainable AI (XAI) Center of Excellence**, (J.P. Morgan, *Explainable AI Center of Excellence*) aimed at developing cutting-edge machine learning models to enhance their in-house internal auditing tools and services.

Hence from the Big Four Auditing Firms to the Big Four Investment Banks, the rapid adoption of XAI has led to phenomenal progress in auditing of BFSI firms.

Compliance with XAI

Let's now explore how XAI integration helps with compliance with various rules and regulations:

Indian Guidelines

Because AI is a developing technology, hence as of now, India hasn't released any official set of rules and regulations targeting ML algorithms especially in the BFSI domain. (Singh, 2023) Still, as per the Governor of RBI Shaktikanta Das, the opacity of AI is one of the major concerns that are leading to unpredictable market consequences. (Business Standard, 2024) Hence in order to overcome this issue XAI is the only option at hand.

General Data Protection Regulation (Article 22)

As per the article 22 of GDPR, decision making should not be done solely based on automated processing. (European Parliament and Council of the European Union, 2018).This became a bottleneck where AI systems played a crucial role in speeding up the decision-making process. But with the development in the domain of XAI, this bottleneck has started to diminish because of the very that that AI models can now provide appropriate logical reasons for their decisions.

EU Artificial Intelligence Act

According to the EU AI Act, (European Commission, 2024) the developers/ firm shall be responsible for the actions taken by the AI models. Hence the Act mandates conducting model evaluations, adversarial testing and ensure cyber security protections. For complying with these mandates, it becomes necessary for the firm to understand the decision-making process and working of AI models with great detail. This is where XAI assists in complying with this act.

Sarbanes-Oxley Act (Section 404)

As per the SOX Act, Section 404, all publicly traded companies must establish internal controls and procedures for financial reporting.(United States Congress, 2002) In order to create internal controls for decisions made by the AI systems of the firm, it becomes crucial to know the factors that are getting considered by the system for decision making process. For this XAI, comes up as the sole solution, enabling compliance with this act.

Scope of XAI

As per the reports, (Surkov, 2022) XAI falls in the sweet spot of tech innovation and safety. With the rapid adaption of this technology, let discuss about what more can we expect from it in the near future:

Better Involvement of Auditors & Accountants in AI Training Processes

Generally, the developers responsible for the creation of AI models which gets used by accountants/ auditors have limited knowledge of that domain. Involvement of accountants and auditors in this process is necessary but the limited technical knowledge becomes a bottleneck for them. Hence with the adoption of XAI, the expectation of simplifying the AI training and evaluation can lead to all the departments of the firm, in sharing their valuable knowledge and expertise to enhance the model.

Figure 3: Demonstrating the primary objective of XAI, i.e. to enable employees of different departments in AI model development

Better Risk Management

XAI has the potential to give the managers, insights into the factors that have generally led to increased risks. Insights like these could help them in reducing the attack surface, and playing safe, with controlled risks. Such developments can also help in prediction of risks.

Conclusion

With the involvement of Artificial Intelligence in the auditing and accounting practices, it has become a need of the hour to ensure that the systems getting developed gives output which makes sense to all the departments of the firm and add value to the processes. For this, from Big Fours Auditing firms, to Big Four Investment Banks, they've all officially declared XAI as the need of the hour. With this article, the authors aim to introduce XAI to the readers and spread the knowledge of the wonders it can do, to make the systems more reliable and secured. MA

References

1. *Forbes. (n.d.).Hale, K. (2021, September 2). A.I. bias caused 80% of Black mortgage applicants to be denied. Forbes. https://www.forbes.com/sites/korihale/2021/09/02/ai-bias-caused-80-of-black-mortgage-applicants-to-be-denied/*
2. *Sherman, N. (2024, June 14). Wells Fargo fires workers over fake keyboard activity. BBC News. https://www.bbc.com/news/articles/cjll01220yeo*
3. *Dastin, J. (2018, October). Insight - Amazon scraps secret AI recruiting tool that showed bias against women | reuters. Insight - Amazon scraps secret AI recruiting tool that showed bias against women. https://www.reuters.com/article/world/insight-amazon-scraps-secret-ai-recruiting-tool-that-showed-bias-against-women-idUSKCN1MK0AG/*
4. *Ryan Browne, M. S. (2023, June 23). A.I. has a discrimination problem. in banking, the consequences can be severe. CNBC. https://www.cnbc.com/2023/06/23/ai-has-a-discrimination-problem-in-banking-that-can-be-devastating.html*
5. *Elsesser, K. (2019, November 14). Maybe the Apple and Goldman Sachs credit card isn't gender biased. Forbes. https://www.forbes.com/sites/kimelsesser/2019/11/14/maybe-the-apple-and-goldman-sachs-credit-card-isnt-gender-biased/*
6. *IBM. (2024, August 15). What is explainable AI (XAI)?https://www.ibm.com/topics/explainable-ai#:~:text=Explainable%20artificial%20intelligence%20(XAI)%20is,created%20by%20machine%20learning%20algorithms.*
7. *KPMG in Canada and Mindbridge bring responsible AI to audits. KPMG in Canada. (2023, April 24). https://kpmg.com/ca/en/home/media/press-releases/2023/04/kpmg-and-mindbridge-bring-responsible-ai-to-audits.html*
8. *Surkov, A., Srinivas, V., & Gregorie, J. (2022, June 28). Unleashing the power of machine learning models in banking through Explainable Artificial Intelligence (XAI). Deloitte Insights. https://www2.deloitte.com/us/en/insights/industry/financial-services/explainable-ai-in-banking.html*
9. *PwC. (n.d.). Explainable AI. https://www.pwc.co.uk/services/risk/insights/explainable-ai.html*
10. *J.P. Morgan. (n.d.). Explainable AI center of excellence. Explainable AI Center of Excellence. https://www.jpmorgan.com/technology/artificial-intelligence/initiatives/explainable-ai-center-of-excellence*
11. *Surkov, A. (2022). Explainable AI unleashes the power of Machine Learning in banking - WSJ. https://deloitte.wsj.com/cio/explainable-ai-unleashes-the-power-of-machine-learning-in-*

banking-01658775295

12. *Leitner, G., Singh, J., van der Kraaij, A., & Zsámboki, B. (2024, May 15). The rise of Artificial Intelligence: Benefits and risks for financial stability. European Central Bank. https://www.ecb.europa.eu/press/financial-stability-publications/fsr/special/html/ecb.fsrart202405_02~58c3ce5246.en.html*
13. *The EU Artificial Intelligence Act. EU Artificial Intelligence Act. (2024). https://artificialintelligenceact.eu/*
14. *United States Congress. (2002). The sarbanesoxley act. The Sarbanes Oxley Act. https://sarbanes-oxley-act.com/*
15. *Singh, P. (2023, April 6). "no regulations for artificial intelligence in India": ITMinister Ashwini Vaishnaw. Business Today. https://www.businesstoday.in/technology/news/story/no-regulations-for-artificial-intelligence-in-india-it-minister-ashwini-vaishnaw-376298-2023-04-06*
16. *Standard, B. (2024, October 14). Over-reliance on AI poses financial stability risks: RBI governor das. Business Standard. https://www.business-standard.com/finance/news/over-reliance-on-ai-may-pose-financial-stability-risks-rbi-governor-124101400757_1.html*
17. *European Parliament and Council of the European Union. (2018, July 26). Art. 22 GDPR – automated individual decision-making, including profiling. General Data Protection Regulation (GDPR). https://gdpr-info.eu/art-22-gdpr/*
18. *Maurer, M. (2023). KPMG plans $2 billion investment in AI and cloud services - WSJ. https://www.wsj.com/articles/kpmg-plans-2-billion-investment-in-ai-and-cloud-services-e4fd0dd5*

THE NEOBANKING LANDSCAPE: INDIAN VIS-À-VIS GLOBAL

Abstract

This article is a comparative analysis of neobanking in India alongside five countries: USA, UK, Brazil, Nigeria, and Australia. It examines the emergence, regulatory environment, technological trends, challenges, and future growth potential of neobanks, highlighting how these markets are shaping the global digital banking landscape.

CMA (Dr.) Sandip Sinha
Associate Professor in Commerce
Budge Budge College
Kolkata
sandip2k1in@gmail.com

INTRODUCTION

Neobanking refers to digital banking operations of a neobank that operates without physical branches providing banking services entirely through online and mobile platforms. Unlike traditional banks, neobanks leverage technology to offer a seamless and user-friendly experience, focusing on low costs and personalization. The rise of neobanking has been fuelled by advancements in technology, changing customer expectations for convenience and accessibility, and supportive regulatory developments promoting fintech innovations. This article presents a comparative analysis of neobanking in India vis-à-vis five other countries across the globe, namely, United States of America (USA), United Kingdom (UK), Brazil, Nigeria and Australia. It explores key aspects such as the emergence and expansion of neobanks, the regulatory environment, technological trends, challenges, and the current scenario and future growth potential.

Table 1: Emergence and Expansion

Country	Details
USA	The neobanking trend began in the late 2000s, with Simple (2009) leading the charge as the first neobank offering a fully digital banking experience, emphasizing user-friendly interfaces and transparency. The rise was driven by a tech-savvy population, widespread smart phone adoption, and growing consumer demand for accessible, hassle-free banking. Following Simple's lead, neobanks rapidly expanded services to include loans, credit cards, investment tools, and personalized financial insights, catering to diverse financial needs. They leveraged machine learning and AI to enhance customer engagement and deliver personalized banking solutions, further reshaping how consumers interacted with their finances. Moreover, neobanks started collaborating with fintech companies to offer seamless integration with third-party financial services, such as expense tracking apps, insurance, and wealth management platforms, providing users with an all-encompassing digital financial ecosystem.

Table 1: Emergence and Expansion

Country	Details
UK	The UK saw the emergence of major players like Monzo and Revolut in 2015, both pioneers of mobile-first banking, which was driven by a favorable regulatory environment and the introduction of the PSD2 (Revised Payment Services Directive) that promoted open banking. The UK's strong financial infrastructure and openness to fintech innovation fostered the growth of neobanks, allowing them to deliver features like real-time spending insights, savings pots, and easy account management via apps. These neobanks also differentiated themselves by expanding services to include cross-border payments, cryptocurrency trading, commission-free international spending, and personalized financial management tools tailored to young, digital-native consumers. As consumer trust in digital platforms grew, neobanks began integrating AI-driven customer support and enhancing security through biometric authentication, positioning them as serious alternatives to traditional banks.
Brazil	The Brazilian neobanking scene took off in 2013 with Nubank, which initially focused on providing no-fee credit cards as a response to Brazil's notoriously high banking fees. Over time, Nubank expanded its offerings to include broader digital services such as personal loans, savings accounts, and investments, ultimately aiming to simplify the financial lives of Brazilians. The high banking fees and large underserved population in Brazil accelerated the widespread adoption of neobanking solutions. Nubank also expanded its footprint into Mexico and Colombia, positioning itself as a leading neobank in Latin America. This expansion was complemented by Nubank's adoption of an easy-to-use app, providing multilingual support, and leveraging customer-centric technologies like AI-driven customer service to enhance user experiences. Other neobanks, such as Banco Inter and C6 Bank, also entered the market, increasing competition and pushing traditional banks to innovate, reduce fees, and improve digital accessibility in response to this disruption.
Nigeria	Neobanking in Nigeria emerged in the late 2010s, spurred by the growth of fintech and a pressing need for financial inclusion among the large unbanked population. Startups like Kuda Bank led the charge, initially providing no-fee services that made basic banking accessible. These neobanks have since expanded to include savings accounts, instant payments, and microloans, aiming to offer affordable financial solutions to underserved communities. The adoption of mobile-first technology and USSD codes has allowed these services to reach users even in low-connectivity areas. Recent entrants like Rubies Bank and Carbon have joined Kuda, focusing on personal loans, budgeting tools, and small business banking, further enhancing financial access for marginalized populations and promoting a cashless economy.
Australia	Australia's neobanking landscape has evolved significantly since its initial rise in 2017. Volt Bank, the first neobank to receive a full license, exited the market in 2022 due to financial sustainability challenges. Up Bank remains active, targeting young, mobile-first users with features like real-time spending insights and savings trackers, while 86 400 was integrated into UBank after its acquisition by National Australia Bank (NAB) to form a larger digital-first banking entity. New entrants like Douugh, Hay, and Judo Bank are expanding offerings to include AI-driven tools, prepaid accounts, and specialized services for small and medium-sized enterprises (SMEs). The market remains dynamic, marked by both opportunities and challenges, such as data protection compliance, sustainability of business models, and competition with traditional banks.
India	The Indian neobanking sector began in 2015 with NiYO, initially offering payroll services and later expanding to include digital savings accounts, lending, and tax management. Other players like Open (2017) and Jupiter (2019) targeted SMEs and millennials, providing tailored services such as expense management, personalized financial tools, and no-fee banking. Growth was largely supported by government programs like Pradhan Mantri Jan Dhan Yojana (PMJDY), which aimed to boost financial inclusion by bringing millions of Indians into the formal banking system, alongside initiatives such as Digital India, which improved digital infrastructure and internet access.

Table 2: Regulatory Environment

Country	Details
USA	Neobanks in the USA typically partner with FDIC-insured banks to offer services, as obtaining a full national bank charter from the Office of the Comptroller of the Currency (OCC) remains a complex and lengthy process. However, regulatory developments like the OCC's Special Purpose FinTech Charter and state-level charters in places like Wyoming are gradually opening the path for neobanks to operate independently, making it easier for digital-only banks to obtain licenses.
UK	The PSD2 (Revised Payment Services Directive), introduced in 2018, required UK banks to open customer data to third-party providers via Open Banking APIs, fostering competition and innovation in digital banking. The Financial Conduct Authority (FCA) also supports innovation through its Fintech Sandbox, allowing fintech firms to test new products in a controlled regulatory environment.
Brazil	The Brazilian Central Bank supports financial innovation through initiatives like Pix, an instant payment system, and policies promoting digital banking for financial inclusion. The 2021 Open Banking Initiative enables secure data sharing between financial institutions, helping neobanks offer more competitive services and fostering a more accessible banking ecosystem.
Nigeria	The Central Bank of Nigeria (CBN) is gradually developing policies for fintech and mobile money operators to promote financial inclusion, but full digital banking licenses are not yet available. Neobanks currently partner with traditional banks. Although regulatory support is increasing, the landscape remains complex, with uncertainties around future regulations, especially regarding consumer protection and digital transaction security.
Australia	Regulatory environment supports neobanks, with the Australian Prudential Regulation Authority (APRA) issuing Restricted ADI licenses, enabling neobanks to operate independently. Open banking under the Consumer Data Right (CDR) mandates data sharing between financial institutions, driving competition and innovation. While this framework allows neobanks to thrive, challenges remain in complying with strict privacy and data protection laws.
India	Neobanks currently operate through partnerships with RBI-licensed banks since standalone digital banking licenses are not yet issued. The Reserve Bank of India (RBI) has issued guidelines promoting digital payments and fostering fintech innovations through frameworks like the Payment and Settlement Systems Act. The National Payments Corporation of India (NPCI) has been pivotal in driving the adoption of Unified Payments Interface (UPI), facilitating seamless digital transactions and enabling neobanks to integrate UPI for instant payments and transfers.

Table 3: Challenges

Country	Details
USA	Regulatory hurdles, cybersecurity risks, and competition from established banks offering digital solutions. Consumer data privacy and trust issues also pose a challenge for wider adoption.
UK	High competition from both traditional and digital banks, increasing regulatory scrutiny on data privacy and compliance. Brexit has introduced additional uncertainties in terms of cross-border banking regulations.
Brazil	Economic instability, financial literacy issues, and competition from large traditional banks. Many consumers still have low levels of trust in digital-only services.
Nigeria	Nigeria faces challenges including regulatory hurdles, low trust in digital-only banks, limited internet access in rural areas, and high costs of mobile data. Building consumer confidence and expanding services to underserved areas remain critical.

Table 3: Challenges

Country	Details
Australia	Australia's challenges include high competition from traditional banks that are offering digital solutions, navigating strict data privacy regulations, and the collapse of early neobanks like Xinja, which highlights sustainability concerns.
India	Regulatory uncertainties, building consumer trust, particularly in rural areas, and a lower rate of digital adoption. Internet connectivity issues in remote areas also present challenges.

Table 4: Current Scenario and Future Growth Potential
[Data as on March, 2024]

Country	Details
USA	The USA's digital payment market, with a **transaction value of US$1.79 trillion (2024)**, is expected to grow to **US$2.80 trillion by 2028**, at a **CAGR of 11.83%**. Though nearing saturation, the **average transaction value per user (US$28.85k)** suggests frequent, large transactions. **User penetration** is **18.27% (2024)**, projected to grow to **23.35% by 2028**, driven by innovations like mobile payments and blockchain.
UK	The UK has **high user penetration (32.85% in 2024)**, expected to reach **41.32% by 2028**. Its **average transaction value per user (US$43.88k)** is the highest, indicating a mature market. With a **CAGR of 12.85%**, growth will likely come from innovation and expanding underserved areas as the market approaches saturation.
Brazil	Brazil's neobanking market, growing at a **CAGR of 12.72%**, is projected to increase from **US$454.80 billion (2024)** to **US$734.20 billion by 2028**. **User penetration** is **27.06% (2024)**, expected to rise to **34.49%**. The **average transaction value per user (US$7.72k)** is lower, but growth will be driven by smart phone adoption and fintech innovations.
Nigeria	Nigeria's market is projected to grow from **US$5.60 billion (2024)** to **US$10.13 billion by 2028** at a **CAGR of 15.97%**. The **average transaction value per user (US$3.34k)** reflects early adoption. **User penetration** is **0.74% (2024)**, rising to **0.87%** by 2028, with growth potential driven by smart phone adoption and financial inclusion needs.
Australia	Australia's neobanking market, with a **transaction value of US$36.13 billion (2024)**, is expected to grow to **US$58.09 billion by 2028** at a **CAGR of 12.61%**. The **average transaction value per user (US$28.13k)** reflects advanced infrastructure. **User penetration** is **4.83% (2024)**, growing to **6.25% by 2028**, supported by a tech-savvy population and regulatory frameworks.
India	India's market is set to grow at a **CAGR of 14.61%**, from **US$113.60 billion (2024)** to **US$196.00 billion by 2028**. **User penetration** is low at **1.17% (2024)**, projected to rise to **1.47%**. The **average transaction value per user (US$6.76k)** reflects lower incomes, but growth is fuelled by UPI and increasing smart phone adoption.

CONCLUSION

Neobanking is transforming financial services globally, with each country presenting unique growth dynamics. Mature markets like the USA, UK, and Australia are nearing saturation, with future growth driven by innovation, regulatory support, and consumer demand for digital services. Emerging markets like Brazil, Nigeria, and India show strong growth potential, fuelled by financial inclusion initiatives and rising smart phone penetration. Technological advancements, consumer trust, and tailored regulations will be pivotal in shaping the future of neobanking, positioning these countries as key players in the evolving global digital banking landscape. MA

REFERENCES

1. *Banco Central do Brasil. (2019). Policies supporting financial innovation in Brazil. Retrieved from https://www.bcb.gov.br.*
2. *Blakely, S. (2010). How Simple redefined banking.*

Financial Times. Retrieved from https://www.ft.com.

3. Crosman, P. (2021, January 11). What banks, fintechs can learn from Simple's rise and sudden death. American Banker. Retrieved from https://www.americanbanker.com.
4. Da Silva, M. (2013). Nubank and the revolution of digital finance in Brazil. RevistaBrasileira de Economia, 30(4), 123-138.
5. European Union. (2018). Payment Services Directive 2 and its impact on the financial industry. Official Journal of the European Union. Retrieved from https://www.eur-lex.europa.eu.
6. Financial Conduct Authority. (2015). The rise of digital banks like Monzo and Revolut: Regulation and growth. Retrieved from https://www.fca.org.uk.
7. Fintechly. (2024). The Rise of Neobanks: Disrupting the Traditional Banking Sector with Fintech Innovation. Retrieved from https://fintechly.com/banking/the-rise-of-neobanks-disrupting-the-traditional-banking-sector-with-fintech-innovation/.
8. FMD Financial. (2024). The rise of Australian neobanks. Retrieved from https://www.fmd.com.au/insights/the-rise-of-australian-neobanks/.
9. National Payments Corporation of India. (2019). The impact of UPI on neobanking growth. Retrieved from https://www.npci.org.in.
10. Reserve Bank of India. (2015). Financial inclusion and the rise of neobanks in India. Retrieved from https://www.rbi.org.in.
11. Reserve Bank of India. (2020). Guidelines on Regulation of Payment Aggregators and Payment Gateways. Available at https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11822&Mode=0.
12. Statista (2024). Neobanking - United States https://www.statista.com/outlook/dmo/fintech/neobanking/united-states
13. Statista (2024). Neobanking - United Kingdom https://www.statista.com/outlook/dmo/fintech/neobanking/united-kingdom
14. Statista (2024). Neobanking - Brazil https://www.statista.com/outlook/dmo/fintech/neobanking/brazil
15. Statista (2024). Neobanking - Nigeria https://www.statista.com/outlook/dmo/fintech/neobanking/nigeria
16. Statista (2024). Neobanking - Australia https://www.statista.com/outlook/dmo/fintech/neobanking/australia
17. Statista (2024). Neobanking - India https://www.statista.com/outlook/dmo/fintech/neobanking/india
18. Stobdan, J., & Kumar, S. (2023). NeoBanks: Future Prospects, Challenges and Strategies.
19. TechnoIdentity. (2023). Exploring the rise of Neobanks and digital banking revolution. Available at https://www.technoidentity.com/insights/leadership-insights-exploring-the-rise-of-neobanks-and-digital-banking-revolution/.
20. Traderoot Africa. (2024). Growth of neobanks in Africa. Retrieved from https://traderootafrica.com/growth-of-neobanks-in-africa/.
21. Wired. (2023). The Rise of Neobanks: Disrupting Traditional Banking. Available at https://industrywired.com/the-rise-of-neobanks-disrupting-traditional-banking/.

Corporate Corner

Congratulations!!!

CMA G. Gayatri Prasad

Our Heartiest Congratulations to CMA G. Gayatri Prasad on assuming charge as Director (Finance) of Bharat Dynamics Limited (BDL) a Government of India enterprise under the Ministry of Defence.

He joined BDL as management trainee in 1997 and in a career spanning over 27 years he served the company in various capacities with wide exposure in all aspects of accounting and financial management, taxation, analyzing investment proposals, working capital management, budgeting and costing.

CMA G. Gayatri Prasad is a commerce graduate. Prior to assuming charge as Director Finance he served BDL as General Manager (Finance) and CFO.

We wish CMA G. Gayatri Prasad the very best for all his future endeavors.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACCOUNTING IN BANKS IN INDIA: A CASE STUDY APPROACH

Abstract

In today's globalized world, Corporate Social Responsibility (CSR) has become a critical aspect of every business including banking sector. Every country including India is concerned about the volume and quality of its CSR activities especially given the pivotal significance of the Environmental, Social, and Governance (ESG) paradigm.

This paper examines the CSR accounting practices in Indian banks using a case study approach. It studies how leading Indian banks account for their CSR activities, the frameworks they use, and the challenges they face in reporting these activities. The paper seeks to highlight the impact of CSR initiatives on the overall performance and the public acceptance of banks.

CMA (Dr.) Tushar Raut
Assistant Professor in Accountancy
St. Gonsalo Garcia College
Vasai (W)
cmatusharraut@gmail.com

Piyush H Rana
Assistant Professor in Accountancy
Annasaheb Vartak College
Vasai (W)
piyush.rana@avc.ac.in

1. Introduction:

Corporate Social Responsibility (CSR) refers to a company's contribution to societal goals, addressing social, environmental, and economic issues voluntarily. The regulatory mandates supported by the stakeholder's pressure have gained increasing importance of CSR activities in recent years in India. According to the Companies Act of 2013, large companies in India are mandatorily supposed to allocate a portion of their profits to CSR activities, making CSR an integral part of corporate governance which is also applicable to the banking sector which spends significantly on environmental sustainability, education, healthcare, etc. CSR accounting creates a true and fair impact on the stakeholders ensuring transparency due to documentation and disclosure of the CSR activities in financial statements. The paper aims to explore the CSR accounting practices in Indian banks through case studies of major financial institutions, specifically focusing on how CSR activities are quantified, reported, and integrated into their business strategies.

2. Literature Review:

CSR in India has evolved significantly over the past few decades which fostered due to enactment of companies act 2013 which mandated the companies to spend on CSR activities after meeting certain criteria. According to the act, any business whose turnover is above ₹.1,000 crores, net worth is

₹.500 crores and net profit of ₹.5 crores or more is required to spend minimum 2% of their average net profits over the preceding three years to CSR activities.

Manisha Saxena and A.S Kohli (2012) studied the impact of CSR on corporate sustainability of banking sector in India. The study focused on CSR activities and its impact on corporate sustainability and to create awareness in the managers of various institutions towards deep understanding of CSR activities. The study also threw light on various aspects of financial performance of the organizations based on profit, earning per share, etc.

Arup Mukherjee (2012) gave importance to various obligations to banks with respect to CSR activities such as economic, legal, ethical and discretionary obligations. all the stated obligations had their own importance and existence depending upon the financial performance of the banking companies. It stated the ethical obligation as compulsion even if it is for financial inclusion as it would be based for future of banking industry of India

Namrata sing et al (2013), Dr. Namita Rajput et al. (2013) The study was based basically on various initiatives taken under CSR activities and the green banking initiatives for sustainable growth in the banking sector in India.

MS Khan, Pooja Rani (2015) analyzed the CSR activities of banking institutions in India by collecting data through questionnaire on the aspects like benefits, motivating factors and problems for adopting CSR, rural development through CSR, etc. The scope for further issues relating to CSR activities performance and the impact on banks was left behind by the study.

Dr. Anita Sharma and Dr. Ashok Panigrahi (2016) showed the acceptance and increase in CSR activities by banks in India in recent past promoting green initiatives, rural development, etc. The study emphasized on 3P's in banking sector viz., People, Process, Products.

Rajul Dutt and Himani Grewal (2018) studied the SBI main CSR activities carried out through a questionnaire for the employees of SBI. The study revealed that the various initiatives taken by have aimed at facilitating weaker sections of society through quality education, sanitation, healthcare, etc., apart from skill development and livelihood creation resulted into employee satisfaction.

Ajai Prakash &Kishore Kumar (2019) examined the sustainable reporting practices in the banking sector of India by studying the annual reports of banks for 2 years, viz., 2015-16 and 2016-17. The study revealed a slow adaptability of banks in sustainable reporting. It also revealed that environmental considered were not addressed by most of the banks in India.

Dr. Umakant Nayak and Dr. Pramod Kumar Patjoshi (2020) studied the Impact of CSR on Financial performance of Indian banks the period 2014 to 2018 considering the positive and negative relationships between factors liken Net Profit margin as well as return on equity, total assets and investment.

Eliza Sharma & M. Sathish (2022) studied CSR and its link with economic growth based on the findings of amount spent by 21 banks for CSR activities for the period of 2014 to 2018. The study disclosed that in country like India, CSR activities are more myth rather than being real contributor for economic growth and development. It also stated that CSR activities are just to glorify the brand image of the corporate and to secure investors from the globe.

3. Research Methodology:

This study employs a **case study approach** to examine CSR accounting practices in major Indian banks. The banks selected for the study were

- **State Bank of India (SBI)**: The public sector bank in India, carrying out extensive CSR activities.
- **HDFC Bank**: One of the significant private sector banks in India, focusing strongly on sustainable development.
- **ICICI Bank**: known for its community outreach and financial inclusion efforts is also a private bank in India which has a large scale operation in the country.

Data for the case studies are sourced from these banks' annual reports, CSR disclosures, sustainability reports, and financial statements. The study focuses on both financial and non-financial

CSR reporting to understand how these banks account for their CSR activities.

4. CSR Accounting Practices in Indian Banks: A Case Study

4.1 State Bank of India (SBI):

SBI, having focused on education, rural development, health care and sustainable environment is a public sector bank that has been at the forefront of CSR initiatives in India.

- **Financial Reporting**: SBI discloses CSR expenditures under a specific section in its annual report. The bank allocates a significant portion of its net profit toward CSR activities, which are detailed in the financial statements. The expenditures are categorized into various sectors such as healthcare, education, and rural development.
- **Non-Financial Reporting**: SBI's CSR activities are also reported using qualitative metrics such as the number of schools built, healthcare camps organized, and the number of rural women empowered. The details of these activities forms the part of sustainability report, which follows the GRI framework for non-financial disclosures.

4.2 HDFC Bank:

HDFC Bank, as mentioned above is a private bank in India with a strong commitment to CSR, especially in areas like education, skill development, and community welfare.

- **Financial Reporting**: HDFC Bank reports CSR expenditures separately under its "Sustainability and CSR" section. It details the amount spent on various programs such as financial literacy initiatives, supporting underprivileged communities, and environmental projects. The bank's CSR spending is tracked and compared with its profits to ensure compliance with the mandatory CSR guidelines.
- **Non-Financial Reporting**: The bank uses the Integrated Reporting (IR) framework, which provides a comprehensive overview of both financial and non-financial performance. HDFC Bank highlights its contributions to society in terms of the number of people trained through its skill development programs and the environmental benefits of its green initiatives.

4.3 ICICI Bank:

ICICI Bank has made significant investments in CSR, with a focus on health, education, and rural development, along with a strong commitment to environmental sustainability.

- **Financial Reporting**: ICICI Bank's CSR activities are incorporated into its annual financial report, where it shows the total CSR expenditure and outlines the focus areas for the year. The bank has developed specific projects with measurable outcomes, such as funding for educational scholarships and healthcare services in rural areas.
- **Non-Financial Reporting**: ICICI Bank reports its CSR impact through a combination of qualitative and quantitative metrics, focusing on the social and environmental impacts of its initiatives. It follows both GRI and IR frameworks for non-financial reporting, providing data on the number of beneficiaries in its programs and environmental impact reductions.

5. Analysis and Discussion:

5.1 Key Findings:

- **Financial Reporting of CSR**: All three banks provide detailed disclosures of CSR expenditures in their financial statements. While the amount spent on CSR is clearly outlined, the banks differ in their methods of categorizing and reporting these expenditures. Public sector banks like SBI focus heavily on community development, whereas private sector banks like HDFC and ICICI Bank also emphasize environmental sustainability and skill development.
- **Non-Financial Reporting**: The use of the GRI and Integrated Reporting frameworks is evident across the banks studied. These frameworks help the banks to trace various impacts of the CSR initiatives on environmental and social, which are increasingly becoming a critical factor in assessing the effectiveness of CSR activities.

- **Challenges in CSR Accounting**: One of the main challenges identified in CSR accounting is the difficulty in quantifying the social impact of CSR initiatives. While financial expenditures can be easily tracked, measuring the real impact of CSR on communities, the environment, or education is more complex. There is also a lack of standardized metrics across banks, making it difficult to compare CSR performance.

5.2 Impact of CSR on Financial Performance:

While CSR expenditures may initially seem like a cost, evidence from the case studies indicates that banks with robust CSR programs often experience long-term benefits. These include enhanced customer loyalty, improved brand reputation, and increased investor confidence. However, the direct financial benefits of CSR activities are not always immediately measurable. Instead, the long-term value lies in building a positive image and contributing to societal well-being, which eventually leads to financial stability and growth.

5.3 Stakeholder Influence:

Stakeholders, including customers, regulators, and investors, are significant drivers of CSR reporting. Indian banks are under increasing pressure to demonstrate their CSR commitment, particularly with the regulatory requirement mandating CSR spending. However, beyond compliance, there is growing demand for transparency and accountability, as stakeholders seek more detailed information on the social and environmental outcomes of CSR activities.

6. Conclusion:

This research highlights the importance of CSR accounting in Indian banks and provides insights into the practices of major financial institutions. Through the case study approach, it is evident that even though the Indian banks are making significant strides in CSR accounting, challenges remain in measuring and reporting the true impact of CSR activities. The use of established frameworks like GRI and Integrated Reporting is helping banks enhance transparency and ensure that their CSR initiatives align with their broader business objectives. As CSR becomes an integral part of the banking sector's operations, future research could explore the possible relationship between CSR spending and long-term financial performance, as well as the role of CSR in enhancing financial inclusion in India. MA

7. References:

1. *A comparative study of selected private and public sector bank with special reference to corporate social responsibility in India. (2019). Journal of the Gujrat Research Society, Volume 21 Issue 16(0374–8588).*
2. *Chaudhury, S. K., Das, S. K., & Sahoo, P. K. (2012). Practices of Corporate Social Responsibility (CSR) in banking sector in India: an assessment. Research Journal of Economics, Business and ICT, 4. https://ojs.journals.cz/index.php/RJEBI/article/download/252/256*
3. *CORPORATE SOCIAL RESPONSIBILITY: AN ANALYSIS OF INDIAN COMMERCIAL BANKS. (2013). AIMA Journal of Management & Research, Volume 7(0974 – 497).*
4. *Dutt, R. (2018). Corporate Social Responsibility (CSR) in Indian banking sector: An Empirical study on State Bank of India Limited. Amity Journal of Corporate Governance, 3 (1), (33-43).*
5. *Impact of CSR on financial performance: A study on banking companies in India. (2020). International Journal of Modern Agriculture, Volume 9, No.3(2305–7246).*
6. *Kumar, K., & Prakash, A. (2019). Examination of sustainability reporting practices in Indian banking sector. Asian Journal of Sustainability and Social Responsibility, 4(1). https://doi.org/10.1186/s41180-018-0022-2*
7. *Mukherjee, A. (2012). Corporate social responsibility of banking companies in India: at cross roads. SSRN Electronic Journal. https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2197170_code1457186.pdf?abstractid=2197170&mirid=1*
8. *Rajput, N. (2013). Indian Banking Sector towards a Sustainable Growth: A Paradigm Shift. International Journal of Academic Research in Business and Social Sciences, Volume number 3(2222–6990).*
9. *Rani, P., & Khan. (2015). Corporate social responsibility (CSR): An analysis of Indian Banking sector. International Journal of Applied Research, 1(11), 304–310. https://www.allresearchjournal.com/archives/2015/vol1issue11/PartE/1-11-71.pdf*
10. *Saxena, M., & Kohli, A. (2012). Impact of corporate social responsibility on corporate sustainability: A study of the Indian banking industry. SSRN Electronic Journal. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2185741*
11. *Sharma, A., & Panigrahi, C. A. (2016). CSR in Indian banks and financial institutions. SSRN Electronic Journal. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3459950*
12. *Sharma, E., & Sathish, M. (2022). "CSR leads to economic growth or not": an evidence-based study to link corporate social responsibility (CSR) activities of the Indian banking sector with economic growth of India. Asian Journal of Business Ethics, 11(1), 67–103. https://doi.org/10.1007/s13520-022-00142-5*

BEYOND BRANCHES: THE EMERGENCE AND IMPACT OF NEOBANKS

Abstract

Neobanking represents a paradigm shift in the financial services industry, offering fully digital banking solutions that cater to the evolving demands of tech-savvy customers. These institutions operate without physical branches, leveraging go-between protocols like APIs and advanced technologies like AI and Blockchain to deliver seamless and efficient banking experiences. Unlike traditional digital banks, which are online subsidiaries of established financial institutions, neobanks function independently or in collaboration with traditional banks, making them agile and customer-centric. The paper identifies prominent players in the global and Indian neo banking markets, offering insights into their strategies and customer-centric approaches. By addressing challenges such as limited public awareness and societal acceptance, this study underscores the significant potential of neobanks to redefine financial services, making them indispensable players in the global banking landscape.

CMA (Dr.) Meghna Chotaliya
Associate Professor
Department of Accountancy
R.D.National College
Mumbai
meghnachotaliya26@gmail.com

Dr. Kavita Laghate
Senior Professor
Jamnalal Bajaj Institute of Management Studies
Mumbai
kavitalaghate@jbims.edu

Introduction

Neobanking represents the next major revolution in the banking sector, garnering significant attention within the Fintech community. In essence, neobanks are fully digital banks that operate without physical branches or a tangible presence. As the banking industry evolves at a rapid pace, so do customer behaviours and expectations, with a growing demand for seamless and efficient banking services something neobanks are well-positioned to deliver. While both digital banks and neobanks offer online services, they are not identical. Neobanks, also known as virtual, digital, or internet banks, have been a growing phenomenon since 2017. These fintech companies deliver both traditional and innovative banking services entirely online, such as peer-to-peer (P2P) payments, automated financial advisors, crypto currency exchanges, and crowd funding platforms to raise funds for specific projects or their intangible equivalents closely tied to those projects.(Monis and Pai, 2023). Targeting tech-savvy users, these digital-first fintech entities offer services such as debit cards, payments, money transfers, and lending. Neo banks are not classified as banks themselves but work in collaboration with traditional banking partners, thereby falling under the indirect oversight of the Reserve Bank of India (RBI). The concept of neo banking originated in the United States, with Simple and Moven being the first neobanks launched in 2009 and 2011, respectively. These platforms distinguish themselves from conventional banks by leveraging robust digital interfaces tailored to specific customer segments. Today, there are approximately 400 neobanks globally, serving nearly one billion customers.

Neobanks function independently, whereas digital banks are typically subsidiaries of traditional banks. The global neobanking market, valued at $69 billion in 2022, is anticipated to grow exponentially; reaching $3.3 trillion by 2032, with a compound annual growth rate (CAGR) of 47.3% between 2023 and 2032.Neobanks are entirely digital financial institutions that offer a comprehensive range of banking and financial services. Operating exclusively online, they do not maintain any physical infrastructure and leverage fintech innovations to deliver their services. Neobanks provide most of the core services offered by traditional banks, including savings and checking accounts, credit cards, payment and fund transfers, personal and vehicle loans, mortgages, investment products, and insurance solutions.

Neobanking has emerged as a significant innovation in fintech, representing the next evolutionary phase in banking beyond net banking, mobile banking, app-based banking, and online payments. Neobanks focus on providing limited yet highly specialized banking services, operating entirely digitally with a strong emphasis on mobile-friendly solutions. Designed to disrupt the traditional financial sector, neobanks offer a range of benefits that financial institutions cannot ignore.

Neobanks appeal to customers by simplifying money management and decision-making, offering convenience and ease of use. These digital banks are rapidly gaining traction across the global financial landscape. Some originate as FinTech startups, while others are developed by established banking institutions. Regardless of their origins, neobanks provide customers with an incredibly straightforward way to manage their finances daily.

Structure of Neobanks

A neobank is a fully digital banking institution with no physical branches, leveraging advanced infrastructure and AI to provide seamless banking services. Neobanks are built on APIs (Application Programming Interfaces), which act as a bridge between a bank's back-end systems and the front-end interfaces provided by the bank or third-party vendors. This architecture allows neobanks to experiment with innovative technologies, such as Blockchain, at a lower cost and adopt new business models effectively.

A digital bank and a neobank may seem similar due to their mobile-first approach and focus on digital operating models, but they are distinct. The terms are sometimes used interchangeably, but digital banks are typically online-only subsidiaries of established, regulated banking institutions. In contrast, neobanks operate exclusively online, without any physical branches, and function either independently or in collaboration with traditional banks. This structure allows neobanks to effectively navigate and adhere to regulatory requirements.

Consequently, APIs play a crucial role in helping neobanks acquire users and expand their client base through third-party platforms. Neobanks prioritize the platform over the product, as their popularity largely stems from their platform's capabilities. With a diverse range of services and an open technical design that allows contributions from other developers, neobanks foster high community engagement. Their customer-centric approach focuses on real-time management and prompt assistance.

Key Elements of Neobank Structure

- Core Infrastructure: This layer primarily operates on the backend, supported by partnerships with various banks that enable neobanks to provide a wide array of banking services.It includes a payment gateway connecting neobanks to traditional banking partners.
- B2B/B2C Modules: Represents the front-end

services of neobanks, showcasing the range of services offered to customers.

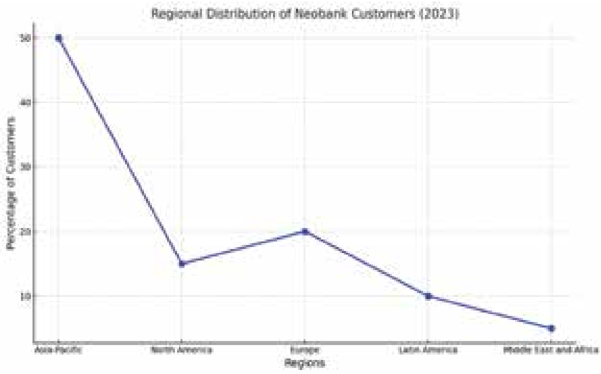
- Customers: Neobanks cater to a diverse client base, including IT outsourcing firms, travel companies, e-commerce sellers, educational institutions, marketplaces, and non-governmental organizations.

Regulatory Considerations for Neobanks in India

In India, virtual banking licenses are not yet issued, although some foreign national banks provide digital-only products through their Indian subsidiaries. The Reserve Bank of India (RBI) continues to emphasize the importance of physical bank presence and has recently reinforced the requirement for digital banking providers to maintain some form of physical infrastructure. Physical branches play a vital role in serving customers and addressing disputes and grievances in person. To navigate these regulatory challenges, neobanks in India collaborate with licensed traditional banks. Through strategic partnerships, they outsource banking responsibilities while enhancing and offering services on behalf of their partners. This approach is also a common practice among leading global neobanks.By partnering with traditional banks; neobanks provide business and consumer banking services as part of their strategy to overcome regulatory hurdles. For customers, these services are seamlessly delivered by the neobank, but the monetary transactions are technically managed by the partner banks in compliance with regulations.

People are generally more familiar and comfortable with traditional banks that maintain a physical presence. E-banking services, which extend the functionality of conventional banking, are also widely recognized and accepted. In contrast, neobanks have limited public awareness and societal acceptance. One contributing factor to the low acceptance of neobanks, which operate without physical branches, is the increasing media coverage of cyber fraud incidents involving financial transactions. Despite being less familiar to the broader public, neobanks are a timely innovation, offering a range of benefits, products, and services.

Prominent Players in the Global Neobanking Market	Prominent Players in Indian Neobanking Market
Atom Bank PLC	**RazorpayX**
Fidor Bank AG	**Jupiter**
Monzo Bank Ltd.	**Niyo**
Movencorp Inc.	**Open**
Mybank	**EpiFi**
N26	Paytm Payments Bank
Revolut Ltd.	ZikZuk
Simple Finance Technology Corp.	Akudo
Ubank Limited	Mahila Money
Webank, Inc.	



The above line chart illustrating the regional distribution of neobank customers in 2023 highlights Asia-Pacific's dominance, followed by Europe, and shows lower adoption in the Middle East and Africa.

Table showing regional distribution of Neobank Customers.

Region	Observation/Analysis
Asia-Pacific	Represents the largest share of neobank customers in 2023, indicating strong adoption and growth in the region.
North America	Accounts for a smaller segment, showing moderate adoption of neobanking compared to other regions.

Europe	Demonstrates significant customer presence, reflecting a well-established neobanking market in the region.
Latin America	Holds a notable portion, highlighting emerging interest and potential growth opportunities in the neobank industry.
Middle East and Africa	The smallest segment, suggesting limited adoption but potential for future growth as awareness and infrastructure improve.

This table provides a concise breakdown of the regional distribution and market dynamics based on the chart. MA

References

1. *Aggarwal, R., & A. S. (2020). Neobanks and the next banking revolution. PwC India. Retrieved from https://www.pwc.in*
2. *Danevska, B. A. (2021). Reinvention of new banking business models in Republic of North Macedonia. Trends in Economics, Finance and Management Journal (TEFMJ), 3(2), 42–52.*
3. *Dokania, Y. (2020). NEO bank—Revolution in Indian banking sector: A critical analysis. International Journal of Law, Management & Humanities, 3(6), 361.*
4. *Mayabrahmma, A., & Sumant, O. (n.d.). Neobanking market: Global opportunity analysis and industry forecast, 2023–2032. Allied Market Research.*
5. *Monis, E., and Pai, R. (2023). Neo Banks: A Paradigm Shift in Banking. International*
6. *Journal of Case Studies in Business, IT, and Education (IJCSBE), 7(2), 318-332. DOI: https://doi.org/10.5281/zenodo.8011125*
7. *Patki A. &Sople V. (2022). Open banking ecosystem: The Indian perspective. Indian Journal of Finance, 16(5), 24–40. https://doi.org/10.17010/ijf/2022/v16i5/169516*

Corporate Corner

Congratulations!!!

CMA Suparas Jain

Our Heartiest Congratulations to CMA Suparas Jain on elevation to the position of Executive Vice President (Corporate Finance) in Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) with effect from 1st October 2024.

He is an eminent finance professional with an illustrious career spanning over 26 years. His expertise encompasses Financial Reporting, IND-AS, Corporate & Business Finance, Demerger, Corporate Restructuring, Indirect taxation, Direct taxation, Litigation & Risk Management etc.

His journey as a finance professional began in 1998 when he joined Searle (India) Limited as a Management Trainee post qualifying CMA and CA. He is also a member of ICSI.

CMA Suparas Jain has also worked as Senior General Manager of accounts with Shree Renuka Sugars Limited. In DFPCL he is the head of Corporate Finance, Direct taxation and Indirect taxation functions. He played a pivotal role in corporate restructuring, raising funds through QIP & Right issue, successfully managed the demerger of business into wholly owned subsidiary in year 2017 and year 2024. He also played an important role in handling critical income tax matters.

Apart from his professional qualities, he is a Marathon Runner.

We wish CMA Suparas Jain the very best for all his future endeavors.

THE ROLE OF ETHICS IN SHAPING THE FUTURE OF BANKING IN INDIA

Abstract

This article explores the critical role of ethical practices in the banking sector, focusing on the balance between profit maximization and moral conduct. It discusses the importance of banking ethics in building trust, maintaining transparency, and ensuring long-term financial stability. Ethical issues such as predatory lending, deceptive financial products, and conflicts of interest are examined, highlighting the need for a regulatory framework to uphold integrity. The article also outlines the role of key regulatory bodies in India, including the RBI, SEBI, and IBA, in promoting ethical standards. Banks are encouraged to align profitability with ethical responsibility, contributing to both financial success and societal well-being through frameworks like Basel III, consumer protection laws, and corporate social responsibility. The article concludes that ethical banking practices not only strengthen customer relationships but also foster sustainable economic growth.

CMA Quiser Aman
Practicing Cost Accountant
Ranchi
quiseraman@gmail.com

Basics of Banking Ethics

Ethics in banking involves a commitment to fairness, transparency, and accountability. Banks are entrusted with significant responsibilities, including managing customers' money, maintaining financial security, and supporting economic development. Ethical banking practices help ensure that banks operate with integrity, making decisions that safeguard the financial interests of customers and promote the long-term stability of the financial system.

Key principles of banking ethics include transparency, reliability, neutrality, integrity, and information privacy (Pandey et al., 2019). These principles guide decision-making and interactions between banks, customers, and regulators. Moreover, banks must also consider the social and environmental impact of their operations, ensuring that they do not exploit vulnerable populations or engage in harmful practices.

Literature Review: Global Perspectives on Banking Ethics

Banking ethics have drawn a lot of attention, particularly in the wake of global financial crises and the growing complexity of financial products. Building trust and guaranteeing long-term profitability require ethical banking practices (Menezes, 2016). Consumers and the economy have suffered greatly as a result of ethical problems like fraud, predatory lending, and market misuse.

According to research, banks that put ethics first experience stronger client relationships and long-term growth (Degryse, 2015).

Examples from throughout the world show how crucial regulatory frameworks are to maintaining the integrity of the banking industry. Reforms as Basel III, which emphasize ethics in risk management and capital adequacy, were brought about by the 2008 financial crisis, which was made worse by unethical lending and inadequate risk management (Ionaşcu et al., 2023). To improve transparency and data protection, the EU implemented laws including GDPR and MiFID II (Fiedler, 2018). The Dodd-Frank Act sought to safeguard consumers and prevent predatory lending in the United States, particularly through the CFPB (Bair, 2012). The Royal Commission into Financial Misconduct in Australia produced recommendations for increased corporate responsibility and transparency (Hayne, 2019).

Furthermore, an increasing trend to balance profitability with social good is seen in Corporate Social Responsibility (CSR) activities in developed markets, such as Svenska Handelsbanken in Sweden (Vidal, 2017). Long-term financial success and consumer loyalty are improved by CSR (Fetiniuc & Luchian, 2014).

Even though the Indian banking industry has advanced because to laws like the Consumer Protection Act and the RBI's Basel III compliance, issues like financial exclusion and predatory lending still exist. Similar ethical issues with high interest rates and financial discrimination persist in emerging economies such as Brazil (Rathi & Mahajan, 2020; Silva et al., 2022).

Objectives

- To examine the function of ethical practices in the banking industry, particularly in India, and how they affect long-term stability, transparency, and client trust.
- To examine the main moral conundrums that the banking sector faces, such as conflicts of interest, predatory lending, and dishonest financial products.
- To examine how technology can support transparent and ethical banking.
- To evaluate how regulatory systems and bodies contribute to upholding moral principles in the banking industry.

The role of ethics in reputation & building trust

The foundation of any fruitful banking relationship is trust. Customers will be reluctant to make deposits, apply for loans, or conduct other financial transactions if they don't trust you. Building and preserving that trust is facilitated by ethical banking practices. Banks show their dedication to ethical norms; for instance, when they treat their clients fairly, preserve sensitive personal data, and disclose the terms and dangers associated with financial products. A bank's ethical behavior frequently shapes its reputation. A bank's reputation can be seriously harmed by unethical behavior, such as fraud, financial statement manipulation, or mistreating clients. In addition to eroding consumer confidence, this has far-reaching repercussions, including regulatory fines, shareholder litigation, and in the worst situations, the possibility of closure. For banks to preserve and improve their reputation in the cutthroat financial industry, ethical behavior is therefore essential.

Ethics & profit: Are they mutually exclusive?

The requirement for ethical behavior and the desire for profit are constant conflicts in the banking industry. Any firm must aim to make a profit. In addition to paying dividends and reinvesting in their business, banks are expected to produce returns for their shareholders and maintain their competitiveness in the global market. But occasionally, the desire for financial gain can clash with moral principles, resulting in reckless conduct, predatory lending, or immoral business tactics. Menezes (2016) reports that a sizable majority of participants of his research think that in the banking industry, profit maximization and corporate ethics can coexist. Of the 70 respondents, 61 said that the capacity to maximize earnings is not adversely affected by ethical business practices. Indeed, they contended that embracing moral principles might actually aid banks in forging closer bonds with their clientele, which would boost their bottom line.

However, ethical behavior does not necessarily preclude profit-making, by encouraging client loyalty, drawing in investors, and avoiding the expenses of fines, legal issues, and reputational harm, conducting business ethically can actually lead to long-term financial success.

Major ethical issues in banking sector

Predatory Lending: When the need for profit collides with moral commitments to clients, staff, regulators, and society at large, ethical issues in banking occur. Predatory lending, in which banks give loans to vulnerable people with exorbitant interest rates, unstated costs, or unjust terms, is one of the biggest ethical problems. Banks may earn immediately from these loans, but borrowers frequently experience financial hardship as a result, posing an ethical conundrum between maximizing profits and safeguarding consumers' financial security.

Deceptive financial Products: The promotion of deceptive financial products is another frequent ethical issue. Banks occasionally provide complicated products without fully revealing the risks involved or making sure the products are appropriate for the client's financial circumstances. Customers may be misled by this, leading to large financial losses, and there may be conflict between hitting sales goals and upholding fairness and honesty in business interactions.

Absence of proper disclosure: The absence of disclosure and transparency is another significant ethical concern. Customers are misled and unable to make fully informed decisions when certain banks withhold information about the terms and dangers of financial products. Banks may disregard their ethical duty to uphold honesty and transparency with their customers in an effort to make products seem more appealing or competitive.

Conflict of interest: When a bank's interests diverge from those of its clients, conflicts of interest also occur. For example, bank staff members might suggest goods that are more profitable for the bank but may not be optimal for the client. This conflict frequently arises when conduct is influenced by sales incentives, resulting in suggestions that put immediate financial gain ahead of moral, client-focused counsel.

Financial fraud and Money Laundering: Intentional or inadvertent, banks may also become involved in financial crimes and money laundering. Banks violate their ethical and legal obligations and compromise the integrity of the financial system when they enable or fail to disclose unlawful activity. Some organizations may neglect or ignore their responsibilities to stop unlawful activity in an effort to preserve lucrative commercial relationships with their clients.

Discriminatory banking: Ethical issues are further highlighted by discriminatory banking practices, such as providing loans or services based on socioeconomic class, gender, or race. These actions perpetuate inequality and restrict chances for marginalized groups by denying people access to essential services based on unfair criteria, which is against the ethical concept of fairness. Another ethical concern is the exploitation of weaker consumers, especially when banks target those with low incomes or bad credit with products that are intended to maximize profits at their expense.

Data security and privacy: For banks, issues of data security and privacy pose moral dilemmas. Fraud, identity theft, and breaches of trust can arise from improper handling of consumer data or from a failure to put in place sufficient safeguards. The ethical duty to preserve confidentiality and protect customers' privacy is incompatible with the desire for financial gain through the sale of customer data or by reducing the expense of security measures.

The contradiction between the desire for profit and the moral obligations banks have to their clients, staff, and society is highlighted by these ethical issues. Banks may promote trust and transparency, guarantee long-term profitability, and enhance societal well-being by tackling these problems and making a commitment to moral behavior. Ethical behavior can eventually assist banks in strengthening their bonds with clients, adhering to legal requirements, and developing long-term business plans that are advantageous to all parties involved.

Technology's Role in Ethical Banking

In order to ensure ethical banking procedures, technology is becoming more and more important. Blockchain, AI, and big data analytics are examples of innovations that can improve banking operations' accountability, security, and transparency. For instance, blockchain provides an unchangeable and visible ledger system that lowers the possibility of financial manipulation and fraud. By evaluating vast amounts of transaction data in real-time, artificial intelligence (AI) can assist in identifying unethical activities like fraudulent transactions or predatory lending habits. Digital banking platforms also make financial products and services easily accessible to consumers, enabling them to base their decisions on reliable and transparent information.

> Key principles of banking ethics include transparency, reliability, neutrality, integrity, and information privacy

The Role of Regulatory Frameworks in Balancing Profit and Ethics in the Banking Sector in India

The quest for profitability in banking often creates ethical concerns, making it essential to have regulatory frameworks that promote both financial growth and ethical conduct. The regulatory landscape in India is designed to ensure that banks operate with integrity, transparency, and fairness, while also allowing them to achieve sustainable profit generation.

Key Regulatory Bodies in India's Banking Sector

The Reserve Bank of India: RBI is the primary regulatory body for the banking sector. It develops and implements regulations to uphold financial stability, safeguard the interests of consumers, and encourage moral behavior. It establishes rules for risk management, capital adequacy, interest rates, and lending.

Securities and Exchange Board of India (SEBI): SEBI is in charge of managing the securities market and regulating capital markets. It is crucial to maintaining openness in the listed banks interactions with shareholders and investors.

The Indian Banking Association (IBA). It is a group that represents the Indian banking industry. It helps banks comply with industry standards and promotes moral banking practices. It focuses on ethical behavior and corporate social responsibility while attempting to enhance banking operations.

Ministry of Finance: The Ministry is responsible for crafting banking policies that align with national economic goals, financial inclusion, and sustainable development, all while ensuring that ethical standards are met.

Regulatory Frameworks Promoting Ethics in Banking

Code of Conduct for Banks

To make sure banks adhere to fair lending policies, encourage financial literacy, and preserve openness, the RBI and the Indian government have implemented a code of conduct. This code aids in the prevention of discriminatory lending, fraud, and money laundering.

Basel III Framework

By requiring banks to maintain a minimum capital adequacy ratio, effectively manage risks, and fortify governance, the RBI's Basel III standards reduce financial instability and stop profit-seeking practices that jeopardize financial health.

Prudential Norms and Lending Regulations

By enforcing prudential standards on asset classification and provisioning, the RBI encourages banks to steer clear of unethical practices like predatory lending and excessive leverage and instead embrace long-term, sustainable lending practices.

Consumer Protection Laws

Laws such as the Consumer Protection Act, 2019, and RBI guidelines mandate transparency in loan terms, interest rates, and fees, ensuring banks treat customers fairly and avoid misleading advertising or hidden charges.

Anti-Money Laundering (AML) and Know Your Customer (KYC) Regulations

KYC and AML regulations, enforced by the RBI, ensure that banks do not facilitate money laundering or other illicit activities, thereby upholding ethical responsibilities and societal trust.

Corporate Social Responsibility (CSR) Guidelines

Indian commercial banks meeting the criteria under section 135 of the Companies Act 2013 are required to allocate a portion (2%) of profits to CSR activities, contributing to societal well-being in areas such as education, healthcare, and environmental protection. This aligns profit motives with ethical considerations and enhances the bank's reputation.

The Study's Practical Implications

- *Regarding Banks:* While lowering risks like fraud and fines from the government, ethical measures like fair lending and transparency promote long-term profitability and customer loyalty.
- *Regarding Regulators:* To solve issues like predatory lending and guarantee consumer protection, organizations like the RBI and SEBI must implement ethical norms more strictly.
- *For Customers:* Fair treatment, openness, and security are guaranteed by ethical banking, enabling customers to make knowledgeable financial decisions.
- *For Stakeholders and Investors:* Ethical banks are more robust and durable, providing stability and long-term value.

To put it simply, incorporating ethics into banking operations improves profitability and harmonizes social responsibility with financial success.

Conclusion

The banking sector must strike a balance between ethical principles and financial success. Banks may establish solid bonds with customers, investors, and stakeholders by putting honesty, equity, and openness first. This promotes financial stability and expansion. In the banking industry of today, morality and financial gain don't have to clash. Adopting sustainable and ethical methods improves reputation, guarantees long-term profitability, and has a beneficial social impact. In the end, this strategy benefits the bank's bottom line as well as the overall economy by bolstering the financial system and promoting economic growth. MA

References

1. *Pandey, S. K., Sharma, P., & Jain, R. (2019). Ethics in Indian Banking Industry: Issues and Challenges. International Journal of Research in Engineering, IT and Social Science, 9(Special Issue 3), 92–93.*
2. *Menezes, A. (2016). BUSINESS ETHICS AND ITS IMPORTANCE IN BANKING INDUSTRY. In Srinivas Institute of Management Studies, International Journal of Scientific Research and Modern Education (IJSRME): Vol. I (Issue II, pp. 196–197).*
3. *Degryse, H. (2015). The ethics of banking. Oxford University Press.*
4. *Ionaşcu, A., Barbu, C. A., & Popa, A. (2023). Ethics in the Banking Sector. Lumen Proceedings. https://doi.org/10.18662/lumproc/gekos2022/11*
5. *Fiedler, T. (2018). Banking ethics in the digital age: The evolving role of regulation in Europe. European Business Law Review, 29(2), 125-148.*
6. *Bair, S. (2012). The Dodd-Frank Act: A Regulatory Response to the Financial Crisis. Journal of Banking Regulation, 13(4), 321-340.*
7. *Hayne, K. (2019). Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry: Final Report. Commonwealth of Australia.*
8. *Fetiniuc, V., & Luchian, I. (2014). Banking ethics: main conceptions and problems. In Annals of the University of Petroşani, Economics.*
9. *Vidal, R. (2017). Corporate ethics in European banks: A case study of Svenska Handelsbanken. Journal of Financial Services Marketing, 22(3), 141-153.*
10. *Fetiniuc, M., & Luchian, L. (2014). Corporate social responsibility and its importance in the banking sector. Procedia Economics and Finance, 15, 561-566.*
11. *Rathi, D., & Mahajan, M. (2020). Regulatory reforms in Indian banking: Ethical implications. Indian Journal of Finance, 14(8), 16-29.*
12. *Silva, D., Gagliardi, M., & Costa, L. (2022). Financial inclusion and ethics in the Brazilian banking system. Latin American Business Review, 23(4), 210-232.*
13. *https://corporatefinanceinstitute.com/resources/esg/ethical-banking/#:~:text=Ethical%20banking%20involves%20consciousness%20of,sacrificing%20principles%20or%20causing%20harm.*
14. *https://testbook.com/rbiblogs/corporate-governance-and-ethics/*
15. *https://en.wikipedia.org/wiki/Ethical_banking*
16. *https://testbook.com/rbiblogs/ethical-dilemmas/*
17. *https://www.linklaters.com/en/insights/publications/2019/february/ethics-in-banking-and-finance*

INFRASTRUCTURE FINANCING – THE BANK'S ROLE AND PRACTICAL SOLUTIONS

CMA (Dr.) Chivukula Vasudev
Subject Matter Expert on Infrastructure and Construction
Hyderabad
vasudev.chivukula@gmail.com

Abstract

Private Sector has a huge potential to supplement the efforts of Public Sector in Infrastructure Development in India. Digital technology helps in enhanced transparency, which boosts Banks' trust in infrastructure financing especially for Private Sector. Ability to avert cost overrun and time overrun in infrastructure projects shall reduce the payback period and enables to kick-start new projects for continued economic growth.

INTRODUCTION:

Banks play a pivotal role in Infrastructure Financing and contribute significantly in the economic progress of our Nation. The Indian Banking System is robust in Policy making and well established with resilient Good Work Practices and proven Business Sustenance in tough times of business cycles.

According to the Global Infrastructure Hub publication of Infrastructure Monitor 2023, the Public and Private contribution to Infrastructure Financing is:

Sl. No.	Public and Private Contribution	2019 to 2023
1	The Central Government	49%
2	The State Governments	29%
3	Private Sector	22%

Source: Global Infrastructure Hub, Infrastructure Monitor 2023

As such, the Public Sector is the major player in Infrastructure Development in India. Private Sector has a huge potential to stir up the efforts in Infrastructure Projects. Cost Overrun, Litigations, and Time Overrun are the key discouraging elements for stepping up the efforts by the Private Sector. When we develop so many management talents from various prestigious Management Institutions in India, how come the challenges of Time Overrun, Cost Overrun and Litigations can't be averted? Can we become a disciplined country with time sense in everything while ensuring honesty, ethics and good governance in Projects Execution and better Contract Management in a win-win manner for every stakeholder in a balanced way? The Banks should have an objective oriented monitoring tool for evaluating the projects progress periodically and avoid delays in funding the projects from time to time. No doubt, we achieved tremendous progress in Airports, Railways and Roads Sector and thanks to Swatch Bharat initiatives which witnessed whopping jump in Sanitation sector. Digital sector changed the living habits and spending habits even in rural areas, which is a good sign of adaptability to any Government schemes by the Public at ease. Such wide-spread adaptability ensures good Governance, Transparency, Accountability and Responsibility in handling Public Funds and bestows confidence on the Banks flow of funds with tons of trust, thereby, efficient working towards better return on investments and reduced payback period of large projects. The cost and time saved in an Infrastructure Project successfully shall breed repetition of many such successes consistently and the saving of such cost overrun and time overrun shall redound to rapid deployment of efforts, finances, and focuses on newer projects while sustaining growth momentum consistently.

Let us discuss the role of Banks in Infrastructure Financing for economic growth of our Nation in the changing world business environment.

INFRASTRUCTURE:

Bullet Trains, Metro Train, Mass Rapid Transport System Light Rail System, Airports, Railways Ports, Roads, Irrigation Projects etc. are major areas in Infrastructure. Infrastructure transforms living patterns and enhances prosperity of the Country.

Carry-forward of momentum in economic growth

Source: Statement 13: Annual and Quarterly Estimates of GDP at Constant Prices, and Annual and Quarterly Estimates of GDP at Current Prices 2011-12 Series, National Accounts Data, MoSPI; Note: RE – Revised Estimates, PE – Provisional Estimates

INFRASTRUCTURE FINANCING:

The risk aspects and business perspectives are different in Infrastructure Financing. The stakes involved are usually very high. Infrastructure Financing is a very long-term financing.To mitigate risks in financing, many of the Infrastructure Financing takes place through Consortium mode of financing by a group of selective banks and a lead bank.

NHAI (National Highway Authority of India) and Railways are two major and dominating sectors in Infrastructure.

Particulars	FY 2021	FY24 (RE)	Remarks
Share of Railways and NHAI in Gross Budgetary Support	36.4%	42.9%	In absolute value, the Capex went up by 2.6 times over the said period of 2021-2024.

Compiled by the Author. Source: Economic Survey

Broad-based deployment of Union Government capex (Values in ₹ thousand crore)

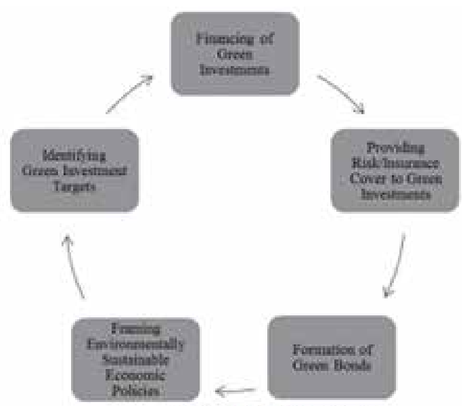
Sector	FY23	FY24 (PA)	Growth
Road Transport and Highways	206.0	263.9	28.1%
Railways	159.3	242.6	52.3%
Defence Services (capital outlay)	142.9	154.3	7.9%
Transfer to States	92.7	122.9	32.5%
Telecommunications	54.7	59.4	8.5%
Housing and Urban Affairs	26.9	26.4	-1.6%
Atomic Energy	13.8	14.5	5.1%
Defence (Civil)	8.0	10.3	29.5%
Police	8.2	9.7	18.7%
Space	4.3	4.4	3.4%

Source: Statement 3 of Expenditure Profile, Union Budget 2024-25 (Interim), Union Government Accounts at a Glance – O/o CGA

EVOLVING ROLE:

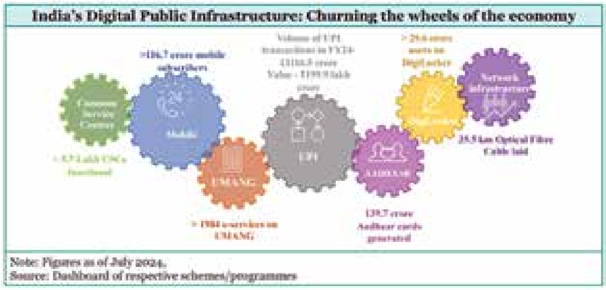
India is poised for rapid growth in digital banking for ease of dealing with Money. Fintech innovations, Digital habits amongst people, affordability of Communication instruments such as Mobile and interface with Internet of things (IoT) reached fast in the lanes and by-lanes of our villages, bringing a huge positive impact for ease of facilitating credit access. The Infrastructure Financing requires a huge set of documentation and passes through different approval levels for protecting interest of the bank, to mitigate credit risk, ensuring Due Diligence and integrating with growth priorities for economic prosperity. The Banks contribute significantly in meeting the funding requirements of various Infrastructure Projects. Online processing, reducing the non-value-added activities in the banking operations, Value Proposition for Customers, Digital transformation for Infrastructure Financing etc. are backed by Policy support of RBI, Central Government, and concerted efforts of Banks.

Banks need to gear up to meet the Infrastructure Financing needs in changing Business dynamics and technological advancement such as Artificial Intelligence, Block Chain, Crypto, Machine Learning in sectors including Space, Defense, Green Initiatives, Agriculture Infrastructure and Climate Finance for sustaining economic prosperity.



Green Financial System

Source: Malhotra & Thakur (2020), Evolution of Green Finance: A Bibliometric Approach



LITERATURE REVIEW:

Phuyal Mohan (2022) recommended that the Government take necessary steps to develop the Capital Market and explore deployment of Pension Funds and Provident Funds. Also, issuance of Bonds for long term infrastructure financing. "Analysing the Indian way of Public Private Partnership (PPP)," CONTEMPORARY SOCIAL SCIENCES, Japan. Vol. 31, No. 2 (Apr-Jun'22).

Tuhaise Betty Tumuhirwe, Eric Nzibonera, Jude Thadeo Mugarura, Yusuf Kiwala (2024) pointed about infrastructure financing commitment, earmarked 15% of US per capita GDP for long term infrastructure projects. "Bond Market Development and Infrastructure Investment Gap: Lessons for the African Continent" International Journal for Multidisciplinary Research (IJFMR) E-ISSN: 2582-2160 Volume 6, Issue 2, Mar-Apr'24.

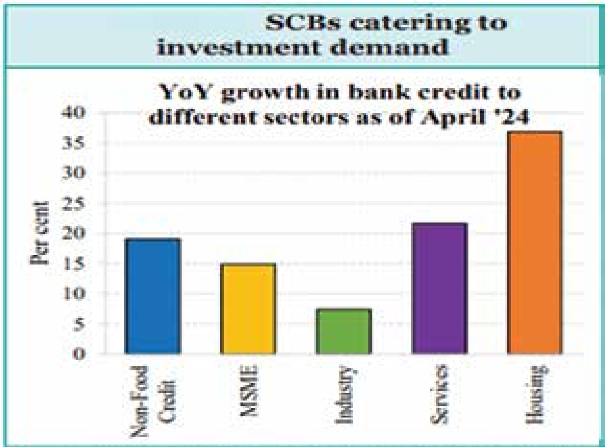
Riya Mehta, Mrs. Munira Sarabar Boltwala (2024) Reiterated that the International Financing accelerates the achievement of infrastructure development goals. "BUILDING THE FUTURE - INFRASTRUCTURE DEVELOPMENT STRATEGIES FOR VIKSIT BHARAT. GAP BODHI TARU – Volume - VII Feb'24 Special Issue on "Viksit Bharat - Towards 5 Tn Economy"

Dr. Vijay G. Chawale (2024) dealt with gaps in Urban Infrastructure in India. He mentioned that the basic infrastructure development such as, Transportation, Water Supply, Solid Waste Management, Sanitation etc. do not keep pace with growth of urban population. "AN OVERVIEW: INFRASTRUCTURE IN INDIA", GAP BODHI TARU – Volume - VII February 2024 Special Issue on "Viksit Bharat - Towards Five Trillion Economy"

INFRASTRUCTURE CATEGORIES:

1. Strategic Infrastructure: Space Sector
2. Energy Infrastructure:
   Renewable Sector
   Power Sector
3. Digital Infrastructure:
   Electronics & Information Technology Sector
   Telecommunication Sector
4. Physical Connectivity Infrastructure:
   Rail Transport
   Civil Aviation
   Road Transport
   Coastal Shipping and Inland Water Transport
   Water Transport - Island Development, Ship building, repair, and recycling.
5. Social and Economic Infrastructure:
   Water & Sanitation Sector
   Urban Sector
   Tourism Sector
   Sports Sector
   Water Resource Management Sector

The Capital Expenditure in India went up by a whopping three-fold in FY24 when compared to FY20. Our focus areas are the creation of high Quality Physical, Social, Financial and Digital Infrastructure. However, continued gaps exist in Infrastructure investment in different sectors. Though tremendous achievement is witnessed in Railway transportation and Roads, the other essential sectors such as Educational Infrastructure, Health Infrastructure, Sports, and Tourism infrastructure etc to be strengthened. India being a federal structure of Governance, the States priorities also vary in line with State priorities in sponsoring large infrastructure Projects. The Public Investment shall have to be supplemented with Private Capital for sustaining growth momentum. Here the Banks shall play a crucial role in creating an industry friendly banking facilities without compromising on Due Diligence and Commercial Viability both at Execution and Utilisation of new Assets. Both Policy environment and Banks proactiveness in Infrastructure Financing will stimulate Private players to venture into large Projects and achieve Infrastructure Progress.



Source: Table 170, Sectoral Deployment of Bank Credit, Handbook of Statistics on Indian Economy, RBI

Industry-wise Growth (YoY) in credit deployment (in per cent)

Sector	CAGR from March 2020 to March 2024 (Minimum)	Growth (YoY) in Mar-24 (Maximum)
Mining and quarrying (incl. Coal)	4.5	-10.1
Food processing	9.7	14.9
Beverage and tobacco	14.6	30.9
Textiles	7.1	11.2
Leather and leather products	4.7	5.4
Wood and wood products	15.0	12.4
Paper and paper products	9.2	4.9
Petroleum, coal products and nuclear fuels	13.4	-11.2
Chemicals and chemical products	5.8	11.3
Rubber, plastic and their products	14.5	7.6
Glass and glassware	15.4	26.3
Cement and cement products	-0.5	2.9
Basic metal and metal product	3.5	12.2
All engineering	4.8	10.5
Vehicles, parts and transport equipment	5.9	11.4
Gems and jewellery	6.2	8.0
Construction	1.1	6.9
Infrastructure	4.7	6.6
Other industries	3.7	18.4
Total industries	5.5	8.5

Source: Database on Indian Economy, Industry-wise deployment of gross bank credit, RBI

PUBLIC PRIVATE PARTNERSHIP:

One of the critical aspects for any Bank is to ensure that its Financing gets repaid promptly including applicable interest thereupon. Since, Government alone will not be able to do everything for infrastructure development, Banks should formulate a policy to supplement with policy framework of Government of India in encouraging Private Partnership in Infrastructure Projects. The talent, commercial objectivity, and business sense would be synergetic and result-oriented with the participation of Private Sector, consolidating efficiencies and effectiveness to enhance economic viability in a win-win outcome. Our endeavour should be to remove non-value added in various processes and strive towards retaining projects viability by curtailing Time Overrun and Cost Overrun, towards Viksit Bhart @2047.

GOVERNMENT INITIATIVES:

Government of India initiated remarkable launch of the following, which enhances multi-fold push for Infrastructure Financing:

1. REITs and InvITs
2. Project Monitoring Group,
3. PM-GatiShakti
4. National Infrastructure Pipeline (NIP)
   Year of Launch 2020
   A six-year Investment Plan
   9,000 Projects. 34 Sub-sectors.
   Department of Economic Affairs.
5. NBFC Infrastructure Finance
6. Rural Infrastructure Development Fund RIFD
7. Government-owned NBFCs (G-NBFCs)
8. IDF Infrastructure Debt Funds IDF-NBFC
9. All India Financial Institutions.

SUMMARY OF ALL FINANCIAL INSTITUTIONS (AIF):

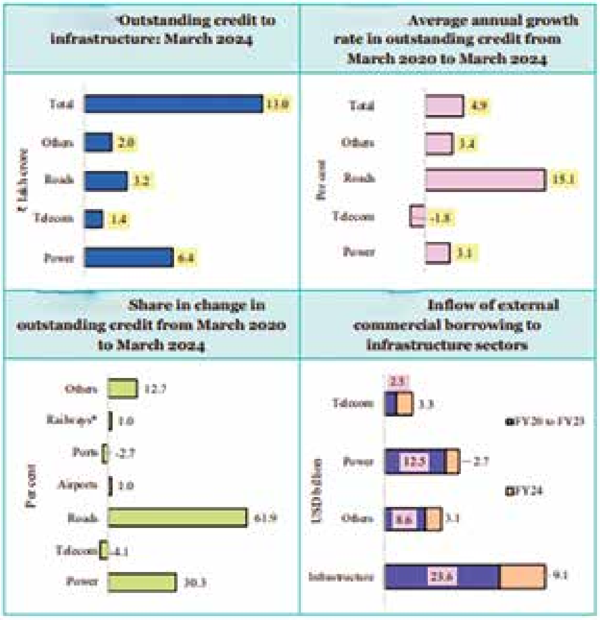
Sl. No.	AIF	Focus area
1	NABARD	Rural development. Agriculture focus.
2	NaBFID	Long-term Infrastructure financing
3	EXIM Bank	International trade finance
4	SIDBI	MSMEs
5	NHB	Housing Finance

Compiled by the Author

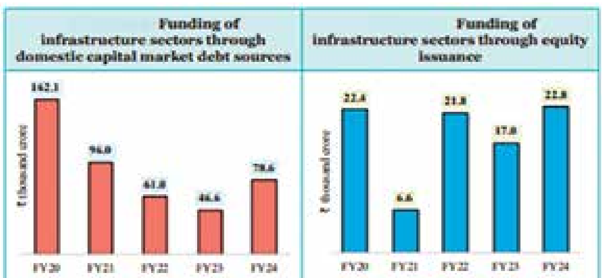
CREDIT SCENARIO:

Most of the bank credit has been skewed towards Roads, Airports, Power, and Railways during 2020-2024 in India Infrastructure Financing while many other infrastructure sectors lagging. It is encouraging to note that the Credit Growth stood at 6.5% in FY24 when compared to 2.3% in FY23. Banks pumped in Rs.79,000 crores for Infrastructure Sectors during March 2023 to March 2024. During the Financial year FY24, the Infrastructure Sector mobilised Rs.1,00,000 crores by way of Debt and Equity.

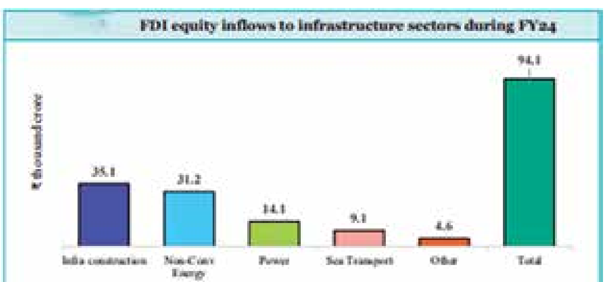
During the last five years i.e. 2019 to 2024, the Real Estate Investment Trusts (REITs) could raise ₹18,840 crore and similarly, the Infrastructure Investment Trusts (InvITs) could raise ₹1,11,294 crore. In respect of External Commercial Borrowings (ECBs), the average inflow for Infrastructure Sectors used to be USD 5.91 Billion between FY 2020-2023 but gathered momentum in FY24 to the level of USD 9.05 Billion, indicating good Infrastructure growth prospects.



5. Note: Infrastructure sector has been considered based on the following sub-sectors - For Equity: Airport & Airport services, Civil Construction, Education, E-Learning, Healthcare Research, Analytics & Technology, Hotels & Resorts, Port & Port services, Power – Transmission, Power Distribution, Power Generation, Railway Wagons, Real Estate Investment Trusts (REITs), Real Estate related services, Residential, Commercial Projects, Road Assets- Toll, Annuity, Hybrid-Annuity, Road Transport, Ship Building & Allied Services, Shipping, Telecom – Infrastructure, Waste Management and Water Supply & Management. For Debt: Construction, Infrastructure (Power, Telecommunications, Roads, Airports, Ports, Railways and Other Infrastructure), Civil Construction, Energy, Healthcare, Hotels & Resorts, Real Estate related services, Road Assets - Toll, Annuity, Hybrid-Annuity, Telecom – Infrastructure and Residential, Commercial Projects



Sources: Data on credit and external commercial borrowings were sourced from the Reserve Bank of India. The data on domestic debt and equity issuances were sourced from Securities and Exchange Board of India
Note: (*): In Chart XII.5, the reference to Railways does not include Indian Railways.



Infrastructure-related FDI: key ratios

FDI Equity Inflows to Infrastructure Sectors as Per Cent of GDP: FY20 to FY24	0.28
FDI Equity Inflows to Infrastructure Sectors as Per Cent of GDP: FY24	0.32
FDI Equity Inflows to Infrastructure Sectors as Per Cent of Total FDI Equity Inflows: FY20 to FY24	17.3
FDI Equity Inflows to Infrastructure Sectors as Per Cent of Total FDI Equity Inflows: FY24	25.6

Sources: Calculations Based on Data Received from Department of Industrial Policy and Promotion
Note: The sectors considered include infrastructure construction, non-conventional energy, telecom, power, sea and air transport, railway components

(Source: Economic Survey)

CHALLENGES IN INFRASTRUCTURE SECTOR:

1. Right of the Way especially Land related issues and Utilities shifting.
2. Lack of required Skilled Manpower
3. Environmental and Climate associated issues for Sustainability.
4. Regulatory compliances. Wage timeliness.
5. Poor contracting practices in unorganised associates such as Subcontractors and Suppliers.

Banks credit gets stuck up in view of various challenges in the Infrastructure Sector. Hence, problem-solving techniques should be in place to ensure seamless infrastructure development process at various levels with Participatory role of Banks and active decision-making from the concerned Ministries.

OPPORTUNITIES IN INFRASTRUCTURE:

1. Private Participation. Building sustainable Public Private Partnership (PPP) for long term Infrastructure Development. Proactive role of Bank nominees on the Boards of Borrowers rather than symbolic presence. Bringing inside out facts for timely correction in a scientific manner.
2. Labour resource. Huge unemployment at one hand and lack of Skilled Workforce on the other. Integrate various Freebies schemes and channelise unemployed youth to acquire specific skills for individual livelihood and toenhance national skill inventory for future ready Infrastructure Development.
3. Government Policy change in bringing Banks to the forefront in Infrastructure Sector. Enhance scrutiny mechanism for Projects viability assessment and Critical Thinking thereof in prioritising Infrastructure Spending. Of course, every action in Infrastructure Development needs to be considered as a business aspect and ensure concerted efforts in collective Return on Investment (ROI).
4. Awareness levels about Knowledge Management Centres. Affordable Training and Development opportunities in Infrastructure Sector.
5. Fast track Arbitration, Alternative Dispute Resolution mechanism for ease of doing business.

RECOMMENDATIONS:

1. It is recommended to enhance review mechanism as to the amounts invested in infrastructure, need based assessments, various studies from bottom-up mode, asset utilisation, financial operational self-sustenance etc. that would help in timely strategic intervention to take appropriate corrective course of action. Allocate certain projects to Management Institutes / Universities for a continuous critical evaluation and support in improvement in averting Cost Overrun and Time Overrun.
2. The Banks may be permitted to own a selective Infrastructure Projects as an Investment while participating in the specific asset development from Concept to Commissioning. This would be an evolving aspect for Banks role tomorrow, invariably.
3. Better aggregation of financial flows into Infrastructure for strategic intervention. Lot of Good Governance needs to be in place in Real Estate Sector to restore global and domestic Lenders' confidence in Real Estate Sector. The RERA needs to be more proactive in regulating and bringing the lapses for a strict task to establish credibility in Good Work Practices.
4. New Ways and means of facilitated funding by banks: Ours is a Federal system of Governance. Municipal bodies and Panchayat offices at Villages are powerful local bodies. Banks should innovate new products for Infrastructure Financing through Local Bodies for various development initiatives at Village and Semi-urban areas. There is a stream of revenues for local bodies. Efficiency needs to be improved in revenue collection for the local bodies, curtail wastes and strive towards local infrastructure development in a self-sustainable manner.
5. It was aptly emphasized by the Rangarajan Commission Report (2001) about the improvement needed in Infrastructure Statistics, especially Data Capture and Reporting, including the details of instruments of Infrastructure Financing. Reliable data base on Project Performance, Project Monitoring, Policy framework, support rendered by the Institutions etc. in a consolidated manner for effective decision-making. MA

REFERENCES:

1. *Phuyal Mohan "Analysing the Indian way of Public Private Partnership (PPP)" CONTEMPORARY SOCIAL SCIENCES, Vol. 31, No. 2 (April-June), 2022*
2. *Tuhaise Betty Tumuhirwe, Eric Nzibonera, Jude Thadeo Mugarura, Yusuf Kiwala (2024) "Bond Market Development and Infrastructure Investment Gap: Lessons for the African Continent", International Journal for Multidisciplinary Research (IJFMR) E-ISSN: 2582-2160 Volume 6, Issue 2, March-April 2024*
3. *Dr. Vijay G. Chawale (2024) "AN OVERVIEW: INFRASTRUCTURE IN INDIA", GAP BODHI TARU – Volume - VII February 2024 Special Issue on "Viksit Bharat - Towards Five Trillion Economy"*
4. *Riya Mehta, Mrs. Munira Sarabar Boltwala (2024) "BUILDING THE FUTURE - INFRASTRUCTURE DEVELOPMENT STRATEGIES FOR VIKSIT BHARAT. GAP BODHI TARU – Volume - VII February 2024 Special Issue on "Viksit Bharat - Towards Five Trillion Economy"*
5. *Dr. Renuka Sharma (2023) "Benefits of Being Green Advancements in the Field of Green Finance " Gurugram University Business Review (GUBR) Volume 3 • Issue 2 • July–December 2023 ISSN: 2582-9718.*
6. *RBI report on Trends and Progress of Banking in India*
7. *Economic Survey of India*

Academic Excellence

Congratulations!!!

CMA (Dr.) Abhijeet S. Jain

Our heartiest congratulations to CMA (Dr.) Abhijeet S. Jain, who has been awarded Doctor of Philosophy (Ph.D.) under Kuvempu University on 'Influence of Financial Literacy and Behavioural Biases on Chit Fund Investors' with special reference to 'Bengaluru City - A Behavioral Finance Perspective' under the guidance of Dr. S. Venkatesh, Professor, Dept. of Commerce, Kuvempu University.

We wish CMA (Dr.) Abhijeet S. Jain, the very best for all his future endeavours.

NEO-BANKS: CATALYSTS FOR INDIA'S FINANCIAL TRANSFORMATION

(Service Verticals, Opportunities and Challenges)

Abstract

Now a days, Neo Banks driven by a "Mobile-First-Approach" are paving the way to completely transform the world of financial services. The Indian Neo Banking sector has significant growth potential due to a large part of the unbanked population. But it is also a concrete fact that the present era of transformation of financial services creates so many hurdles or challenges for this sector. Therefore, this sector must have more effective and long-term strategies based on financial innovations to unlock such massive opportunities.

CA Sudhanshu Sharma
Regional Credit Head (Associate Vice President)
Choice Finserv Private Ltd.
Jaipur
sudhanshusharma678@gmail.com

INTRODUCTION:

It is a universally acknowledged truth that the present digital innovations are transforming financial and banking services in India as well as at a global level. In the current years, a tech-driven innovative banking model named **'Neo-Banking'** is being regularly popularized in the present-day banking set-up. This new category of banking is fully technologically oriented and treated as a competitor and challenger for the old-style banking structure since it offers something distinct, relaxed, convenient and user- amicable banking services. Additionally, through **'Neo-Banks'** this type of banking also provides plentiful benefits to encounter the changing requirements of new-age users.

Actually, '**Neo- Banks**' are digital only banks that offer a wide range of cost-effective and user-friendly internet-based banking services through digital platforms, mobile apps, websites etc. They represent a novel banking realism stemming from growing customer preferences and needs. Neo-banks bridge the gap between the services that traditional banks offer and the budding hopes of customers in the present era of digitalization. They have cracked the codes of the traditional banking system and shaped a new dynamic space for contemporary banking. As catalysts they leverage advanced technologies to deliver unified, efficient, convenient and personalized hassle-free banking experiences. With chatbots and readily available online assistance, neo-banks provide 24/7 instant support whenever customers need it. At present, neo- banks are treated as virtual entities offering entirely online banking services like-account opening, mobile payments, deposit facilities, savings and investment management tools and various loan services. Additionally, they also provide access to trading markets like the stock market, raw material market and crypto currency markets.

Notable that neo-banks are different from Digital Banks (DBs) and Digital Banking Units (DBUs), because neo-banks operate entirely online through websites and apps without visiting a physical branch, while DBs and DBUs offer a combination of online and offline services, they sustenance big financial organizations and may also have some physical branches. Additionally, neo-banks are also different from payment banks, because payment banks are regulated by the RBI and provide only basic banking services like deposits and transfers, while neo-banks are not regulated by the RBI and provide a wide range of financial services, which have been enumerated in the following pages.

GROWTH:

In the present era of digitalization, the '**Indian neo-banking sector**' has had an amazing growth over the last six to eight years. They are revolutionizing the banking sector of India by addressing the changing requirements and likings. Despite not being regulated by the Reserve Bank of India, neo-banks have stored a lot of acceptance and popularity amongst individuals and business entities. They are subject to indirect regulations through their partnership with standing regulated banks, NBFCs and other financial institutions. In other words, they offer banking services under the network of traditional banks, etc. and they ensure that their product offerings for retail as well as corporate customers are in obedience to the regulations levied by the Reserve Bank of India.

Research reports say that the global neo-bank market is expected to grow at a CAGR of around 46.5 percent between 2019 and 2026, generating around USD 396.6 billion by **2026**. In the context of India about 26 percent of India's population is currently availing themselves of financial services provided by the neo-banks and this is expected to rise to an overwhelming 44 percent by **2027**.

In the India's neo-banking landscape, some prominent **key players** like - Fi Money, Jupiter, Niyo, Razor pays, Freo, Mahila Money, Finin, Chqbook, Fampay, Instant Pay, Zik Zuk, Akudo, etc. with their services, are leveraging technology to offer rationalized and innovative personalized financial solutions to their customers. Note worthy that some of neo-banks of India also have licenses of NBFCs from the RBI to streamline their entry into independent lending.

SERVICE VERTICALS:

With the increasing use of the internet and smart phones, neo-banks furnish the retail and SME category of customers and aim to provide perfect and suitable products to encounter the go-ahead needs and preferences of their customers. Services provided by the neo-banks may be summarized in the following manner:

For Retail Customers	For Corporate Customers
▪ Job search platform ▪ Education search forum ▪ Training and career enhancement gallery ▪ Bill payment facilities ▪ Prepaid card services ▪ Credit facilities ▪ Offering insurance products and consultancy services ▪ Services regarding Investment options such as Mutual Funds (MFs), Exchange Traded Funds (ETFs) etc. ▪ Money transfer and remittance facilities ▪ Mobile recharge services ▪ Transaction based short-term loan facilities ▪ S B account opening services ▪ Expense management consultancy services ▪ Zero balance account facility ▪ Personal finance services etc.	▪ Export promotion services ▪ Customer Relationship management (CRM) services ▪ Dashboards and visualization analysis facilities ▪ Digital tools to connect customers and suppliers ▪ Regional language support ▪ Domestic money transfer services ▪ Investment and insurance advisory services ▪ Data privacy and security ▪ Analysis of accounting and payments ▪ Automated accounting and invoicing facilities ▪ Pay -roll services ▪ Receivables management ▪ Competitive exchange rates for forex management ▪ White-label solutions etc.

OPPORTUNITIES:

At present, India is on the nib of a tech uprising level and it has a wide-ranging digitization environment in all the key areas of the economy. It means there is an ample scope for the neo-banking sector to explore the available opportunities. Some of them can be pointed out as under:

- In the present epoch of modernization, all new business units as well as **'Gen-G'** are trying to swap old-style financial systems with the help of advanced, effective and efficient devices by applying new technologies.
- The government of India and regulatory bodies like RBI, SEBI, IREDA, etc. are regularly creating a favorable environment for fintech innovations and a supportive digital landscape in our country, which helps directly/ indirectly neo-banks to enhance their financial services.
- The internet will govern Indian culture and will pursue more digitized financial services in the near future. Considering this fact, neo-banks are expected to onboard more/ additional customers.
- The rural area of our economy represents a plentiful and under-utilized opportunity for neo-banks. Thus, we can say that India still has a significant underserved and under banked population in rural areas. Considering the scope of growth in rural areas, neo-banks have to explore this opportunity by making partnership-contracts with the **RRBs and Cooperative banks**. In addition to the rural area, neo-banks can make strategic partnerships with growing NBFCs, and rising fintech firms to reach new customer segments in urban areas of the country.
- India's 'digital public infrastructure' has quickly expanded, making India, a leader in digital innovations. Such infrastructure also provides a strong back-ground for the promotion of neo-banking in our country.
- The fin-tech echo-system of India is continuously growing on behalf of **AI and ML driven** financial and banking services. Such a robust system also provides opportunities for neo-banks. They are dignified to continue leading the way in the implementation of unconventional technologies to provide more secure and safe banking services. AI and ML can also be used by the neo-banks for better personalized financial recommendations and risk analysis.
- In a conference organized by the CII on **26th November, 2024** on "Financial Inclusion and Finance Technology", Shri M. Nagaraju, Secretary, Department of Financial Services, Government of India stated that the government remains committed to the goal of financial inclusion especially in areas that remain under-penetrated. Additionally, the RBI's Financial Inclusion Index (Financia II) shows a gain to 64.2 as of **March, 2024** over 43.4 in March, 2017. Thus, it can be stated that this expanding movement of financial inclusion could be the next big driver for nurturing the ecosystem of neo-banking sector of India.
- The central government's scheme **"Lakhpati Didi Yojana"** aimed at women empowerment also provides huge opportunities for neo-banks, because this scheme is transforming SHG members into 'Women Entrepreneurs' enabling them to establish and grow their business entities.
- To empower the entire Indian financial ecosystem – from traditional banking to emerging digital banking systems, the CII is organizing the **"CII Finnovation Summit-2024"** in Chennai on 20th December, 2024. Notable that this summit will explore cutting-edge strategies to empower individuals and businesses on their journey towards **"Financial Independence"**. To explore innovative digital cash management solutions, to assess the AI's transformative role and to unlock the strategic growth opportunities through financial innovation are the main objectives of this summit. Experts say that results of this summit will also provide a robust model for the expansion of neo-banking.
- As the nation strides towards the vision of

'Viksit Bharat @2047', the Government of India is dedicated to expanding the movement of financial inclusion and the 'Financial Inclusion Index-2024'of the country is increasing regularly. Instead of such progressive signals in this movement, sufficient banking services are not available for a large number of India's population. This situation opens new doors for the promotion of neo-banks.

- Now-a-days, personalized investment options and advanced saving tools are constantly evolving at a global level. Bearing in mind the attraction and effectiveness of such new trends of investments and savings, neo-banks can follow them and can enlarge their scope of financial technological transformation activities.

Major Challenges - Although the neo-banking sector of India has grown exponentially over the last few years but due to some regulatory and constructive problems or hurdles or challenges, this sector could not achieve desirable targets in comparison to the global neo-banking landscape. These can be enumerated as under –

- Due to a lack of recognition as entirely virtual banks, some neo-banks still operate their activities as Business Correspondences (BCs) for traditional banks.
- On the other hand, since neo-banks are not licensed banks and run under the canopy of a regulated and recognized existing bank, the financial products they offer are limited. Certain loans and deposit schemes are not currently available through neo-banking in our country.
- The issue of safety and security of funds is a major problem faced by our neo-banks, because Indian customers are often concerned about the safety of their valuable amounts when it comes to online transactions. In other words, the absence of trust and loyalty in online transactions among potential customers is also a big challenge for neo-banks, such a situation creates so many doubts and confusions among them, since their awareness regarding online banking transactions looks very little.
- Safeguarding data privacy is an essential pre-condition for any successful digital offering entity, but due to upregulation and unrecognition, Indian neo-banks face so many problems in ensure the data secrecy of their customers.
- Since neo-banks are not licensed by the Reserve Bank of India. In such a situation at the time of raising disputes and disagreements, they cannot provide any kind of relief for losses.
- At present, neo-banks in our country are also facing the threatening competition with big private as well as public sector banks that have invested huge amounts in digital banking services.
- In our country, banking is treated only as branch baking, in this state, neo-banks face a problem of transforming the concept of 'Branch Banking' into 'Online Banking'.
- The issue of increasing cyber threats and security is also becoming a big challenge for the neo-banks of our country.
- Emotional attachment of Indians to 'cash' which creates so many hurdles to promote innovative financial services provided by the neo-banks.
- Low financial literacy and absence of proper knowledge of technologies in the society also produce an environment for brokers/ agents or middlemen which create so many constructive hurdles in the progress of neo-banks.

CONCLUSION:

As internet penetration and smart phone usage are on the escalating movement, neo-banks provide innovative and affordable banking services based only on mobile-devices. They leverage advanced technologies by addressing the changing needs and preferences of present-day customers. To offer a broader range of personalized banking solutions, they are likely to build an extensive ecosystem through partnerships with existing banks and NBFCs. Moreover, India still has a significant unbanked and underserved population in rural as well as urban areas. This factual position provides enormous opportunities to explore the huge potentials available in such a new segment of customers. But it is also a concrete fact that the present era of transformation of financial services creates so many hurdles or challenges for the Indian neo-banking sector. Therefore, this sector must have more effective and long-term strategies based on financial innovations to unlock such massive opportunities.

REFRENCES:

1. *The RBI's 'Financial Inclusion Index-2024', published by the Reserve Bank of India in July, 2024.*
2. *'The Hindu' Newspaper, 24th October,2024 – "Cyberfraud losses could amount to 0.7% of GDP, projects Ministry's study" https://www.thehindu.com/news/morning-digest-october-24-2024/article68789794.ece*
3. *The Journal of Indian Institute of Banking and Finance July – September 2023 – Page No. 18 (Statista's, 2023) https://iibf.org.in/documents/BankQuest/NeoBanks%20Future%20Prospects%20Challenges%20and%20Strategies%20Jigmit%20Stobdan%20and%20Dr.%20Sunil%20Kumar.pdf.*
4. *The 'Media Release' on 26th November, 2024 of the Confederation of Indian Industry (CII). https://www.cii.in>pressreleas*
5. *The Evolution of Neo-Banks in India: Impact on the Financial Ecosystem, published in September, 2021 by Fintech Convergence Council, PwC India.*
6. *Inaugural Speech on "Financial Inclusion and Fintech Summit" (organized by the CII in New Delhi as on 26th November,2024) delivered by Shri M. Nagaraju, Secretary, Department of Financial Services, Ministry of Finance, Government of India.*

AI-POWERED BANKING: ARE THE CUSTOMERS READY?

Abstract

Artificial Intelligence (AI) -driven banking has brought banking to customers' doorsteps while helping banks navigate risks that are an integral part of their business. The paper studies the past, present, and future role of Artificial Intelligence (AI) in Banking. This paper focuses on the research undertaken in the field of AI and banking and the implications of the former on the latter. The paper reviews the most relevant research papers (in terms of citations) in this field to help in gaining valuable insights from the research that has already been focused upon.

Dr. Meera Mehta
Professor
Shaheed Bhagat Singh College
University of Delhi
New Delhi
meera.mehta@sbs.du.ac.in

Dr. Shivani Arora
Professor
Shaheed Bhagat Singh College
University of Delhi
New Delhi
shivaniv.arora@sbs.du.ac.in

Dr. Alka Chaturvedi
Associate Professor
Kalindi College
University of Delhi
New Delhi
alkachaturvedi@kalindi.du.ac.in

Dr. Arun Julka
Associate Professor
Maharaja Agrasen College
Delhi University
Delhi
ajulka@mac.du.ac.in

1. Introduction

Artificial Intelligence (AI) has become a buzzword in recent times but the origin of the word can be traced back to 1955, when John McCarthy, a computer scientist and emeritus professor at Stanford, coined the term "artificial intelligence", and explained the idea of thinking machines. Today, AI is facilitating and challenging all sectors, including the banking industry. Internet banking started in India in the late 1990s and was introduced by ICICI Bank, making it convenient for customers and banks to have faster, cost-effective transactions and provide quality services. One of the biggest advantages of online transactions is that it is not restricted by any geographical boundaries, resulting in a manifold increase in the number of transactions. The ease of online banking has limited face-to-face interactions, thereby increasing the susceptibility to fraud.

Artificial intelligence comes to the aid of banking as it helps analyse the enormous numbers of transactions to figure out the patterns of the same while indicating fraudulent activities. Given the number of transactions, to detect frauds at the human level, is difficult and may be erroneous. Equipped with machine learning models, AI quickly analyses data and prevents the evolving techniques of fraud. In addition, AI in banking is fully functional in the bank's customer service. The chatbots powered by AI provide 24/7 customer support and resolve queries and issues efficiently. From simpler functions like chatbots to more complex questions like credit score accuracy, is chaperoned extensively by AI. The algorithms focus on extensive data points which sometimes include even the social media activity to ascertain the creditworthiness more accurately. The bank's investment advisors are at an advantage when their client's behavior and financial objectives of the proposals can also be assessed by AI. The relentless task that AI performs for the banks is never ending.

The challenges posed by AI are in terms of the protection of privacy of data. AI algorithms should be designed to promote equality and should be used ethically in order to avoid bias and discrimination. The technical skills of the staff need to be robust and adaptable. The customers should be informed of the use of AI.

2. Need of Study and Objectives.

Artificial intelligence in the banking sector in India is a novel development. The paper focuses on the research done in the field and what are the implications of the research. The paper tries to address the following specific research questions (RQ):

RQ1: How many publications have been done in the field of AI in banking?

RQ2: What are the inferences that can be derived from the top publications in AI in banking?

RQ3: Which themes and trends need to be the main emphasis of research in AI in Banking?

3. Methodology of research and Findings

The paper recognizes that the main objective of all research is to address a complicated problem and try to present it in a simplified way, making it comprehensible to a practitioner and providing directions to other researchers working in this field. The focus of the research paper is the studies that have been published and enlisted in the Scopus database. The interest of the business research community in any area of research is an indication of the growing or declining relevance of a particular area. The crux of findings from the Bibliometric analysis helps in gaining valuable insights from the research that has already been focused upon in the area of AI in banking.

The authors have used Scopus database to extract the data on AI in online banking. Since there are other databases like Web of science, which can also be used to increase the base of study, the authors do not claim it to be an exhaustive research in the field.

The inclusion and exclusion criteria of the research has been simple in this case, in detail. Scopus database was searched with the keywords, "AI" Or "Artificial Intelligence" and "Banking", yielding 2012 documents, retrieved on December 1, 2024. Some other criteria like "Business and Management field", "Articles and Chapters", English language, "Journals and books", and Final Publication Stage, when applied, reduced the relevant papers to 256.

The research papers recognize the huge potential of studying application of AI in banking and the analysis of all the papers aids in identifying the research gaps, the prospects of collaboration and identification of measures to address challenges. The research questions have been discussed below:

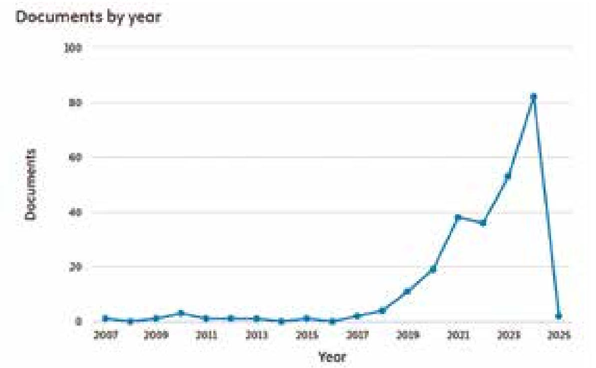
RQ1: How many publications have been done in the field of AI in banking?

AI is not new in Banking, but it is changing the banking landscape the world over. The ever-increasing research in the area of AI and Banking shows the domination of AI in Banking. A total of 256 Documents (162 articles and 94 chapters) have been published till 2024 (Table-1). Publications in 2024 (82) were the highest (Fig-1), indicating an upward trend of research in this area. Any research area with an upward trend signifies that the area is growing, in this case, AI in banking, and it is being discussed widely. The transformational role of AI is also visible through growth of research in the area, more specifically post-2020. This can be attributed to the movement of customers online in all the fields as an aftermath of the pandemic. The increase in the number of transactions has enabled the use of AI for banking and hence the study of the benefits and challenges. However, the annual growth rate of 3.93% points at the need to study the concept further.

Table-1 Main Information from Scopus database on AI in Banking

Description	Results
Timespan	2007-2025
Sources (Journals, Books, etc.)	185
Documents	256
Annual Growth Rate %	3.93
Document Average Age	2.05
Average Citations per document	19.35
References	12389
Document Content	
Keywords Plus (ID)	294
Author's Keywords	711
Authors	
Authors	775
Authors of Single authored documents	44
Authors Collaboration	
Single-Authored documents	45
Co-Authors per document	3.13
International Co-authorship %	25.78
Document Type	
Article	162
Chapter	94

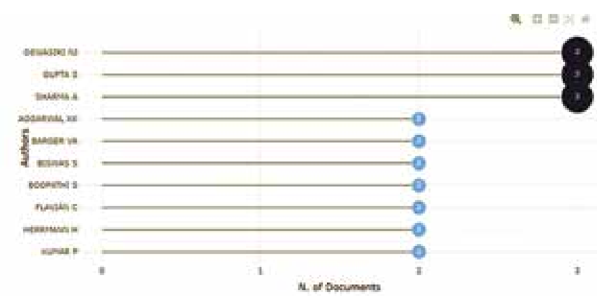
Figure-1 Publications per year



Source: Prepared by the authors with data from Biblioshiny

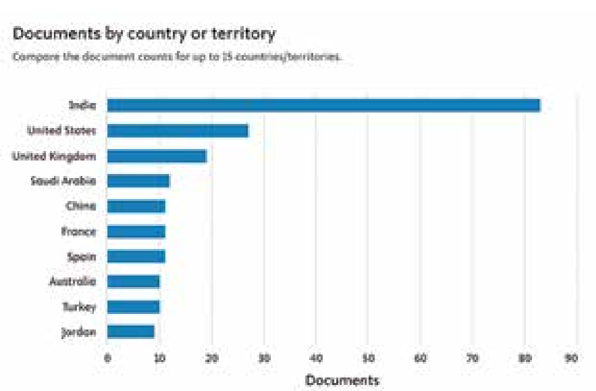
Dewasiri, Agarwal and Sharma are the most impactful authors with 3 publications each (Fig:2). These authors can play a relevant role in providing input to researchers and policymakers while taking the research further in this field.

Figure-2 Most Impactful Authors



India is spearheading research in the area of AI and Banking followed by the United States and the United Kingdom (Fig-3). Countries like India with a spread out population can use AI as a tool to expand the reach of banking services and include the financially excluded population into the mainstream.

Figure -3 Documents by Country



RQ2: What are the inferences that can be derived from the top publications in AI in banking?

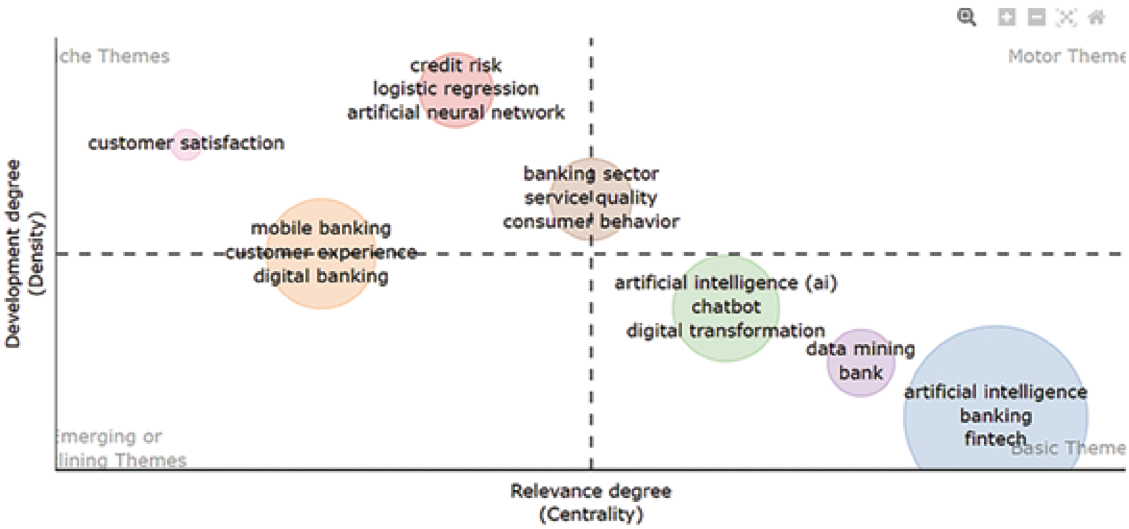
Table-2 REVIEW OF THE MOST CITED RESEARCH PAPERS

Table 2: Summary of the most cited papers in Artificial Intelligence in Banking				
Title of the Paper	**Journal**	**Authors**	**Year of Publication**	**Findings**
"Intention to Use Analytical Artificial Intelligence (AI) in Services – the Effect of Technology Readiness and Awareness."	*Journal of Service Management*	Flavián, Carlos, Alfredo Pérez-Rueda, Daniel Belanche, and Luis V.Casaló	2022	The study "examines how customers' technology readiness and service awareness affect their intention to use analytical-AI investment services".(Flavián et al. 2022). The paper uses the TRI model, to understand how factors of optimism, discomfort, insecurity, and awareness impact the intention of users. The study demonstrates "customers' technological optimism increases, and insecurity decreases, their intention to use robo-advisors"
"So What If ChatGPT Wrote It?' Multidisciplinary Perspectives on Opportunities, Challenges and Implications of Generative Conversational AI for Research, Practice and Policy."	*International Journal of Information Management*	Dwivedi et al *(The paper has been authored by 43 scholars, their names are added at the end of the bibliography)	2021	"This editorial opinion paper provides a subjective viewpoint on the potential impact of generative AI technologies such as ChatGPT in the domains of education, business, and society". (Dwivedi et al. 2023) The authors are of the opinion that ChatGPT has its positives as well as negatives, all depends on the user how it is being used. An important fact is that ChatGPT may not always be accurate or know all the relevant answers needed by users". (Dwivedi et al. 2023)
"Internet Banking Acceptance Model: Cross-Market Examination."	*Journal of Business Research*	Alsajjan, Bander, and Charles Dennis.	2010	This paper uses the Internet banking acceptance model (IBAM) on a group of 618 students from United Kingdom and Saudi Arabia to measure consumers' acceptance of Internet banking. "The results suggest the importance of attitude, such that attitude and behavioral intentions emerge as a single factor, denoted as "attitudinal intentions" (AI)'. (Alsajjan and Dennis 2010). The study also reveals that culturally there exists a difference of trust with system utility which gives some managerial and research insights.
AI customer service: Task complexity, problem-solving ability, and usage intention	*Australasian Marketing Journal*	Yingzi Xu, Chih-Hui Shieh, Patrick van Esch and I-Ling Ling	2020	The study explores the interesting concept of analyzing the preference of AI vs human enabled customer services by the online banking users. This was done with the help of the field-based experiments. The experiment implied that customers are comfortable with the AI for tasks that are low-complexity ones and human interactions required for highly complex ones.
"Enhancing the value co-creation process: artificial intelligence and mobile-banking service platforms"	*Journal of Research in Interactive Marketing*	Liz Manser Payne; James Peltier and Victor A Barger	2021	The paper highlights the multifaceted impact of using AI in mobile banking by studying 218 respondents and analyzing their responses through structural modelling. The study implies that for AI to be successful in digital banking, the level of confidence that the customers have in the AI enhanced banking would be critical. The study can be further strengthened through adding more age cohorts.

The objective has been presented in Table 2 with the details of the top cited research papers in the field of AI in banking. The papers have focused on the impact of AI on all sectors including research, education, business/banking and policy; the role of robo-advisors (chatbots) and customers' perception and adoption pace.

RQ-3: Which themes and trends need to be the main emphasis of research in AI in Banking?

This section of the paper studies the themes and trends that are fading out or the ones thatare gaining relevance. A thematic analysis of the author's keywords was conducted to visually analyze the themes in the area of AI and Banking.



The upper right quadrant (Q-1) highlights the motor themes or driving themes. These themes are important to the topic of research and provide structure to the study. The upper left quadrant (Q-2) highlights Niche or specialized themes. These themes are highly developed but isolated and often cater to smaller, more specialized audiences hence, researchers, policymakers and other stakeholders can work on the theme of Customer satisfaction, credit risk for a better insight into a particular aspect of AI in banking. The lower left quadrant (Q-3) indicates emerging or disappearing themes. Themes in Q-3 are relevant for planning and decision-making. Basic themes are at the lower left quadrant (Q-4). These themes are well-developed and remain important in the research area of AI and Banking. The themes mobile banking, customer experience and digital banking justifiably fall in this quadrant as these themes will always remain relevant in research on this subject

Banking, which was once based on personal relationships, has taken a mammoth size due to online transactions

4. Conclusion

Artificial Intelligence has been evolving at a very fast pace in recent times. Banking, which was once based on personal relationships, has taken a mammoth size due to online transactions. AI, along with the growth of online banking, has been gaining traction from the research community. AI helps make the most of the banking experience, both for customers and banks.

This paper reveals that the research in the field of AI in banking has been progressing since 2007, with maximum publications 80+ in the year 2024. The top cited papers mostly dwell on the customer perception of the use of AI in mobile banking and customers have been comfortable with the simple banking tasks being entrusted to AI and not the complex ones. A compiled view of around 43 experts on AI has been highlighted, including their take on increased productivity and the challenges around issues of ethics, bias, and misinformation.

The papers discuss the practical implications of AI deployment in banking. The evolution in the field of AI is rapid, and the research in the field has to keep pace with it. MA

Bibliography

1. *Alsajjan, Bander, and Charles Dennis. 2010. "Internet Banking Acceptance Model: Cross-Market Examination." Journal of Business Research 63(9–10): 957–63.*
2. *Ebula De Oliveira, U. R., Souza Espindola, L., Rocha Da Silva, I., Nost Orio Da Silva, I., & Martins Rocha, H. 2018. A systematic literature review on green supply chain management: Research implications and future perspectives. https://doi.org/10.1016/j.jclepro.2018.03.083*
3. *Dwivedi, Yogesh K. et al. 2023. "'So What If ChatGPT Wrote It?' Multidisciplinary Perspectives on Opportunities, Challenges and Implications of Generative Conversational AI for Research, Practice and Policy." International Journal of Information Management 71(March).*
4. *Flavián, Carlos, Alfredo Pérez-Rueda, Daniel Belanche, and Luis V. Casaló. 2022. "Intention to Use Analytical Artificial Intelligence (AI) in Services – the Effect of Technology Readiness and Awareness." Journal of Service Management 33(2): 293–320.*
5. *Liz Manser Payne; James Peltier and Victor A Barger , 2021. "Enhancing the value co-creation process: artificial intelligence and mobile banking service platforms" Journal of Research in Interactive Marketing15(1); 68-85*
6. *Yingzi Xu, Chih-Hui Shieh, Patrick van Esch and I-Ling Ling, 2020. "AI customer service: Task complexity, problem-solving ability, and usage intention", Australasian Marketing Journal;28(4); 189-199*
7. **Janarthanan Balakrishnan , Yves Barlette, Sriparna Basu, Indranil Bose, Laurence Brooks, Dimitrios Buhalis, Lemuria Carter , Soumyadeb Chowdhury Tom Crick, Scott W. Cunningham, Gareth H. Davies, Robert M. Davison, Rahul D´e, Denis Dennehy a, Yanqing Duan, Rameshwar Dubey ad, Rohita Dwivedi, John S. Edwards, Carlos Flavi´an, Robin Gauld, Varun Grover, Mei-Chih Hu, Marijn Janssen, Paul Jones, Iris Junglas, Sangeeta Khorana, Sascha Kraus, Kai R. Larsen , Paul Latreille, Sven Laumer, F. Tegwen Malik, Abbas Mardani, Marcello Mariani av, Sunil Mithas, Emmanuel Mogaji, Jeretta Horn Nord, Siobhan O'Connor, FevziOkumus bb, Margherita Pagani, Neeraj Pandey, SavvasPapagiannidis, Ilias O. Pappas , Nishith Pathak, Jan Pries-Heje, Ramakrishnan Raman, Nripendra P. Rana, Sven-Volker Rehmbm, Samuel Ribeiro-Navarret,Alexander Richter, Frantz Rowe, Suprateek Sarker, Bernd Carsten Stahl, Manoj KumarTiwari, Wil van der Aalst, Viswanath Venkatesh, Giampaolo Vigliabu,MichaelWadebw, Paul Waltonbx,JochenWirtz,Ryan Wright*

CMA Gopal Singh Gusain is science graduate with distinction in mathematics. He is CMA of June 1988 batch and is presently associate member of the Institute. He is also an associate member of Indian Institute of Banking and finance.

Joining Punjab National Bank as an officer he progressed in banking with various assignments and was appointed by Government of India as Executive Director in Union Bank of India. He currently serves as Independent Director in various companies working as NBFC, Bank, Pension Fund and Primary Dealer where he also serves as Chairman Risk Management Committee. He also serve as Member Board on an organization of Reserve Bank of India. He has worked as Senior consultant – Risk Management to PSBA, a joint initiative of public sector banks.

CMA Gopal Singh Gusain

Independent Director, Nainital Bank
Former ED, Union Bank of India

Q1. Can you share some of your key experiences from the banking sector that could inspire and guide young professionals who are looking to build a career in this field?

Ans. Banking sector provides immense opportunity to young professionals. With increasing specialisation and the expanding size and horizons, professionals like CMA can contribute substantially to the organisation and their personal growth. I joined the bank as Desk Officer – Credit and rose up to board level position. Banking career not only provides growth but also provides wide canvass for learning to help improve your knowledge and wisdom. I got opportunity to Learn specialised areas like credit management, corporate and retail, foreign exchange management, treasury management, risk management. I was also exposed adequately to general management, general banking, Human resource, audits and compliance. I have held various hats like Chief Executive- Hong Kong and China Operations, Chief Credit officer, Group Chief Compliance officer, Group Chief Risk Officer, etc. Banking also provided me specialised training at various important institutes at India and abroad to improve my understanding of emerging areas. This helps build knowledge and wisdom to reach to the top.

Q2. With the increasing prevalence of cyber fraud, how is Banking Sector strengthening its cybersecurity protocols to protect customers and its operations? Could you share any specific measures the banks have implemented or plans to implement?

Ans. Banking system is most vulnerable to fraudster activity due to its nature. With increasing use of technology, banks are investing more and more on cyber security. All banks have state of art Cyber Security operations Centre (C-SOC).With the help of comprehensive guidelines from RBI and Cert-In for IT security and Cyber Security, Banks are adequately secured to ensure faith and stability of nation. As per directions of RBI. all banks apart from having professional CISO have board level IT security and IT implementation committees which are helped by external experts of repute to adequately understand and take measures for implementing cyber security.

Q3. As a banking veteran what is your perspective on Banking sector long-term strategy to expand its presence and maintain sustainable growth across India? What are the key initiatives you foresee driving this growth?

Ans. Banks are integral to economic growth and with India targetting to become developed nation by year 2047, banks have big role to play. Long term strategy would be focus on growth, adopt best risk management practice and technology. These basic platforms would help leverage opportunities. With a large young population and growing domestic demand coupled with consistent and friendly government policies, all sectors would provide growth. Various government initiatives like make in India, performance linked incentive to various manufacturing sectors net zero carbon footprints are helping economy to move in right direction. Banking sector in India with sound balance sheets of all banks is fully geared to the role it has to play in sustainable growth.

Q4. Looking ahead five years, how do you envision the competition in banking sector? What are the specific steps the banks will take to enhance its market position and customer trust?

Ans. With fast development in digital infrastructure in the banking system and advent of large no of fintech specially in start-up has provided efficiency and created competition. Customer acquisition and customer ease are highly focussed activity for all banking entities. Collaborative approach among various players of banking system with technology companies and non banking companies will help extend reach to unbanked areas. Bank will become financial boutique stores providing solutions for all financial needs with end to end technology. This may see birth of some Neo Bank in near future. However, in all cases the customer ease and trust will be foremost.

Q5. Could you share some personal success stories or pivotal moments from your career that have shaped your leadership approach?

Ans. Most successful achievement is when you see whom you have supported at initial stage to grow to be big. Every banker at top level surely has many such stories. I too have some. I like banking as a career because it provides you opportunity to help someone to dream big and achieve the same. I remember helping a newly set up small company at initial stage of my career which became billion dollar listed company.

Q6. With an increasing number of young CMAs entering the banking and finance sectors, what advice would you offer to them as they aspire to take on leadership roles in prestigious organizations?

Ans. I joined the banks when technology was negligent in the banking and information system was absent. There were no adhaar, no PAN, no credit information company, no account aggregator no CRILC. However, with continuous learning and open mind approach to new ideas has helped me to grow. There is no short cut to long successful career. It needs to be built brick by brick. Continuous learning, focussed approach, high integrity and adopting new ideas are the some of the traits which help you grow fast and steadily.

Q7. How do you believe Banks can collaborate with educational institutions, such as our Institute, to foster professional development and bridge the gap between academic learning and industry requirements?

Ans. Educational institutions are ground for basic research for any industry. Commercial organisations which foster close relationship with eminent educational institutes gain more in terms of competitive advantage. As banking is moving towards highly competitive market, efficiency will become paramount. Further, banking now is more of a product approach then service. Understanding need to be developed for costing of banking products. Our institute can help in developing some of such activity. Institute can also provide specialised training on various management accounting methodologies for senior and top management.

Q8. What are the biggest challenges you foresee in the banking sector in the coming years, and how are banks preparing to navigate these challenges effectively?

Ans. Continuous innovation, competition beyond banking companies, adopting new technologies and good governance practices shall be among the biggest challenges in future. Banks are putting systems, policies and processes in place to meet these challenges. However, some laggard will find it difficult and as such there will be merger and acquisitions in the near future.

Q9. Can you elaborate on current initiatives to adopt technological advancements in banking, such as AI, blockchain, or data analytics, and how they contribute to enhancing customer experience and operational efficiency?

Ans. Banking will have to adopt new technologies like AI, Block chain, data analytics. Credit origination, cross selling, money laundering, credit and fraud monitoring can only be done effectively using AI and data analytics. Block chain shall help in documentation. Banks are putting efforts in adopting and integrating these technologies. Some large banks have created specialised centres to effectively and efficiently integrate these into their working systems. As the use of technology increases these shall help in ease for customer, improved efficiency for banks and good governance for the management.

Q10. As an Independent Director, how do you ensure that the bank maintains a balance between strong governance, risk management, and innovation in a rapidly evolving financial landscape?

Ans. Trust is foremost for any banking organisation and strong governance is founding platform for the same. With more and more faceless banking, risk management is playing integral role in identification of right customer and right delivery. Big competition is forcing banks to innovate and look frontiers beyond traditional banking. As Independent director, we play a crucial role in ensuring strong governance and maintaining balance between organisation and customers. MA

Abstract

Now we aim at quantifying pain points to arrive at projections finally aiming at valuation. Measuring pain points into rupees/dollars/euros/GBP/Yens is a creative task, neither easy not difficult. Remember those who want to get into valuation, my favourite two sayings 1) Laxmi follows Saraswati (that is how I got chief finance director position at Europe at Laxmi Mittal – remember this for B2B start-up valuation, and 2) Network is net-worth – remember this forB2C start-up valuation.

Measuring Pain Point into projections for Valuation

CMA (CA) Rammohan Bhave
Independent Consultant and Faculty
Mumbai
mohanbhave2@gmail.com

Since Indian majority start-ups are aggregators, I am focussing on B2C start-up valuation by quantifying & measuring pain points in cab-tech valuation.

Customers

1. No air-conditioning – revenue-drivers – temperature, paying ability, distance, pollution – estimates will of course defer city-wise. But after exhaustive sensitivity analysis of Indian 6 cities with some indicative consumer survey, we arrived 70% times on a/c of temperature (Mumbai had 100% for 9 months), almost 80% users being car substitutes or reimbursement by employer showed paying ability, short distances ride were 35% but average ride fare amounting to 90% choice for A/C (in fact others preferred rather auto), pollution reason forced 63% (Delhi has almost 100%). These factors whether they contributed individually or collectively was found difficult to find, for which different options were considered and final conclusion was 74% overall rider preferred to pay extra for A/C and preferred cabtech due to A/C availability. With different % slabs the extra fare over non-a/c vehicle was arrived at 34% weightage average which could calculate incremental revenues on basic figures.
2. Uncertain waiting period – revenue-drivers - working: retired population%, business vs leisure commuting, time is essence (meeting, speaker for lecture, flight to catch, medical issues, financial loss) – working population using cabs was found to 77%, business commuting was 65%, time essence purposes cab users rides were 71%. With those overall 89% users were ready to extra. Thus using different slabs riders were ready to switch for this value 53% for certainty of getting increasing basic revenue.
3. Driver refusals outright or drive off without even formally refusing – revenue drivers – more the shift to regdcabtech from kalipili, then remaining drivers of kalipili are further upset and incrementally riders are firming up to shift, but may not pay much for this. Though with extra taxis registering by 5% for this reason alone revenue go up though not sizeable, as same revenue may be getting split among more regd taxis
4. Driver refusal to particular destination – revenue driver – riders staying in not so well-to-do areas, areas where civil and hygiene practices are not upto mark. These two reasons contribute to riders requiring to reach areas where kalipili drivers are not keen to go. Of course, even OLA, UBER guys cancel but they then lose rating, so at least half of them don't mind at least in working hours around 10. This statistically gives rise to rides refused 24% by kalipili, of which half are grabbed by regd cabs giving rise to good revenue as fares based on demand-supply by OLA/UBER are quite high. Add revenues by 10% overall (for those

selected rides was as high as 100%)

5. No search possible physically even though it may 2/3 minutes away, these are already included in Point 2 substantially
6. Futile search as no taxis available exactly on other side - Are already included in Point 2 substantially
7. Have to be on street and search – people for whom time is money say 50% riders, of this 50% around 40% don't own cars, of this 40% find those 10 minutes average time from booking time valuable to pack up, close home-doors, carry bags or even work. In fact some of my friends effectively add 100 hours' time saving, i.e. time management p.a.
8. Haggling negotiations for fare – revenue hike covered in points above
9. Excess quote - revenue hike covered in points above
10. Time waste in whole process - revenue hike covered in points above
11. No safety tools – Revenue-drivers – female population commuting, people carrying valuables, selective locations like marriage halls – survey showed 17% of riders were female/s only (with no male accompanied) while people carrying valuables like cashiers, our famous cash-guzzling construction industry were 18%, selective locations like marriage halls, star hotels, airports where riders carry jewelleries, gifts, hi-fi laptops/mobiles are 11% riders and are ready to pay almost 100% premium for this pain point.

   These are good enough sample workings for a valuer to quantify demand side of equation addressing various pain points including those explained below

12. Can take through wrong and long routes
13. Misguiding
14. Cleanliness missing
15. Behavioural issues with no remedy
16. Items missed lost have no track
17. Inter City or rentals generally not available
18. Exact spot has to be explained spending crucial time
19 Alternatives for most suitable choices of size of cab not available.
20. May refuse standard metered fare
21. Traffic rules breaking goes uncontrolled

Driver's issues – supply side pain point value creation (points published in Nov 2024 MCA issue) will be dealt by me in next issue

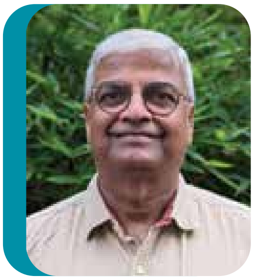
This way we are analysing what extra cost customer could be ready to pay for this.

I have made a humble attempt to quantify various factors based on my real life experience and how to factor them into valuation exercise in subsequent month's article. MA

References:

1. *https://www.investopedia.com/articles/financial-theory/11/valuing-startup-ventures.asp*
2. *https://www.startupindia.gov.in/content/sih/en/bloglist/blogs/Valuations.html*
3. *https://www.youtube.com/live/vU3bBkpu-NI?si=a-qhP7S8BQaBiaCj*

A REAL STORY OF COMING TOGETHER



CMA (Dr.) Girish Jakhotiya
Management Consultant
Mumbai
girishjakhotiya@gmail.com

Abstract

Indian small farmers can make a good business of agriculture, if they come together and grow together. This case presents the four phases of an "agricultural renaissance", which can make agriculture financially viable and strategically.

Amar More graduated in agriculture management and joined a seed producing company in Mumbai. He was a member of the sales team which would directly deal with the farmers. This exposure enlightened Amar about the pathetic condition of the small farmers. Amar was restless until he found a workable solution for the poor farmers. He realised that small farmers will have to unite, work together and grow collectively. He chose a hybrid organizational structure for this unity. It was a fine mixture of corporate entrepreneurship and cooperative equality. Gradually with lot of difficulty he could gather thirty farmers and started working on the "first phase of renaissance". Under one banner, all the farmers carried out their farming processes together and had the benefit of 'economy of scale' and a 'united power of negotiation' with the greedy wholesalers from the agro - commodity market. Under this first phase the collective working was informal, which retained the ownership of land of each farmer intact.

With the good success of phase - 1, the farmers became confident to march forward under the guidance of Amar. The second phase was 'formal' where all the farmers transferred the land ownership to their newly formed "cooperative corporation". It was now a big size of farm land, around two hundred acres. This land was divided into five different crops, so that the market (price) and environment (rain) risk could be managed through a diversified crop portfolio. Amar used a mixer of fixed minimum remuneration and performance - based variable reward for all the members. This ensured two vital things - provisioning of average cost of living and an increase in agro - productivity. This second phase of renaissance did wonders, in terms of 'entrepreneurial learning' of the farmers. Now they thoroughly understood the costing and pricing of the commodities they produced, natural hedge for managing the risk and an institutional strength for influencing the market.

A combined Balance Sheet and Profit & Loss Account of this unique organization could nicely increase the strength of mortgageable assets, value of collective knowledge, reinvestment of profit, impact of branding and distribution network. Farmers and their young children were now fully charged up to work on the third phase of renaissance. Their confidence further increased when the total number of members increased from thirty to hundred. Amar created a solid organizational structure comprising of governing council (guiding team of senior farmers and coopted farming experts) and an executive council (young working farmers). He also created 'small study groups' which would gather real time data about various aspects of farming and marketing. Now the third phase was of building up an agro - based industry. Based on an in-depth study of the market, fiscal policies of the government and bankers' financing approach, initially two factories were set up to make tomato and mango pulp. These two products were sold through a "business to business approach" i.e. sale made to the fast-moving consumer goods (FMCG) companies. For this new venture, long-term strategic agreement was made with these companies, taking care of cost and price uncertainties. This third phase of growth created good number of jobs for the members' children.

After around eight years of growth and consolidation, Amar and his farming army were ready to enhance the value - chain further. They decided to build up state of the art cold storages, warehouses, distribution centres and a facility for research & development. Obviously, this involved big amount of capex. By this time the strength of the organization was one thousand farmers. Instead of taking a bank loan, Amar proposed all the members in the annual general meeting that they would get preference shares at 8% dividend. This rate of return was higher than the bank interest rate. All the members unanimously agreed to this proposal. Amar and the managing committee was now ready to take the big leap of the fourth phase. A new agriculture civilisation was being built up! MA

EVALUATING FINANCIAL PERFORMANCE & BUSINESS STRATEGIES WITH DUPONT ANALYSIS

(Special Focus on the Capital Goods Industry)

Abstract

The Modern-Day Accountant or a Finance Manager is expected to be a Team Player and a Principal Advisor to the Top Management. Finance Professionals need to be well equipped with various techniques of Business Analysis. Similar to a Medial Practitioner, he should be updated with latest Diagnostic Tools to find out the problems and their root causes. This article guides the Professional Mangers to understand The Basics of Business, The Business Cycle, Various Factors of Success and The Role of a Business Strategy. It also provides an insight into the Tools Available for evaluation of Business Performance. Simple explanations have been given to make the readers understand the underlying objectives of Financial Statement Analysis. Special Focus is given to understand the concept of Return on Equity (ROE) and its Contributors. Readers would also get to know about the Novel Approach to calculation of ROE, which will help them to determine the effectiveness of Business Strategies. This will guide the Managers and the Leaders in proper Planning, Organizing, Staffing, Directing, Controlling, Reporting and Budgeting for the Organizational Success by providing updated Vision and Business Strategies.

Data analysis for selected Capital Goods Companies and some PSUs has been presented herewith for greater insights.

CMA (CS) P.V. Arun Kumar
Head of Finance
BHEL - PESD
Hyderabad
pvarunkumar@bhel.in

CA Shimbhu Dayal Khokharia
Manager (Finance)
BHEL
Hyderabad
shimbhu@bhel.in

1) Introduction:

In the modern era, **organizations** come into existence with the purpose of engaging in **business.**

- Business, at its core, involves any activity geared towards generating **Profit**.
- Profits, in turn, are the outcome of the judicious utilization of **Resources**.

- The productivity of resources is achieved through effective **Management**.
- Management, in essence, entails the selection of **Optimal strategies**.

Ultimately, the success of any organization is the result of its Business Strategies.

In this complex world of Business, where the primary goal of managers is the maximization of shareholders' wealth, a profound understanding of the interplay between business resources, strategies, and profits is crucial.

This article explains how this chain works. Additionally, it furnishes various diagnostic tools, including Financial Statement Analysis, empowering managers to refine their areas of focus. The ultimate outcome is an enhancement in performance and the realization of organizational objectives.

2) Understanding the importance of BusinessResources:

In the context of business, resources refer to the assets and factors that an organization utilizes to carry out its operations and achieve its objectives. These resources can be broadly categorized into various types, including:

1. **Financial Resources**	a) Capital and funding. b) Budgets and financial plans. c) Revenue and cash flow.
2. **Physical Resources**	a) Infrastructure, facilities, and equipment. b) Technology and tools. c) Location and office space. d) Raw materials and environmental resources.
3. **Intellectual Resources**	a) Patents, trademarks, and intellectual property. b) Knowledge and expertise of employees. c) Research and development capabilities.
4. **Human Resources**	a) Employees, staff, and their skills. b) Leadership and management capabilities. c) Training and development programs. d) Efficient use of time for processes and projects. e) Timely decision-making and execution.
5. **Digital Resources**	a) Data & Information Systems b) Software and Applications: c) Online Presence & Digital Platforms d) Analytics and Reporting Tools e) Cybersecurity Measures

Understanding and effectively managing these resources is crucial for an organization's success and sustainability.Business managers play a pivotal role in steering their organizations towards success by comprehending the value, utility, and effective management methods of resources. The crux of business success hinges on the acute utilization of resources to generate returns and create wealth. Therefore, it is imperative for managers to cultivate the knowledge and skills necessary for resource management and formulate a well-defined strategy.

3) Types of Business Strategies:

Business strategies incorporate plans and actions that an organization formulates and implements to achieve its long-term goals and objectives. These strategies guide decision-making processes and set the direction for the company's activities.

There can be numerous Strategies to achieve Organizational Goals, but all of them has to fall under any of the following 3 Broad Categories of Business Strategies.

Marketing Strategy:

- **Objective**: Creating a plan to promote and sell products or services.
- **Approach**: Involves market research, branding, advertising, and customer engagement.
- **Focus**: Generating awareness, attracting customers, and building a strong market presence.

Operational Strategy:

- **Objective**: Optimizing internal processes and activities to enhance efficiency and effectiveness.
- **Approach**: Streamlining workflows, improving supply chain management, and enhancing overall organizational operations.
- **Focus**: Enhancing productivity, reducing

costs, and ensuring smooth day-to-day business operations.

Financial Strategy:

- **Objective**: Managing financial resources and capital to support organizational goals.
- **Approach**: Involves budgeting, financial planning, risk management, and investment decisions.
- **Focus**: Maximizing profitability, maintaining financial stability, and ensuring long-term financial sustainability.

These categories represent the strategic focus areas that organizations often emphasize to achieve success and maintain a competitive edge. Each strategy plays a crucial role in contributing to the overall success and growth of the business.

4) Business Strategy, Management Decision and the Resources Matrix:

Business managers must possess a clear understanding of the complex connection between allocated resources and the crucial Management decisions for the successful execution of the business strategy.

The below table serves as a valuable tool, support managers in discerning diverse options and strategies available for the optimal management of business resources.

Business Strategy	Management Decision	Business Resource
1. **Marketing Strategy**	a) Market Penetration b) Cost Leadership c) Niche Segment d) High Quality e) After Sales Service f) Market Disruption g) Sustainability Factors h) Global Footprints	a) Talent and Team b) Budget c) Technology Tools &Communication Channels d) Data and Analytics & Support e) Strategic Partnerships f) Customer Insights & Customer Service g) Legal and Compliance Support
2. **Operational Strategy**	a) Technical Know-How b) Process Optimization c) Outsourcing d) Leased Assets f) Contract Manufacturing g) Supply Chain Management h) Quality Control i) Operational Restructuring	a) Skilled Workforce b) SOPs, Technology and Automation c) Supply Chain Management d) Quality Control Measures e) Financial & Risk Management f) Collaborative Culture g) Performance Metrics h) Communication Channels
3. **Financial Strategy**	a) Capital Structure b) Investment Allocation c) Risk Management d) Cost of Capital e) Asset Light Models f) Asset Monetization g) Dividend Policy h) Tax Benefits/Incentives	a) Financial Expertise b) Financial Software and Tools c) Budgeting and Forecasting d) Financial Policies and Procedures e) Strategic Financial Planning f) Risk Management g) Financial Reporting and Analysis h) Compliance and Regulatory Knowledge

Efficient resource management ensures that the right resources, including financial capital, human capital, and technology, are allocated with the strategic priorities of the business. Which further mitigate the risks and uncertainties while enhancing flexibility and adaptability. Resource management also includes mechanisms for measuring and evaluating the performance of various resources.

In essence, the decisions made by management regarding resource allocation and management significantly influence the trajectory and effectiveness of the overall business strategy.

5) Effectiveness of the Business Strategy:

The fundamental objective of business strategies is to emphasize maximizing revenue, minimizing costs, and ensuring sustained profitability. Profit serves as a crucial measure, measuring the effectiveness and success of any business strategy and it's essential to consider a holistic approach. Profitability not only signifies the immediate success of a business strategy but also shows its capacity to create value and contribute to the overall financial health of the company.

Numerous indices are widely adopted for measuring the success of organizations across diverse industries. Nonetheless, a selection of major indices to assess the success of any organization might include the following:

a. Return on Equity (ROE)

b. Return on Capital Employed (ROCE)

6) Financial Statement Analysis – A Diagnostic Tool for evaluation of the Business Strategy:

Presently following 4 Step Approach are being used for Financial Statement Analysis

- Accounting Analysis
- Financial Analysis
  - Common Size Statement
  - Horizontal Analysis
  - Financial Ratio Analysis
  - Cash Flow Analysis
- Prospective Analysis
- Business Strategy Analysis

Certainly,the mentioned methods of Financial Statement Analysis offer valuable insights into various aspects of Business Performance. However, there's a notable and commendable new approach to Business Strategy Analysis that goes beyond conventional methods. This innovative approach not only provides insights but also serves as a strategic tool to precisely identify areas requiring management attention and intervention. It essentially acts as a diagnostic tool, allowing management to pinpoint specific areas in the business strategy that may need remedies or adjustments. It enhances the precision of decision-making by offering a targeted focus on key strategic aspects, ensuring that management efforts are directed where they are most needed for optimal business performance and improvement.

Since Return on Equity (ROE) stands as the ultimate parameter for assessing business effectiveness, we are going to deep on a thorough exploration of this metric. We will look it through both conventional and innovative perspectives, decoding the complicated layers of ROE.

Case Study: Evaluation of Business Strategy through Financial Statement Analysis

Name of the Organization: Bharat Heavy Electricals Limited

Industry of Operations	:	**Engineering Industry – Capital Goods**
Category of Company	:	**Large Cap – Listed PSU - Maharatna**
Financial Year	:	**2023-24**

Traditional Approach.

ROE, Return on Equity, is derived by dividing a company's net income by its shareholders' equity. This serves as a tool to measure corporation's profitability and its efficiency in generating and managing profits.

		Formula	BHEL's ROE	
Return on Equity (ROE)	=	$\frac{\text{Net Income}}{\text{Shareholder's Equity}}$	$\frac{444.69}{24850.59}$	1.79%

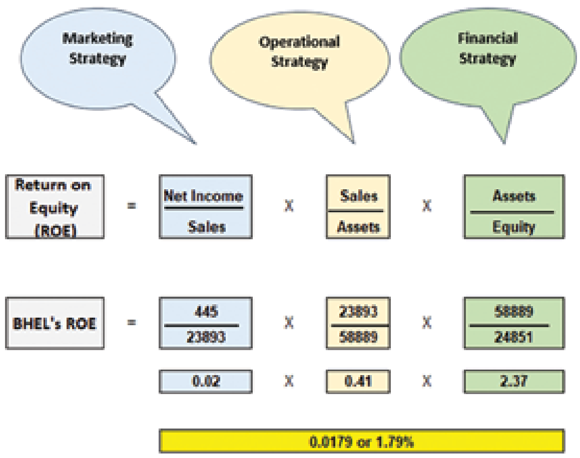
New Approach

In this new approach Return on equity (ROE) consist three layers for performance measure i.e. profit margin, asset turnover and financial leverage. By splitting ROE into three parts, companies can more easily understand the performance of the Marketing Strategy, Operational Strategy and the Financial Strategy ROE over time.

Marketing Strategy (MS) is evaluated based on the Return on Sales

Operational Strategy (OS) is evaluated based on the Utilization of Assets

Financial Strategy (FS) is evaluated based on the composition of the Assets



Breaking ROE into its component parts gives us a better understanding of what drives its growth compared to just looking at ROE itself using the Net Income/Total Equity formula. It is important because it provides more insight into how a company is run than other formulas. Many companies can have the same return on equity, but the nature of that return reveals how well the company is run. A high-profit margin and a high asset turnover ratio are both good, but a company can also increase its return on equity through finance leverage. A highly leveraged return on equity is a bigger risk than if growth were driven by a higher profit margin or better asset turnover. Not all ROEs are the same.

Certainly! In the context of BHEL's ROE example, the unfavourable ROE percentage can be attributed to specific factors within the financial performance metrics.

Poor Profit Margin % (2%):

The profit margin percentage indicates that BHEL is earning an inadequateprofit relative to its total revenue. A low profit margin implies that the company is facing challenges in controlling costs or may not be pricing its products or services effectively.

Poor Assets Turnover Ratio (0.41):

The low assets turnover ratio indicates that BHEL is not efficiently utilizing its assets to generate turnover. This could indicate operational inefficiencies or underutilization of resources, impacting the overall revenue generation.

Average Asset to Equity Ratio (2.37):

While the asset to equity ratio is within an acceptable range, it might not be contributing significantly to amplifying returns. An optimal ratio would efficiently leverage assets to enhance returns for shareholders.

In summary, the combination of a low profit margin, poor assets turnover, and a somewhat average asset to equity ratio contributes to the observed bad ROE for BHEL. Addressing these specific issues within profit generation, asset utilization, and capital structure could potentially improve BHEL's overall return on equity.

7) Study of ROE of Selected Companies in Capital Goods Sector comparable to BHEL:

Peer comparison

Sector: Capital Goods - Electrical Equipment

Source: Screener

Sl. No.	Name of the Company	ROE	Return on Sales	Sales on Assets	Assets on Equity	Marketing Strategy	Operational Strategy	Financial Strategy
1	Siemens	19.10%	12%	0.93	1.68	Good	Average	Good
2	ABB	22.92%	16%	1.03	1.38	Good	Good	Good
3	CG Power & Ind	57.78%	11%	1.56	3.32	Good	Good	Very Good
4	BHEL	1.13%	2%	0.41	2.37	Poor	Poor	Very Good
5	Suzlon Energy	28.77%	15%	1.03	1.85	Good	Good	Very Good

Siemens: 19.10% Return on Equity (ROE) is indicating efficient use of shareholder equity to generate profits. But there is room for improvement which we can see by breaking down ROE. Here, Return on Sales (ROS) is also healthy at 12%, signifying effective management of costs relative to revenue. The Sales on Assets ratio of 0.93 suggests that the company may need to optimize its asset utilization for better revenue generation. However, with an Assets on Equity ratio of 1.68, Siemens seems to have a conservative financial structure. Overall, the company demonstrates good management stability (MS), average operational stability (OS), and good financial stability (FS).

Efficient resource management ensures that the right resources, including financial capital, human capital, and technology, are allocated with the strategic priorities of the business

A B B: Exhibits a strong performance across multiple metrics. With an ROE of 22.91% and an ROS of 16%, the company efficiently generates profits and manages costs effectively. A Sales on Assets ratio of 1.03 indicates a balanced utilization of assets in revenue generation, while an Assets on Equity ratio of 1.38 suggests a moderately leveraged financial structure. The company shows good management stability, operational stability, and financial stability across the board.

CG Power & Indu: Stands out with an exceptionally high ROE of 57.78% and a healthy ROS of 11%, showcasing strong profitability and efficient cost management. The Sales on Assets ratio of 1.56 suggests effective asset utilization for revenue generation, while the Assets on Equity ratio of 3.32 indicates a highly leveraged financial structure. The company demonstrates good operational and financial stability, with very good management stability.

B H E L: Struggles with low returns, evident from its ROE of 1.13% and ROS of 2%. The Sales on Assets ratio of 0.41 indicates underutilization of assets for revenue generation, while the Assets on Equity ratio of 2.37 suggests high leverage. Despite poor performance metrics, the company exhibits very good financial stability, possibly due to its high leverage and conservative financial approach.

Suzlon Energy: The company demonstrates robust profitability, boasting an impressive Return on Equity (ROE) of 28.77% and a solid Return on Sales (ROS) of 15%. With a Sales on Assets ratio of 1.03, it effectively balances asset utilization to drive revenue. The Assets on Equity ratio of 1.85 reflects a moderately leveraged financial structure. Overall, the company exhibits strong management stability, operational consistency, and exceptional financial resilience, showcasing a well-rounded performance across all key areas.

08) Conclusion:

The literature surrounding business strategy, financial performance, and Return on Equity (ROE) has evolved significantly over the years. Scholars and practitioners have long recognized the importance of scrutinizing ROE into its components through DuPont Analysis, as this approach provides deeper insights into the drivers of profitability and operational effectiveness. Furthermore, financial statement analysis has become ancrucial diagnostic tool for managers, allowing them to identify and address inefficiencies within their business strategies.

Incorporating these analytical techniques into strategic decision-making processes not only enhances financial performance but also helps in formulating more effective business strategies. The case study of BHEL and its comparison with peers like Siemens and CG Power illustrates how a comprehensive understanding of marketing, operational, and financial strategies, coupled with an advanced analysis of ROE, can drive organizational success.

By integrating traditional methods with innovative approaches to financial analysis, organizations can better navigate the complexities of modern business environments, ensuring sustainable growth and long-term profitability. MA

References:

1. *Warren, C. S., & Reeve, J. M. (2009). Financial Accounting: Tools for Business Decision Making. Cengage Learning.*
2. *Penman, S. H. (2013). Financial Statement Analysis and Security Valuation. McGraw-Hill Education.*
3. *Training Programme at IIM Bengaluru.*

CORPORATE SOCIAL RESPONSIBILITY LANDSCAPE AS PER SCHEDULE VII: INSIGHTS FROM ENGINEERING, CONSTRUCTION AND PRODUCTION PSUs

Abstract

This research paper examines the spending patterns of Public Sector Undertakings (PSUs) in the engineering, construction, and production sectors on Corporate Social Responsibility (CSR) activities. The sample of five PSUs has been considered for the year ranging from 2014-15 to 2021-22 and the relevant hypothesis has been tested through one-way ANOVA. The research demonstrates a widespread commitment to Schedule VII, with substantial spending towards education, healthcare, and environmental initiatives. However, it also underscores obstacles such as the unequal allocation of funding, a possible over focus on initiatives with high exposure, and the absence of thorough effect evaluations. The results indicate that although PSUs generally adhere to statutory mandates, there is significant potential for implementing more strategic and innovative strategies for CSR.

CMA (Dr.) Meenu Maheshwari
Head and Associate Professor
Department of Commerce and Management
University of Kota, Kota
drmeenumaheshwari@gmail.com

Ashok Kumar Gupta
Principal (Retd.)
Government Arts Girls College
Kota
drashokkr.gupta@gmail.com

Pragya Gaur
Senior Research Fellow
Department of Commerce and Management
University of Kota, Kota
gaur.pragya09@gmail.com

INTRODUCTION:

Corporate Social Responsibility (CSR) is a proactive approach by businesses to acknowledge and take responsibility for their impact on society and the environment. It involves considering a company's operations in relation to wider social, economic, and environmental impacts, rather than solely focusing on generating profits. Public Sector Undertakings (PSUs) play a crucial role in advancing CSR, particularly in developing economies like India. PSUs are often required to reconcile commercial objectives with broader social obligations, integrating CSR into their core operations.

CSR is particularly important in the engineering, construction, and production sectors, as these businesses have a significant influence on the environment and society. These industries often engage in extensive projects that can alter landscapes, relocate communities, and utilize significant natural resources. CSR programs in these sectors prioritize sustainable practices, carbon footprint reduction, and worker safety. The aim is to construct infrastructure that benefits communities, minimizes environmental harm, and promotes local economies by providing employment, training, and development opportunities.

This research paper aims to analyze the alignment and effectiveness of CSR spending patterns of PSUs in the engineering, construction, and production sectors, assessing how well these expenditures align with the requirements outlined in Schedule VII of the Companies Act, 2013. The study also evaluates whether these PSUs are effectively optimizing their influence on society by making strategic CSR investments.

LITERATURE REVIEW:

A review of studies on CSR expenditure, particularly on BSE Sensex companies' spending trends between 2001 and 2012, revealed poor performance in donations, social services, environmental management, and employee welfare (Verma and Kumar, 2014).Another study suggests that CSR spending and earnings increase with company size, especially in sectors like pollution and iron and steel, and recommends businesses expand their CSR efforts (Bansal and Rai, 2014).A study on corporate CSR spending revealed insufficient funding, improper transparency, and ambiguous regulations post-Companies Act, 2013. Businesses should focus on becoming smart utilizers to meet stakeholder needs(Sai, 2017).A study on 30 BSE Sensex Companies' CSR expenditures revealed that while some companies increased their contribution, most did not exceed the minimum 2% contribution level(Kumar and Dhanda, 2017). Furthermore, the comparison has been made of CSR spending in India's manufacturing and service sectors, finding manufacturing companies prioritized environmental aspects and increased CSR contributions, enhancing profitability and competitiveness (Krishnan, 2018). Also, a distinct study on 3500 Indian manufacturing companies revealed a shift in CSR contributions, with mandatory contributions becoming direct and voluntary ones mostly through charitable trusts or foundations(Kavitha, 2018).Further, a study on 30 BSE Sensex businesses revealed that while they increased their CSR contributions post-statutory time, many fell short of the legal 2% threshold, recommending a thorough evaluation process (Mishra and Banerjee, 2019). A study on India's CSR efforts revealed that health and sanitation sectors were the most significant, with increasing expenditure and company contributions. However, sports, culture, and environmental sustainability were not adequately considered (Banerjee and Pulikkamath, 2019). Another study reveals significant disparities in Indian corporations' spending on corporate social responsibility due to unclear regulations and geopolitical factors, emphasizing the need for better understanding (Khan and Bandopadhyay, 2019).One more study in India found a non-linear relationship between promoter ownership and CSR expenditure, with promoters prioritizing personal benefits over shareholders, leading to decreased CSR expenditure in organizations with agency issues (Kumar and Singh, 2023).Lastly, the 2014 law mandating CSR spending in Indian companies revealed that before regulation, CSR expenditure increased company value, but decreased after regulation due to corporate taxation and advertising. (Bose et al., 2024)

METHODOLOGY:

A total of 5 PSUs, having Maharatna, Navratna, and Miniratna status have been selected of Engineering, construction and production sector from Schedule A, and CSR expenditure data have been gathered for eight years from 2014-15 to 2021-22 from the annual reports of the companies and National CSR portal. The 13 parameters based on Schedule VII of the Companies Act, 2013 for CSR expenditure to be made in accordance with Section 135 of the said act have been taken into account leading to 520 firm-year observations. In addition, in order to achieve the goal that has been set for this research, the pertinent hypothesis that has been generated is as follows:

$H_{01:}$ There is no significant difference in extent and pattern of CSR expenditure of the companies in a particular sector of public sector undertakings.

The aggregate and parameter wise CSR

expenditure of the companies in a particular sector has been compared by making the use of the above-mentioned hypothesis. This hypothesis has been examined using one-way ANOVA in SPSS 21 for intra-sector comparison due to the presence of panel data. In this particular investigation, the use of panel data analysis yields a considerable quantity of observations (cross-sectional units and time periods), which, in turn, contributes to the reduction of the effects of non-normality (Curran-Everett, 2017; Schmidt & Finan, 2018; Kim & Park, 2019).The result that were obtained has been reported, as have the interpretations that were based on those results.

RESULTS:

This section pertains to the quantum and trend of CSR expenditure of engineering, construction and production sector of PSUs and intra-sector comparison.

Table 1: Details of CSR Expenditure of Engineering, Construction and Production Sector for the years 2014-15 to 2021-22

Measures	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20		2020-21		2021-22	
	Amt. (in Cr.)	%	Amt. (in Cr.)	%	Amt. (in Cr.)	%	Amt. (in Cr.)	%	Amt. (in Cr.)	%	Amt. (in Cr.)	%	Amt. (in Cr.)	%	Amt. (in Cr.)	%
Total CSRE	**129.27**	**100**	**94.16**	**100**	**51.99**	**100**	**39.61**	**100**	**48.66**	**100**	**71.19**	**100**	**49.17**	**100**	**33.35**	**100**
EHPM	40.64	31.44	23.64	25.11	11.56	22.24	10.95	27.65	21.06	43.28	23.31	32.74	35.60	72.41	23.36	70.05
E&VS	65.49	50.66	48.41	51.41	25.50	49.05	11.74	29.64	10.75	22.09	32.56	45.74	9.82	19.98	2.06	6.18
GEWE	1.17	0.91	1.15	1.22	1.28	2.46	0.74	1.87	1.90	3.90	4.04	5.67	0.68	1.38	0.68	2.03
ES	7.72	5.97	10.32	10.96	3.50	6.74	7.22	18.21	5.74	11.79	0.87	1.23	0.64	1.31	1.79	5.35
NH	1.82	1.40	0.97	1.03	3.35	6.44	0.00	0.00	4.22	8.67	1.90	2.67	0.00	0.00	1.80	5.40
AFVWD	0.00	0.00	0.00	0.00	0.57	1.10	5.02	12.68	1.30	2.66	0.14	0.19	0.01	0.01	1.01	3.03
INS	0.04	0.03	0.14	0.15	0.50	0.96	0.60	1.51	0.44	0.91	1.03	1.45	0.19	0.39	0.39	1.15
GF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.39	3.35	0.00	0.00	0.00	0.00
TI	0.00	0.00	0.00	0.00	0.25	0.48	0.24	0.61	0.00	0.00	1.05	1.47	0.00	0.00	0.00	0.00
RUD	7.14	5.52	4.18	4.44	1.47	2.83	0.61	1.53	1.44	2.97	1.03	1.45	0.22	0.44	0.53	1.58
SAD	0.07	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DMRA	0.58	0.45	0.45	0.48	0.00	0.00	0.00	0.00	0.06	0.12	0.00	0.00	0.00	0.00	0.00	0.00
Others	4.59	3.55	4.90	5.20	4.00	7.70	2.49	6.29	1.75	3.60	2.87	4.03	2.01	4.08	1.74	5.22
TP	13		13		13		13		13		13		13		13	
PC	10		9		10		10		11		12		11		11	
%	**76.92**		**69.23**		**76.92**		**76.92**		**84.62**		**92.31**		**84.62**		**84.62**	

Source: Calculated and Compiled by authors from annual reports of the companies

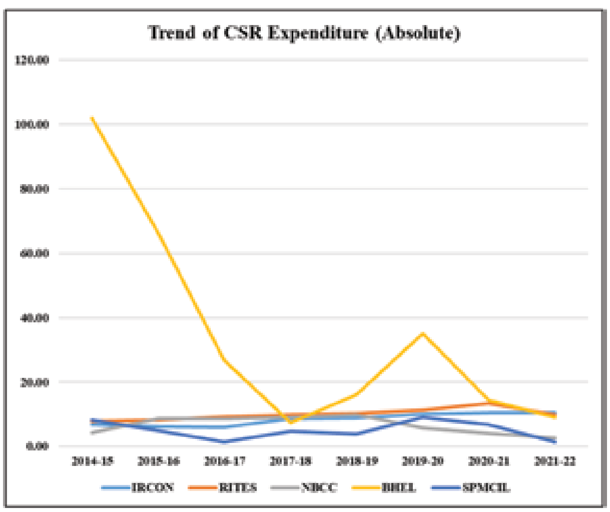


Fig. 1: Trend of CSR Expenditure (Absolute) of Engineering, Construction and Production Sector Public Sector Undertakings

Table 1 displays the expenditure figures, whereas Figure 1 illustrates the trajectory of CSR expenditure over the years for companies in the engineering, building, and production sector. BHEL's CSR expenditure in 2014-15 exceeded ₹100 Crore but experienced a significant drop until 2017-18. Subsequently, the corporation has exhibited a volatile pattern. All remaining companies have exhibited a somewhat stable pattern. However, the expenditure on CSR has been significantly lower in comparison to BHEL. The expenditure of NBCC decreased by over 50% in the fiscal year 2021-22 compared to 2014-15. Since 2016-17 fiscal year, IRCON has had a gradual annual increase. RITES has had a consistent upward trend in growth over the years until 2020-21 but experienced a slight decline in 2021-22. SPMCIL has had a variable trend, primarily characterised by a decline, from the fiscal year 2014-15 to 2021-22, with the highest level of expenditure occurring in 2019-20.

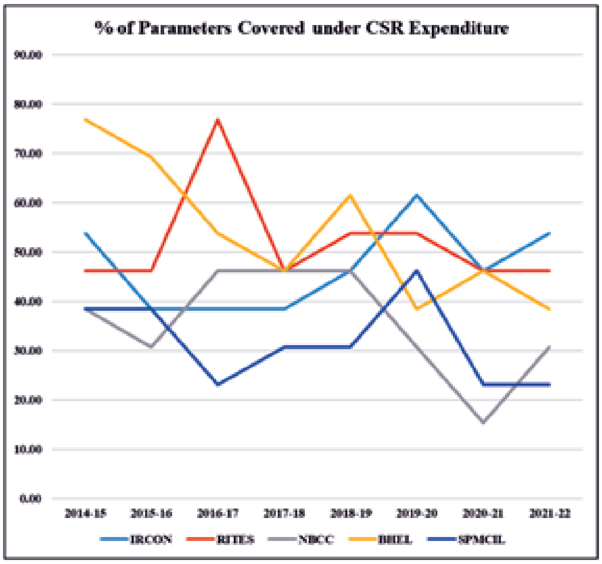


Fig. 2: Percentage of Parameters Covered in CSR Expenditures of Engineering, Construction and Production Sector

Figure 2 portrays the proportion of parameters covered for CSR spending by companies in the engineering, construction, and production sector. A significant decline in parameter coverage has been observed in the majority of companies throughout the 2020-21 period, possibly attributable to the Covid-19 pandemic. BHEL achieved the highest parameter coverage of 76.92% in 2014-15, followed by RITES in 2016-17. Conversely, NBCC had the lowest parameter coverage of only 15.38% in the year 2020-21. In 2015-16, both IRCON and SPMCIL maintained the same level of parameter coverage, which then decreased in the following year. Subsequently, IRCON has seen a greater rate of growth compared to SPMCIL. SPMCIL ranked last and IRCON ranked top in parameter coverage for the year 2021-22. The majority amount has been invested towards eradication of hunger, poverty and malnutrition, promotion of education and vocational skills, environmental sustainability and rural and urban development, however the contribution towards latter two areas have been declined over the period of time. This reflects the conservative and inclined pattern of expenditure of the companies in a concerned sector.

Intra-sector Comparison

The normality of the data has been checked using K-S and Shapiro-Wilk test yielding the significant results, leading to rejection of null hypothesis. The dismissal of normality typically results in the utilisation of non-parametric tests for hypothesis testing; nevertheless, in the context of panel data, normality is not a significant issue. This occurs because to the central limit theorem, which asserts that an increase in sample size leads to the sample mean distribution approaching a normal distribution, regardless of the underlying population's non-normality. Hence, panel ANOVA has been used for hypothesis testing. ANOVA is not very sensitive to relatively minor deviations from the normal distribution; a number of simulated experiments that were conducted using a variety of non-normal distributions demonstrate that the violation of this assumption has not had a significant impact on the proportion of false positives (Glass et al., 1972; Harwell et al., 1992; Lix et al., 1996).

Table 2: Results of ANOVA for Intra-sector Comparison

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	113.126	7	16.161	0.989	0.438
Within Groups	8365.796	512	16.339		
Total	8478.922	519			

Source: Calculated by authors

As per Table 2, the F statistic has been 0.989, and the p-value has been 0.438, as indicated by the results. Consequently, the null hypothesis has been accepted at a 5% level of significance, and there has been no discernible variation in the CSR spending of the engineering, construction, and production sector over time. This indicates that all companies adhere to a consistent approach when carrying out CSR activities and identifying the areas in which they contribute. This is a result of the fact that each corporation concentrates on the same primary areas throughout the entire sampled period.

Most PSUs align with Schedule VII, particularly in areas like education, healthcare, and environmental sustainability. CSR funds are allocated to these sectors, with a significant portion dedicated to these areas. However, the inequitable allocation of CSR expenditures is a concern, with some PSUs focusing on visible programs, potentially neglecting other areas like gender equality, sports promotion, and slum development. The consistent CSR spending patterns across sectors may be due to legislative obligations and industry-specific rules. The lack of diversity suggests that companies are not fully using CSR as a means of distinguishing themselves or promoting new ideas. This could be due to avoiding risks, difficulty quantifying CSR consequences, or avoiding controversy. The study suggests that further research could include in-depth impact evaluations, examining CSR policies of PSUs and private businesses, and examining the impact of industry-specific traits and geographical variables on CSR tactics and spending trends.

CONCLUSION:

The study has examined the expenditure patterns of PSUs in the engineering, construction, and production industries regarding CSR in accordance with Schedule VII of the Companies Act, 2013. It finds that while PSUs have synchronized their CSR operations with recommended sectors, such as education, healthcare, and environmental sustainability, there are challenges such as unequal funding allocation and over-focus on prominent initiatives. The study suggests that organizations should explore ways to differentiate their CSR initiatives while complying with legal obligations, such as focusing on specialized areas, exploring novel social obligations, or establishing stronger stakeholder connections. However, the research has limitations, including the use of public data, a specific group of PSUs, and the absence of voluntary CSR requirements or regulatory frameworks. The study also fails to include contextual elements, such as regional needs and socio-economic situations, and does not include essential stakeholders. Despite these limitations, the study suggests that PSUs can significantly impact social change and contribute to the nation's well-being by improving their CSR strategy, prioritizing social development, and ensuring a fair allocation of CSR resources. MA

REFERENCES

1. *Banerjee, D. & Pulikkamath, A. (2019). CSR & Sustainable Development: An Analysis of CSR Practices in India. Indian Journal of Economics and Development, 7(4), 1-8.*
2. *Bansal, S. & Rai, S. (2014). An Analysis of Corporate Social Responsibility Expenditure in India. Economic and Political Weekly, 49(50), 13 Dec, 2014.*
3. *Bose, S., Clarkson, P. M., & Richardson, G. D. (2024). Valuation implications of mandatory CSR expenditure in India. Abacus, 60(1), 91-129.*
4. *Companies Act - Schedule VII. (n.d.). Companies Act Integrated Ready Reckoner|Companies Act 2013|CAIRR. Retrieved December 27, 2023, from https://ca2013.com/schedule/schedule7-3/*
5. *Glass, G. V., Peckham, P. D., & Sanders, J. R. (1972). Consequences of failure to meet assumptions underlying the fixed effects analyses of variance and covariance. Review of educational research, 42(3), 237-288.*
6. *Harwell, M. R., Rubinstein, E. N., Hayes, W. S., & Olds, C. C. (1992). Summarizing Monte Carlo results in methodological research: The one-and two-factor fixed effects ANOVA cases. Journal of educational statistics, 17(4), 315-339.*
7. *INFORMATION – Annual Reports- Security printing & minting corporation of India limited. (n.d.). Retrieved August 29, 2024, from Spmcil.com website: https://www.spmcil.com/en/information/*
8. *Kavitha, P. (2019). Trends and Patterns of Corporate Social Responsibility Expenditure: A Study of Manufacturing Firms in India, Working Papers id:12995, eSocialSciences.*
9. *Khan, T.L. & Bandopadhyay, K. (2019). Corporate Social Spending in India. The Indian Journal of Commerce, 72(2), 1-12.*
10. *Kim, T. K., & Park, J. H. (2019). More about the basic assumptions of t-test: normality and sample size. Korean journal of anesthesiology, 72(4), 331-335.Curran-Everett, D. (2017). Explorations in statistics: the assumption of normality. Advances in Physiology Education, 41(3), 449-453.*
11. *Krishnan, A. (2018). Comparative Analysis Study on CSR Expenditure in India: The Case of Manufacturing and Service Industries. International Journal of Pure and Applied Mathematics, 118(9), 421-443.*
12. *Kumar, R. & Dhanda, U. (2017). A Study of CSR Spending Pattern of Sensex Companies in India. International Journal of Current Research, 9(4), 49042-49047.*
13. *Kumar, S., & Singh, G. (2023). Does mandatory CSR expenditure regulation matter to promoters? Empirical evidence from India. Meditari Accountancy Research, 31(5), 1325-1351.*
14. *Lix, L. M., Keselman, J. C., & Keselman, H. J. (1996). Consequences of assumption violations revisited: A quantitative review of alternatives to the one-way analysis of variance F test. Review of educational research, 66(4), 579-619.*
15. *Ministry of Corporate Affairs. (2018). Invitation for public comments for High Level Committee on Corporate Social Responsibility -2018. Mca.gov.In. https://www.mca.gov.in/Ministry/pdf/InvitationOfPublicCommentsHLC_18012019.pdf*
16. *Ministry of Corporate Affairs. (2021). Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR). Mca.gov.In. https://www.mca.gov.in/Ministry/pdf/FAQ_CSR.pdf*
17. *Mishra, S., & Banerjee, G. (2019). A Study on the Impact of Mandatory Provisions on CSR Strategies of Indian Companies. Accounting, Finance, Sustainability, Governance & Fraud: Theory and Application, 145–154. doi:10.1007/978-981-13-7924-6_8.*
18. *Sai, P.V.S. (2017). A Comparative Study of CSR Practices in India Before and After 2013. Asian Journal of Management Research, 7(3), 242-255.*
19. *Schmidt, A. F., & Finan, C. (2018). Linear regression and the normality assumption. Journal of clinical epidemiology, 98, 146-151*
20. *Verma, A. & Kumar, C.V.R.S.V. (2014). An Analysis of CSR Expenditure by Indian Companies. Indian Journal of Corporate Governance, 7(2), 82-94.*

Down The Memory Lane

January, 2015

Glimpses of the 56th National Cost Convention - 2015 on Powering Economic Growth through Cost & Management Accounting, in Hyderabad on 31st January, 2015

January, 2005

Group photograph taken on the occasion of the Seminar on "Corporate Tax Planning & Issues in International Taxation" at Mumbai. Seen are Mr. V.C. Kothary, CCM & Faculty Prof S. Sampath along with participants

January, 1995

Dharambir Gauba, Minister, Local Govt. Department, Haryana, inaugurating the Gurgaon Chapter on 15 January 1995

Down The Memory Lane

January, 1995

S. Krishna Kumar, Minister of Agriculture, Govt. of India, presenting the National Unity Award for Excellence to Asim Kumar Mukhopadhyay, a Member of the Institute in New Delhi on 24 January 1995

January, 1985

Left to Right: S/Shri S.K. Verma (Secretary), V.R. Mehta (Chief Guest), H. V. Shah (Chairman), V.R. Shah, B.S. Jauhari, J.C. Rathod.

Baroda Chapter of Cost Accountants organized the inauguration ceremony of the 15th Oral Coaching Classes under the Old Syllabus, for the term January to June 1985 on 10th January 1985

January, 1975

The Bangalore Chapter of Cost Accountants, and The Bangalore Chapter of Company Secretaries, had arranged a function at the National College, Basavanagudi, Bangalore and Shri L.R. Puri, President, Institute of Company Secretaries of India, New Delhi, addressed the gathering, which consisted of Members from both the Institutes.

Shri G.N. Venkataraman, Hony. Secretary, Bangalore Chapter of Cost Accountants welcoming Shri L.R. Puri

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

EASTERN INDIA REGIONAL COUNCIL

SILIGURI GANGTOK CHAPTER

At the invitation of Medhavi Skills University Sikkim, representatives from the Siliguri-Gangtok chapter visited the university in Singtam, Sikkim, on December 14, 2024. They met with Deputy Registrar Dr. Siddhartha Shankar and other faculty members. A career counselling program was also held for 55 students. This event marked a new initiative for the chapter in Sikkim.

BHUBANESWAR CHAPTER

Two CMA Career Awareness Programmes

Programme 1: Rajdhani College

The 20th Career Awareness Programme of 2024-25, combined with a seminar on "Use of A.I. in Financial Reporting Practices," took place at Rajdhani College, Bhubaneswar. CMA Niranjan Sahoo (Former Chairman of the Bhubaneswar Chapter and Ex-CGM (F), OPTCL) spoke about the importance of the CMA course. Prof. Minati Mishra (Principal of Rajdhani College) also addressed the audience. CMA Avinash Kotni (Chairman of the Career Counselling and Students Facilitation Committee) discussed the role of AI in financial reporting, emphasizing its potential to enhance accuracy and urging students to adopt AI tools. CMA (Dr.) Maheswar Parida (Head of the Department of Commerce, Rajdhani College) facilitated the event. Shri Hemanta Kumar Biswal (AAO of the Chapter) provided information about the Institute of Cost Accountants of India and the CMA curriculum. Shri Samir Ranjan Patra (Assistant Professor at Rajdhani College) delivered the vote of thanks.

Programme 2: Bhubaneswar Chapter Premises

The 21st Career Awareness Programme of 2024-25 was held at CMA Bhawan, Nayapalli, Bhubaneswar. This was the first time the Chapter organized a program at its own premises, targeting 11th and 12th commerce students from DPS Kalinga School. CMA Ramesh Chandra Patra (Chairman of the Chapter) and CMA Avinash Kotni (Chairman, Career Counselling and Students Facilitation Committee) guided the students. Other managing committee members, including CMA Sarat Kumar Behera (Vice Chairman), CMA Barada Prasan Nayak (Secretary), and CMA Soumya Ranjan Jena (Chairman, P.D Committee), were also present.

Campus Interview for Qualified Cost

Bharat Electronics Ltd. (BEL) conducted campus interviews at the Bhubaneswar Chapter of the Institute of Cost Accountants of India (ICMAI) from December 9-11, 2024, for qualified Cost Accountants from the June 2024 term. The Career Counselling & Placement Committee of ICMAI, in association with the Bhubaneswar Chapter, successfully organized the CMA Campus Placement Programme, resulting in the placement of 10 candidates with competitive compensation packages.

Pre-Discussion for Workshop

A pre-discussion was held at the Bhubaneswar Chapter on December 18, 2024, to prepare for a workshop on Inventory Valuation under Section 142(2A) of the Income Tax Act. Participants included CMA Bibhuti Bhushan Nayak (President, ICMAI), CMA Rajendra Singh Bhati (Chairman, Direct Taxation Committee, ICMAI), and resource persons CMA Niranjan Mishra, CMA Shailendra Bardia, and CMA Ravi Kumar Sahni. They discussed the topics to be covered in the workshop, which was scheduled for December 19, 2024. The Chapter's Chairman, CMA Ramesh Chandra Patra, and Vice Chairman, CMA Sarat Kumar Behera, also participated in the pre-discussion.

Workshop on Inventory Valuation

On December 19, 2024, the first-ever PAN India Workshop on Inventory Valuation under Section 142(2A) of the Income Tax Act was held at Aayakar Bhawan, Bhubaneswar. This event was collaboration between the Office of the Principal Chief Commissioner of Income Tax, Odisha, the Direct Tax Committee of ICMAI, and the Bhubaneswar Chapter. The workshop was inaugurated by Shri Rahul Karna, IRS, Principal Chief Commissioner of Income Tax, Bhubaneswar, along with CMA Bibhuti Bhusan Nayak (President of ICMAI), CMA Rajendra Singh Bhati (Chairman of the Direct Taxation Committee, ICMAI), and CMA Ramesh Chandra Patra (Chairman of ICMAI-Bhubaneswar Chapter). The technical sessions covered key aspects of inventory valuation under Section 142(2A). CMA Niranjan Mishra provided an overview, explaining its importance and sharing practical examples. CMA Ravi Kumar Sahni discussed the alignment of inventory valuation with accounting principles for tax calculations, including differences between ICDS and Ind AS. CMA Shailendra Bardia focused on circumstances where tax authorities might question valuations, relevant rules and forms, and methods for identifying errors. The workshop concluded with a valedictory session, emphasizing collaboration between CMAs and tax authorities for improved compliance.

Career Awareness Programme

The 22nd Career Awareness Programme for the year 2024-25 was successfully held at Mother's Public School, Unit-1, Bhubaneswar, on December 20, 2024. CMA Avinash Kotni, Chairman of the Career Counselling and Students Facilitation Committee, and CMA Surya Narayan Tripathy, Past Chairman and Managing Committee Member of the Chapter, provided information to 11th and 12th grade commerce students about the Institute of Cost Accountants of India (ICMAI), the Bhubaneswar Chapter, the CMA course, and related career opportunities. Over 80 students and their faculty members participated actively, asking questions and gaining valuable insights.

Glimpses of Eastern India Regional Council

Bhubaneswar Chapter

Bhubaneswar Chapter

Siliguri Gangtok Chapter

NORTHERN INDIA REGIONAL COUNCIL

NIRC conducted the Northern Region State Conference, under the theme "Rising Rajasthan and Role of CMAs" on 15th December 2024 at Rajasthan International Center, Jaipur, Rajasthan.

JAIPUR CHAPTER

Career Counselling Program

The Jaipur chapter held a career counselling program at KV5 School, Mansarovar, on November 29, 2024. Team members CMA Deepak Kumar Khandelwal (Chairman), CMA Deeptanshu Pareek (Joint Secretary), and CMA Nitin Khandelwal led an engaging and informative session, guiding over 120 students in their career paths and the CMA profession. The session was well-received by both students and teachers, with students expressing gratitude for the valuable insights provided.

Seminar on Practical Aspects of GST

The Chapter hosted a seminar on "Practical Aspects of GST" on November 30, 2024. The keynote speaker was CMA Amit Kumar, a leading tax practitioner and Fellow Member of the ICMAI with extensive experience in tax litigation and advisory services. NIRC Secretary CMA Rakesh Yadav also attended. The program was conducted by CMA Purnima Goyal, Secretary of the Jaipur Chapter.

Glimpses of Northern India Regional Council

Northern India Regional Council

Jaipur Chapter

Jaipur Chapter

SOUTHERN INDIA REGIONAL COUNCIL

CMA Practitioners Meet

The Southern India Regional Council (SIRC) of the Institute of Cost Accountants of India (ICMAI) held a CMA Practitioners Meet on November 9, 2024, focusing on "Inventory Valuation" under Section 142(2A) of the Income Tax Act, 1961. The event took place at the SIRC premises. Guest speaker CMA V. Swarupa, a practicing Cost Accountant from Chennai, delivered an insightful presentation on various inventory valuation methods and their application within the Income Tax Act. Chief Guest Shri Sanat Kumar Raha, I.R.S., Additional Commissioner of Income Tax (HQRS) (CO-ORD), Chennai, shared important perspectives on the role of inventory valuation in income tax assessments. Key attendees included CMA H. Padmanabhan (Former Vice President, ICMAI), CMA Vishwanath Bhat (Chairman SIRC), CMA Girish Kambadaraya (PD Committee Chairman SIRC), CMA Gomathisankar (Treasurer SIRC), and CMA K V N Lavanya (Chairperson, Practitioners Committee SIRC). The event provided a valuable learning and networking opportunity for professionals in cost accounting and taxation.

Inauguration of the CAT Course

The Certificate in Accounting Technicians (CAT) course, organized by the CAT Directorate in collaboration with the Directorate General of Resettlement (DGR), Department of Ex-Servicemen Welfare, Ministry of Defence, was inaugurated on November 12, 2024, at the Southern India Regional Council (SIRC) in Chennai. This program is designed to equip retiring and retired Junior Commissioned Officers (JCOs)/Other Ranks (OR) with skills for careers in accounting and finance, facilitating their transition to civilian life.

Lt. Col. Jatin Gambhir, the Chief Guest, inaugurated the course. Attendees from ICMAI SIRC included CMA K V N Lavanya (Chairperson, Practitioners Committee SIRC), CMA Vishwanath Bhat (Chairman SIRC), and CMA Girish Kambadaraya (PD Committee Chairman SIRC). This initiative underscores a commitment to supporting ex-servicemen in their post-service careers.

Valuation Mohotsavam – 2024

The Valuation Mohotsavam 2024, organized by the ICMAI Registered Valuers Organization in collaboration with the Southern India Regional Council (SIRC) of ICMAI and the Bangalore Valuers' Association, was held on November 16, 2024, at the SIRC premises. The event, themed "Unlocking Value, Inspiring Growth," brought together valuation professionals, experts, and stakeholders to discuss emerging trends, methodologies, and growth opportunities. Through sessions, presentations, and discussions, participants gained insights into the evolving valuation landscape, fostering networking, learning, and knowledge-sharing.

Key attendees included CMA P. Raju Iyer (Former President ICMAI), CMA Vishwanath Bhat (Chairman SIRC), and CMA Girish Kambadaraya (PD Committee Chairman SIRC). The event served as a vital forum for deepening knowledge, exploring new opportunities, and advancing valuation practices within current market dynamics.

Professional Development Meeting

The Southern India Regional Council (SIRC) of the Institute of Cost Accountants of India (ICMAI) held an online Professional Development Meeting on December 5, 2024. The meeting focused on "Case Laws on Cost Audit & Auditor" and "CSR and its Implications," and was led by CMA (CS) Vivek Mishra, a Practicing Company Secretary. Key attendees included CMA Vishwanath Bhat (Chairman SIRC), CMA Girish Kambadaraya (PD Committee Chairman SIRC), and CMA Praveen Kumar (Secretary SIRC). The meeting offered valuable insights into cost audit regulations and the implications of corporate social responsibility (CSR).

SIRC Practitioners' Conclave

The Southern India Regional Council (SIRC) of the Institute of Cost Accountants of India (ICMAI) joined forces with the Hyderabad Chapter of Cost Accountants to host a successful SIRC Practitioners' Conclave on December 14, 2024. Held at the Surana Auditorium in Hyderabad, the full-day event focused on "Building Competence and Capability in a Changing Environment." This theme addressed the growing need for transparency, strategic decision-making, and strong corporate governance in today's business world. The conclave aimed to equip practitioners with the skills and knowledge necessary to navigate this evolving landscape. A keynote address by Shri Budala Koteswara Rao, I.R.S., Principal Commissioner of Income Tax, further emphasized the crucial role cost accountants play in enhancing corporate accountability and ensuring financial practices align with regulations. The event also saw participation from prominent figures within the ICMAI community, fostering valuable discussions and insights for attending cost accountants.

Professional Development Meeting

The Southern India Regional Council (SIRC) of the Institute of Cost Accountants of India (ICMAI) held a Professional Development Meeting on December 28, 2024, at the SIRC premises. The meeting focused on "Practical Aspects in Taxation of SME" and "Latest Updates in Charitable Trust Registration." CMA (CA) Ajith Sivadas, a distinguished Cost Accountant from Palakkad, led the session, sharing his expertise on taxation and regulatory developments impacting SMEs and charitable trusts. Key attendees included CMA T.C.A. Srinivasa Prasad (Vice President ICMAI), CMA Y. Srinivasa Rao (Vice Chairman SIRC), and CMA K. Gomathisankar (Treasurer SIRC).

TRIVANDRUM CHAPTER

Professional Development Programme

The Trivandrum Chapter conducted a full-day professional development session on "Easing through - Annual Returns GSTR 9 & 9C" on November 17, 2024. The key speaker was CMA Ajith Sivadas, a Practicing Chartered Accountant.

Ten Days Industry Oriented Training

From October 20th to November 24th, 2024, the Chapter provided industry-oriented training for final-level students preparing for the December 2024 examinations. Eminent faculty members delivered lectures covering a range of topics, including practical knowledge of project management, financing, digital financial services, risk management, working capital management, accounts, cost and other audits, direct and indirect taxation, company formation and contract management, effective communication and interview skills, group discussion preparation, resume writing, mock interviews, and MIS reporting.

Disha Career Expo

The Trivandrum Chapter participated in the DISHA Career Expo 2024, a career awareness program organized by the Kerala State Higher Secondary Education Department - Career Guidance and Adolescence Cell. The expo was held at multiple venues: in Trivandrum District on November 22nd & 23rd and December 6th & 7th; in Kollam District on November 29th & 30th and December 6th & 7th; and in Pathanamthitta District on December 6th & 7th 2024.

COIMBATORE CHAPTER

Workshop on Hospital Administration and Healthcare Finance

The Coimbatore Chapter of the Institute of Cost Accountants of India (ICMAI) held a successful professional development program, "Workshop on Hospital Administration and Healthcare Finance," on Saturday, November 16, 2024.

Twenty Third Cost Congrees 2024

The Coimbatore Chapter, Secretary CMA Subramaniam Kumar and Committee Members CMA Hariharasubramanian A participated in "Cost Congress 2024," organized by CII at the Hilton Hotel, Chennai, from November 25-27, 2024.

Students Meet

On Saturday, November 30, 2024, the Coimbatore Chapter of the Institute of Cost Accountants of India (ICMAI) held a student meeting on exam preparation.

Participation in Southern India Regional Chapters Meet

Chairman CMA (Dr.) R. Maheswaran, Vice Chairman CMA U. Surya Prakash, Secretary CMA Subramaniam Kumar, and office staff member M. Ganapathy represented the Coimbatore Chapter of ICMAI at the meeting.

CMA Achievers' Meet Vision 2030

The Institute of Cost Accountants of India

(ICMAI) held the "CMA Achievers' Meet Vision 2030" event on December 12, 2024, at Vigyan Bhawan, New Delhi. Chairman CMA (Dr.) R. Maheswaran and Secretary CMA Subramaniam Kumar attended the program.

Practitioners' Conclave

CMA Harihara Subramanian, a Management Committee Member, and CMA R. Karthick, a Member, represented the Coimbatore Chapter at the Practitioners' Conclave. This conclave was conducted by the Southern India Regional Council (SIRC) of the Institute of Cost Accountants of India (ICMAI) in association with the Hyderabad Chapter.

Professional Development Programme

The Professional Development Programme (PDP) conducted by the Coimbatore Chapter of ICMAI on 14.12.2024 focused on the topic "Artificial Intelligence: A Game Changer for Professionals" was an insightful and highly engaging session. The event explored how Artificial Intelligence (AI) is reshaping various industries and the role it plays in the professional landscape, particularly for those in the fields of accounting, finance, and management. The speaker was M. Subachandran Managing Partner – Finsight Analytics Pvt Ltd.

National Farmer's Day 2024

At the request of the Agriculture Cost Management Board (ACMB) of The Institute of Cost Accountants of India (ICMAI) to celebrate National Farmer's Day 2024, the Coimbatore chapter has conducted a Farmer's Day celebration cum Professional Development Program at Chapter premises on 23rd December 2024. Topic for the meeting was Organic Farming- Need of the Hour by Mr. Madhu Ramakrishnan Duraisamy, Former Associate Professor, Tamil Nadu Agriculture University.

Key Insights from the Members' Meet

The event featured insightful discussions, presentations, and case studies highlighting the economic, environmental, and health benefits of organic farming. Experts from agriculture, economics, and cost accounting contributed to the discussions.

THRISSUR CHAPTER

Inauguration of Digital Class Room

CMA Praveen Kumar, Secretary of SIRC of ICMAI, inaugurated the Thrissur Chapter's Digital Classroom on Wednesday, December 18, 2024. CMA Sreepriya K., Chairperson, and CMA Vinod T.V., Treasurer, were also present. New oral coaching classes for Intermediate and Final courses were inaugurated that same day.

Professional Development Programme

The Thrissur Chapter of ICMAI hosted a professional development program on "Digital CMAs: Artificial Intelligence – An Enabler for CMA Professionals." CMA (CA Dr.) Gopal Krishna Raju, an Independent Director at Tamil Nadu Industrial Explosives Ltd. and Tamil Nadu Magnesite Limited, led the session. CMA C.N. Narayanan, Chairman of the Thrissur Chapter's PD Committee, welcomed attendees and inaugurated the function with the traditional lighting of the lamp, in the presence of CMA P.V. Antony (Secretary), CMA O. Balakrishnan (Vice Chairman), and CMA Vinod T.V. (Treasurer). CMA Praveen Kumar, Secretary of SIRC of ICMAI, delivered a special address. The program was well-attended by practicing CMAs, newly qualified CMAs, and CMA students. CMA O. Balakrishnan presented a memento to Dr. Gopal Krishna Raju, and CMA P.V. Antony delivered the vote of thanks.

PONDICHERRY CHAPTER

Thirtieth Anniversary Celebration

The Pondicherry Chapter of the Institute of Cost Accountants of India (PCCA) celebrated its 30th anniversary on Sunday, December 8, 2024, at Hotel Athithi, Puducherry. Established on July 21, 1992, the chapter has played a vital role in developing cost and management accountants, supporting local professionals, and contributing to regional economic growth. CMA S Chockalingam, Chairman of PCCA, welcomed the attendees. CMA A Padmapriya, Vice Chairperson, presented a retrospective of the chapter's 30-year journey, highlighting its achievements and acknowledging the contributions of CMA V. Gopalakrishnan (Founder Chairman), CMA G.B. Rao (then President, ICMAI), CMA

A.N. Raman (then Chairman, SIRC), and others involved in the chapter's establishment.

Former Chairmen and Management Committee Members, including CMA K. Sundararaman, CMA S.K. Tulsyan, and CMA V. Thananjayan, shared their memories. CMA (Dr.) K Ch A V S N Murthy (Chairman – Regional Councils and Chapter Coordination Committee) delivered a special address on the role of chapters in Institute brand building. Council Members CMA Neeraj D Joshi, CMA Harshad Deshpande, CMA Chittaranjan Chattopadhyay, and CMA Suresh R Gunjalli offered felicitations. CMA Vishwanath Bhat (Chairman – SIRC of ICMAI) focused on stakeholder collaboration in chapter programs.

Former ICMAI Presidents CMA M Gopalakrishnan and CMA P Raju Iyer attended as chief guests, highlighting PCCA's contributions to students, members, and the industry. CMA TCA Srinivasa Prasad (Vice President of the Institute) delivered the keynote address, emphasizing technological advancements in business and the role of CMAs in adding value. ICMAI President CMA Bibhuti Bhusan Nayak delivered his presidential address, praising the success of chapters nationwide and stating, "This celebration is not just about honoring our past but about recommitting ourselves to the future. The Pondicherry Chapter has always been a beacon of professional excellence, and we are proud to have supported the growth of our members and the profession for the last three decades."

CMA Srinivasa Rao (Vice Chairman – SIRC of ICMAI), CMA Praveen Kumar (Secretary – SIRC of ICMAI), and CMA Gomathi Sankar K (Treasurer – SIRC of ICMAI) also offered felicitations. Former PCCA Chairmen, students, and faculty were honored with mementos.

BENGALURU CHAPTER

Career Counselling Programs

CMA G.C. Rao, Vice Chairman and Chairman of Coaching for the Bengaluru Chapter of ICMAI, conducted a series of career counseling sessions in Davangere and Gangavathi. On December 2nd, 2024, sessions were held at Government First Grade College, M.S.B Arts & Commerce College, Mothi Veerappa PU College, and SAGB Composite PU College & Degree College in Davangere. On December 3rd, 2024, counselling took place at AVK Degree College, Government First Grade College, Davan PU College, ARG College of Arts & Commerce & PG Centre in Davangere, and SJVP PU College Harihara, Government First Grade College Harihara, DRM PU College Harihara, and Athani Composite PU College in Harihara. On December 4th, 2024, CMA Rao conducted sessions at Smt. Giriyanmna R. Kanthappa Shetty First Grade College Harihara, Smt. Giriyamma R. Kanthappa Shetty PU Women's College Harihara, RG Institute of Commerce & Management Davangere, and AVK PU College for Women Davangere. Finally, on December 5th, 2024, sessions were held at YJR PU College, Kishkinda PU College, Bethel Women's Degree College, Bethel Independent PU College, and Government Junior College in Gangavathi.

Other Programmes

Meeting with Principal Chief Commissioner of Income Tax

On December 4, 2024, a delegation of CMA representatives, including CMA Abhijeet S Jain (Chairman, BCCA), CMA Rajesh Devi Reddy (Secretary, BCCA), CMA Girish K PD (Chairman, SIRC), and CMA Ramaskanda N (Former Chairman, BCCA), met with Shri Shelley Jindal, IRS, Principal Chief Commissioner of Income Tax for the Karnataka and Goa region. This meeting took place following the successful empanelment of practicing CMAs for Inventory Valuation under Section 142(2A) of the Income Tax Act.

Commemoration Lecture

The Bengaluru Chapter of the Institute of Cost Accountants of India (ICMAI) hosted a Commemoration Lecture celebrating leadership and vision on December 6, 2024. The lecture titled "Markets & Economics Outlook - India Growth Story," featured Mr. Rajesh S., Deputy Vice President & Regional Business Head of HDFC Asset Management Company Ltd., as the speaker.

GST Certification Course (MoU)

A Memorandum of Understanding (MoU) for a GST Certification Course was signed with Christ University on December 17, 2024. The signing was attended by several dignitaries, including CMA Abhijeet S Jain (Chairman, Bengaluru Chapter), CMA Suresh R Gunjalli (Council Member ICMAI), CMA Vishwanth Bhat (Chairman, SIRC), Dr. Anil Joseph Pinto (Registrar, CHRIST deemed to be University), and CMA Kushal Sen Gupta (Director-Tax Research Department & Taxation Cell, The Institute of Cost Accountants of India, Kolkata HQ).

The following day, December 18, 2024, CMA Kushal Sen Gupta (Director, Tax Research Department & Taxation Cell) and CMA Tinku Ghosh Das (Joint Director, Tax Research Department) from the Institute of Cost Accountants of India (Kolkata HQ), along with Bengaluru Chapter Chairman CMA Abhijeet S Jain, visited various colleges and universities. These visits included Arihant Corporate Campus (R.V. Road), Jain (Deemed to be University), RC College, Chanakaya University, ABBS School of Management, and SIMS College of Management and Science. The purpose of these visits was to promote both the CMA courses and the Institute's Certification Course.

Practitioner’s Forum

The Bengaluru Chapter held two Practitioner's Forum programs in December 2024. On December 21st, a program on "Practical Insights on GSTR 9 & GSTR9C" was conducted, featuring CMA Momin Ahmed S, a Practising Cost Accountant, as the speaker. On December 28th, a program on "Process Audits: A Strategic Tool For Business Efficiency" was held, with Ms. Roshni Nair R, Assistant Vice President at Deutsche Bank, as the speaker.

Career Counselling

On December 4, 2024, CMA Abhijeet S Jain, Chairman of the Bengaluru Chapter, conducted a career counseling session at KLE College.

COCHIN CHAPTER

Professional Development Programme

On November 22, 2024, the Cochin Chapter of The Institute of Cost Accountants of India (ICMAI) hosted a successful Professional Development Programme on "Implementation of Cost Management System and Cost Reduction." The program offered a highly interactive and insightful experience for participants. The keynote address was delivered by the distinguished CMA Devarajulu D. The program commenced with a warm welcome address by Chairperson CMA Meena George, who greeted both the esteemed speaker and the attending delegates. Following the welcome, CMA Thomas TV, the immediate past Chairperson, introduced the speaker and offered their congratulations on behalf of the Chapter.

Mini Disha Career Expo Programs

The Institute of Cost Accountants of India (ICMAI), Cochin Chapter, played an active role in four Mini Disha Career Expo programs organized by the Kerala Government's Higher Secondary Department. These programs, designed to help students explore career paths and professional courses, took place at several locations: Government Boys Higher Secondary School, North Paravoor (November 29th, 2024); Jama-Ath Higher Secondary School, Arookutty, Cherthala (November 30th, 2024); DB Higher Secondary School, Thakazhy, Alappuzha (December 6th, 2024); and SRV Higher Secondary School, Ernakulam (December 7th, 2024).

Finance Quest

The Institute of Cost Accountants of India (ICMAI), Cochin Chapter, hosted "Finance Quest – 2024," a quiz competition for final-year Commerce graduate students from Ernakulam District, on December 16, 2024, at CMA Bhavan, Centre for Excellence, Cochin. Inaugurated by CMA Meena George, Chairperson of the ICMAI Cochin Chapter, the competition began with a preliminary round that narrowed the field to six teams for the final round. Prof. (Dr.) Rajagopala Nair, Dean of Bhavan’s Royal Institute of Management and former Head of the Commerce Department at St. Albert’s College, Ernakulam, conducted the quiz, bringing valuable expertise to the proceedings. Winners received cash prizes and mementos, while all participants were given certificates of participation. "Finance Quest – 2024" provided a valuable platform for students to showcase their financial knowledge, compete constructively, and inspire their peers in the field of finance.

Professional Development Programme

On December 18, 2024, the Cochin Chapter of The Institute of Cost Accountants of India (ICMAI) held a highly insightful Professional Development Programme on "Risk-Based Internal Audit & Scope and Opportunities for CMAs at Higher Educational Institutions." The session featured a thought-provoking keynote address by CMA Rakesh Shankar Ravisankar, Member of the Internal Auditing and Assurance Standards Board, ICMAI. His address provided valuable insights into the importance of risk-based internal audits and the growing opportunities for CMAs within higher education. The program began with a warm welcome from CMA Meena George, Chairperson of the ICMAI Cochin Chapter, who greeted the speaker and participants. CMA George P. Mathew, Secretary of the ICMAI Cochin Chapter, concluded the event with a vote of thanks, expressing the Chapter's gratitude to all attendees for contributing to the program's success.

KOZHIKODE-MALAPPURAM CHAPTER

The ICMAI Kozhikode-Malappuram Chapter successfully hosted an insightful seminar on the “Practical Approach to Effective Cost Audit” on 30th November 2024 at the chapter premises. The session was designed to enhance the professional knowledge of members and students, featured **CMA Rony Thomas** as the keynote speaker.

CMA Rony Thomas, a seasoned expert in cost management and auditing, delivered a comprehensive and engaging presentation. He delved into the practical dimensions of cost auditing, focusing on statutory requirements, effective methodologies, and common challenges faced by professionals in the field. Through real-life case studies and examples, he demonstrated how an effective cost audit can significantly enhance organizational efficiency, transparency, and compliance.

Glimpses of Southern India Regional Council

Southern India Regional Council

Southern India Regional Council

Southern India Regional Council

Southern India Regional Council

Trivandrum Chapter

Trivandrum Chapter

Coimbatore Chapter

Coimbatore Chapter

Thrissur Chapter

Thrissur Chapter

Pondicherry Chapter

Bengaluru Chapter


Bengaluru Chapter


Bengaluru Chapter


Bengaluru Chapter


Cochin Chapter


Cochin Chapter


Kozhikode-Malappuram Chapter

WESTERN INDIA REGIONAL COUNCIL

NAVI MUMBAI CHAPTER

National Conference

The ICMAI-Navi Mumbai Chapter partnered with Pillai College of Arts, Science & Commerce, Panvel, as a knowledge partner to host a National Conference on December 18, 2024. The conference, held at the Dr. K. M. Vasudevan Pillai Campus in Panvel, explored the theme "Embracing Innovation: New Ideas in Commerce & Management." Sub-themes included entrepreneurship, sustainable business practices, HR and marketing innovations, financial innovations, leadership, supply chain management, technology and innovation management, education and skills development, and digital transformation. Prof. (Dr.) V Sasirekha (Dean, Faculty of Management, SRM Institute of Science & Technology, Chennai) was the chief guest. Chapter Chairman CMA BN Sapkal and Past Chairman CMA Vaidyanathan Iyer delivered keynote speeches on "Seven habits of Highly effective people" and "Cybersecurity in the Digital Age," respectively. Students were also briefed and counselled on the CMA course. The event began with a lamp-lighting ceremony and Saraswati Vandana, dignitaries include Principal Dr. Gajanan Wader and IQAC NAAC Coordinator Dr. Aarti Sukheja. Dr. Jennie Prajith, Programme Convener & HOD Commerce Dept, concluded the event with a vote of thanks.

BARODA CHAPTER

Career Awareness Seminar

The Baroda Chapter of the Institute of Cost Accountants of India organized a series of CMA Career Awareness Seminars in various schools across Vadodara. All sessions were conducted by CMA Dhaval Shah.

Meeting with Member of Parliament

The Baroda Chapter Committee Members of the Institute of Cost Accountants of India, along with CMA Mihir Vyas, Vice-Chairman of WIRC, met with Dr. Hemang Joshi, Member of Parliament from Vadodara, on December 21, 2024, to invite him to the upcoming SRCC-2025 event.

CPE Seminar

The Baroda Chapter of the Institute of Cost Accountants of India held a CPE seminar on December 21, 2024. CA Dhruvank Parikh presented the session, which focused on "Updates on filing of GSTR 9 & 9C for the FY 2023-24," and was attended by 23 members.

Donation Drive for a new CMA Bhavan

The Baroda Chapter of the Institute of Cost Accountants of India has launched a donation drive to fund the construction of a new CMA Bhavan. Several members have pledged donations.

Placement and Training Activities of the Chapter

The Baroda Chapter of the Institute of Cost Accountants of India has been actively engaged in placement and training activities, providing valuable opportunities for a large number of its members and students.

SURAT SOUTH GUJARAT CHAPTER

Press Conference for Regional Tax Conclave

The Surat South Gujarat Chapter hosted a Press Meet at the Chapter's campus, at Ritz Square, Ghod Dod Road, Surat, on 7th December 2024. CMA Nanty Shah (WIRC Hon. Secretary), CMA Kailash C Gupta (Chairman), CMA Kishor Vaghela (Vice Chairman), CMA Deepali Lakdawla (Secretary), and CMA Bharat Savani (Immediate Past Chairman) joined the Meet, present and guided about Tax Conclave. The Press Meet was being held for the Regional Tax Conclave held at Surat organized by WIRC on 14th December 2024 for June 2024 term.

Career Counselling

The Surat South Gujarat Chapter held a career counselling session at Kasanagar Gurukul Kanya Vidhyalaya, Surat, on December 19, 2024. CMA Moh. Soeb Shaikh (Member & Oral Coaching Faculty) and staff member Ms. Daxaben Kakadiya presented information about the CMA course and its future scope to approximately 162 students.

AURANGABAD CHAPTER

CPE on Complications in Costing & Personal Branding through LinkedIn & AI

The ICMAI-Aurangabad Chapter conducted two CPEs in December 2024. On December 6th, a CPE on "Complications in Costing" was held in the Chapter's Training Hall. CMA Suresh Pimple, a Practicing Cost Accountant, was the speaker. He discussed difficulties in conducting Cost Audits under the Companies Act 2014 and offered solutions. He also explained the expectations of costing, including cost planning, estimation, control, allocation, value analysis, and variance analysis, as well as the applicability and scope of Cost Audits. CMA Babasaheb Shinde coordinated the program and gave the vote of thanks.

On December 8th, the Chapter held another CPE on "Personal Branding through LinkedIn & AI," also in the Training Hall. CMA (CS Dr.) Sanvedi Rane was the speaker. She emphasized the importance of a strong LinkedIn profile in today's competitive landscape, explaining how to build a brand on the platform and its advantages for brand communication. She also briefed attendees on using AI technology and its workplace benefits. CMA Babasaheb Shinde coordinated this program as well, with CMA Salman Pathan giving the vote of thanks.

The Chapter conducted a CEP on “Joint and By Product Costing” in the Training Hall of the Chapter on 21st December 2024. CMA Anant Dargad, Practicing Cost Accountant was the speaker. The Speaker in his speech focused on concept of Joint and by product costing and various methods of apportionment of its cost. CMA Salman Pathan proposed vote of thanks. The Chapter conducted a CEP on “Implication of GST on Gold and Ornaments & Impact of GST on Rent”. The Chapter conducted another CEP on the same day on “Implication of GST on Gold and Ornaments & Impact of GST on Rent”, in the Training Hall of the Chapter. CMA Salman Pathan, Practicing Cost Accountant was the speaker. Speaker, CMA Salman Pathan said that before GST, gold and Jewellery was subject to many taxes like VAT, Service Tax and etc. CMA Babasheb Shinde proposed vote of thanks.

AHMEDABAD CHAPTER

Comprehensive Mock Test

The ICMAI-Ahmedabad Chapter held a Comprehensive Mock Test for Foundation students on December 3, 2024, to prepare them for upcoming Institute exams.

CEP on ESG &Sustainability

ICMAI-Ahmedabad organized a hybrid Continuing Education Program (CEP) on "ESG & Sustainability – Stakeholders Value Creation – Connecting Sustainability with Business Strategy" on December 21, 2024. CMA Bhaumik Gajjar welcomed the attendees and introduced the speaker, CMA Siddhartha Pal, who delivered a detailed presentation on the subject. CMA Chirag Modh delivered the vote of thanks.

CEP on Modes of Company Closure

On December 23, 2024, ICMAI-Ahmedabad hosted a Continuing Education Program (CEP) webinar on "Modes of Company Closure." CMA Malhar Dalwadi, Chairman of the PD Committee, welcomed the attendees and introduced the speaker, CS Abhishek Chhaed. The speaker provided a detailed presentation on the webinar's topic, followed by an interactive Q&A session with the participants. The webinar was well-attended, and CMA Malhar Dalwadi concluded the event with a vote of thanks.

CEP on All about Registered Valuer - SFA

ICMAI-Ahmedabad hosted a Continuing Education Program (CEP) webinar on "Modes of Company Closure" on December 24, 2024. CMA Malhar Dalwadi, Chairman of the PD Committee, welcomed the attendees and introduced the speaker, CS Abhishek Chhaed. The speaker delivered a detailed presentation on the subject, followed by a Q&A session with the participants. The webinar was well-attended, and CMA Bhavesh Ramchandani delivered the vote of thanks.

Glimpses of Western India Regional Council

Navi Mumbai Chapter

Navi Mumbai Chapter

Baroda Chapter

Baroda Chapter

Surat South Gujarat Chapter

Surat South Gujarat Chapter

Aurangabad Chapter

Ahmedabad Chapter

Ahmedabad Chapter

"Southern Region Chapters' Meet, 2024"

Organized by

The Regional Council & Chapters' Coordination Committee on December 8, 2024

The Regional Council & Chapters' Coordination Committee had organized Southern Region Chapters Meet at Hotel Atithi, S. V. Patel Salai, Pondicherry, on 8th December 2024. The motto behind conducting the Meet is to interact with the Chapters representatives, resolve the issues being faced by them & to implement the implementable ideas shared by them. CMA Bibhuti Bhusan Nayak, President, ICMAI along with dignitaries from Council of the Institute, Regional Council, Chapters & the Institute Officials attended the Meet.

Glimpses of the Meet

CMA B B Nayak, President, ICMAI inaugurating the Southern Region Chapters Meet, 2024 at Hotel Atithi, S. V. Patel Salai, Pondicherry on 8th December 2024

CMA Bibhuti Bhusan Nayak, President, ICMAI addressing the delegates at the Southern Region Chapters' Meet, 2024 at Pondicherry on 8th December 2024

From left to right - CMA Chittaranjan Chattopadhyay, Council Member, CMA K Ch A V S N Murthy Council Member and Chairman, RC&CCC, CMA Bibhuti Bhusan Nayak, President, CMA T C A Srinivasa Prasad, Vice President, CMA Neeraj D. Joshi, Council Member, CMA Suresh R Gunjalli, Council Member and CMA Vishwanath Bhat, Chairman, ICMAI, SIRC

CMA K Ch A V S N Murthy (Chairman, Regional Council & Chapters Coordination Committee and Council Member) addressing the delegates at Southern Region Chapters' Meet, 2024 at Pondicherry on 8th December 2024

From left to right - CMA Chittaranjan Chattopadhyay, Council Member, CMA Harshad S Despande, Council Member, CMA Bibhuti Bhusan Nayak, President, CMA T C A Srinivasa Prasad, Vice President, CMA Neeraj D. Joshi, Council Member, CMA Suresh R Gunjalli, Council Member and CMA Vishwanath Bhat, Chairman, ICMAI, SIRC

Managing Committee Members of Chapters under Southern India Regional Council during the meet

"Northern Region Chapters' Meet, 2024"

Organized by

The Regional Council & Chapters' Coordination Committee on December 22, 2024

The Regional Council & Chapters' Coordination Committee had organised Northern Region Chapters Meet at Camp Thar, Osian, Jodhpur on 22nd December 2024.

Glimpses of the Meet

CMA B B Nayak, President, ICMAI inaugurating the Northern Region Chapters' Meet, 2024 at Camp Thar, Osian, Jodhpur on 22nd December 2024

CMA Bibhuti Bhusan Nayak, President, ICMAI addressing the delegates at the Northern Region Chapters' Meet, 2024 at Camp Thar, Osian, Jodhpur on 22nd December 2024

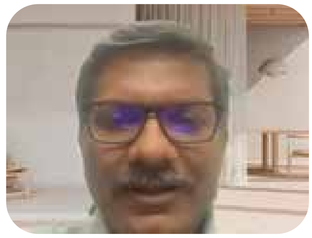
President, Vice President, Council Members and Regional Council Members during the meet

CMA K Ch A V S N Murthy (Chairman, Regional Council & Chapters Coordination Committee and Council Member) addressing the delegates at Northern Region Chapters' Meet, 2024 at Camp Thar, Osian, Jodhpur on 22nd December 2024.

2 - DAY ONLINE WORKSHOP (For Students & Members)
"MOVING UP THE CAREER VALUE CHAIN"

Jointly organized by

Journal & Publications Committee, Training & Educational Facilities Committee and Career Counselling & Placement Committee, ICMAI on December 20 & 21, 2024



A 2 - DAY ONLINE WORKSHOP for ICMAI students and members titled 'MOVING UP THE CAREER VALUE CHAIN' was jointly hosted by the Journal & Publications Committee, Training & Educational Facilities Committee, and Career Counselling & Placement Committee, ICMAI on December 20 & 21, 2024. CMA Sudhir Y Raikar - Writer, Management Consultant & Thought Leadership Content Architect - delivered the workshop through MS Teams.

CMA Harshad S Deshpande, Chairman, Journal & Publications Committee applauded the fact that the workshop met with an overwhelming response from participants, both members and students. He mentioned that it was held at an opportune time immediately following the exam season to help students learn about and mull over the various facets of career planning and progression at leisure. He also urged students to share their thoughts in the Management Accountant Journal.

CMA Vinayaranjan P., Chairman, T&EF and Career Counselling & Placement Committee made an earnest appeal to students, that they absorb the actionable insights of the workshop and diligently pursue a plan to translate their potential into performance as also do a comprehensive, purpose-driven SWOT Analysis for personal and professional development.

CMA Sudhir Y Raikar highlighted the need to create and nurture one's career value proposition in an age of perpetual uncertainty, fast-evolving paradigms, and tech-driven disruptive innovation. He spelt out the 'BASIC' checklist of conversation and communication and enumerated with real-life examples how modern-day professionals can be gainfully assertive, compassionate, proficient, proactive, and persuasive in respective roles and functions at any level in the organizational hierarchy.

He also unfolded the intricate interplay of the culture, technology and human dimensions in our personal and professional lives and shared ideas and perspectives on how to potentially break the glass ceiling and move up the career value chain.

Here's a snapshot of his workshop deliberations:

- Roles and responsibilities rapidly evolve at the workplace as one moves up the ladder, so any professional will need to break the 'glass ceiling' at some point in his or her career.
- Literacy is more than the ability to read, write and speak and it has diverse dimensions. We need to learn, unlearn, and relearn what we assume we know.
- Understanding the "Meta" of communication is imperative as deciphering body language is the most formidable challenge of communication.
- AI is currently in the General Intelligence phase and moving at break-neck speed towards Super intelligence, 70% of firms will be using AI by 2030 (Mckinsey), AI can displace 300 million jobs globally by 2030 (Goldman Sachs).
- Greet Artificial Intelligence (AI) with Intelligence Augmentation (IA) to strike a purposeful man-machine relationship
- One should leave no stone unturned to expand one's technological awareness and deep dive into Tech Paradigms and Trends
- Reskilling and upskilling are an integral part of one's career value proposition
- Strive to get Industry Ready and seek to future proof your career, which is always a moving target
- Cost Management is Eternal, and CMAs will always play a crucial role in helping organizations across sectors meet cost targets without hurting growth and sustainability in the AI era.
- 'If you don't manage your cost, you pay the price' is a timeless dictum.
- Do a WOT analysis (Weaknesses, Opportunities and Threats) before you analyse your strengths. Your 'S' will become more realistic after this exercise.
- Brevity is the soul of good content

The workshop concluded with a brief Q & A session and a vote of thanks by Dr. Pradipta Ganguly, Additional Director HoD, Directorate of Career Counselling & Placement, ICMAI.

Direct & Indirect Tax Updates - December 2024

DIRECT TAXES

- **Notification No. 125 Dated 2nd December 2024:** In exercise of the powers conferred by clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (43 of 1961) read with Rules 5C and 5E of the Income-tax Rules, 1962, the Central Government hereby approves International Institute of Information Technology, Hyderabad (PAN: AAAAI6797B) for 'Scientific Research' under the category of 'University, college or other institution' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.
- **Notification No. 126 Dated 10th December 2024:** In exercise of the powers conferred by sub-section (1) of section 280A of the Income-tax Act, 1961 (43 of 1961) and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue), Central Board of Direct Taxes number S.O.1911(E), dated the 21st April, 2022 published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii), dated the 21st April, 2022 (as amended vide notification number S.O.1223(E), dated the 14th March, 2023), except as respects things done or omitted to be done before such supersession, the Central Government, in consultation with the Chief Justice of the High Court of Madras, hereby designates the courts mentioned in column (2) of the Table in the State of Tamil Nadu, as Special Courts for the areas mentioned in column (3) of the said Table, for the purposes of sub-section (1) of section 280A of the Income tax Act, 1961 (43 of 1961) and section 84 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015).
- **Notification No. 127 Dated 11th December 2024:** In exercise of powers conferred by item (b) and sub-clause (iii) of 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 Ministry of Finance (Department of Revenue) (Central Board of Direct Taxes) No. 44/2020/ F. No. 370142/24/2020-TPL number S.O. 2227(E), dated the 6th July, 2020, published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii), namely: In the said notification, in the opening paragraph, for the letters, figures, and words "F. No. 13/3/2017-INF dated 13th August 2018", the letters, figures, and words "F. No. 13/1/2017-INF dated 11th October, 2022" shall be substituted.
- **Notification No. 128 Dated 18th December 2024:** In exercise of the powers conferred by sub-section (1F) of section 197A of the Income-tax Act, 1961 (43 of 1961) (hereafter in this notification referred to as the said Act), the Central Government hereby notifies that no deduction of income-tax shall be made under Chapter XVII of the said Act on any payment received by the Credit Guarantee Fund Trust for Micro and Small Enterprises as referred to in clause (46B) of section 10 of the said Act.
- **Notification No. 129 Dated 12th December 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, 'Central Silk Board, Bengaluru' (PAN: AAALC0093M), a Board constituted by the Central Government under the Central Silk Board Act, 1948, in respect of the following specified income arising to that Board, namely: (a) Grants/Funds received from the Centre/ State/NGO or any other Statutory body by Central Silk Board (b) Compensation received on account of sale, disposal, auction or acquisition of movable and immovable properties of Central Silk Board (c) Royalty or any other income received for the technologies patented and intellectual property rights owned by the Central Silk Board (d) Penalties and Levies collected under Government Statutes (e) Fee/charges/receipt received on account of services rendered by Central Silk Board as per the provisions of the Central Silk Board Act, 1948 (LXI of 1948) as amended by the Central Silk Board (Amendment) Act, 2006 (42 of 2006) and the Central Silk Board Rules, 1955 as amended by the Central Silk Board (Amended) Rules, 2015 and (f) Interest earned on bank deposits.
- **Notification No. 130 Dated 30th December 2024:** In exercise of the powers conferred by clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (43 of 1961) read with Rules 5C and 5E of the Income-tax Rules, 1962, the Central Government hereby approves 'Sri Paripoorna Sanathana Charitable Trust', Bengaluru (PAN: AALTS2655L) for its college unit, 'Sri Paripoorna Sanathana Ayurveda Medical College, Hospital and Research Centre' under the category of 'University, college or other institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.
- **Circular No. 19 Dated 16th December 2024:** Guidance Note 2/2024 on provisions of the Direct Tax Vivad se Vishwas Scheme, 2024.
- **Circular No. 20 Dated 30th December 2024:** Extension of due date for determining amount

payable as per column (3) of Table specified in section 90 of Direct Tax Vivad Se Vishwas Scheme, 2024 . The Central Board of Direct Taxes (CBDT), in exercise of its powers under sub-section (2) of section 97 of the Direct Tax Vivad Se Vishwas Scheme, 2024 ('the Scheme') extends the due date for determining amount payable as per column (3) of the Table specified in section 90 of the Scheme from 31" December, 2024 to 31 " January, 2025. Accordingly, notwithstanding anything contained in the Direct Tax Vivad Se Vishwas Scheme, Rules or Guidance Note of 2024, in such cases where declaration is filed on or before 3 1st January, 2025, amount payable shall be determined as per column (3) of the Table specified in section 90 of the Scheme, and where declaration is filed on or after 01 " February, 2025, amount payable shall be determined as per column (4) of the said Table.

- **Circular No. 21 Dated 31st December 2024:** Extension of due date for furnishing belated/revised return of income for the Assessment Year 2024-25 in certain cases. The Central Board of Direct Taxes ('the CBDT'), in exercise of its powers under section 119 of the Income-tax Act,1961 ('the Act'), extends the last date for furnishing belated return of income under sub-section (4) of section 139 of the Act or for furnishing revised return of income under sub-section (5) of section 139 of the Act for the Assessment Year 2024-25 in the case of resident individuals from 31st December, 2024 to 15th January, 2025.

INDIRECT TAXES

GST

- **Notification No. 30/2024 – CENTRAL TAX Dated 10th December 2024:** In exercise of the powers conferred by sub-section (6) of section 39 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby extends the due date for furnishing the return in FORM GSTR-3B for the month of October, 2024 till the eleventh day of December, 2024, for the registered persons whose principal place of business is in the district of Murshidabad in the state of West Bengal and are required to furnish return under sub-section (1) of section 39 read with clause (i) of sub-rule (1) of rule 61 of the Central Goods and Services Tax Rules, 2017. This notification shall be deemed to have come into force with effect from the 20th day of November, 2024.
- **Notification No. 31/2024 – CENTRAL TAX Dated 13th December 2024:** Seeks to appoint common adjudicating authority for Show cause notices issued by officers of DGGI. In exercise of the powers conferred by section 5 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and section 3 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Board of Indirect Taxes and Customs, hereby appoint officers mentioned in column (4) of the Table below for passing an order or decision in respect of notices mentioned in column (3) of the said Table issued to the notices mentioned in column (2) of the said Table by the officers of Directorate General of Goods and Services Tax Intelligence under sections 73, 74, 122, 125 and 127 of Central Goods and Services Tax Act, 2017 (12 of 2017).
- **Circular No. 239/33/2024-GST Dated 4th December 2024:** Amendment to Circular No. 31/05/2018-GST, dated 9th February, 2018 on 'Proper officer under sections 73 and 74 of the Central Goods and Services Tax Act, 2017 and under the Integrated Goods and Services Tax Act, 2017.
- **Circular No. 240/33/2024-GST Dated 31st December 2024:** Clarification in respect of input tax credit availed by electronic commerce operators where services specified under Section 9(5) of Central Goods and Services Tax Act, 2017 are supplied through their platform. Reference is invited to Circular No. 167/23/2021 GST dated 17.12.2021 which clarified that electronic commerce operators (hereinafter referred to as "ECOs") required to pay tax under section 9(5) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act") are not required to reverse input tax credit (ITC) in respect of supply of restaurant services through their platform (notified services under section 9(5)). In this regard, representations have been received seeking clarification regarding requirement of reversal of ITC, if any, in respect of supply of services, other than restaurant services, under section 9(5) of CGST Act. 2. The issue has been examined and to ensure uniformity in the implementation of the law across the field formations, the Board, in exercise of its powers conferred under section 168(1) of the CGST Act, hereby clarifies the issue.
- **Circular No. 241/33/2024-GST Dated 31st December 2024:** Clarification on availability of input tax credit as per clause (b) of sub-section (2) of section 16 of the Central Goods and Services Tax Act, 2017 in respect of goods which have been delivered by the supplier at his place of business under Ex-Works Contract.
- **Circular No. 242/33/2024-GST Dated 31st December 2024:** Clarification on place of supply of Online Services supplied by the suppliers of services to unregistered recipients. Section 12 of the IGST Act provides that except in cases specified in sub-sections (3) to (14) of the said section, when the services are supplied to a registered person, the place of supply of services shall be the location of the recipient and when the services are supplied to an unregistered person, the place of supply of the said services shall be the location of the recipient, if his address is available on record, and shall be

the location of the supplier, if the address is not available on record. Section 31(2) of the CGST Act provides that a registered person providing taxable services must issue a tax invoice with details like the service description, value, tax charged and such other particulars as may be prescribed.

- **Circular No. 243/33/2024-GST Dated 31st December 2024:** Clarification on various issues pertaining to GST treatment of vouchers.

CUSTOMS

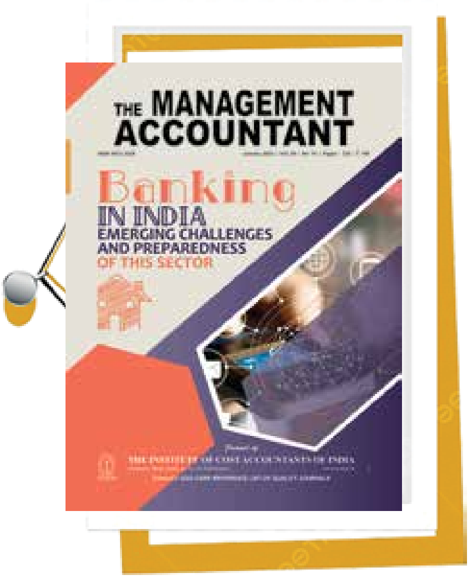
- **Notification No.48/2024-Customs Dated 3rd December 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of Customs Act, 1962 (52 of 1962) read with Section 21 of General Clauses Act, 1897 (10 of 1897) and Section 147 of Finance Act, 2002 (20 of 2002), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 32/2022-Customs, dated 30th June, 2022 published in the Gazette of India, Extraordinary, Part II, Section 3,Sub-section(i), vide number G.S.R. 500(E), dated 30th June,2022, except as respects things done or omitted to be done before such rescission.
- **Notification No.49/2024-Customs Dated 26th December 2024:** In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) read with section 124 of the Finance Act, 2021 (13 of 2021), 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. 64/2023-Customs, dated the 7th December, 2023, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 884(E)., dated the 7th December, 2023, namely: In the said notification, in the Table, against S. No. 1, in Column (4), for the words and figures "31st day of December, 2024", the words and figures "28th day of February, 2025" shall be substituted.
- **Notification No.50/2024-Customs Dated 30th December 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.62/2022-Customs, dated the 26th December, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 904 (E), dated the 26th December, 2022.
- **Circular No.27/2024-Customs Dated 23rd December 2024:** Enabling Voluntary Payment electronically on ICEGATE e-payment Platform.

CENTRAL EXCISE

- **Notification No.29/2024-Central Excise Dated 2nd December 2024:** Seeks to withdraw Special Additional Excise Duty (SAED) on production of Petroleum Crude and on export of Aviation Turbine Fuel, motor spirit, commonly known as petrol, and high speed diesel oil. In exercise of the powers conferred by section 147 of Finance Act, 2002 (20 of 2002) read with section 5A of the Central Excise Act, 1944 (1 of 1944) and Section 21 of General Clauses Act, 1897 (10 of 1897), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby rescinds the following notifications of the Government of India in the Ministry of Finance (Department of Revenue), as mentioned in the Table below, except as respects things done or omitted to be done before such rescission.
- **Notification No.30/2024-Central Excise Dated 2nd December 2024:** Seeks to withdraw Road and Infrastructure Cess (RIC) on export of motor spirit, commonly known as petrol, and high speed diesel oil. In exercise of the powers conferred by section 112 of Finance Act, 2018 (13 of 2018) read with section5A of the Central Excise Act, 1944 (1 of 1944) and Section 21 of General Clauses Act, 1897 (10 of 1897), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby rescinds the following notifications of the Government of India in the Ministry of Finance (Department of Revenue), as mentioned in the Table except as respects things done or omitted to be done before such rescission.
- **Notification No.31/2024-Central Excise Dated 3rd December 2024:** Seeks to rescind Notification No. 08/2022-Central Excise dated 30th June, 2022. In exercise of the powers conferred by section 5A of the Central Excise Act,1944(1 of 1944) read with section112 of Finance Act, 2018 (13 of 2018), Section 125 of the Finance Act, 2021(13 of 2021) and Section 21 of General Clauses Act, 1897 (10 of 1897), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue)No.08/2022-Central Excise, dated the 30th June, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3,Sub-section (i),vide number G.S.R.496(E), dated the 30th June, 2022, except as respects things done or omitted to be done before such rescission.

Sources:

incometax.gov.in, cbic.gov.in

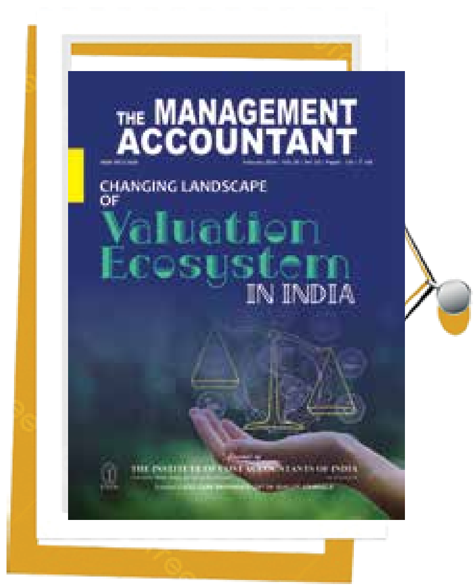


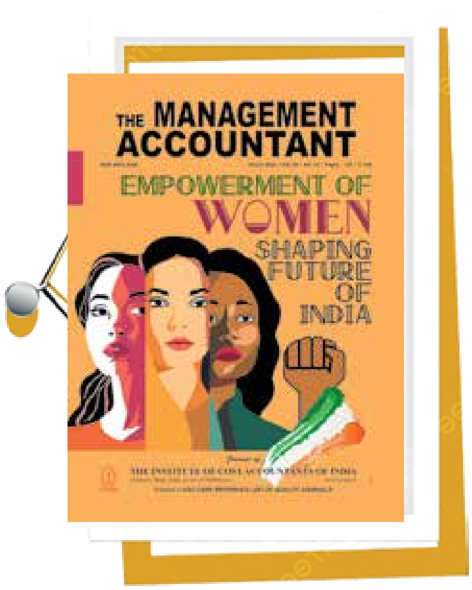
January - Banking in India: Emerging Challenges and Preparedness of this Sector

RBI has started the process of licensing digital lending platforms. Reserve Bank of India's (RBI) decision to introduce e-KYC and e-Signature for digital lending has been a game-changer for the lending industry. Porter's Five Forces Analysis consists of analysis of threats of new entrants, threat of new substitute products, bargaining power of customers, bargaining power of suppliers and analysis of competitive rivalry. Analysis of the above factors about the business of the customer helps him in taking prudent decision towards sanctioning and disbursement of the correct loan proposal. Working capital is the lifeline of business / manufacturing organizations. The stock and book debt has great impact, in this regard. Knowledge of financial management is the back bone of credit analysis of any proposal. Banking is in the category of service industry, the grievance redressal mechanism in banking industry is robust and customer centric. RBI introduced Scheme of Ombudsman for NBFCs with effect from 23rd February, 2018. Subsequently, RBI had notified Ombudsman Scheme for Digital Transactions, 2019. Mergers and acquisitions (M&A) have become crucial strategies in the ever-changing Indian banking sector. Changes in consumer preferences, technology and regulations will probably have an impact on future M&A in Indian banking. An interview of Executive Director of Punjab & Sind Bank is the part of content of this issue.

February - Changing Landscape of Valuation Ecosystem in India

Valuation methods for mature companies depend mostly on financial factors but still there are several estimates and assumptions. A thumb rule for valuing a startup seldom exists and it is always a mind game when it comes to start ups. DCF is the most common and universal method to value not only startups but any project to ascertain its viability based on the net present value. While valuation primarily revolves around estimating the worth of an asset or company, forensic audit is dedicated to investigating financial fraud or misconduct. The advent of digital assets marks a transformative era in the perception of value, introducing a new dimension to the financial landscape. Valuation of digital assets stands as a pivotal and intricate challenge. Governments and regulatory bodies around the world continue to develop policies specific to digital assets, expect these regulations to significantly influence their valuation. The scope of valuation expanded beyond boundaries and reached a limit such that it has become indispensable and inseparable part of business.



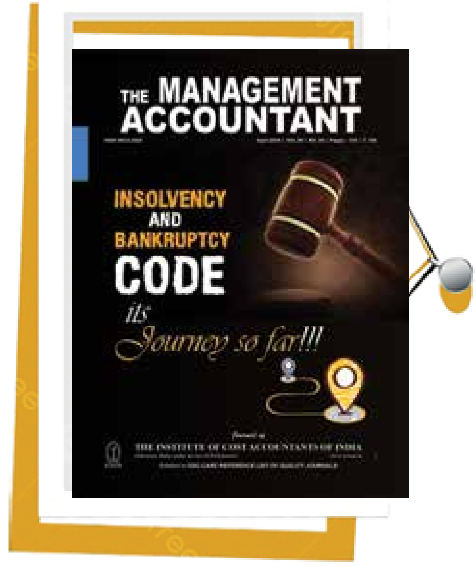


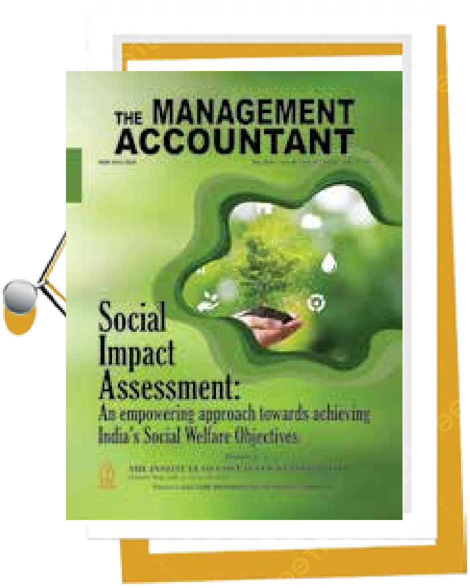
March - Empowerment of Women: Shaping Future of India

The rise of women entrepreneurs is shaping a more inclusive future as in today's world female entrepreneurs are a significant force influencing the global economy and culture. Even with the rising growth of women entrepreneurs there are still a lot of questions about the various challenges faced by female entrepreneurs in India. The *Make in India* movement has effectively contributed to India reaching the position of fifth largest economy in the world. The amendment of Factories Act 1948 to allow women to work in night shifts was a game changer. Gender equality in higher education and research is essential to women rights and social justice, and it is also necessary to ensure that those capable of contributing towards progress and problem solving are not excluded from these processes. A socio-cultural awakening is the need of the hour. Unless families internalize the benefits of equal education to girls and the role of technology in education in the future, the gap cannot be bridged in reality. Women's empowerment is the gradual gaining of authority to help them grasp their rights and duties in society and to make the maximum impact on it. In India, women social entrepreneurs have played a key role to address the environmental and social issues. Empowerment of women helps in the process of sustainable growth and development of the economy as well as society as a whole.

April - Insolvency And Bankruptcy Code - its Journey so far

The Bankruptcy Law Reforms Committee (BLRC) proposed changes that led to the creation of the Insolvency and Bankruptcy Code. The goal of the IBC is to modernize and strengthen the insolvency process. It replaced several old laws, including the Presidency Towns Insolvency Act, 1909, the Provincial Insolvency Act, 1920, and the Sick Industrial Companies (Special Provisions) Repeal Act, 2003. The Insolvency and Bankruptcy Code of 2016 was designed with the intention of promoting market-driven approaches to tackle insolvency issues. This process typically involves restructuring the business and its financial obligations to ensure continuity. Operational creditors (OCs) generally lack the capacity and willingness to participate in resolution efforts. The IBC has performed reasonably well in recovering NPAs. India has made significant progress in its Resolving Insolvency Ranking, with the time taken to resolve insolvency cases. The Mediation Act of 2023 is a tool for development for India as it embraces approaches to addressing conflicts. The Mediation Act of 2023 is a step, in India’s conflict resolution efforts, in reducing the time and costs related to insolvency and bankruptcy cases.



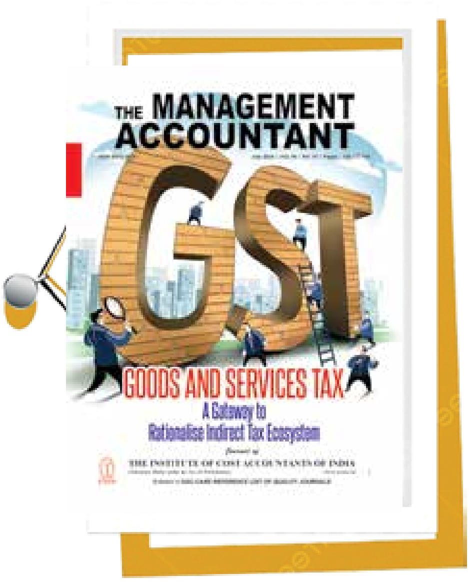


May - Social Impact Assessment: An empowering approach towards achieving India’s Social Welfare Objectives

Sustainable development encompasses dimensions of inclusive and equitable growth of the organization. A social audit is a procedure used to assess, document, and enhance an organization's behaviour and performance. Social audit draws attention to inadequacies, which can aid in improving the planning and implementation of programmes. There is a growing concern to develop institutional mechanism to adopt community engagement as part of curriculum and making teaching, research and service as an integrated approach to achieve socio economic goals. Higher education institutions play a crucial role by reaching communities directly, counseling and implementing policies with the help of youth and resources. Investment decision-making assumes rationality and efficiency in the behaviour of investors. Human decision-making is subject to various biases and cognitive heuristics, which can lead to deviations from rationality. Despite growing recognition of these behavioural biases, their precise influence on investment choices and portfolio performance remains inadequately understood. Impact assessment of CSR projects essentially implies a process through which a company can evaluate the efficacy of CSR programs. CSR is considered an important means of social capital formation and is creating a multi-crore value of assets and welfare for society. The success of an impact assessment exercise largely depends on the selection of appropriate impact assessment framework.

June - Insurance for All By 2047

As India’s population is projected to exceed 1.5 billion by 2047, having universal insurance coverage is both a need and a challenge. The Life Insurance Corporation has been a leading player in the life insurance market, holding a share of 62.58% in the new business premiums. The three pillars namely insurance companies, distribution networks, and regulatory framework collectively forms the foundation of India's insurance industry. Establishment of IRDA is a giant step to regulate the insurance companies. The Insurance Laws (Amendment) Act 2015 has recognized health insurance as a separate class of business. Health Insurance is now recognized as one of the most important health care system in the present days. An insured person is able to avail a number of benefits out of health insurance plans. PMSBY is an insurance scheme offering accidental death and disability cover for death or disability on account of an accident. ‘Insurance for All by 2047’ initiative of IRDAI is an ambitious plan declared by IRDAI on 25-11-2022, seeks to strengthen the three pillars of the entire ecosystem, viz. policyholders (customers), insurance providers (insurers) and insurance intermediaries to enable complete coverage of property, life and health insurance to all Indian citizens by 2047. The climate change and its associated risks continue to intensify, demand for parametric insurance is also expected to remain strong and experience sustained growth in the future.

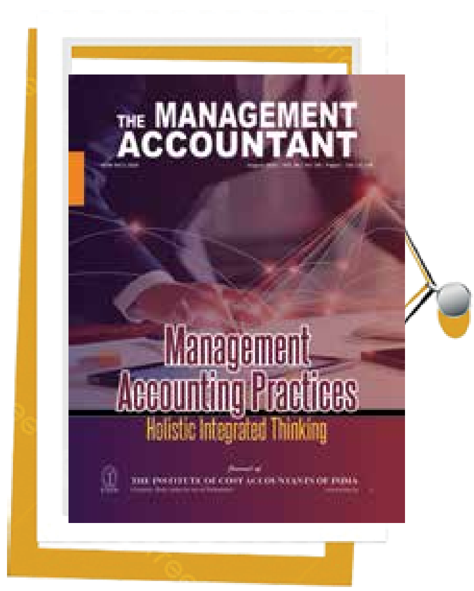


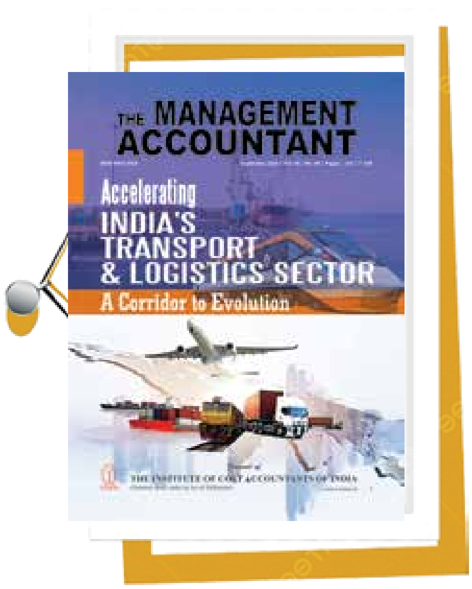
July - Goods and Service Tax- A Gateway to rationalize indirect tax ecosystem

Goods and Service Tax (GST), being a unified taxation framework in India, has resulted in increased revenues for the Government, simplifying returns for the taxed entities. It subsumed several indirect taxes such as service tax, Value Added Tax (VAT), Central Excise, octroi, etc., previously levied at multiple supply chain stages with varying thresholds and slabs. GST in India operates on a dual model, wherein both the central and state governments have the authority to levy and collect taxes on the supply of goods and services. The tax is levied at multiple stages of the supply chain, from manufacturing to the final consumer, with provisions for input tax credit to avoid tax on tax. The intuitive interface and functionality of the GST portal have facilitated seamless tax filing processes, making it easier for businesses to meet their compliance obligations in a timely and efficient manner. Introduction of GST has broadened the scope for logistic industry to grow and generate more employment and one of its major impact is that it has reduced transit period of truckers by 20-25 per cent. Goods and Services Tax Appellate Tribunal (GSTAT) is one of the key institutions in litigation resolution before knocking on the doors of the jurisdictional High Court. The GST Appellate Tribunal in India is structured with a dual-bench system, a National Bench in New Delhi, and 31 State Benches located across the country. Overall by introduction of GST, the tax base has been widened. Expansion of the tax base increases the revenues from tax collection. Interview of Head of Indirect Taxation of Tata Motors Ltd is has enriched the content value of this seventh issue of Vol. 59.

August - Management Accounting Practices - Holistic Integrated Thinking

Globalization has promoted the concept of 'business focus' to its extreme end. Verticalization of businesses therefore has gained serious momentum. The Management Accountants can represent the public at large and facilitate a thorough verification of the financial design of every significant 'PPP Agreement'. 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. The adoption of automation and AI is set to revolutionize management accounting, making it more efficient, accurate, and insightful. While financial accounting helps a business to report its performance to the external stakeholders, management accounting communicates with the management of the company. This is because unless the management can understand what is going on with their business, it will not be able to strategize properly. Management accounting, which was earlier centered around core financial information and decision-making operations has widened to encompass instruments and procedures which encourage ESG principles. 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.



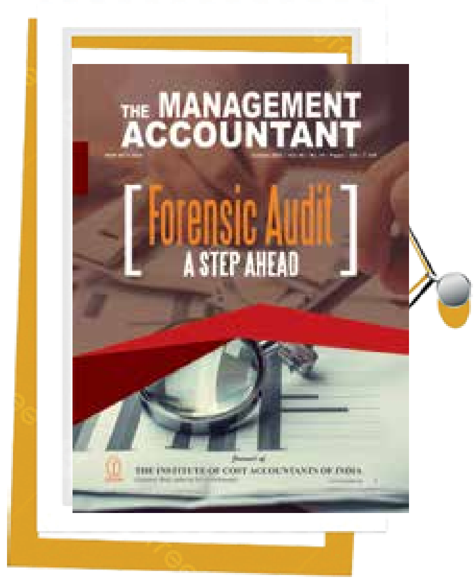


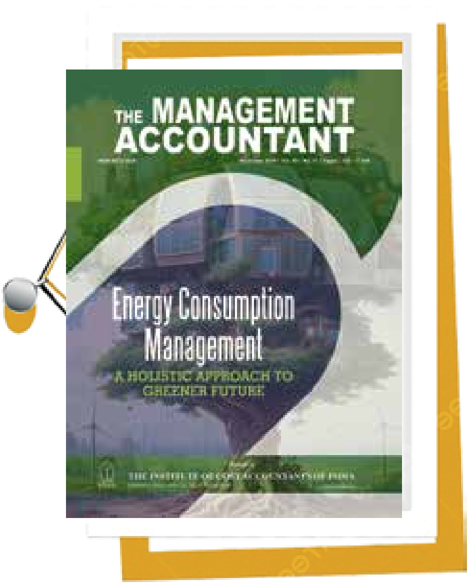
September - Accelerating India's Transport & Logistic Sector - A corridor to evolution

Connectivity development is crucial for national security, enhancing defence logistics, and ensuring rapid mobilization of resources. The introduction of satellite-based toll collection systems is revolutionizing the transportation landscape, reducing congestion, and cutting down travel times. Companies are increasingly interested in fleet management systems that leverage GPS and real-time data analysis to improve route efficiency, minimise travel distances, and reduce fuel consumption. Multimodal transport systems play a role in integrating modes of transportation such as rail, road, and air to create efficient and resilient logistical networks within urban areas. World Bank published Logistic Performance Index (LPI) Report, 2023 shows India's considerable progress in LPI scores across all constituents as well as improvement in global ranking. The *Bharatmala Pariyojana,* conceptualized and initiated by the Government of India in 2017, represents a major leap in the nation's efforts to create a world-class road network. The *Bharatmala Pariyojana* is funded through a combination of budgetary allocations, market borrowings and private sector investments. The National Highways Authority of India (NHAI) plays a crucial role in the execution and financing of the project. Innovative financing models, such as the Toll-Operate-Transfer (TOT) model, have been adopted to attract private investment and reduce the burden on public finances. Green logistics integrated with Smart City initiatives can lead to the creation of sustainable, healthy and adaptable urban areas.

October - Forensic Audit: A Step Ahead

Artificial Intelligence has revolutionized the world as a substitute for human intelligence. Forensic Audit emerged as a powerful auditing system for detecting and preventing corporate crimes. We are witnessing AI in various domains like user recommendations, generative AI like ChatGPT, Gemini. Regulatory bodies like the U.S. Securities and Exchange Commission (SEC) began to stress the importance of forensic auditing in ensuring market integrity. The global landscape of forensic auditing is transforming rapidly. These technologies allow auditors to swiftly and accurately analyze large volumes of financial data, pinpointing anomalies that may suggest fraudulent activities. Understanding the types of cybercrimes, their impact on individuals and organizations, and the preventive measures is crucial for enhancing cybersecurity practices and protecting against digital threats. The National Cybercrime Reporting Portal run by MHA (Ministry of Home affair) and Government of India includes citizen manual, cyber safety tips, cyber awareness in daily digest which helps us to be aware about cyber fraud modus operandi. To enrich the journal two innovative contents have been introduced Valuation Corner and Business cases.



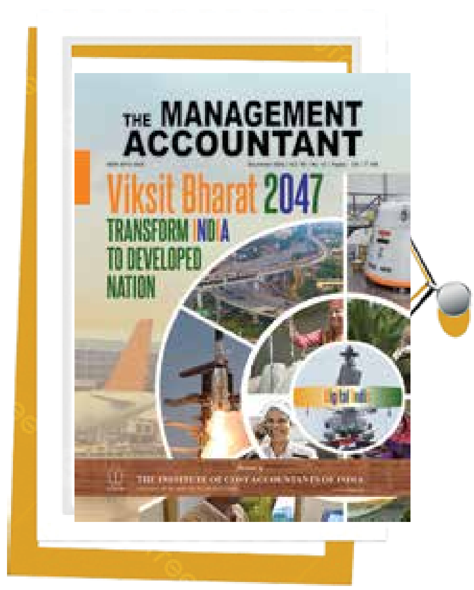


November - Energy Consumption Management: A holistic approach to greener future

As India grapples with climate change and rising energy demands solar energy technology is increasingly essential for addressing climate change and promoting sustainable development. Riding on a sustainable energy security trajectory, India is on the right track with focused policymaking and sectoral governance. The United Nations' Sustainable Development Goals adopted in 2015 provide a framework for international cooperation to secure a sustainable future. This 11th issue of vol. 59 focuses on energy management thus creating awareness among people, to add more weightage an interview of Director Finance of IREDA is included. The need of the hour is a scrupulous process-based management combined with ESG principles. Businesses that take a more holistic approach to their use of energy will help cleanse the environment, reduce costs, and contribute towards social development and well being. There is a lot more to be done to achieve the committed targets with respect to energy mix and emphasis is on usage of sustainable sources of energy.

December - Viksit Bharat 2047: Transform India to developed nation

Viksit Bharat 2047 is the Government of India's vision to make India a developed nation includes economic growth, social progress, environmental sustainability, good governance, infrastructure, education, healthcare, and technology. As India works towards its vision of becoming a "Viksit Bharat" (Developed India), nuclear energy is playing an increasingly pivotal role in shaping the country's future. It is a powerful and purposeful tool to help India achieve energy security, reduce carbon emissions, and bolster its industrial capabilities. Digital literacy and vocational education contributes towards Viksit Bharat 2047 vision hence vocational commerce education is emphasized as being essential for empowering socioeconomic progress, fostering employability, and coordinating academic learning with industrial demands. The Budget 2024-25 lays a solid foundation for this journey, focusing on infrastructure, green energy, health, and digital inclusion. This issue of MA introduced Member's Corner which is open to all members to share their views and cherish memories.



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
February 2025	Theme	Agriculture hold the key for Self-Sustainability in India	Subtopics	⦿ Sustainable Agriculture as a Primary Model of Production ⦿ Smart Farming and Sustainable Agriculture ⦿ Impacts of E-Commerce on Agriculture ⦿ Agrifinancing and Crop Insurance ⦿ Financial Literacy and its impact on sustainable practices ⦿ The cost-effectiveness of eco-friendly farming ⦿ Cost-benefit analysis of adopting agri-tech solutions ⦿ Financial models for agricultural startups and cooperatives ⦿ The evolving role of CMAs in a changing agricultural landscape ⦿ Contribution of Agricultural Sector in Viksit Bharat
March 2025	Theme	Empowered Women - Foundation of a robust society	Subtopics	⦿ Education as a Catalyst for Women's Empowerment ⦿ Women in Leadership: Paving the Way for Change economic Empowerment: Fueling Community Development ⦿ Health and Well-being: Empowered Women, Healthier Families ⦿ Grassroots Movements: Women's Role in Social Change ⦿ Gender Equality and Social Justice: An Interconnected Journey ⦿ Innovation and Entrepreneurship: Women Leading the Way Cultural Shifts: Redefining Women's Roles in Society ⦿ The Impact of Policy on Women's Rights and Opportunities ⦿ Building Networks: The Power of Mentorship for Women
April 2025	Theme	New Financial Year - Embarking on Journey of Resilience, Hope, and Excellence	Subtopics	⦿ Gearing up systems for new financial year ⦿ New year - New Cost Management initiatives ⦿ Envisaging the New FY 2025-26 ⦿ Strategic plan of financial institutions to strengthen the MSME sector ⦿ New journey of India Post Payment Bank ⦿ Innovative Approaches to Tax Reforms and their Effectiveness in Promoting Economic Growth ⦿ Leveraging Digital Transformation in the Financial Sector for Inclusive Growth ⦿ Impact of Global Economic Trends on India's Financial Growth in the New Year
May 2025	Theme	Regulatory Landscape of Indian Auditing System	Subtopics	⦿ NFRA – A Ground breaking Reform Reshaping India's Audit Landscape ⦿ Aligning with global audit norms - a roadmap to Viksit Bharat ⦿ NFRA as a regulator of auditors ⦿ Changing landscape of traditional auditing system ⦿ Common compliance for companies in the Indian regulatory landscape ⦿ IBBI - a new domain in the regulatory landscape ⦿ Role of CMAs as insolvency professionals ⦿ Integration of IndAS and SQM – A Forward-Looking Approach to Auditing in the New Era ⦿ Expectations of Cost Professionals from NFRA ⦿ NFRA and other global bodies – comparative roles

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

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

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

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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

CALL FOR PAPER

Research Bulletin, Vol. 50 No. IV January 2025 (ISSN 2230 9241)

Call for Research Papers/Articles

We invite you to contribute research paper/ article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publishing high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

Guidelines to submit full Paper

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

Papers are invited on the following topics, but not limited to:

1. *Big Data Analytics for Decision-making*
2. *Ethical HR Practices and Sustainable Human Resource Management*
3. *Supply chain optimization for MSMEs*
4. *Navigating Legal and Regulatory Challenges in Global Marketing*
5. *IoT Applications in Enhancing Operational Efficiency*
6. *Labor Market Dynamics and Small Business Operations Across Borders*
7. *Taxation and Regulatory Challenges in present context*
8. *Corporate Social Responsibility (CSR) Practices*
9. *Policy Advocacy and Sustainable Development Goals (SDGs) in Business Strategies*
10. *Mergers and Acquisitions as Growth Strategies*
11. *Green Bonds*
12. *Blockchain Technology and its Applications*
13. *Securities markets in 2025: Can Indian equities continue their upward climb or create a rocky road ahead?*
14. *Central Bank Digital Currencies: 2024 in review and beyond*
15. *Digital Transformation and Sustainability: The Future of the Insurance Industry in 2025*

Papers must be received within
28th February, 2025
in the following email id:
research.bulletin@icmai.in

Postal Registration No. : KOL RMS /139 /2025 – 2027
Posted at Mumbai Patrika Channel Sorting Office, Mumbai - 400 001
Posting Dates: 11th, 12th, 13th, 14th & 15th day of each English month only
Date of Publication 10th of every month

RNI NO. 12032