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INSURANCE FOR ALL BY 2047

Journal of

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory body under an Act of Parliament

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

VISION STATEMENT

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

MISSION STATEMENT

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

IDEALS THE INSTITUTE STANDS FOR

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

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

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

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Kolkata - 700016

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मामृतं गमय
ॐ शान्ति शान्ति शान्तिः

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

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

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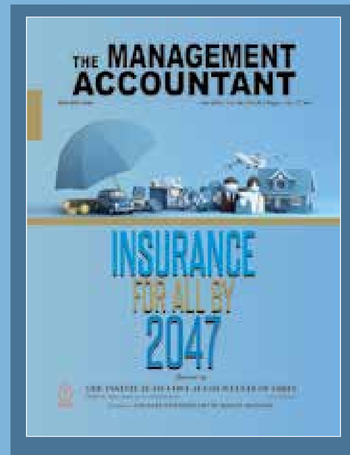

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SPECIAL ARTICLE

COVER STORY

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Cover image source:
https://ciiblog.in/enabling-insurance-for-all/

From the Editor's Desk

Insurance for all by 2047

The Insurance Regulatory and Development Authority of India (IRDAI) has committed to enable 'Insurance for All' by 2047, where every citizen will have an appropriate life, health and property insurance cover and every enterprise would be supported by appropriate insurance solutions and also to make Indian insurance sector globally attractive.

The IRDAI has brought in multiple reforms, focussing on three prominent themes – strengthening the ecosystem, improving accessibility & reach, and safeguarding policyholders' interests.

The regulator has envisaged three major initiatives - *Bima Sugam,* a one-stop digital platform, *Bima Vistar,* an all - in - one affordable insurance cover and *Bima Vahak*, a women-led-field distribution force. Popularly labelled as the `Insurance Trinity', these initiatives are expected to be the game-changers for the Insurance Industry in the country bridging the existing gaps in the product design, pricing and distribution.

This issue carries several articles on cover story "Insurance for all by 2047". It is earnestly hoped that these articles on various aspects of insurance will help the members and other readers to widen their knowledge on insurance sector.

Here's a glimpse of the articles featured in this issue:

Bancassurance - The Revolutionary Couple acknowledges that Bancassurance is an alliance to provide twin benefits for a customer opting a credit facility. The insurance products are integrated to the banking channels and are customized based on the diversified market/customer needs.

Underwriting in General Insurance and Efficacy of Claims Management concludes that while underwriting leads to income and cash inflow as business is generated and premium is received, claims leads to expenses and cash outflow. Both functions are crucial and need equal attention and importance by a general insurance company for benefit of all.

India Insured By 2047: The Role of Insurance Companies, Distribution Networks and Regulatory Frameworks provides valuable insights by highlighting the role that insurance companies can play to ensure greater accessibility of insurance products for all through underwriting and managing various insurance products to cater to the diverse needs of the Indian population. It emphasizes the importance of an efficient distribution network to have a wider reach and the significance of a regulatory framework in safeguarding the interests of both insurers and policyholders.

Health Care & Insurance Sector focuses on the necessity of health insurance and its benefits.

From Monolith to Market: Exploring IPO Issue and Market Potential of LIC of India is a descriptive analysis of the journey of LIC IPO, which began trading in May 2022 by being listed in both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Digital Transformation - The Game Changer in Indian Insurance Sector takes a look at the various aspects of InsurTech, the technologies driving transformation and its specific applications, the risks and concerns, regulatory involvement, and the role of professionals in this hi-tech environment.

The purpose of the article *Insurance for all by 2047: A Study of PMSBY: Insurance Penetration of the Population of Chhattisgarh State* is to find whether the flagship insurance penetration initiative of IRDAI, that is the 'Insurance for All by 2047' has been successful in increasing the penetration of

PMSBY insurance in Chhattisgarh after its launch in the year 2022, and how it has contributed to the betterment of the State's economy after its announcement.

In *Regtech and Insurance Sector: An Opportunity to Explore* an attempt has been made to explore the strategic significance of Regtech solutions and their applications in insurance industry. Further, certain prerequisites have been suggested to ensure its effective implementation.

Unveiling the Future: Bancassurance as India's New Financial Frontier discusses the regulatory and operational hurdles including the Strategic Role of Cost and Management Accountants (CMAs) in compliance and planning.

Parametric Insurance: Revolutionizing Risk Management in India and Beyond underlines the significance of working with stakeholders, leveraging technological innovations and implementing policy measures to create inclusive and cost-effective parametric insurance solutions.

Bancassurance in India: Opportunities, Challenges, and Future Prospects explores the evolution, opportunities, challenges and prospects of Bancassurance. This article also makes several recommendations to all the stakeholders for harnessing opportunities and addressing the challenges of the domain.

Our Regular column Digital Transformation covers Digital Transformation of Insurance Business and The Journey in Search of Excellence with Insurtech.

This issue also features an interview with CMA (Dr.) Tarun Agarwal, Director National Insurance Academy, Pune.

Apart from these thematic articles, this issue contains articles on various other contemporary matters including a special article on Opportunities of Renewable Energy Financing in India.

Please share your thoughts at *editor@icmai.in.*

Happy Reading….

THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

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

Month	Theme	Subtopics
July 2024	Goods and Service Tax - A Gateway to rationalise indirect tax ecosystem	⦿ GST on Digital Services ⦿ GST exemption on RERA - its impact on real estate ⦿ Retro effect of GST as proposed in Finance Bill 2023 ⦿ ITC restriction on CSR spend - A potential challenge to business ⦿ Inverted Duty Structure and refund of ITC ⦿ Impact of new GST regime ⦿ Formation of GST Appellate Tribunal - the need of the hour ⦿ GST Valuation: understanding role and provisions
August 2024	Management Accounting Practices – Holistic Integrated Thinking	⦿ Navigate Management Accounting Principles to Model Environmental, Social and Governance Ecosystems ⦿ Management Accounting and Business Model – an Intertwined Relationship ⦿ Management Accountants – An approach to diversity – Transform 'information' through 'insight' to 'influence' ⦿ Management Accounting Tools – an imperative to promote Organizational Vision and Strategy ⦿ Automation and AI adoption – Catalyst to compliment / profess Management Accounting Principles ⦿ CMA's – a crusader to partner Global Business Leader in Growth Trajectory ⦿ Cyber security – a threat subsumed opportunity to CMA's, - Effectuate Strategic Planning and Risk Assessment ⦿ Global Disruptions and Management Accounting Principles – a pathway and environmental driver
September 2024	Accelerating India's Transport & Logistic Sector - A Corridor to evolution	⦿ Transformation of transportation and logistic industry --a decade journey ⦿ Impact of Logistics Cost in Pricing of goods ⦿ Connectivity development- for securing country's defence mechanism ⦿ Flagship Highway Project-- "Bharatmala" the journey so far ⦿ Green Logistic Technology, Smart cities, logistics parks -- new generation innovation ⦿ Transportation landscape in India ⦿ GST impact on logistic industry ⦿ Satellite based toll collection: a smart way of revenue generation
October 2024	Forensic Audit: A Step Ahead	⦿ Forensic Audit - A step ahead of Internal Audit ⦿ Operational Red Flags- key indicators for Forensic Audit ⦿ Legislature, SEBI guidelines governing Forensic Audit ⦿ Forensic Auditors - A multi facets professional ⦿ Banking Regulation Act and Forensic Audit ⦿ Applicability of Forensic Audit in different Industries ⦿ Earmarked judgements/case laws under Forensic Audit in India ⦿ CMAs - Corporate Partner as Forensic Professional ⦿ Forensic Audit Report - Metamorphosis of Traditional Audit Report

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

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

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PRESIDENT'S COMMUNIQUÉ

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

"Take risks in your life. If you win, you can lead, if you lose, you can guide."

-- Swami Vivekananda

My Dear Professional Colleague,

As we usher in another month of dynamic developments and professional milestones, I am delighted to share the latest updates and accomplishments of the Institute. We continue to advance our mission of fostering excellence in cost and management accounting, with several key initiatives and events designed to support the professional growth and the broader goals of CMA fraternity.

61st National Cost and Management Accountants' Convention - 2024

I am delighted to invite you to the upcoming 61st National Cost and Management Accountants' Convention- 2024, scheduled for 27-29 June, 2024 at Tent City 2, Ekta Nagar, Statue of Unity, Gujarat.

The theme of the NCMAC – 2024, ***"Viksit Bharat 2047: Synergizing Catalysts for Sankalp to Siddhi"*** signifies an inevitable paradigm shift in the role and significance of CMAs. It highlights a remarkable transformation of CMA's role from financial reporters to strategic partners and visionaries who actively contribute to India's economic development, innovation, sustainability and growth. This prestigious event will bring together leading dignitaries/professionals to share insights, network, and explore the latest advancements in cost and management accounting, and how CMAs are pivotal in providing the vision needed to propel India towards a ***Viksit Bharat.***

Join us at NCMAC 2024 for days filled with informative sessions, expert speakers, and valuable opportunities to connect with peers. Your participation will be a significant addition to the success of this convention.

Please note that the number of seats is limited for this first ever residential National Convention of ICMAI and registration is on First Come First Serve Basis. For more details and online registration, visit: https://icmai.in/NCMAC-2024/. I look forward to seeing you at NCMAC- 2024.

Recognition to ICMAI SAO as Self-Regulatory Organization (SRO)

I am happy to inform that SEBI vide its circular dated 27th May, 2024 has specified ICMAI Social Auditors Organization – ICMAI SAO (promoted by the Institute of Cost Accountants of India) as Self-Regulatory Organization (SRO) for Social Impact Assessors in the context of Social Stock Exchange. The recognition by SEBI to ICMAI SAO to act as a SRO would facilitate our active pursuit in building a healthy and robust ecosystem for sustainable growth of the Social Stock Exchange. I look forward to active and sustained engagement of members in the activities of ICMAI SAO.

Meeting with UGC Chairman

I am pleased to announce that on 16th May, 2024, I had the privilege of attending a meeting with the UGC Chairman in New Delhi, alongside senior officials from ICMAI and UGC. During this meeting, we delivered two key presentations: one showcasing our Institute and the other outlining our proposals for the UGC. These proposals included facilitating credit transfer, recognition as a national-level research center, development of skill enhancement courses, introduction of a management accountancy course at the college level, and strengthening industry-academia linkage. This meeting marks a significant step towards harnessing institutional collaboration for the greater good, setting a precedent for future partnerships aimed at nation building.

Meeting with NCVET Chairman and UGC Chairman

I am pleased to share that on 24th May, 2024, my council colleague, CMA M.K. Anand, had the privilege of attending a significant meeting at NCVET, New Delhi. The meeting included the NCVET Chairman, UGC Chairman, and senior officials from ICMAI, NCVET, and UGC. During this productive session, the NCVET and UGC Chairmen extended an invitation to us to develop skill enhancement courses that will facilitate credit transfers for students. This initiative aims to fulfill the Viksit Bharat mission. I am delighted to announce that the Institute has already initiated this process.

International Management Accounting Day

The Management Accounting Committee of the Institute had organized a National Seminar titled ***"Navigating the New Frontier: Management Accounting in the Era of Real-Time Insights, Sustainable Growth, and Cybersecurity"*** in Mumbai on 6th May, 2024 to celebrate the International Management Accounting Day. The National Seminar was inaugurated by Chief Guest, Hon'ble Governor of Maharashtra Sri Ramesh Bais and Guest of Honour Prof. Manoj Tiwari, Director IIM Mumbai. I had the pleasure of participating in this National Seminar along with CMA Bibhuti Bhusan Nayak, Vice President, ICMAI and my Council colleagues. Other delegates present were the Former Presidents of the Institute and all Regional Council members of WIRC, and various office bearers of Chapters.

This event aimed to explore the evolving landscape of Management Accounting in today's dynamic business environment. Under the able leadership of the Chairman of the Management Accounting Committee, CMA Neeraj D. Joshi, themes very relevant to today's context were covered including leveraging real-time insights for decision-making, driving sustainable growth strategies, and addressing the critical role of cybersecurity in the field of Financial Management. I am happy to share with you that in this grand program, such pertinent topics were delved into and deliberated on by eminent speakers and practitioners from the Industries. I am sure the participants who eagerly listened to the presentations enjoyed and learned immensely from these insightful discussions.

11th National Students' Convocation – 2024

I attended the 11th National Students' Convocation – 2024 on 23rd May, 2024, held at the Science City Auditorium in Kolkata. This solemn occasion recognized the qualified and semi-qualified CMAs of the June 2023 and December 2023 terms. Rank Holders were felicitated with prizes and rank certificates at this National Students' Convocation.

The event featured Dr. Andrew Fleming, British Deputy High Commissioner for East and North East India, Kolkata, as the Special Guest of Honour, and Prof. Sankarshan Basu, Professor of Finance & Accounting at IIM Bangalore, as the Guest of Honour.

The event was well-attended by my council colleagues, eminent personalities, including academicians, corporate representatives, and approximately 400 students from across the country, as well as Institute officials.

The National Students' Convocation 2024 Souvenir and revised editions of four Handbooks on Taxation were released during the event. Additionally, the Institute signed a Memorandum of Understanding (MoU) with The Bhawanipur Education Society College (BESC), aimed at promoting joint activities to address mutual interests in education, training, research, studies, and seminars.

Foundation Day Celebration

The Institute celebrated its 65th Foundation Day on 28th May 2024 by organizing a Webinar wherein eminent guests CMA Pawan Kumar, Chief Adviser (Cost) and CMA Aruna Sethi, Former Chief Adviser (Cost), Deptt. of Expenditure, Ministry of Finance, and CMA A N Raman, Former President, SAFA joined the Council Members, shared their views and experiences on the professional achievements and challenges, and way forward for Viksit Bharat-2047.

Opportunity for restoration of Membership

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

Please note that this facility will be on onetime basis and will remain open during the entire month of June 2024 only.

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

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

Release of Guidance Note on Inventory Valuation under the Income Tax Act, 1961

I am pleased to inform you that the **Guidance Note on Inventory Valuation under the Income Tax Act, 1961** developed by the Cost Accounting Standards Board of the Institute (CASB of ICMA) was released at the hands of **Shri Nitin Gupta, IRS, Chairman, Central Board of Direct Taxes (CBDT)**, Ministry of Finance, Government of India on 8th May 2024 at his office in North Block, New Delhi.

I congratulate the CASB of ICMAI for this remarkable step. This Guidance Note will assist the practicing members and other professionals to keep abreast with the requirements of preparing the Inventory Valuation Report under the Section 142(2A) of the Income Tax Act, 1961. I urge the members to share their constructive suggestions for further improvement in the text of the Guidance Note so that the same can suitably be incorporated in the future editions of the publication. I am sure that the Guidance Note will help the members of the Institute in supplementing their efforts in the area of Inventory Valuation and they will be benefited in imparting their professional responsibilities successfully. The Guidance Note is available at https://icmai.in/CASB/GN_Inventory_Valuation.php

Revision of Cost Accounting Standard (CAS-2)

I wish to inform you that the Council of the Institute in its 351st meeting approved the release of the Cost Accounting Standard on Capacity Determination (CAS-2 Revised 2024), as recommended by the Cost Accounting Standards Board. CAS-2 Revised 2024 will supersede the CAS-2 Revised 2015 w.e.f. 1st April 2024. Link to the standard: https://icmai.in/upload/CASB/2017/CAS-2-Revised-2024.pdf

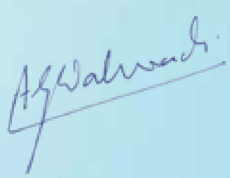
Peer Review Board

I am pleased to share with you that the Peer Review Board of the Institute has started conducting the Virtual Reviewers' Training Program and the first session of the same was conducted on 28th May 2024 by CMA Neeraj D Joshi, Member, PRB of ICMAI. Second Session of the Program is scheduled for 5th June 2024 on Module 3 & 4 which will be taken by CMA (Dr.) Ashish P. Thatte, Council Member, ICMAI, while the third & final session dealing with the Module 5 & 6 of the Training Manual will be conducted on 10th June 2024 by CMA (Dr.) S.K. Gupta, MD of RVO and CMA Manoj Kumar Anand, Council Member, ICMAI respectively.

I urge all the reviewers to attend these sessions in good numbers and place their relevant queries / doubt before the resource persons for resolution in the sessions itself. I am told that the response of the Empaneled Reviewers to these sessions has been very encouraging. I am sure that these sessions will be able to equip the Reviewers' with all the necessary information and skills to handle the peer review assignments smoothly. I wish all the reviewers all the very best. I congratulate the Peer Review Board for taking up this very timely step.

I wish prosperity and happiness to members, students and their families and pray for the success in all of their endeavours.

With warm regards,



CMA Ashwin G. Dalwadi

June 04, 2024

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

AGRICULTURE COST MANAGEMENT BOARD

The Agriculture Cost Management Board of the Institute had organized a National Webinar on Financial Planning and Accounting for FPOs under the chairmanship of CMA Harshad S. Deshpande on 17th May 2024.

Dr. K. Anbumani Associate Professor and Principal (MBA Programme), ICCMRT, Lucknow delivered a keynote address on the above subject which is very useful and important to the FPOs.

The National Webinar was organized for members, farmers, FPOs, students, various stakeholders and the public at large, more than 300 participants actively participated in the webinar and there was an overwhelming response from the audience.

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 May 2024, a synopsis of which is presented herein under -

A. Certificate Courses on Banking

The last date of admission for the 8th batch of the Certificate Course on Treasury and International Banking is 16th June, 2024. The admission for the 10th Batch of the Certificate Course on Credit Management of Banks has also started. The link for admission is stated as follows:

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

The expression of interest for the 11th batch of the Certificate Course on Concurrent Audit of Banks has also started.

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

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

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

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

C. Webinars

The BFSI Board hosted the following webinars for knowledge enhancement of the members and students:

- Corporate Governance for Insurers-IRDAI Guidelines 2024: CMA (Dr.) S. K. Gupta, MD, ICMAI Registered Valuers Organization, CEO, ICMAI Social Auditors Organization, COO, ICMAI International ADR Chamber was the Speaker which was held on 3rd May, 2024.
- Regulatory Responses to the Global Financial Crisis: CMA (Dr.) P Siva Rama Prasad, Former AGM, State Bank of India was the Speaker which was held on 10th May, 2024.
- IFRS 9 -Proposed Expected Credit Loss Framework for Banking Sector: Shri Govind Gurnani, Former AGM, RBI was the Speaker which was held on 17th May, 2024.
- Finance to Farmer Producer Organisations (FPOs) by Banks: CMA (Dr.) Sreehari Chava, Practicing Cost Accountant was the Guest of Honour and CMA (Dr.) Puvvala Siva Rama Prasad, Former AGM, SBI was the Speaker which was held on 22nd May, 2024.

D. Meeting with dignitaries

- **Meeting with NCVET Official**

  CMA Chittaranjan Chattopadhyay, Chairman, BFSIB met Dr. Suhas Deshmukh, Director (Div.3), National Council for Vocational Education and Training on 30th April, 2024.

- **Meeting with Shri Pradeep Kumar Rangi, CRO, Risk, Airtel Payments Bank**

  CMA Chittaranjan Chattopadhyay, Chairman, BFSIB along with CMA Avijit Goswami, Council Member, ICMAI met Shri Pradeep Kumar Rangi, Chief Risk Officer, Risk, Airtel Payments Bank on 18th May, 2024.

CAT DIRECTORATE

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

The first batch of CAT course for retiring/retired JCOs/OR & their equivalent in association with Directorate General of Resettlement (DGR), Ministry of Defence, Government of India as per the approved calendar of the DGR for the training year 2024-25 has commenced from 27th May, 2024 in Ahmedabad. The inauguration of this batch will take place on the 3rd June, 2024.

The DGR has entrusted the Institute with the training of 420 candidates at 12 locations viz. Ahmedabad, Pune, Udaipur, Lucknow, Ranchi, Bhubaneswar, New Delhi (September 2024 batch), Chennai, Indore, Madurai, New Delhi (January 2025 batch) and Jaipur in the financial year 2024-25, as per its training calendar for the year 2024-25.

The Certificate in Accounting Technicians Course (CAT) offers retiring or retired JCOs, OR, and their counterparts in the Indian Army significant avenues for enhancing skills, advancing professionally, and smoothly transitioning into civilian life. Delivering the CAT course for the Indian Army is a distinct honour for the Institute, symbolizing appreciation and gratitude for the nation's dedicated service by its armed forces.

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

CAT Directorate issued Notification for the Examination – June 2024 term. The CAT Course (Part – I) examination will be held on 15th June, 2024 in OMR based offline mode from Centres. The students are urged to follow the guidelines being issued by the CAT Directorate.

MEMBERSHIP DEPARTMENT

During the month of May 2024, 92 new Associate memberships were granted and 34 Associate members were upgraded to Fellowship.

As informed earlier, an advisory for CoP renewal for 2024-25 has been uploaded on the Institute's website and for ready reference the same has again been published in this issue of the Management Accountant.

The membership department under the guidance of the Members Facilities Committee is continuing to process membership applications on a weekly basis and CoP renewals on a daily basis.

The members are requested to log in https://eicmai.in/MMS/Login.aspx?mode=EU and check their status of membership fee payment, CoP renewal if applicable as 30th June, 2024 is the last date for CoP renewal for FY 2024-25 without incurring any restoration charges.

MEMBERS IN INDUSTRY COMMITTEE

The Members in Industry Committee of the Institute organized the 2nd edition of "The CFO Leadership Summit – CFO Speaks" in association with Coimbatore Chapter of the Cost Accountants of India at Coimbatore on 4th May 2024. The summit aimed to redefine the role of CFOs from conventional finance professionals to strategic business leaders, with a focus on Total Cost Management (TCM). Distinguished speakers from CII, ICMAI, and various industrial heads in finance were invited to share their thoughts and expertise to this comprehensive event.

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

The Commissioner of Central Goods and Service Tax, Siliguri considered Cost Accountants Firms for processing e-TDS Income Tax filing, Electronics Test and Development Centre, Mohali considered Cost Accountants Firms for providing Tax Advisory Services, and IITI DRISHTI CPS Foundation considered CMAs for recruitment to the post of Finance Manager.

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

Professional Development & CPE Committee conducted 5th Webinar discussion with practitioners on "Policy opportunities and Challenges in India's emerging startup ecosystem" on 1st May 2024 with overwhelming response and active participation in the discussion by the Members.

Professional Development & CPE Committee in association with PHD Chamber of Commerce and Industry conducted seminars on Seminar on "Mediation Act 2023-Recent Developments, Open Issues & Way Forward" and on "Litigation in GST" held on 10th May 2024 and 9th May 2024 respectively at PHD House, New Delhi.

SUSTAINABILITY STANDARDS BOARD

The Sustainability Standards Board organized the 8th webinar of Vasudhaiva Kutumbakam Series on the topic 'Social Stock Exchange: Exchange Perspectives (Listing and Post Listing Compliances)' on 10th May, 2024. Shri Ashok Kumar Singh, Deputy General Manager, BSE was the speaker for the webinar.

The 9th webinar of Vasudhaiva Kutumbakam Series on the topic 'AI and Sustainability' was held on 24th May, 2024 which was undertaken by Ms. Anju Panicker, Director, SEP Learning and Corporate Solutions Private Limited. The Sustainability Standards Board released the May 2024 edition of its monthly newsletter Sukhinobhavantu.

Download link: https://icmai.in/upload/Institute/Updates/SSB_May_2024.pdf

Now, the issues of Sukhinobhavantu are uploaded at Magzter which is the world's largest digital newsstand.

TAX RESEARCH DEPARTMENT

The Month of May was an eventful month for the Tax Research Department wherein many webinars and workshops have been conducted. The details are as follows:

- The first webinar was conducted on the topic, "Ongoing issues under GST" on 2nd May, 2024.
- The second webinar was conducted on the topic, "GST on real estate transactions" on 16th May, 2024.
- The third webinar was conducted on 20.05.2024, the topic being' "Decoding Section 142(2A) - Income Tax: A CMA Perspective". This webinar was intriguing one and the ways in which the CMAs can work and the expected deliverables from the CMAs were discussed.
- The fourth webinar was conducted on 30.05.2024 on the topic, "How different is the UAE VAT and Indian GST".
- 10 hours workshop was also conducted from the 28th to 31st May, 2024 on the topic, "Litigations under GST Laws and How to handle it".

All the webinars and workshop have been widely successful with huge participation from members. The webinars have also been appreciated by senior members in the industry.

The revised and updated editions of the following publications have also been released by the department:

1. Handbook on Input Tax Credit under GST
2. Handbook on GST on Service Sector
3. Handbook on GST on Education Sector
4. Handbook on GST on Co-operative Sector
5. Guide Book for GST Professionals
6. Guidance note on Preparation and Filing of Form GSTR 9 & 9C

GST Course for college and university students completed at ABBS School of Management, Bangalore and exam was held on 22.05.2024. The classes for this course has also commenced at Calcutta Girls College (Batch: 1) and at Taradevi Harakchand Kankaria Jain College (Batch: 2) at Kolkata location. This course has been widely accepted by students and colleges all across the country actively participate in it. It helps students to find a link between the practical filing and the theory which they learn academically.

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

i. Certificate Course on GST (Batch – 15)
ii. Advanced Certificate Course on GST (Batch – 11)
iii. Advanced Course on GST Audit and Assessment Procedure (Batch – 8)
iv. Certificate Course on International Trade (Batch – 5)
v. Certificate Course on TDS (Batch – 11)
vi. Certificate Course on Filing of Returns (Batch – 11) and
vii. Advanced Course on Income Tax Assessment & Appeals (Batch – 8)

The admissions to the ensuing batches of the above course has also commenced in May, 2024.

The quiz on indirect tax is conducted on every Friday pan India basis. The Taxation Portal is being updated regularly with the circulars, notifications and press releases. 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 May 2024.

- A "Workshop on "Judicial Pronouncements under IBC, 2016" was conducted on 5th May 2024, with content like, Landmark Judgements of NCLT, Landmark Judgements of High Court(s), Landmark Judgements of Supreme Court, Other Important Judgements, the program was well appreciated by the participants who gained immensely with it.
- A three day's online "Master Class on "Art of Handling a Resolution Plan "was held from 10th to 12th May 2024 and content included topics such as Mandatory Content of Resolution Plan, Contravention and compliances of other Laws, Dues of Stakeholders, Case Laws, Approval by COC, filing before Adjudicating Authority, Managing and Monitoring Corporate Debtor Post Approval of Plan, etc. Active interactive with free exchange of views on the subject, during the session, was the highlight of the program.
- The "Pre-Registration Educational course" conducted by our expert faculties who shared their knowledge enriching experiences practical aspects and guidance to function as an effective and efficient IP. The 64th Batch of Pre-Registration Educational Course ("Online Course") was conducted from 13th to 19th May 2024 the course enhanced the knowledgebase, sharpen the management skill with efficiency in advocacy, code of conduct, and handling insolvency effectively.
- A "Workshop on Disciplinary Aspects & Governance under IBC, 2016" was conducted on 18th May 2024 which received an overwhelming response from participants who benefitted from the knowledge sharing workshop. There were several takeaways for the benefit of participants.
- A "Workshop on Not Readily Realisable Assets" was conducted on 26th May 2024, with content like, Concept scope of NRRA, Powers of Liquidators, Issue faced during liquidation regarding claims & interest, Checks and Balances, Options of Assignment, Treatment of NRRA during liquidation, International Best Practices.
- A Five-day "Executive Development Program Mastering the Art of Liquidation" is scheduled from 31st May to 4th June 2024 which includes contents such as Concept of Liquidation, Initiation & Appointment of Liquidator, Liquidation Regulations and Its Amendments, Collection & Verification of Claims, Mode of Sale & Valuation of Assets intended to be sold, Distribution of Proceeds, Stakeholder Consultation Committee, etc.
- 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 one "50 Hour's training programs" for Securities or Financial Assets, one for Land and Building asset and also organized 10 "Professional Development Programs" In the month of May, 2024. In its efforts to bring out relevant publications for development of the valuation profession, the company also released its monthly Journal – The Valuation Professional.

ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)

The SEBI vide circular, SEBI/HO/CFD/PoD-1/P/CIR/2024/0060 dated 27th May, 2024 has specified ICMAI Social Auditors Organization – (ICMAI SAO) as a Self Regulatory Organization for Social Impact Assessors in the context of Social Stock Exchange. The recognition by SEBI to ICMAI SAO to act as a SRO would facilitate our active pursuit in building a healthy and robust ecosystem for sustainable growth of the Social Stock Exchange.

ICMAI SAO organized one Proficiency Development Program and organized two Professional Development programs during May, 2024. It also released its monthly Journal – The Social Auditor.

FROM THE DESK OF CHAIRMAN

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

CMA Chittaranjan Chattopadhyay

According to Swiss Re, the overall insurance penetration in 2023-24 is at 3.8 per cent in India and 6.5 per cent globally. Economic growth, an expanding middle class, innovation and regulatory support is driving insurance market growth in India. Over the next five years (2024–28), it has been forecasted that total insurance premiums will grow by 7.1% in real terms, well above the global (2.4%), emerging (5.1%) and advanced (1.7%) market averages. At this rate, India will have the fastest growing insurance sector of the G20 countries.

The IRDAI has taken several steps to support industry growth. Important among these is the mission "Insurance for all by 2047" launched in November 2022, the main aim of which is to ensure that every citizen and enterprise has appropriate insurance cover/solution. There are also initiatives to attract foreign interest to the market. These reforms, along with robust economic growth, should support further development and expansion of the insurance sector.

One challenge in bridging the large protection gap is limited awareness and perception of the risks. The industry also faces challenges in underwriting, with a need for more granular data on existing natural catastrophe exposures, and establishing more robust modelling capabilities. India has made strong progress in setting up early warning systems for tropical cyclones, but there is a long way to go on this front for other hazards (eg, floods).

The BFSI Board, ICMAI is committed in our objective of spreading awareness on Insurance for all by 2047", the clarion call given by the Regulator and creating more opportunities for CMAs in providing service to the Insurance Sector. We from the BFSI Board has a MoU with National Insurance Academy (NIA) for the growth and progression of CMAs in the Insurance Sector. We have a collaborative course of General Insurance and we hope CMAs would be joining the certificate course for their knowledge enhancement and capacity building. We have organized both physical and online events on Insurance Sector addressed by czars and captains of the Insurance sector. We have also submitted many representations on the policy matters with regard to the various exposure drafts released by IRDAI. We have a dedicated quarterly publication called BFSI Chronicle where articles on Insurance covering both General and Life Insurance are published with equal weightage. The daily news digest of the BFSI Department is circulated every day which includes Insurance News. We have come out with various publications on Insurance Sector from the BFSIB and IAASB. Various representations have paved the opportunities for inclusion of CMAs in recruitment advertisement in insurance domain both in the Public Sector Insurance Companies and also in the Private Insurance Companies.

CMAs being costing experts can facilitate in Cost Control &Reduction in Management expenses by adopting the techniques viz, Expense Analysis, Cost Reduction Strategies, Budgeting and Forecasting, Process Improvement, Variance Analysis, Compliance Assurance etc . CMAs can help evaluate the efficiency of insurance claims processing, identify areas for improvement and ensure compliance with rationality under management or concurrent audit of insurance claims by way of Data Analysis, Fraud Detection, Loss Control and Efficiency, Reduction in the Combined Ratio /Loss Ratio Improvement/Customer Service and Compliant Handling, Reserve Management and Claim Settlement Practices. CMAs are well equipped to assess the investment decisions of insurance companies, helping to optimize returns on investments. CMAs can be instrumental to monitor the process by ensuring Regulatory Compliance, Risk Assessment, Performance Evaluation and Solvency Monitoring. CMAs can play a significant role in Profitability Analysis, Internal Audit and Internal Control, Management and Cost Audit for Outsourcing Activities, Management Audit for Reinsurance Regulation Compliance. It is a matter of fact that CMAs establish Key Performance Indicators (KPIs) and metrics to measure the efficiency and effectiveness of expense and commission management. We hope and trust that the Insurance Companies will utilize the skill of CMAs for robust growth of the organizations. CMAs could also play a vital role for reinsurance and coinsurance work as a professional, With the objective of insurance for all by 2047, we hope that regulators and industry Inc. will include CMAs in our common goals.

As IRDAI enters its silver jubilee year, we from BFSIB, ICMAI keep it on record about the magnificent role played by it as Regulator in the last 24 years. IRDAI has always been proactive enough in the evolution of the insurance sector and improvements thereof as well as catering to protect the interests of the insured through awareness and continuous innovation. Let us join hands with IRDAI for achieving the goal ''Insurance for all'' in Viksit Bharat 2047-synerging catalysts for Sankalp to Siddhi.

CMA Chittaranjan Chattopadhyay
June 04, 2024

2nd Edition

CFO Leadership Summit – CFO Speaks

Organized by:

Members in Industry Committee *in association with*
Coimbatore Chapter of Cost Accountants

Coimbatore, May 4, 2024

The Members in Industry Committee of the Institute organized the 2nd edition of "The CFO Leadership Summit – CFO Speaks" in association with Coimbatore Chapter of the Cost Accountants of India at Coimbatore on Saturday, the 4th of May 2024. The summit aimed to redefine the role of CFOs from conventional finance professionals to strategic business leaders, with a focus on Total Cost Management (TCM). Distinguished speakers from CII, ICMAI, and various industrial heads in finance were invited to share their thoughts and expertise to this comprehensive event.

The summit commenced with a warm welcome address by CMA (Dr.)R.Maheswaran, Chairman of the Coimbatore Chapter of ICMAI, followed by an illuminating presentation by CMA Dr. Debaprosanna Nandy, Senior Director of Studies, providing insights into the institute and the CMA curriculum.

CMA TCA. Srinivasa Prasad, Central Council Member of ICMAI and Chairman of the Members in Industry Committee, delivered a special address. Sri. M.Nagesh Babu, Principal Counsellor from CII TCM Division, then elaborated on the significance, scope, milestones, and roadmap of the TCM model. CMA A.N. Raman, Former President of SAFA gave an insight into TCM and the Methodological framework of TCM. CMA S.Durairajan, Founder Director of Kanzen Institute Asia Pacific Pvt. Limited, further elucidated on the practical implementation of the TCM model to facilitate the transition of CFOs into strategic leaders.

The summit fostered an engaging dialogue between CFO invitees and the speakers, facilitating an exchange of industrial insights. With the active participation of around 35 members including office staffs, representing diverse sectors including Financial Services, Textiles, Engineering, Education, Information Technology, Pharmaceuticals, Automobile and Plantation, the program created a vibrant and enriching atmosphere.

The event concluded with remarks by CMA Chittaranjan Chattopadhyay, Central Council Member of ICMAI, and a vote of thanks delivered by CMA U.Surya Prakash, Secretary of the Coimbatore Chapter of ICMAI, followed by the rendition of the national anthem, marking the successful conclusion of a thought-provoking and insightful summit.

FROM THE DESK OF CHAIRMAN

Training & Educational Facilities Committee
The Institute of Cost Accountants of India

CMA Vinayaranjan P.

ICMAI's Latest Initiatives in Education and Training

Dear Students and Members,

I am pleased to share the latest updates and initiatives undertaken by the Training & Educational Facilities Committee to enhance the learning experience for our students under the Syllabus 2022:

1. **Model Questions with Answers (MQPs)**: For the June 2024 term of examinations, MQPs for all levels (Foundation, Intermediate, and Final) have been uploaded on the Institute's website. These resources are designed to aid students in their exam preparation.
2. **MCQ-Based Online Portal**: The Directorate of Studies has developed an exclusive MCQ-based online portal for all levels. This portal is intended to help students perform smoothly in their examinations.
3. **Online Classes**: Regular online classes for all papers of Foundation, Intermediate, and Final levels are being conducted by the Directorate of Studies. Reputed subject matter experts have been engaged to deliver these classes.
4. **Recorded Classes**: Recorded sessions are available on our YouTube channel, with links provided on the Institute's website to facilitate student access.
5. **Updated Study Materials**: Students have been provided with updated study materials. Applicable amendments are uploaded as supplementary resources from time to time to ensure thorough exam preparation.
6. **New TV Channel**: ICMAI has launched a new TV channel exclusively for the students of the Institute in association with JIO TV. The Directorate of Studies has been regularly providing selective online lecture sessions in this platform to facilitate the students.
7. **CMA Student E-Bulletin**: Since January 2024, the CMA Student E-Bulletin has been published regularly in a new format with attractive features to keep our students informed and engaged.
8. **Online Workshops**: Various online workshops such as Power BI, SAP S/4HANA, and Advanced Excel have been organized to support Final Level students in their studies and professional development.
9. **Webinar on 'Success Mantra for CMA Exam'**: To assist students in preparing for CMA examinations, a webinar on 'Success Mantra for CMA Exam' was conducted by the Training & Educational Facilities Committee.
10. **CMA Faculty Lounge**: We are excited to introduce the CMA Faculty Lounge, a vibrant and dynamic space where faculty members, educators, and industry experts can share insights, best practices, and resources related to management accounting and allied areas. This initiative aims to foster a culture of continuous learning and innovation, empowering our faculty members to stay abreast of the latest trends, developments, and advancements in professional education.
11. **ICMAI & NPTEL Initiative:** ICMAI has started a new initiative with NPTEL (National Programme on Technology Enhanced Learning), which is a joint venture of the IITs and IISc, funded by the Ministry of Education (MoE), Government of India. NPTEL is the largest online repository in the world of courses in engineering, basic sciences, and selected humanities and social sciences subjects. IIT Madras through NPTEL will carry out this initiative with ICMAI to promote Cost & Management Accounting education across the Globe through skill enhancement courses.

We are committed to providing the best possible resources and support to our students, ensuring a robust and enriching educational journey.

Best wishes for June 2024 examinations.

Warm regards,

CMA Vinayaranjan P.
June 04, 2024

11th National Students' Convocation 2024

23rd May 2024, Science City Auditorium, Kolkata

Lighting of the lamp by the dignitaries: Hon'ble Governor of Maharashtra, Shri Ramesh Bais, Director of IIM-Mumbai, Prof. Manoj Tiwari, President, CMA Ashwin G. Dalwadi, Vice President, CMA B. B. Nayak, Chairman of MAC CMA Neeraj D. Joshi, Council Member, CMA Dr. Ashish P. Thatte and Chairman-WIRC, CMA Chaitanya Mohrir at the National Seminar in Mumbai, 6th May, 2024

Hon'ble Governor of Maharashtra, Shri Ramesh Bais, Director of IIM-Mumbai, Prof. Manoj Tiwari, President, CMA Ashwin G. Dalwadi, Vice President, CMA B. B. Nayak, Chairman of MAC, CMA Neeraj D. Joshi at the inauguration session of National Seminar on 'Navigating the New Frontier: Management Accounting in the Era of Real-Time Insights, Sustainable Growth and Cybersecurity' in Mumbai on 6th May, 2024 for the celebration of International Management Accounting day

CMA Ashwin G. Dalwadi, President, ICMAI had a meeting with Prof. Mamidala Jagadesh Kumar, Chairman, UGC along with the Institute's and UGC senior officials on 16.05.2024 at UGC Office, New Delhi

Release of Guidance Note on Inventory Valuation under the Income Tax Act 1961 developed by CASB of ICMAI at the hands of Shri Nitin Gupta, IRS, Chairman, Central Board of Direct Taxes (CBDT), Ministry of Finance, Government of India on 09.05.2024

CMA Bibhuti Bhusan Nayak, Vice President alongwith the members of the Cooperative Development Board felicitating and honouring Shri Mohan Kumar Mishra, Secretary (NCCT) as the new Member of the Board

Shri Mohan Kr Mishra, Secretary (NCCT), CMA Navneet Kumar Jain, Chairman (CDB), CMA Manish Kandpal and CMA Jeewan Chandra felicitating Dr. Ashish Kumar Bhutani, Secretary, Govt. of India, Ministry of Cooperation

CMA Navneet Kumar Jain, Chairman (CDB), CMA Manish Kandpal and CMA Jeewan Chandra felicitating Shri Pankaj Kumar Bansal Ji, Additional Secretary, Govt. of India, Ministry of Cooperation

The 1st Edition of the Quarterly Journal of the Cooperative Development Board 'CMAs Cooperative Digest' being released by Dr. Ashish Kumar Bhutani, Secretary MoC in the presence of Secretary (NCCT), Director (Finance, NCCT), CMA Navneet Kumar Jain, Chairman (CDB), CMA Manish Kandpal and CMA Jeewan Chandra

Shri A. K. Das, Former President, ICMAI had an interactive session with the Management of KIOCL Limited at Bangalore on 4th May 2024 with Mr. T. Saminathan, CMD, KIOCL Limited, Mr. G. V. Kiran, Director (P&P), KIOCL Limited, Mr. K. Ranganath, Ex-CMD, KIOCL Limited and Mr. R. K. Mishra, CGM (Finance), KIOCL Limited

CMA Navneet Kumar Jain, Chairman (CDB), ICMAI felicitating and honouring Shri Rajiv Mittal, Director (Finance), NCDC as the new Member of the Cooperative Development Board of ICMAI

The delegation from the ICMAI presented before Dr. Bhutani, a brief report of their previous work and informed about their future action plan

Inauguration of CAT Course batch under Directorate General Resettlement, Ministry of Defence, Govt. of India at Ahmedabad Chapter of Cost Accountants on 03rd June, 2024

Meeting with CMD, NMDC, Sri Amitava Mukherjee and Smt G.Anupama GM (Finance), NMDC and Director Finance designate, Khdremukh Iron Ore Company Ltd on 10th May 2024


ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
Statutory Body under an Act of Parliament
www.icmai.in
ncmac2024@icmai.in
iCMA
First Ever Residential National Convention of ICMAI
61st
National Cost and Management Accountants' Convention, 2024 (NCMAC)
Viksit Bharat 2047
Synergizing Catalysts for Sankalp to Siddhi
THURSDAY TO SUNDAY
27th - 30th JUNE 2024
TENT CITY 2, EKTA NAGAR
STATUE OF UNITY, GUJARAT
Behind Every Successful Business Decision, there is always a CMA

WELCOME MESSAGE

In his address outlining the India Vision 2047, the Hon'ble Prime Minister of India Shri Narendra Modi ji emphasized the paramount importance of unity as the guiding principle for the next 25 years. He underscored that India's strength emanates from its unity. As the nation approaches the milestone of its 100th year of independence in 2047, the aspiration is for the tricolour flag of a developed India to proudly flutter on the global stage. This ambitious vision aims to position India as one of the two largest economies globally by 2047.

To realize this vision, India is committed to a multifaceted approach, blending macro-economic growth strategies with micro-economic inclusive welfare initiatives. Key focus areas include promoting the Digital Economy, fostering Fintech innovations, leveraging Technology for Development, facilitating Energy Transition, and spearheading Climate Action. A pivotal aspect of this strategy involves nurturing a virtuous cycle, wherein private investment is catalysed by strategic public capital infusion and prudent use of Resources.

Throughout its journey, the **C**ost and **M**anagement **A**ccountancy (CMA) profession has been an unwavering force driving socio-economic progress in the nation. CMAs are revered as the backbone of the Indian economy, renowned for their proficiency in fostering cost competitiveness, resource optimization, and cost-conscious management practices. With their expertise, CMAs are committed to contributing to nation-building and realizing India's vision of becoming a technology-driven, knowledge-based economy with robust financial foundations by 2047.

These objectives form the central agenda of the forthcoming ***61st National Cost and Management Accountants' Convention (61st NCMAC), is themed "Viksit Bharat 2047: Synergizing Catalysts for Sankalp to Siddhi."*** The convention, slated to take place at the ***Tent City 2, Ekta Nagar, Statue of Unity, Gujarat*** *from* ***June 27th to 30th, 2024,*** aims to address the challenges in achieving the India Vision 2047 and highlight the pivotal role of CMAs in this endeavour. It will feature technical sessions led by senior bureaucrats, eminent experts, and dignitaries from industry, academia, and professional bodies, fostering focused discussions on various facets of the theme.

Participants can expect to gain insights, stimulate new ideas, and derive strategic inputs to bolster their businesses and professional practices. For the Institute and its members, it shall provide a pathway for setting strategies to remail relevant is the ushering era. The convention offers a platform for deeper appreciation of the significant role CMAs can play in realizing the national vision.

We call upon all regional councils, chapters, and members of the Institute to join forces, demonstrating the strength of the CMA profession by actively participating in this landmark event. With the enthusiastic participation and invaluable support of distinguished guests, delegates from the profession, industry, regulators, and government, we are confident that the 61st NCMAC will be a resounding success.

With best regards

CMA Ashwin G. Dalwadi
President, ICMAI &
Chief Patron - 61st NCMAC, 2024

CMA Bibhuti Bhusan Nayak
Vice President, ICMAI &
Chairman - 61st NCMAC, 2024

CMA Manoj Kumar Anand
Council Member, ICMAI &
Convener - 61st NCMAC, 2024

CMA Neeraj D Joshi
Council Member, ICMAI &
Co-Convener - 61st NCMAC, 2024

CMA Chaitanya Mohrir
Chairman, WIRC &
Co-Chairman - 61st NCMAC, 2024

61st NATIONAL COST AND MANAGEMENT ACCOUNTANTS' CONVENTION 2024 (NCMAC)

Viksit Bharat 2047: Synergizing Catalysts for Sankalp to Siddhi

The theme of the ICMAI National Cost and Management Accountants' Convention - 2024 reflects a forward-looking vision for the role of Cost and Management Accountants (CMAs) in India's economic development. It is a clarion call to transcend traditional boundaries and embrace a broader and more strategic role in shaping the future of businesses and the economy. CMAs are playing a key role in Performance Governance of business and enacting as enabler towards achieving this change.

CMAs have evolved into strategic partners, providing insights that go beyond numerical accounting data. They are now at the forefront of decision-making processes, steering organizations towards efficiency and sustainability by offering a broader range of expertise. Their insights extend beyond the confines of financial figures. This shift is driven by several factors:

- **Performance Governance:** CMAs play a significant role in performance governance within organizations. They bring a unique skill set and expertise to the table which can be instrumental in helping organizations achieve their performance goals.
- **Strategic Planning:** CMAs actively contribute to strategic planning processes by providing financial forecasts, scenario analysis, and budgeting expertise. This strategic outlook goes beyond the scope of traditional financial reporting.
- **ESG, Sustainability and Risk Management:** ESG has becoming significant in the 'new world order' as sustainability challenges become more overwhelming to force all concerned to collectively play a role in promoting and implementing sustainable practices. CMAs play a pivotal role in guiding organizations toward sustainable practices and effective risk management. They are well-equipped to assess the financial implications of various sustainability initiatives and risk mitigation strategies.
- **Performance Optimization:** CMAs are skilled in identifying cost-effective strategies to optimize performance, improve efficiency and enhance profitability. Their insights go beyond mere financial reporting to actively shaping strategies for growth.
- **Data-Driven Decision Making:** Organizations increasingly rely on data to make informed decisions. CMAs, with their deep understanding of accounting data have a unique perspective to offer in terms of data analysis and interpretation.

In essence, the theme underscores the transformation of CMAs from mere reporters of cost data to dynamic decision-makers and strategists within organizations. It highlights their ability to provide valuable insights that drive sustainable growth and efficiency.

'***Viksit Bharat***' represents 'India' of prosperity and abundance. It signifies a vision for a thriving and economically vibrant India. The convention aims to explore how CMAs can contribute to making this vision a reality and ensuring Performance Governance.

India's aspiration to become a developed country is an ambitious and challenging goal. The Catalysts for achieving this target requires innovative strategies, tools and capabilities. The CMAs symbolise the strategic instruments and tools ideally positioned to provide.

Incorporating CMAs and their tools and techniques into the vision of *Viksit Bharat* can help the government make data-driven decisions, allocate resources efficiently and implement policies effectively. CMAs can play a vital role in optimizing financial and economic outcomes in line with the overarching goals of inclusive development, reaching the last mile, infrastructure development, unleashing potential, green growth, empowering youth and strengthening the financial sector.

The CMA competencies represent key skills or tools that CMAs might need in order to contribute to the vision of *Viksit Bharat.*

- **Inclusive Development:**

Cost Analysis and Management: CMAs can employ cost analysis techniques to identify areas where cost reductions can lead to lower prices for essential goods and services, making them more accessible to a broader population.

- **Reaching the Last Mile:**

Performance Measurement and KPIs: CMAs can design key performance indicators (KPIs) to assess the effectiveness of government programs in reaching remote and marginalized communities, ensuring resources are allocated efficiently.

- **Infrastructure and Investment:**

Capital Budgeting: CMAs can utilize capital budgeting techniques to evaluate the financial viability of infrastructure projects, helping the government make informed investment decisions that maximize returns.

- **Unleashing the Potential:**

Strategic Planning: CMAs can assist in strategic planning by conducting SWOT analyses and market research to identify opportunities and threats in various sectors, guiding policy decisions for unleashing economic potential.

- **Green Growth:**

Environmental Cost Analysis: CMAs can calculate the environmental costs and benefits associated with different policies and projects, aiding in the promotion of green and sustainable initiatives.

- **Youth Power:**

Skill Development Programs: CMAs can design and implement cost-effective skill development programs to empower the youth with the necessary skills for employment and entrepreneurship.

- **Financial Sector:**

Financial Regulation and Compliance: CMAs can ensure that Financial Sector Institutions adhere to regulatory frameworks and compliance standards, cost effective delivery of services, contributing to the stability and growth of the Sector.

- **Women Power:**

Bridging the digital gender gap: Cost Accountants, being advisors to corporate, can play a great role in bridging the digital gender gap by embedding procedures in internal control systems that promote inclusiveness and ensure safer physical and digital environment for women.

- **Digital Literacy:**

Digital literacy and workforce diversity: Professionals has a role in laying a foundation for tackling the digital gender divide, guiding efforts to monitor progress in digital literacy and workforce diversity. Cost Accountants may advocate for and promote digital literacy for common man, because the words of a respected professional would go a long way in changing the perceptions of the society.

In conclusion, the theme of the ICMAI National Cost and Management Accountants' Convention - 2024, ***Viksit Bharat 2047: Synergizing Catalysts for Sankalp to Siddhi*** signifies a paradigm shift in the role and significance of CMAs. It highlights a remarkable transformation of CMA's role from financial reporters to strategic partners and visionaries who actively contribute to India's economic development, innovation, sustainability and growth. CMAs are pivotal in providing the vision needed to propel India towards a ***Viksit Bharat.*** This theme underscores the vital role that CMAs play in shaping the future of businesses and the broader economy, transcending traditional boundaries and embracing a holistic and strategic outlook.

CONVENTION COMMITTEES

CONVENTION COMMITTEE

Chief Patron
CMA Ashwin G. Dalwadi, President

Chairman
CMA Bibhuti Bhusan Nayak, Vice President

Convener
CMA Manoj K Anand, Council Member

Co-Convener
CMA Neeraj Dhananjay Joshi, Council Member

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CMA Dr Dhananjay V. Joshi, Former President
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OPPORTUNITIES OF RENEWABLE ENERGY FINANCING IN INDIA

Abstract

This article examines the transformative journey of renewable energy financing in India from 2014 to 2024, highlighting the significant investments and strategic efforts undertaken to expand the sector. The future of renewable energy financing in India is crucial for sustainable development and achieving the country's ambitious climate goals. As one of the largest renewable energy markets globally, India boasts a renewable energy capacity of 191 GW at the end of FY 24. This growth, from 80 GW in FY 15, highlights significant advancements, particularly in solar power, which increased 22 times to 81.8 GW, and wind power, which reached 45.9 GW by March 2024. Financing has been key, with an estimated INR 5.9 to 6.1 Lakh Crores invested from 2014 to 2023, emphasizing the need for substantial financial support to meet the 2030 target of 500 GW non-fossil fuel electricity capacity. This article details the methodology used to calculate this funding, examines the current financing landscape dominated by bonds, NBFCs, and banks, and discusses the future outlook and challenges in scaling up investments. It underscores the pivotal role of IREDA as a leading financier in the sector, contributing to the nation's green energy goals. The path to a sustainable and energy-secure future for India will be paved with innovative financial solutions, robust risk management, and strategic partnerships, essential for achieving ambitious net-zero emissions goals.

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Introduction

Over the past decade, India's power sector has witnessed substantial growth, with electricity generation nearly doubling to surpass 1,624 billion units (BU) in FY23, driven by robust economic growth and 8-9% growth in electricity demand.Historically, power demand grew at 4.3 percent CAGR between FY14 and FY20, in contrast to 8.9 percent CAGR between FY21 and FY23. This substantial increase can be attributed to sustained economic growth, a strong emphasis on domestic manufacturing, higher infrastructure spending, and rising incomes, all of which have led to increased domestic power consumption. This trend is particularly noticeable in the Commercial & Industrial (C&I) sector, where electricity sales have surged by over 18% CAGR from FY21 to FY23. This surge in demand led to mandating coal blending to ensure sufficient electricity supply. The increased reliance on imported coal and rising international coal prices resulted in substantial power purchase cost escalation.

Ultimately, this led to an increase of 71 paise per unit in India's average power purchase cost between FY22 and FY23.

Renewable energy has become a viable solution for both cost stability and faster deployment in the energy sector. Solar and wind power have reached a competitive edge, offering cleaner alternatives to traditional sources. Renewable energy projects provide long-term, predictable pricing and budgeting through utility contracts and industrial agreements, acting as a hedge against energy price inflation. This paradigm shift positions renewable energy as a strategically advantageous choice for securing a sustainable, cost-efficient future.

India is at present one of the largest renewable energy markets in the world with the 4th largest renewable energy capacity of 191 GW by the end of FY 24. The growth over the past decade has been remarkable from 80 GW installed capacity at the end of FY 15. More specifically, solar power capacity grew exponentially, increasing by about 22 times over the last nine years to reach 81.8 GW, while wind power capacity stood strong at 45.9 GW as of March 2024.

Further, India has also emerged as a global leader in net-zero building projects, with 75 LEED Zero projects certified worldwide as of August 2023 and an additional 30 projects currently working toward certification. This achievement surpasses both the United States and China, underscoring India's commitment to sustainable and energy-efficient construction practices. With 2023 being a milestone year for India, as it convened the G20 summit for the first time and assumed presidency of the 13th International Renewable Energy Agency assembly, we must ensure that we stay on the path of global leadership in energy transition.

With India announcing its ambition to reach Net-Zero by 2070 sets, large-scale deployment of low-carbon sources of energy such as renewable energy will be quintessential and form the backbone of a low-carbon economy. As per the Council on Energy, Environment and Water (CEEW) estimates for 2070, India will need ~5600 GW of solar capacity, ~1700 GW of wind capacity and ~220 GW of nuclear capacity along with investments in carbon capture for thermal power plants for meeting its carbon neutrality target. Consequently, as India moves towards the achievement of its 2030 target of 500 GW of non-fossil fuel electricity capacity, access to large quantum of finance will become a critical requirement.

The future of renewable energy financing in India is of immense importance, as the renewable energy sector is not only a critical pillar for sustainable development but also a cornerstone for India's ambitious climate goals.

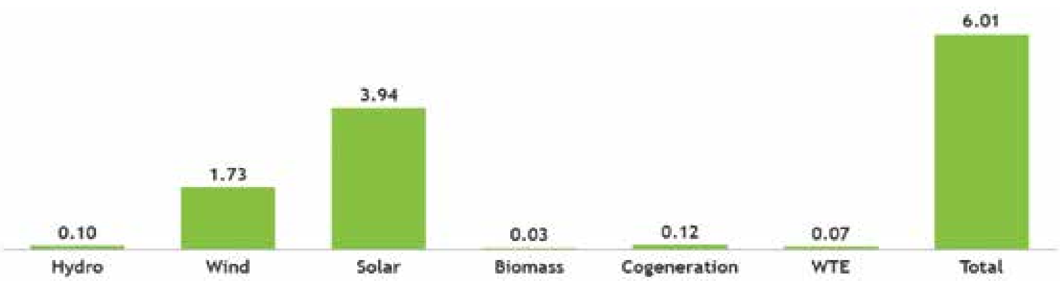
Role of financing in RE

Financing plays one of the most critical roles in catalyzing creation of renewable energy assets. In contrast to conventional sources of energy where the cost of raw material is the biggest driver of power economics, cost of power for renewable energy sources such as solar & wind energy are majorly linked to capital cost for setting-up asset.

Total funding in the RE sector

Overall, for any project, there are 2 key sources of finance (1) Equity and (2) Debt. For most RE projects, the percentage of debt in the overall funding is in the range of 70-80% and therefore is a critical element in financial closure of the project. In terms of sources of debt, bonds account for the lion's share, followed by NBFCs and banks, respectively. Debt financing can also come from multilateral agencies like the World Bank and Asian Development Bank (ADB), often with favorable terms and technical assistance. Lastly, bonds, while a developing market in India, offer an avenue for renewable energy project financing. Large number of developers have raised bonds globally as well to fund their projects.

The total funding in the renewable energy (RE) space in India over the period from 2014 to 2023 is estimated to be in the substantial range of INR 5.9 to 6.1 Lakh Crores. This impressive financial commitment reflects the country's significant efforts and investments aimed at expanding its renewable energy infrastructure and capacity.



Contribution of Power Financing NBFC's

Power Finance Non-Banking Financial Companies (NBFCs) are specialized financial institutions that play a critical role in financing the Indian power sector, including renewable energy. These NBFCs often step in when commercial banks are hesitant due to the perceived risk associated with certain projects or new technologies within the power sector, allowing them to support innovative projects and early-stage developers. Additionally, power projects, especially renewable energy installations, often require long-term financing, and NBFCs can offer loans with longer maturities compared to traditional banks, better aligning with the project's cash flow generation. These NBFCs have built deep domain knowledge and expertise in the power sector, enabling them to undertake a more nuanced risk assessment and offer financing solutions tailored to specific project needs.

Within this segment, IREDA, PFC and REC play a crucial role as one of India's green financiers, accounting for more than 80% share in the NBFC space. Amongst this, IREDA is India's largest pure play green financier.

The following table illustrates the share of credit towards the renewable sector by major power financing NBFCs:

Power Financing NBFCs	Share in Credit towards Renewable sector
IREDA	31%
PFC	32%
REC	19%
PFS	1%
TCCL	7%
India Infradebt Limited	9%
Aggregate	100%

Source: CARE Report

Methodology of calculation of India's RE funding from 2014-2023

The methodology to estimate the total amount of RE funding in India based on year-over-year (YOY) data on additional installed capacity and historical cost per MW. Data on YOY cumulative installed capacity comes from the Central Electricity Authority (CEA) database for the sector of solar, wind, hydro, waste-to-energy (WTE), biomass, and cogeneration. Inferences for YOY RE capacity addition are derived from the CEA data with the following assumptions:

The CEA provides combined capacity for biomass and cogeneration. Based on data from the Ministry of New and Renewable Energy (MNRE) as of October 31st, 2022, total biomass power/cogeneration capacity was 10,205 MW, with bagasse cogeneration accounting for 7,563 MW and non-bagasse cogeneration at 772 MW. This translates to an 81.7% share for cogeneration in October 2022. This ratio is used to split biomass and cogeneration capacity across all years considered in the study. For biomass and cogeneration capacity of 2013, installed capacity figures are estimated by subtracting the average capacity addition (in MW) observed over the period 2015-2017 from the 2014 figures.

Cost per MW data is obtained from two sources – (1) Indian Renewable Energy Development Agency (IREDA) base data on project cost and capacity (MW) for sanctioned projected in the solar, wind, and WTE sectors. (2) Normative cost of capital from CERC RE Tariff Orders for the respective years is used for hydro and biomass projects.

Overall, cost per MW has been computed from IREDA base data of project cost and capacity (MW) for sanctioned projected in Solar, Wind &WTE sectors. For Hydro and Biomass, normative cost of capital from CERC RE Tariff Orders have been used for respective years.

For estimating the contribution of power financing NBFCs, Loans outstanding in the RE sector as reported by each company has been considered.

Future RE outlook and financing need

Our journey from 2014 to the present has been nothing short of transformative and has led to the establishment of ambitious renewable energy (RE) targets for the country, reflecting our commitment to sustainable development and climate resilience. The country has set a formidable target to achieve 500 GW of non-fossil fuel electricity capacity by 2030. This goal encompasses having 50% of the installed capacity from non-fossil fuel sources, which signifies a major shift from traditional energy dependencies. Additionally, there is a target to reduce the emission intensity of GDP by 45% from the 2005 levels, showcasing India's dedication to lowering its carbon footprint and mitigating climate change impacts.

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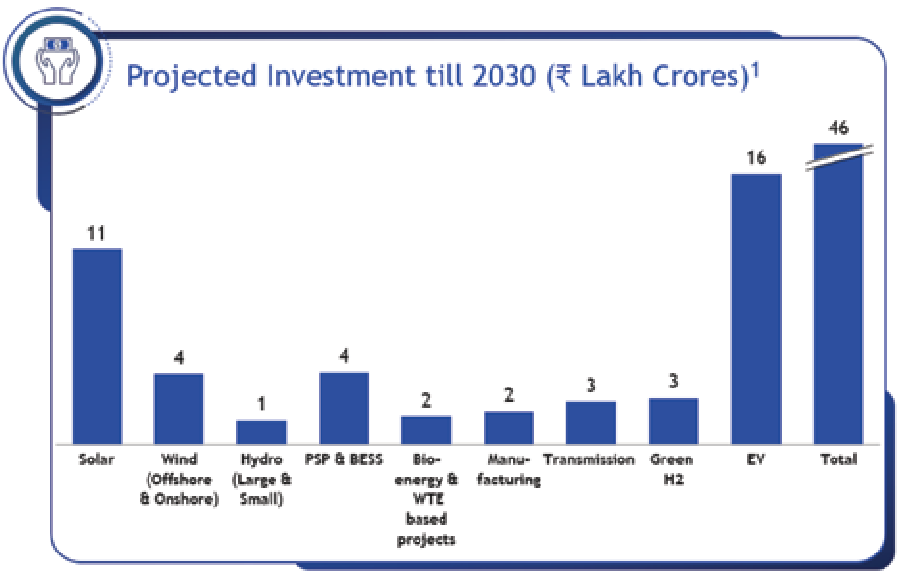
India power capacity, 2023 actual and 2030 forecast

Technology	2023 (GW)	2030 Forecast (GW)
Biomass	11	10
Hydro	52	76
Wind	43	140
Solar	67	280
Nuclear	7	19
Gas	25	25
Coal	212	267
Total	417	817

Source: Central Electricity Authority (CEA); National Power Portal; BloombergNEF

To achieve these 2030 ambitions, India needs to massively scale up funding for renewables. The estimated investment requirement is a staggering INR 46 Lakh Crores+ till 2030. This will necessitate a significant ramp-up in annual investments, potentially increasing by 6 to 7 times from the current investment levels.



Source: CARE Report

Detailing this further, according to the recent National Electricity Plan by the Central Electricity Authority, approximately Rs. 23,25,000 Crores in investments are needed to establish renewable energy generation plants by 2030. The details are as follows:

Fund requirement for Generation projects (Source-wise) during 2022-2030

(Rs. Crores)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Hydro	14,733	16,670	14,912	10,277	9,558	29,900	33,307	31,639	1,60,996
PSP	3,383	2,484	4,738	15,448	28,150	29,692	25,120	15,405	1,24,240
Wind	25,863	41,541	54,824	55,611	53,106	61,341	74,449	74,197	4,40,932
Offshore Wind	0	0	0	0	0	0	0	4,501	4,501
SHP	373	355	366	377	388	400	412	424	3,095
Biomass	4,131	4,921	5,064	5,217	5,372	5,536	5,702	5,873	41,816
Solar	93,399	1,11,804	1,46,712	1,57,103	1,71,953	1,82,100	1,86,329	1,91,463	12,40,863
BESS	0	0	0	0	56,647	1,44,966	83,981	22,502	3,08,096
Total	**1,41,882**	**1,77,775**	**2,26,616**	**2,44,033**	**3,25,174**	**4,53,935**	**4,09,300**	**3,46,004**	**23,24,719**

Source: *National Electricity Plan, (May 2023), Volume I – Generation*

This extensive investment will also drive economic growth, create numerous job opportunities, and further solidify India's position as a leader in the global renewable energy landscape.

Challenges & Next steps

Financing costs constitute 30-45% of the levelized cost of renewable electricity. Therefore, obtaining competitive financing can significantly reduce these costs, leading to lower electricity tariffs for consumers. In context of India's RE targets, fund mobilization initiatives would be critical. For instance, a comprehensive green taxonomy in India, which will help provide a common understanding to identify RE green projects might be explored. There is also potential to attract funding from global Development Finance Institutions (DFIs) that have a high commitment in Asia but currently have low penetration in India.

While bonds contribute to half the share of debt towards RE, there is a very high dependence on foreign currency bonds. Compatible financing structures (driven by competitive interest and longer loan tenor matching asset life) are central to ensuring viability for investors; this can only be ensured through a thriving and active debt market with considerable supply of funds from domestic as well as international investors. An AUM obligation for pension funds and insurance companies is recommended in directing capital into green projects.

Further, NBFCs need to be empowered to ramp up their contributions to India's RE journey. This can be done by removing net-worth linked investment limits investments on insurance and pension funds into RE-financing NBFCs.

Banks are underpenetrated in the RE segment when compared with NBFCs with substantial room for increased contribution. An initiative like Renewable Finance Obligations (RFOs) might be explored, with mandates designed to ensure banks allocate a portion of their lending to renewable energy projects.

Finally, there is room to introduce innovative financial products to help control technology and offtake risks for new/emerging RE technologies, especially, Green Hydrogen and Battery Energy Storage System (BESS). For instance, a potential Electrolyzer / Battery Guarantee Support which provides partial guarantee (up to some % of price of equipment) to developers purchasing electrolyzer/battery from select product manufacturers might be explored. Another example is long-tenor Contract for Difference (CfD) for Emerging

There is room to introduce innovative financial products to help control technology and offtake risks for new/ emerging RE technologies

technologies to encourage off-takers to enter into long-term purchase agreements today by providing them a hedge against future reductions in prices.

By addressing these challenges and taking proactive steps, India can enhance financial support for renewable energy, ensuring that our country meets its ambitious climate goals. Leveraging both, domestic and international funding, sources will be essential to help strengthen the financial ecosystem for sustainable development. Collectively, these efforts will drive the growth of the renewable energy sector, contributing to a greener and more sustainable future for India.

IREDA's Way Forward

As the largest pure-play green financing Non-Banking Financial Company (NBFC) in India, IREDA continues to play a pivotal and nurturing role in the country's renewable energy journey. We are dedicated to ensuring that the renewable energy sector in India has access to the right financial products, favorable financing costs, and adequate funding. This support is essential for scaling both established and emerging green technologies, which are crucial for achieving ambitious net-zero emissions goals. Through our continued efforts, we hope to maintain leadership as the lender of choice in energy transition.

The path to a sustainable and energy-secure future for India is clear. It is paved with innovative financial solutions, robust risk management, and strategic partnerships. At IREDA, we strongly believe that we have the ability, expertise, and commitment to drive this transformation. We understand the complexities of the energy market and are prepared to navigate these challenges with a forward-thinking approach.

Let us embrace this opportunity to innovate and contribute to a greener and more sustainable India. Together, we can build a resilient energy infrastructure that benefits all and secures a cleaner, brighter future for generations to come. MA

BANCASSURANCE - THE REVOLUTIONARY COUPLE

Abstract

Bancassurance is win-win model and technical strategy for both sectors; for the banks it's revenue vertical and for the insurance sector it's a new access point for its enhanced marketing strategy. With the pace at which digital banking and insurance are developing, Bancassurance is a big value addition to the overall growth of the financial sector by increasing the availability and uptake of insurance products. The cross-selling horizons, market penetration, customized product line and shared technical knowhow forms part of the meritorious takeaways in a successful bancassurance deal. The impending pathway of bancassurance is promising, secured and diverse with far reaching opportunities. The growing advancements in Data analytics and fintech solutions will make the services a cake walk inline with the market dynamics.

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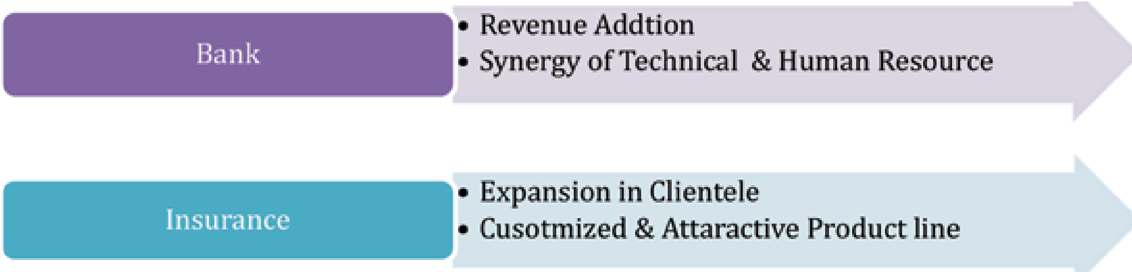
INTRODUCTION

Availing credit facility and getting insured are two flipsides of a coin of a life cycle, wherein a general perspective is that the former is optimistic for a growth and the latter a conservative for a contingent scenario. And if these two giant service sectors of the Indian financial market become partners, then it is nothing less than a strategic revolution. Bancassurance is an alliance to provide twin benefits for a customer opting a credit facility. The insurance products are integrated to the banking channels and are customized based on the diversified market/customer needs. It is a win-win model for both the sectors; for the banks it is another revenue vertical and for the insurance sector, it's a new access point for its enhanced marketing strategy to move their products along the banking portfolios. Despite the regulatory interferences, in India, digi insurance and fintech horizons are still in their budding phase. Moreover, regulatory landscape for clubbing these two sectors is challenging since it is exposed to many unexpected market risks.

SYNERGY OF BANCASSURANCE- AN UPPER HAND TO THE BANKING ENTITY

There is always a value preposition in the product line whenever there is a strategic alliance. The corporate outlook especially in a technical collaboration model always gives an edge over the curve. With the pace at which digital banking and insurance are developing, bancassurance is a big value addition to the overall growth of the financial sector by increasing the availability and uptake of insurance products. Though in the segment reporting, bancassurance's percentage contribution to the total revenue may not be material, the economy of scale it gains is equivalent to that of a conglomerate merger. The cross-selling horizons, market penetration, customized product line and shared technical knowhow form part of the meritorious takeaways in a successful bancassurance deal. An upper hand always vests with the financial institution that the deal forms part of their non-operational income. In a perfect competitive market, it becomes the option of the banking entity to choose the insurer who charges less from their customer and gives better margin. However, on the other side, the clientele is expanded without any extra effort to the insurance companies and have to seldom worry on the customer quality since they have already passed through the gates of many credit rating agencies.



FACTORS OF CHOICE OF PARTNERS FOR BANCASSURANCE

Banks/financial Institutions and the insurance companies must take utmost care in selecting their partners for bancassurance. Both the parties are taking a common risk that they are getting in to an alliance with a partner which is not in their portfolio and the sector to which they are not exposed to. The banking entities, in particular need to exercise due diligence that they are paving way to their customer to a product of a different sector wherein they have no control whatsoever.

Following are the major factors to be considered before a bancassurance deal.

1. **Track Record & Goodwill**
   Both the services namely credit and insurance are now digitally enabled. The number of service providers in the both the sectors are now plenty and are chosen by the customers mainly considering the cost and efficiency factor. Hence for either party, it is very easy to join hands with the other end, but since it is a matter of sharing revenue and or the client, the track record must be evaluated on the varying grounds. Cross selling may give additional revenue but has the risk exposure that it would affect its entire market on selection of a wrong partner.

2. **Technical Curve**
   The incumbent partner must give a healthy handholding that it must accelerate the product line in the market. The staff and the clients must feel the ease in the utility as a result of the alliance and should be away from glitches and procedural formalities. There should an upper hand in technical application as a result of the bancassurance arrangement.

3. **Confidentiality and Trade Secrets**
   Both the service providers are regulated by different statutory authorities and the modus operandi in the market is diverse and distinct in all the operational aspects. Due care must be taken to ensure that either party is not exposed to the confidential data of the customers or access in the systems during transactions do not cross the regulatory boundaries.

4. **Regulatory Compliance**
   Since the alliance can attract various statutes such as FEMA (if the parent company of either party is foreign company), Competition Act, Companies Act, SEBI Act, IRDA, Banking Regulation Act etc, a comprehensive due diligence must be undertaken on the compliance history and process of the other partner and the consequent scenarios of the deal need to be forecasted. Global impact of similar deals along with potential market reaction also needs to be analysed before materializing the contractual obligations.

5. **Cost Benefit Analysis**
   The cost factor in this aspect is not fiscal; rather the risk involved in getting in to an unexposed vertical. The partners must be well averse of the contingent scenarios and plan B must be in their table. A benefit is always there on the cards on a strategic combo but must not hit the existing market or affect their brand in any way.

BANCASSURANCE – THE OTHER SIDE

Banassurance has a wider scope of progress for both the sectors in the present digital era with customized products and innovative strategic schema. The impending pathway of bancassurance is promising, secured and diverse with far reaching opportunities. The growing advancements in Data analytics and fintech solutions will only make the services a cake walk inline with the market dynamics. The leverage of both the sectors and evolving landscape is poised to play a critical role in the economic growth. However, the challenges like those outlined in the following paragraph, are complex, hidden and have a remote chance of resulting in many unprecedented conclusions.

1. **Database Check**
   Though not a direct encounter, there is always a chance for the drip in the database of either party. Expenses related to investigating the breach, repairing vulnerabilities, enhancing security measures and damages claim if any, can be substantial. A significant breach can disrupt normal business operations and can result in a loss of competitive advantage, allowing peers to take an advance position.

2. **Technical Interference**
   Owing to alliance, process reengineering in the existing system is compelled and core areas will undergo a temporary downtime to accommodate the change. A comprehensive IS Audit need to be put in place in all the phases of execution. The consequences of bringing a change in the core processes where the IT structure is weak will always be challenging and may result into manual intervention. Moreover, the staff need to trained properly and made proficient to handle the new product. System integration might take a toll on either of the partners that aligning the IT systems can be complex and costly. System failures or integration issues can disrupt services and impact customer satisfaction.

3. **Strategic and vision risk**
   Though the contribution of bancassurance in the balance sheets of both the service sectors is significant the efforts to equip human resource and system change is sometimes herculean in nature. The focus to fix the bancassurance objectives may also sometime results in misalignment in the vision between the partners and may lead to compromise and arrangements.

4. **Competitive edge and customer preferences**
   Though bancassurance adds on to the existing revenue to the FIs, it requires a priority on the investment of time and efforts. When the peer entities focus on the core businesses and remain in the rally, there should not be any deviation in the name of diversification. Moreover, for the sake of upholding the terms of strategic alliance, customer preferences should not to be compromised.

The impending pathway of bancassurance is promising, secured and diverse with far reaching opportunities

FUTURE OF BANCASSURANCE

Though the concept of bancassurance hit the Indian market bit late, the impact created by it has almost matched with the pace of global movement and had been humungous. In India both the sectors were adaptive and receptive to the concept and regulators' role needs a special mention for driving it optimistically. The present pace of AI and Insurtech partnerships have made the processes of risk assessment, customer segmentation, personalized marketing and claims settlement ease and very quick. Blockchain technology and smart contracts are being explored to improve transparency, security and efficacy in bancassurance transactions and when it is coupled with regulatory sandboxes to test innovative products and services in a controlled environment, the future of bancassurance is promising in the upcoming technology driven Indian economy. MA

Reference - *Own Words*

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UNDERWRITING IN GENERAL INSURANCE AND EFFICACY OF CLAIMS MANAGEMENT

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Abstract

For any general insurance company, underwriting and claims management are the two significant functions which are to be efficaciously managed. Disconnection between the two leads to dispute and dissatisfaction of policyholders. A few factors have been identified during a study conducted with policyholders, underwriters and intermediaries due to which claims are repudiated. Such factors can be taken care of at the time of underwriting itself which supports claims management function positively. Adequate care taken by a proposer while providing information in the proposal form and conducting a risk inspection before underwriting can bring in efficacy in claims management apart from using technology and learning from claims experience by the underwriter.

INTRODUCTION

Risk is ubiquitous and needs to be managed well. Managing property risk by transferring it under an insurance arrangement is considered to be one of the best possibilities and widely adhered to. General insurance being a valid contract is based on the policy coverage, warranties and exclusions. Many times it is seen that a proposer does not give adequate attention and importance to provide correct particulars and information while filling up the proposal form, which is the base document for an insurance contract. Underwriting and claims management are two important constituents in the entire insurance value chain and they are considered to be the lifeline of any general insurance company. Any disconnect between the two either leads to dispute or dissatisfaction of a policyholder.

Claims are to be effectively managed and settled by any non-life insurance company due to the following reasons –

a. Customer satisfaction as per the Regulation of Insurance Regulatory Development Authority.
b. Direct impact in the minds of the prospective buyers.
c. Customer acquisition and retention.
d. Avoidance of disputes.
e. Underwriting and pricing decisions by insurance companies.

Effective underwriting and efficacious settlement of claims are given utmost priority as they contribute to the profitability and performance of a general insurance company. Flaws at the time of underwriting directly impact claims management and both the underwriter as well as the insured face insurmountable difficulty in such cases and it leads to either delay in claim settlement or dispute in case the claim is repudiated. Based on the study, interview and interaction made with the policyholders, underwriters and intermediaries a number of factors were found to be inter-related to underwriting and claims management which is to be managed well. From the study, it is found that the efficacy of claims management largely depends on effective underwriting.

LITERATURE REVIEW

Angima & Mwangi (2017) found that a profit-oriented insurance firm must embrace a claims function that is closely related with the underwriting and pricing of the firm's portfolio for meaningful results. Effective and efficient management of claims can further enhance the operational process in insurance business, according to *Yusuf & Ajemunigboun* (2015).*Singhal (2022) found that* insurance prices are established based on estimates of expected claim costs and the costs to issue and administer the policy, While formulating a new policy for the different segments of insurance there should be a coordination expected from the public and private sector companies in distribution of claims[*Rao & Pandey* (2013)]. Insurers should build a custom data science and machine learning which will increase their own maturity and capabilities around what they can do with their own data and will help to secure competitive advantage in the digital innovation space in the long run [*KPMG* (2021)].

MAJOR DISCONNECTING FACTORS

Based on the study, it was found that the following disconnecting factors in underwriting largely affect claims management -

1. **Difference in Risk Location and Loss Location**

   Due to ignorance or negligence, many a times correspondence address of the insured or his permanent address is mentioned as risk location in the insurance policy instead of the actual location which is exposed to risk and supposed to be insured. This mostly happens in case of bancassurance where borrowers correspondence address as per bank records or loan sanction letter is mentioned as risk location instead of the business premises. Unless the underwriter makes an endorsement for such a mismatch of risk location and loss location, claims are not payable even if the loss is covered under the policy and assessed loss is otherwise payable.

2. **Adequacy of Insured value**

   Bharat Sookhma and *Bharat Laghu Udyam* policies are covered under reinstatement value basis and the sum insured is also to be determined on the basis of reinstated value or replacement value of the insured property, particularly in case of plant and machinery, building, furniture and fixtures, electrical installations, electronics items, contents etc. However, if at the time of underwriting the proposer is not aware about the same and insured such properties at depreciated value, then there is possibility of huge underinsurance at the time of claim settlement and this is found to be one major factor of dissatisfaction amongst the policyholders as found in the study. Deduction due to underinsurance can actually be avoided if the sum insured is adequate and this can be properly addressed only at the time of underwriting.

3. **Not conducting Risk inspection**

   Though insurance is based on the fundamental principle of utmost good faith and the underwriter largely depends on the information provided by the proposer to take his underwriting decision, it is expected that the underwriter also carry out a risk inspection and assessment before issuing a policy, at least in case of large risk and new proposals. Risk inspection report if available, many a times helps an underwriter to frame his decision and bring in clarity to the policy coverage e.g. nature of trade, construction of the premises, security arrangement, risk mitigation measures adhered by the proposer at the proposed risk location, coverage of multiple locations when policy is issued under floater basis etc. can be properly addressed when a risk inspection is made prior to underwriting.

4. **Adherence to Warranties**

   Many a times an underwriter puts warranties to a general insurance policy for different reasons like allowing a higher discount or considering the nature of trade of the insured, perils covered and the like, where the policyholder is expected to adhere to such warranties to get his claim settled. In certain cases it was found that warranties like 24x7 security by a small business entity is not feasible and non-adherence to such warranty can be a cause of repudiation of a claim. Many of the policyholders have opined that they were neither informed nor aware about such warranties and they come to know about such warranties only when a claim arises. In one case, it was found that open stock warranty was a part of a policy which covers stock of a brick manufacturer, which is quite unusual as stock of raw material as well as in-process bricks and finished stock of bricks are maintained in open only, putting such a warranty at the time of underwriting defeats the purpose of insurance.

5. **Improper risk description**

   As observed from the study, sometimes risk description is not properly mentioned in the policy and this can also result in repudiation of a claim. Occupancy is a prime consideration in property underwriting and it is also important for rating. Mention of improper occupancy of a building is also found to be a cause of repudiation of claim. Hence mention of proper risk description and occupancy is of paramount importance and bring in efficacy in claims management.

6. **Sharing of policy copy and policy wordings**

   In the study, it was found that policyholders have not been provided with copies of insurance policies by their banker when a bank takes coverage for the financed properties or even sometimes by the distribution intermediary. Further, almost all policyholders who were interviewed, confirmed that they are neither aware about policy wordings nor are they provided with a copy policy wordings at any point of time. Only in case of disputes at the time of claim settlement they are provided with a copy of policy wordings and they are asked to refer the coverage and exclusions, which are so surreptitiously drafted that proper understanding of many of the wordings are beyond the capacity of understanding by a common man.

CONCLUSION

If at the time of underwriting, the proposer is rightly guided and explained the critical factors that can subsequently be posed as a hindrance for effective and efficient claims settlement, then lot of disputes and dissatisfaction amongst the policyholders can be actually avoided and efficacy of claims management can be improved further. Ultimately the very purpose of taking an insurance coverage is defeated when claims are not managed efficaciously by a general insurance company. It is not only a loss to the policyholder who is not indemnified for the loss that he incurs but also a loss to an insurance company as poor claim settlement ratio can impact his market position and credibility.

Underwriters can effectively use technology while underwriting as well as while managing claims which can improve customer experience and ensure a sustainable business model apart from compliance of regulatory requirements. Claim experience can actually improve the underwriting function of a general insurance company when there is proper flow of information and experience sharing between both the departments with an aim of process improvement.

While underwriting leads to income and cash inflow for an insurance company as business is generated and premium is received, claims leads to expenses and cash outflow for a company and impacts it's profitability. But at the same time, both the functions are crucial and needs equal attention and importance by a general insurance company for benefit of all. Expectations of customers are growing fast and a general insurance company can hardly afford not meeting the expectations of customers in terms of faster claim settlement. Efficacy in claims management can actually give a general insurance company a competitive edge over it's competitors and the same can only become possible when the underwriting is effective and properly done. MA

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INDIA INSURED BY 2047: THE ROLE OF INSURANCE COMPANIES, DISTRIBUTION NETWORKS AND REGULATORY FRAMEWORKS

Abstract

This research article discusses the role of three key pillars i.e., insurance companies, distribution network, and regulatory frameworks that contribute to the growth and stability of the Indian insurance sector. It presents the key drivers and challenges for India to achieve the target of ensuring universal insurance coverage by 2047. The study provides valuable insights for policymakers and other stakeholders by highlighting the role that insurance company can play to ensure greater accessibility of insurance products for all through underwriting and managing various insurance products to cater to the diverse needs of the Indian population. It emphasizes the importance of an efficient distribution network to have a wider reach and the significance of a regulatory framework in safeguarding the interests of both insurers and policyholders.

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INTRODUCTION

The year 2047 is a milestone for India as it is set to achieve universal insurance coverage to safeguard all individuals and businesses against financial risks and uncertainties. "Insurance for All", envisioned by the Insurance Regulatory and Development Authority of India (IRDAI), requires a concerted effort from the three pillars: (i) insurance companies, (ii) distribution networks, and (iii) regulatory framework that uniquely contribute to the sector's growth and expansion. The current state of the insurance sector in India is characterized by increasing digitization, increased awareness, product innovation, Government policies, and regulatory reforms aimed at improving insurance services and consumer protection. Despite these advancements, the insurance penetration rate is comparatively lower than in the international markets. As India's population is projected to exceed 1.5 billion by 2047, having universal insurance coverage is both a need and a challenge. This article focuses on the role of insurance companies, distribution networks, and regulatory frameworks and explores the strategies that will enable India to achieve the target by 2047.

OBJECTIVES

1. To analyse the current state of the insurance sector in India.
2. To identify key drivers and challenges for India's insurance sector.
3. To explore the role of insurance companies, distribution networks and regulatory frameworks in shaping the future of insurance in India.

CURRENT STATE OF INSURANCE SECTOR IN INDIA

The insurance sector in India is experiencing a significant growth and innovation, given the increasing incomes, evolving customer needs, technological advancements, Government initiatives and regulatory reforms. The sector comprises of 57 insurance companies of which 24 are in the life insurance sector and 34 in non-life insurance sector. The Life Insurance Corporation has been a leading player in the life insurance market, holding a share of 62.58 per cent in the new business premiums. Private players like SBI Life, ICICI Prudential, HDFC Life are key competitors with substantial market share. The non-life insurance segment, which includes health, motor, and crop insurance, grew by 16.4 per cent in FY-23. The insurance penetration was 4 per cent of GDP, of which 3 per cent was contributed by life insurance and 1 per cent by non-life insurance in FY-23. Product innovation, digitalization, Government schemes such as *Pradhan Mantri Fasal Bima Yojana* and *Ayushman Bharat,* introduction of InsurTech and RegTech startups are further boosting the industry.

KEY DRIVERS AND CHALLENGES FOR INDIA'S INSURANCE SECTOR

a. **Rising Income Levels:** As income levels rise, more individuals and businesses are likely to invest in insurance products thereby increasing the market for insurance companies.

b. **Demographic shift:** India, with a large working-age population, offers opportunities for larger insurance coverage. Also, the elderly population will induce demand for health and life insurance products.

c. **Increased awareness and education***:* Awareness campaigns and financial literacy programs will educate people about the benefits of insurance services and will therefore lead to higher demand for insurance products.

d. **Technological advancements:** Technologies such as AI, Blockchain, and Big Data Analytics improve risk assessment and customer service and are revolutionizing the insurance sector.

e. **Regulatory reforms:** Government policies promoting healthy competition and innovation, and reforms aimed at ensuring transparency, and reducing frauds will drive growth.

The primary challenges for the insurance sector in India are low insurance penetration rate, lack of awareness, and the complexity of insurance products and services. The rural-urban divide also poses significant hurdles for the sector.

ROLE OF INSURANCE COMPANIES

The primary function of insurance companies is to provide a range of insurance products and services to meet the varying needs of the population. They play a crucial role in expanding the coverage and accessibility of insurance across the country and their financial stability is crucial for maintaining the overall stability and credibility of the insurance industry. Their role includes:

a. **Product innovation and diversification:** Insurance companies must develop customized insurance products for different segments to cater to the varying needs of the customers, such as micro insurance for low-income groups, health insurance for specific health risks, and life insurance products that suit the changing demographics.

b. **Customer-centric approaches:** Insurance companies must understand customer needs and ensure quick claims processing using technology, personalized services and proactive communication. This will build trust and increase the penetration rate.

c. **Technological integration:** To remain competitive and efficient, insurance companies must leverage technology. This includes using AI for risk assessment and fraud detection, big data analytics for market insights and product development and blockchain for safe transactions and claims processing. Insurtech innovations can streamline operations and offer cost-effective solutions.

ROLE OF DISTRIBUTION NETWORK

A distribution network comprises various channels through which insurance products are marketed and sold to the public, including agents, brokers, banks, and digital platforms. This network is crucial for facilitating wider accessibility and inclusion. Their role includes the following:

a. **Expanding digital channels:** Digital distribution channels such as online platforms and mobile apps that offer convenience and accessibility, and allows consumers to purchase, manage, and claim insurance products digitally must be introduced.

b. **Strengthening traditional channels:** Traditional channels like brokers, agents, and bancassurance still play a significant role, where digital penetration might be lower like rural and semi-urban areas. Strengthening these channels through better training, and integration with digital tools will improve their effectiveness.

c. **Micro insurance:** Micro insurance products and local networks such as self-help groups, microfinance institutions, and community organizations must be utilized to reach rural populations.

d. **Collaborations:** Collaborations between insurance companies and healthcare providers, fintech firms and retail networks can create innovative distribution models and enhance the delivery of insurance services, making them affordable and accessible.

ROLE OF REGULATORY FRAMEWORKS

Regulatory bodies like the IRDAI frame guidelines, standards, and regulations to ensure fair conduct of insurance businesses. They enforce legal and financial compliance to maintain industry stability and consumer trust.

a. **Facilitating innovation:** The regulatory framework should support and encourage innovation, and create an environment where new products and technologies can be tested, ensuring a balance between innovation and consumer protection.

b. **Prioritizing consumer protection**: Regulations must take stringent measures against fraud, and ensure that consumers have access to grievance redressal mechanisms to prioritize transparency, fair practices, and consumer protection.

The three pillars namely insurance companies, distribution networks, and regulatory framework collectively forms the foundation of India's insurance industry

c. **Encouraging competition:** Regulatory policies should facilitate the entry of new players and encourage healthy competition among existing ones, which is essential for driving efficiency and innovation.

d. **Policy reforms and continuous updation:** Continuous evaluation and updating of policies and regulations are necessary to keep up with evolving market dynamics and technological advancements.

CONCLUSION

The three pillars namely insurance companies, distribution networks, and regulatory framework collectively forms the foundation of India’s insurance industry. As the insurance landscape continues to evolve, insurance companies must prioritize innovation and customer-centric approaches to expand coverage, affordability, and accessibility. Also, investment in digital technologies will enhance the efficiency of insurance services. The distribution network plays a crucial role in ensuring that insurance products are accessible to all segments of the population while the regulatory framework governing the insurance sector must continue to prioritize consumer protection and create a conducive environment for growth and innovation. These collective efforts can lead India towards realizing “Insurance for All” by 2047. MA

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HEALTH CARE & INSURANCE SECTOR

Abstract

Health insurance is an important pathway in order to achieve mass health care facilities of the citizens of our country. The catastrophic effect of health care spending is not limited to the poor, it also impacts all segments of the population. Health insurance not only protects the insured from an unanticipated medical expenditure but also provides individual's saving and also income tax advantages. Health insurance is now recognized as one of the most emergent health care system in our country. 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. Hospitals are collaborating with the insurance companies in order to provide medical services for their customers in times of their financial difficulties.

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INTRODUCTION

Health insurance is an insurance agreement between the policy holders and the health insurance companies who undertake the guarantee of compensation to the insured person or policy holder in order to provide treatment expenditure on hospitalization. There are a variety of insurance plans which can be chosen by the policy holder. Health insurance plan is not only protecting the insured from an unanticipated medical expenditure but also provides income tax benefits. Insurance companies are collaborating with various hospitals in order to provide their customers various benefits. It is now recognized as one of the most important health care system in the present days. The Insurance Laws (Amendment) Act 2015 has recognized health insurance as a separate class of business.

Section 2 (6c) of the Act defines health insurance to mean the contracts with the health insurance companies which provide medical benefits during sickness and to meet , surgical or hospital expenses, whether as in-patient or out-patient, provide travel cover, personal accident cover etc. This sector has witnessed a rapid growth to ensure the exclusive health risks coverage on human being. It is now a highest potential business in the insurance sector in our country.

NECESSITY OF HEALTH INSURANCE

The demand for high quality health care facilities has grown substantially and consequently, medical treatment has become very expensive especially in the private hospitals and paying the hospitals bills is now becoming a difficult task which erodes one's savings. There are six critical factors that can convince the importance of health insurance plan.

a. **Protection against life style diseases**

   The life style of the population has changed; among people under the age of 45, diabetes, respiratory problems, obesity and heart diseases are being common. The sedentary lifestyles, stress, pollution, unhealthy food habits and unstructured life style cause various diseases. To combat these diseases, health plan helps as a preventive measure. Buying a health insurance plan can take care by proving regular medical check-up and that helps to detect the illness in advance and help to reduce medical expenditure.

b. **Protection for family member**

   To protect family against any disease or treatment against any unforeseen accident, it is best to insure family under one policy rather than purchasing separate policies for elders who are prone to illness and even for dependent children. Adequate health insurance coverage will not only provide relief against medical expenditure but also gives relief against financial worries. It also helps in availing best medical consultation as well treatment.

c. **Protection against inadequate insurance coverages**

In case of inadequate health insurance coverage especially through employer, it is important to assess correctly the adequate coverages required for self and other family members so that in times of need, the current policy does not create problem for availing of the best treatment facilities from the best hospitals. Higher sum assured can ensure that every medical expense is being met adequately.

d. **Protection against medical cost inflation**

Due to advancement of technology, the expenditure for treatment is also increasing substantially. Moreover, diseases are becoming very uncommon and becoming difficult to understand. Doctor's consultations, various diagnostic tests, operation cost, hospital room rent etc are also in rising trend. In this situation, adequate health coverage through insurance is very important and a necessity. Paying a low health insurance premium may cause worry about future cost and may be a burden due to inflation.

e. **Protection against savings**

Unexpected illness and consequent medical expenditure may cause mental anguish and stress that may affect cash savings and drain the hard earned money. Buying an adequate and appropriate health policy can help to manage medical expenses without affecting the cash savings. Insurance companies provide cashless treatment facilities and one need not worry about reimbursements. Savings meant for specific purposes i.e., buying house , children education, daughter's marriage, post retirement planning etc. will not get affected if there is adequate health insurance cover Further, insurance premium is a deductible expense under the income-tax law.

f. **Stay secured**

There are many advantages in buying health insurance in early life. During early part of life, avail low insurance cost for which benefit will last for long and give advantage when one becomes old. Most policies have pre-existing conditions and waiting period that prevents coverage for pre-existing illnesses. During the early period, enjoy comprehensive coverage that will be useful at a later period of illness.

CLASSIFICATION OF HEALTH INSURANCE

Health insurance can be classified into the following categories:

a. Government sponsored health insurance
b. Group health insurance Schemes (Other than Government sponsored)
c. Individual health insurance

As per available information, although group health insurance business contributes significantly to the overall business of health insurance sectors the contribution from individual business is also equally significant, which indicates the spread of health insurance amongst retail segments of the market.

BENEFITS OF HEALTH INSURANCE

An insured person is able to avail a number of benefits out of health insurance plans. Some of the benefits are outlined in the following paragraphs.

a. *Cashless treatment facilities:* The insured person can avail cashless treatment facilities in the designated hospitals.

b. *Pre &Post hospitalisation expenses:* Insurance scheme covers the pre & post hospitalisation charges that usually depend on the insurance plans purchased by the insured.

c. *Transportation expenses:* The insurance schemes cover the ambulance charges for transportation of insured patient.

d. *Medical check-up expenses*: These schemes cover regular health check-ups,

e. *No Claim Bonus (NCB):* It is a bonus based on no claim for any treatment in the previous years,

f. *Room Rent of beds*: Under the health insurance schemes, room charges are covered,

g. *Tax benefits:* Premiums paid by the insured is subject to income tax deduction under section 80 D of the Income Tax Act.

CATEGORIES OF HEALTH INSURANCE

In our country, there are multiple types of health insurance schemes; some of them are outlined in the following paragraphs.

1. *Individual health insurance:* The policy covers the expenditure on account of treatment during hospitalisation of an insured individual.

2. *Family health insurance:* Under the policy, 'individual' covers all the members of his family against multiple diseases under a single policy.

3. *Senior citizen health insurance scheme:* This policy is meant for senior citizens over the age of 60 years against their health hazards.
4. *Surgery and critical illness insurance scheme:* This insurance plan covers the insured who requires treatment against critical illness i.e., Cancer, heart problem, kidney failure etc.
5. *Maternity health insurance scheme:* This scheme of insurance covers pre and postnatal care, delivery of the child including ambulance costs and expenditure of the new born babies etc.
6. *Personal accident Scheme:* This policy covers medical expenditure including other associated cost in the event of an accident.
7. *Unit linked health insurance scheme:* This insurance scheme is the combination of both insurance and savings at the same time.

SELECTING RIGHT INSURANCE POLICY

Selecting a right insurance policy against health coverage is a difficult task of an individual. It needs a careful study of the various insurance policies for self and family. It is important to examine the following while choosing a health insurance policy:

a. Sum to be assured, 2. Minimum entry age and renew clause, 3. Room rent capping, 4. Inclusion and exclusion clauses, 5. No claim bonus, 6. Other benefits.

ELIGIBILITY OF HEALTH INSURANCE

An individual is required to disclose any pre-existing health problems i.e., diabetes or hypertension etc while purchasing any health insurance policy. It is advisable to get a health insurance when an individual is young.

DOCUMENTS REQUIRED AT THE TIME OF HEALTH INSURANCE

The following documents are required at the time of buying a health insurance plan,

1. Proof of Age, 2. Identity proof, 3. Proof of address, 4. Passport size photo, 5. Individual over the age of 45 required to submit report on medical check-up.

INSURANCE REGULATORY & DEVELOPMENT AUTHORITY

The Insurance Regulatory and Development Authority of India (IRDAI) recognizes the potential of health insurance business in our country and the health insurance business has been defined in the regulation in order to render better services to the policy holders. It introduces an intermediary in the insurance space that is called Third Party Administrator which is notified in the TPA Regulations in 2001. The IRDA (Registration of Companies) Regulations, 2000 provides for granting certificate of registration to an applicant who promises to provide health coverage to the individuals or group of individuals in the country.

HEALTH INSURANCE SCHEMES OF THE GOVERNMENT OF INDIA

Both the Government of India and the State Governments have launched various health insurance schemes in order to improve health care of the general public and also for weaker sections of the country. The following are various insurance schemes provided by the Government:

1. *Ayushman Bharat Yojana:* It is a universal health insurance scheme of the Ministry of Health & Family Welfare, Govt. of India which covers expenses up to Rs. 5 lakhs.
2. *Pradhan Mantri Suraksha Bima Yojana:* It provides accident insurance coverage between the age group of 18 to 70 years who have a bank account,
3. *Aam Aadmi Bima Yojana:* It covers individuals between the age group of 18 to 59 years,
4. *Central Government Health Scheme:* It provides health care facilities for employees of the central government and who are pensioners residing in India.
5. *Employment State Insurance Scheme:* It provides a social security scheme to all workers and their dependents living in India,
6. *Janshree Bima Yojana:* It provides health scheme for the poor category between the age group of 18 to 59 years,
7. *Chief Minister's Comprehensive Insurance Scheme:* It is a Tamil Nadu State Government scheme which covers hospitalisation expensed upto Rs. 5 lakhs,
8. *Universal Health Insurance Scheme*: This scheme is meant for the families below the poverty line,
9. *West Bengal Health Scheme:* It is introduced by the Government of West Bengal and provides health expenditure for families up to Rs. I lakh,
10. *Yeshasvini Health Insurance Scheme*: This scheme has been introduced by the Government of Karnataka,
11. *Mahatma Jyotiba Phule Jan Arogya Yojana*: This

scheme has been introduced by the Government of Maharashtra which covers health expenditure upto Rs.1.5 lakhs,

12. *Mukhyamantri Amrutam Yojana:* This scheme has been introduced by the Government of Gujarat,
13. *Karunya Health Scheme:* This scheme has been introduced by the Government of Kerala,
14. *Telangana State Government Employees and Journalists Health Scheme:* This scheme has been introduced by the Government of Telangana,
15. *Dr. YSR Aarogyasri Health Care Trust*: This scheme has been introduced by the Government of Andhra Pradesh with Dr. YSR Aarogyasri Trust.

HEALTH INSURANCE COMPANIES IN INDIA

There are various health insurance companies which are operating in India. Some of the health insurance companies are SBI Health Insurance, HDFC Ergo Health Insurance, Bharti Axa Health Insurance, Max Bupa Health Insurance, L & T Health Insurance, Baja Allianz Health Insurance, Apollo Munich Health Insurance, National Health Insurance, PNB MetLife, and Star health insurance co ltd etc.

CLAIM PROCESS UNDER THE HEALTH INSURANCE

A well covered health insurance policy helps the individuals to avail the best health care treatment without any hazards during the costs to be paid at the time of discharge from the hospital. It is important for any insured person to be acquainted with the claim process beforehand. There are two main types of health insurance plan;

1. Cashless claim process 2. Reimbursement claim process.

At the time of admission into the hospitals, the insured person provides the health insurance details to the hospital in order to avail the treatment and at the time of discharge, the hospital s authority will submit the medical bills to the designated insurance company. The respective insurance company will audit the bills of the insured submitted by the hospitals and settle the outstanding payment to the hospitals.

HEALTH CARE SYSTEM& ROLE OF COST ACCOUNTANTS

Cost records are important in determining the value of each service in health insurance sectors. Cost Accountants play an important role in managing the health care

An insured person is able to avail a number of benefits out of health insurance plans

system by identifying and classifying the cost of health care incurred by the Government as well as in helping the growth of the health care industry and the insurance sector. Cost records help to mitigate the disputes among the various parties involved. Effective cost records help to improve the profitability of these sectors too. The Government also will be immensely benefited out of the cost records while planning for health care system for the people living below the poverty line.

CONCLUSION

The Prime Minister in his independence DAY speech of 2016 announced the following: "Brothers and Sisters, in the midst of the debate on inflation, we are realising one fact that the entire economy of a poor household is affected if somebody falls ill. The wedding of their daughters gets stalled, the education of children gets stalled and sometimes even food is not available in the evening. Healthcare is getting costlier and that is why, I am announcing an important scheme from the ramparts of the Red Fort for the healthcare of BPL families. Under this scheme, in the coming days, if such poor families have to take medical facilities, the government will bear expenditure up to Rs. 1lakh per year, so that my poor brothers are not deprived of healthcare facilities and their dreams are not shattered."

Health Insurance focuses on the concept of health risk that the people regularly face. Health insurance premiums have increased significantly regulatory provisions have also been introduced in order to regulate the various issues and enable the insured person to manage claims and avoid any dispute in connection with the settlement of claims. MA

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FROM MONOLITH TO MARKET: EXPLORING IPO ISSUE AND MARKET POTENTIAL OF LIC OF INDIA

Abstract

Insurance industry is one of the prominent sectors in India to maintain stability and enhancement of social security for efficiently building our nation's economy. The Insurance Regulatory and Development Authority of India (IRDAI) regulates a total of 57 Indian insurance companies, in which LIC is the largest and most established public utility company that covers a wide range of portfolio opportunities withholding trust and reliability of policyholders for country's GDP development. This study is a descriptive analysis of the journey of LIC IPO, which began trading from May 17, 2022 by being listed in both Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The IPO witnessed an overwhelming response from all categories of investors and resulted in 2.95 times oversubscriptions. Further, it shows a very stable equity market value in both the Exchanges while crossing thousand rupees during the latter part of the financial year 2023-24.

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INTRODUCTION

Sustainable growth and development of any country's economy are highly influenced by the efficient operational mechanisms, systems and transparent market structure in the modern transit era. Insurance plays a crucial role in providing financial protection to the policyholder through hedging the uncertain risk of life and property in a highly secured manner. It also plays a multi-dimensional role in enhancing the operational skill of business, generating employment opportunities, modification of market structure and decisive contributions to the nation's GDP. Moreover, it covers securely the unforeseeable negative future events which harm the human wealth mentally and physically through a legally binding arrangement between the insurer and insured in exchange for the premium paid by the policyholders. For sustainable business activity of the insurance industry in India complying with the ethical rules and regulations formulated under the Companies Act, 2013; SEBI Act 1992 and Regulations framed thereunder and guidelines issued by the insurance regulator under the IRDAI Act 1999 are very important. These guidelines have enabled the insurance industry to effectively manage the uncertainty risks of market fluctuation and also maintain the ethical standards of disclosure practices to the various stakeholders.

IRDAI is the statutory regulatory body constituted to regulate the listed 57 insurance companies of which 24 are engaged in providing life cover and 34 are non-life insurance providers in India. LIC has incredibly enhanced the economic position of the country through risk aversion of human life, provides various participating and non-participating insurance products as well as integration with foreign institutional investment schemes at the global level. LIC market share in fiscal 2021 was 64.1 per cent in terms of gross written premium (GWP), 66.2 per cent in new business premium (NBP), 74.6 per cent in terms of individual policy and 81.1 per cent market share in terms of group policy issued to various stakeholders. As of March 2023, it had a total AUM worth ₹49.24 trillion (US$620 billion). Moreover, it is a leading insurance provider as well as investment product company with a guaranteed return to life insurance policyholders and also protects the needs of retail and institutional investors in the diversified market economy.

RESEARCH OBJECTIVE

The objective of this study is to evaluate the initial public offering (IPO) journey of the Life Insurance Corporation (LIC) in India and examine the short-term impact on selected financial parameters of LIC before and after the IPO.

RESEARCH METHODOLOGY

This study is descriptive and analytical in nature, which wholly represents the LIC's IPO journey since its inception from 2020. The study uses secondary data obtained from the websites of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), SPSS software was used to apply Paired T-test for testing.

ANALYSIS & DISCUSSION

IPO journey of LIC

Initial Public Offering (IPO) of Life Insurance Corporation (LIC) in India has drastically changed the economic power of Indian financial sector. LIC plays a pivotal role in hedging uncertain risks of policyholder life and also meets the financial interest of millions. The decision to offer shares to the general public was not only to strengthen the financial operations of LIC but also to sustain the economic growth. . The objective of listing the LIC's IPO in the recognized stock exchanges were dilution of the Government's ownership and control, maximization of the wealth of retail investors and also providing diversified portfolio investment opportunities to achieve the target of privatization and globalization of the economy. Moreover, LIC IPO has secured the public confidence and trust in relation to generating adequate returns by the investor and also meeting the challenges of market forces effectively and efficiently.

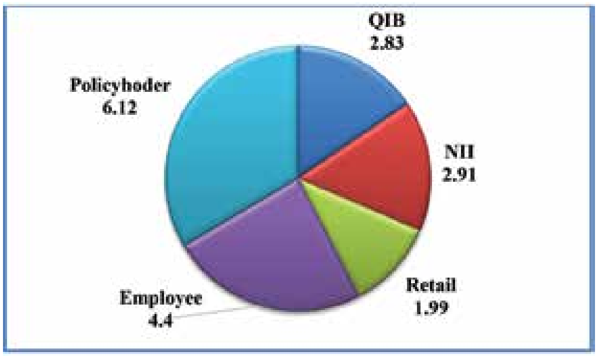
Despite the impressive performance of LIC IPO, several challenges are faced by the retail and institutional investors with regard to securities evaluation, governance mechanisms and system and market volatility rates. Hence the regulators and portfolio managers properly formulated risk management strategies to overcome the problem of market complexity and the unproductive of financial ecosystem. It provides opportunities differently like maintaining liquidity, improving capital market operation, broadening the portfolio investment and also enhancing transparency, accountability and efficiency in addition to adoption of global best practices. The IPO journey of LIC has drastically changed the complexity of financial market operations by maintaining trust and credibility in the financial market and also protecting the interest of investors in diversified investment schemes. Moreover, while sustaining growth the insurance industry not only focuses upon its own trajectory functions but also takes strategic initiatives for successfully transitioning to a publicly traded entity.

FIGURE 1: BRIEF SKETCH OF LIC IPO ISSUE

Source: Author's Compilation from LIC data

Public Subscription Status

FIGURE 2: LIC IPO SUBSCRIPTION STATUS (TIMES)



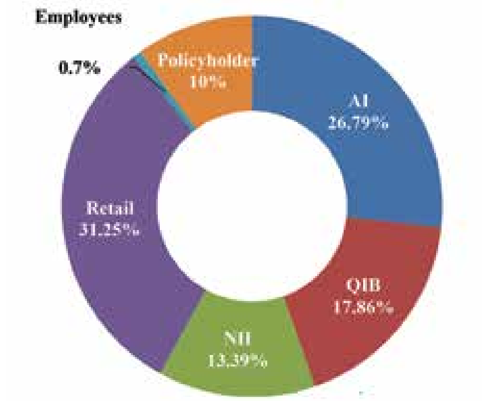
Source: Author Compilation

The total IPO was oversubscribed 2.95 times by different investors. Figure 2 shows that the public issues was mostly subscribed by the policyholders 6.12 times, 4.4 by the employees category, 1.99 by the retail investor category, 2.91 by the non institutional investors (NII) who were not required to be registered with SEBI and lastly 2.83 times subscribed by the qualified institutional buyers (QIB) or small investors like financial institutions, banks and FIIs and mutual funds registered with SEBI.

Composition of the Share Allotment

Figure 3 represents the public issues made by LIC to the different categories of investors during the fiscal year 2022-23. In all 221,374,920 shares (100per cent) are issued to public out of which a major portion (31.25 per cent) (59,296,853 shares) were offered to the retail investors, 39,531,236 shares (17.86 per cent) to qualified institutional buyers(QIB), 29,648,427 shares (13.39 per cent) to non institutional investors, 59,269,853 shares (26.79 per cent) to Anchor investors, 10 per cent to the policyholders and lastly less than 1 per cent (1,581,249 shares) offered to the employees.

FIGURE 3: ACTUAL DISTRIBUTION OF LIC IPO



Source: Author Compilation by using LIC data.

Shareholding Summary of LIC

Figure 4 and 5 show the shareholding pattern of different investors before and after issue of LIC IPO. Before the public issue made by the LIC all shares (100 per cent) were held by the Central Government and after the IPO in May-2022, the promoters held 6,103,622,781 shares (96.5 per cent), public held 2.49 per cent , mutual funds (MF) 0.68 per cent and other 0.33 per cent of LIC shares.

FIGURE 4: BEFORE ISSUE OF LIC IPO

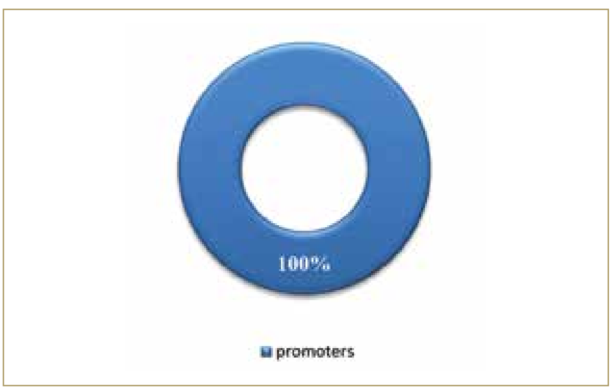
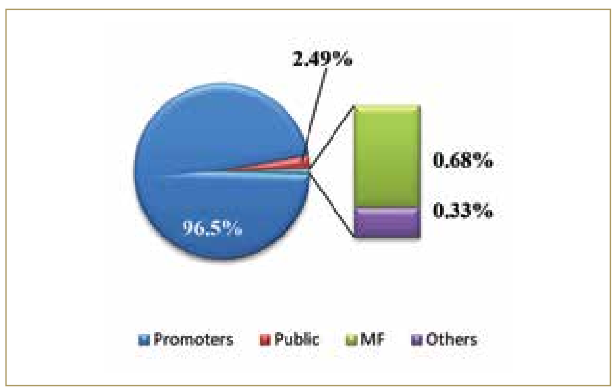


FIGURE 5: AFTER ISSUE OF LIC IPO

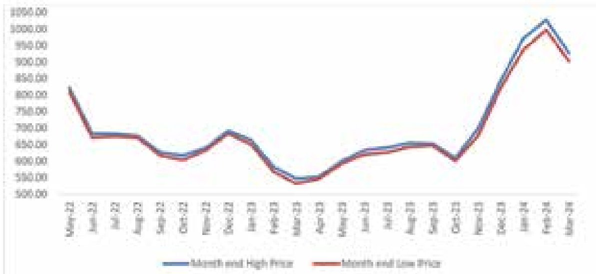


Source: ICICI Direct Research Website.

LIC IPO MARKET PERFORMANCE

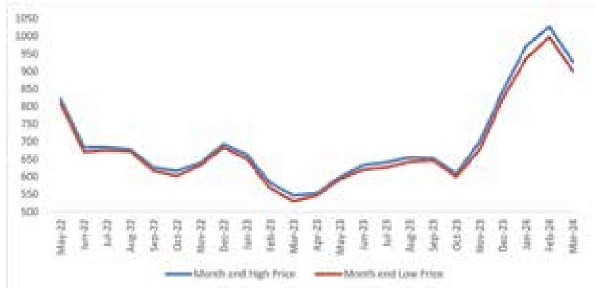
Figures 6 and 7 represent the price variation (high and low) of LIC equity shares for public issue purposes from the date of its inception. We have taken month end high and low prices of LIC-listed shares in both stock exchanges. Both figure show that the trading price touched its lowest in March, 2023 and the highest market price in February, 2024, and then its level decreased. The average month-end high price was 697.75 in BSE & 697.79 in NSE and the average low price was 683.77 in BSE and 683.73 in NSE. Additionally, the coefficient of variation (CV) of high and low prices is 19 per cent and 18 per cent respectively in the two stock exchanges. Hence both figures indicate that there is no significant variation in the average price movement of LIC equity shares traded in BSE and NSE.

FIGURE 6: PRICE MOVEMENT OF LIC STOCK IN BSE



Source: Author Compilation BSE report data security wise

FIGURE 7: PRICE MOVEMENT OF LIC STOCK IN NSE



Source: Author Compilation NSE report data security wise

FINANCIAL PERFORMANCE OF LIC

Table-1 represents comparative key financial performance of LIC spanning over five years comprising three years before and two years after issue of IPO. From the values of the year 2023-24 as forecasted in the half yearly and nine months data as available during the financial year ending March 2024it was found that the financial performance of LIC has been increasing gradually after the IPO. The solvency margin and overall expenses are increasing over the years which indicate that the LIC is more stable to meet the long term obligations towards the policyholders while expenses adversely affect the profitability. Reduction in gross NPA shows the increasing faith reposed by the investors and regular payment of premium by the policyholders which is a good sign.

TABLE 1: INDICATIVE FINANCIAL PERFORMANCE OF LIC

Particulars	Before Issue IPO			After Issue of IPO		T- test Sig. value
	2019-20	2020-21	2021-22	2022-23	2023-24*	
Total Premium Income (Cr.)	379062	402844	427419	474005	439792	-2.274 (.264)
AUM (Cr.)	3338108	3676178	4084833	4397205	5189353	-5.665 (.111)
PAT (Cr.)	2712	2903	4043	36397	36357	-291.930 (.002)
Solvency Ratio	1.55	1.76	1.85	1.87	1.96	-4.333 (.144)
Overall Expenses ratio (%)	14.67	14.19	14.50	15.53	15.28	-8.478 (.075)
Total Gross NPA Ratio (%)	8.17	7.78	6.03	2.56	2.15	562.000 (.001)

2023-24*: forecasted on the basis of 9 months data

Source: Annual report of LIC

To examine the statistical difference between these two time zones, paired-t test was applied and it was observed that the gross NPA ratio and PAT showed that there is significant variation in financial performance

LIC IPO has acted as the game changer in the Indian economy through promotion of liquidity of diversified portfolio investment schemes

before and after the issues of IPO as evident from their p-value at 5 per cent level of significance. However, all other financial indicators show no significant disparity during these two scenarios.

CONCLUSION

Insurance industry is one of the important pillars to strategically manage the risk of uncertainty for maintaining the stability and integrity of Indian economic development. The IPO journey of LIC in India reveals a crucial movement in relation to dilution of Government power, convergence of modernity target, enforcement of privatization objectives and strengthens the market forces in the global landscape. LIC IPO is the largest public issue carried out in a highly secured manner. It is also observed that LIC IPO has acted as the game changer in the Indian economy through promotion of liquidity of diversified portfolio investment schemes and the potential changes in the benchmark indices of capital market. Moreover, the IPO has significantly changed the financial performance of LIC in an accelerated manner. It is advisable the potential investors should properly analyse the market performance and other factors before investing in the IPOs of any insurance company. It is believed that LIC will achieve its sustainable investment target through updated leadership position, powerful distribution network channel, innovative products and services, and structural reforms in the financial market forces. MA

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1. *https://www.chittorgarh.com/ipo/lic-ipo*
2. *https://www.bseindia.com/stock-share-price/life-insurance-corporation-of-india/lici/543526/shareholding-pattern/*
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5. *https://www.icicidirect.com/share-market-today*

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- **Be accurate:** Ensure that the information you provide in your references is accurate and complete. This includes the author’s name, publication date, title, and source of the information.
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DIGITAL TRANSFORMATION - THE GAME CHANGER IN INDIAN INSURANCE SECTOR

Abstract

Information technology has graduated from playing a supportive role to becoming a strategic game changer disrupting established paradigms, notions and players. It is time to take stock of the current wave of technological revolution that is powered by newer technologies such as artificial intelligence, big data, et al. This article takes a look at the various aspects of InsurTech, the technologies driving transformation and their specific applications, the risks and concerns, regulatory involvement, and the role of professionals in this hi-tech environment.

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INTRODUCTION

Digital Transformation, Artificial Intelligence (AI), FinTech, InsurTech These are not a hodgepodge of tech-sounding words but the very concepts driving the economy towards greater heights.

From the seller of tender coconuts on the humble pavements to the luxury-wear shops in swanky malls, the sweep of digital transformation across India is wide and deep. The proliferation of smart phones, digital literacy and the zeal of consumers to adopt technology have mandated as well as facilitated digital transformation of businesses. Smart phones have become the fourth necessity and AI is set to become the fifth.

With this profusion of technology, the insurance industry is also transforming in a revolutionizing way. We are witnessing the launch of more accessible distribution channels of insurance products and new-age technologies for streamlining and optimizing risk management, underwriting and claims settlement, technologies to make regulatory compliance processes agile and efficient and introduction of disruptive insurance products.

THE ECOSYSTEM OF FINTECH, INSURTECH, REGTECH AND SUPTECH

FinTech

FinTech refers to the whole gamut of new-age technologies in the financial ecosystem. FinTech is driving innovation and inclusion across the board for the financial value chain, be it banking and payment technologies, insurance, securities market or regulatory compliance or supervision. There are both mature tech companies and startup players in the FinTech field. FinTech is a sunrise sector in the Indian startup space attracting funding from marquee investors across the world.

InsurTech

InsurTech refers to that part of FinTech that helps optimize insurance business models and processes and enhance customer service. Startups in the space have been bringing disruptions in the form of new-age insurance models and products like on-demand customized insurance for micro events, or newer models of delivery of insurance products like online insurance shopping platforms. Now we see that InsurTech providers are collaborating with traditional insurance carriers to drive efficiency in various aspects of functioning and enhance customer satisfaction.[1]

The India InsurTech Association, a not-for-profit organization, promotes technology adoption across the insurance ecosystem by providing a unified platform for the startup players, traditional insurance carriers and other participants in the insurance industry.[2]

RegTech

RegTech refers to that branch of FinTech that helps businesses with compliance functions. With regulatory compliance requirements becoming more complex and numerous, RegTech helps businesses adapt to the complex and dynamic regulatory environment and build agility in compliance processes.

SupTech

SupTech refers to the adoption of technologies by the regulators to exercise better oversight on the regulated entities and strengthen measures for protection of consumers.

Before we see the specific benefits and use cases of new-age technologies in the insurance sector, let us have an overview of the major technologies that are part of the revolution in the following section.

BOUQUET OF TECHNOLOGIES DRIVING DIGITAL TRANSFORMATION

i. Artificial Intelligence

AI is central to InsurTech. The concept of AI is much wider and different from traditional automation. While the latter is implemented through rule-based algorithms, AI is taught how to learn and is fed data, which it learns in an unsupervised or semi-supervised manner.AI mimics human thought processes enabled by its neural network architecture.AI can work with vast amounts of data and in conjunction with other technologies to support and supplement human decision-making.

Generative AI (GenAI) is something that has aroused the interests of businesses for the past few years.GenAI refers to AI based on large language models (LLMs), can engage with the users in a meaningful manner and generates text or visual content in response to user's requests. GPT-4 of OpenAI, Gemini of Google, Llama of Meta are examples of LLMs based on which GenAI is implemented. When integrated with enterprise data and demographic data, GenAI can offer new insights, identify emerging risks and opportunities.

ii. Big Data

Big data refers to huge volumes of varied and dynamic data both structured and unstructured stored in a manner that is malleable to further analysis. It has the capabilities to combine traditionally generated data like through ERP systems with externally generated data like those from wearable devices, social media, etc. Big data analytics has enabled enterprises dealing with enormous amount of data to manage and derive value from the data.

iii. Blockchain and Distributed Ledger Technology

Distributed ledger technology has upped the transparency quotient wherever it is deployed, making manipulation next to impossible. Distributed ledger means a ledger that is decentralized and based on consensus. Every intended participant has a copy and transactions are updated simultaneously in every copy. This technology that is behind crypto currencies has now found other applications like financial products and maintenance of land records. It makes ownership records and transactions transparent and efficient. SEBI is mulling bringing the technology to stock market.

iv. Telematics and Wearable Devices

Telematics refers to the combination of telecommunication technologies with informatics. It uses technologies like sensors, Internet of Things (IoT – inter-connectivity of devices through internet) and RFID (Radio Frequency Identification – like bar codes but better and more powerful) for collection and transmission of data, for example, collection of data on driver

[1] https://www.mckinsey.com/industries/financial-services/our-insights/insurance-blog/four-key-themes-from-InsurTech-connect-2023
[2] https://www.indiainsurtech.com/about-us

behaviour, geolocation, maintenance status of the vehicle, etc. from internet-enabled cars. Wearable devices like fitness trackers, implantable etc. can collect health and lifestyle-related data from the wearers and pass on to insurers.

The collection of these data is aimed at understanding specific risks and customizing and pricing insurance products better. Of course, such collection must be done with specific consent of the users.

v. Data Analytics and Predictive Modeling

Data analytics refers to the deployment of analytical processes to data that is collected from various sources. Predictive modeling is the use of statistical methods to discover patterns out of the past data and extrapolate them to the future. It can be used to perform scenario analyses too. The value of the exercise of data collection lies in the insights that can be gathered out of it.

vi. Cloud Computing

Cloud computing refers to the availability of technological resources like software, infrastructure, storage, etc. over the internet. It provides flexibility to the users to scale their usage up or down based on their business requirements and pay only for what they use. This gives the ability to experiment with newer technologies without committing heavy investments.

USE CASES OF AI AND OTHER NEW-AGE TECHNOLOGIES IN INSURANCE

i. Better risk assessment and underwriting

Combined with big data analytics, AI can help analyze mountains of vast and diverse data. Non-traditional data like those from social media, telematics and wearable devices can be integrated to derive new insights invisible to the human eyes. This helps identify patterns and understand risks that are specific to various sectors, transactions and assets and helps customize insurance products and enable dynamic pricing i.e. dynamic premium calculation.

Predictive modeling and AI facilitate a deeper understanding of consumer's tastes and preferences, identify areas where insurance services and products are required in the future, plan capital budgeting and allocation, build a comprehensive risk management programme, devise better marketing strategies, design better distribution channels, and introduce newer insurance products.

ii. Automation of claims processing

AI tools can help automate claims process with minimal human intervention. For example, in case of vehicle damage claims, AI tools can validate the claims and arrive at a near-to-truth estimate of the extent of loss by perusing information from customers and video recording of the damage. They also can help detect frauds in insurance claims by spotting anomalies. This can minimize human bias and error in the process and speed up claim settlements.

iii. Enhanced customer service

Online platforms for comparing and purchasing insurance policies are enabling informed decision-making in an accessible manner and are driving up revenues in the insurance sector.

Traditional insurance companies have also launched mobile applications that enable purchase and management of policies and simpler claim processes.

GenAI-based chatbots has eased and enhanced customer service functions of insurance companies by providing automatic resolution of routine customer queries and reserving more complex queries to be resolved by employees.

iv. Easier on boarding of employees with copilots

GenAI can also ease the burden on employees when deployed as a 'copilot' alongside the process owners by helping understand the processes better, giving nuanced insights and automating processes.

v. Newer insurance products

Peer-to-peer (P2P) Insurance: P2P insurance refers to pooling of resources by a smaller group to manage risks. The benefits of this could be that the group could comprise of entities or individuals that face similar type and extent of risks through collaboration and reciprocity.

On-demand Insurance: Instead of buying insurance products through brokers that entail coverage for a fixed period, on-demand insurance policies enable purchase of insurance coverage through smart phones for customized purposes for a particular duration, like car insurance to cover a particular trip. These are possible with the agility and granularity offered by AI, IoT and other technologies.[3]

***Insurance of Digital Assets*:** Digital assets like crypto currencies, non-fungible tokens, other blockchain-related assets, or any other digital asset can be covered against security threats like theft of private keys of crypto wallets, loss of keys, technology risks and regulatory risks.

vi. Regulatory compliance through RegTech

RegTech helps insurance sector entities comply with the applicable regulations efficiently. As the regulations change to keep pace with the evolution of business landscape and technological advancements, businesses must be prepared to comply with them. Given that the consequences of non-compliance are way more burdensome, managing regulatory compliance efficiently becomes the need of the hour. Here AI tools can help identify business processes that overlap with regulatory requirements and automate and streamline compliance.

vii. Enhanced governance and sustainability practices

GRC (Governance, Risk and Compliance) tools help in removing information silos in the organization offering an integrated 360-degreeview of the business. They offer features like comprehensive dashboards, risk management tools for managing various risks like IT risks, compliance risks, operational risks, third-party risks, etc., compliance management, ESG management, building resiliency, policy management, financial reporting, advanced keyword search, etc. This result in better strategies, risk management and governance practices. Granular capturing of data from various business functions and verticals and their analysis can help in assessing the ESG performance of the business and the areas where urgent action is necessary.

viii. Fraud detection

Fraud detection becomes more robust as AI tools can look at the entire population of data instead of relying on samples. Further, such pattern detection, analyses and anomaly detection can be made a dynamic ongoing real-time process depending on the extent of investments made in the AI tools.

ix. Better oversight by regulators

Regulators, research tanks and policy makers can benefit from deploying AI and big data analytical tools on data collected from census, insurance companies, social media, news media and other publicly available information and build better policies for the insurance sector. SupTech helps exercise effective oversight on the regulated entities.

x. Harnessing the potential of bancassurance

If a common platform with data sharing is enabled between banks and insurers, pushing insurance products through multiple channels becomes possible. Insurance products may find more takers among consumers who find it better and easier to transact with banks.

MAJOR RISKS OF DISRUPTIVE TECHNOLOGIES

i. Data privacy and Cybersecurity

Data privacy and cybersecurity are major concerns that come with the digitalization of businesses. Insurance industry handles the most sensitive of personal data especially when telematics and data from wearable devices are gathered. Having safeguards in place to prevent cyber attacks and policies and procedures in place to respect data privacy is paramount. Given the huge penalties of up to Rs. 250 crores under the Digital Personal Data Protection Act, 2023, information security and data privacy measures are both a matter of governance and of compliance.

ii. Hallucination in GenAI, Dearth of Explainability and Unpredictability

Hallucination refers to giving wrong responses or making up things that don't exist. The impact of this threat will be multiple times more when GenAI capabilities are used for critical processes. However, the more GenAI is customized and trained on insurance-sector related data, the more accurate would be the results of its analyses.

[3] https://www.tcs.com/content/dam/global-tcs/en/pdfs/insights/white-papers/rise-of-on-demand-insurance.pdf

The very factor that gives GenAI its capabilities, that is the self-learning algorithms instead of rule-based ones, renders it a black box and taints it with unpredictability and opaqueness. The responses of AI may be able to be explained in retrospect with reference to its training data and architecture, but it is not possible to predict the exact response that it will render.

Boards must be aware of this unpredictability and install countermeasures in the form of human intervention at crucial decision points.

iii. Bias

The training data fed to the AI systems may be fraught with bias, which then creeps into the AI tools. Extensive testing with suitable test cases to detect bias and countermeasures must be put in place.

REGULATORY RESPONSE TO TECHNOLOGY ADOPTION IN INSURANCE

Insurance is one among the 31 Mission Mode Projects implemented by MeitY (Ministry of Electronics and Information Technology) within the National e-Governance Plan[4]. The projected planned to be carried through public sector insurers, aims at better customer service, automated grievance redressal facility, comprehensive database of insurance consumers, inter-connectivity with other Government databases for carrying out analyses and ease of delivery of insurance services.

The regulator, Insurance Regulatory and Development Authority of India, looks at technology as a major driver of change and holds open house sessions with InsurTech firms on the 15th of every month.5, 6 It constituted an InsurTech Working Group in 2017, which has released “Report on InsurTech in the context of Risk Assessment, Product Design and Pricing” as a demonstration of its support to the digital transformation.[7]

[4] https://www.meity.gov.in/content/mission-mode-projects

The very factor that gives GenAI its capabilities, that is the self-learning algorithms instead of rule-based ones

CONCLUSION

Insurance sector is on the cusp of emerging into a major social transformation tool at the grassroot level. It is time that the society and businesses perceive and use insurance as an important risk management measure and not as an investment or tax-saving tool. In this context, IRDAI has rightly committed to the goal of “Insurance for All” by 2047 aiming at bringing every citizen within the insurance fold. Making insurance truly a common man’s commodity is becoming possible with InsurTech. The role of professionals, including CMAs is indispensable at every stage of this digital transformation.

It is the presence of human judgment that can make technology humane. Given the history of mankind and the empathy demonstrated by GenAI, would AI make mankind more humane? We will have to wait and watch. MA

[5] https://www.indiainsurtech.com/irdai-insurtech-event
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CONGRATULATIONS!!!

Congratulations to CMA N.V.V Chalapathi Rao on being honored with the "Finance Personality of the Year Award" at the Instinct Business CFO Summit and Awards. The event took place at the Movenpick Ambassador Hotel in Accra, Ghana.

We wish CMA N.V.V Chalapathi Rao the very best for his future endeavors.

INSURANCE FOR ALL BY 2047 A STUDY OF PMSBY: INSURANCE PENETRATION OF THE POPULATION OF CHHATTISGARH STATE

Abstract

Insurance provides coverage of unexpected risks which can result in economic, financial and social losses. The PMSBY scheme is a flagship financial inclusion program of the Government of India announced in 2015 to provide accidental death or disablement cover to the insured at an extremely affordable premium. The purpose of this article is to see whether the flagship insurance penetration initiative of IRDAI, that is the 'Insurance for All by 2047' has been successful in increasing the penetration of PMSBY insurance in Chhattisgarh after its launch in the year 2022, and how has it contributed to the betterment of the State's economy after its announcement.

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INTRODUCTION

Insurance is a means to mitigate the risks of 'uncertainty'. What is this uncertainty? It can be any unpleasant, unexpected event or occurrence that puts someone in an economic or physical quandary. A healthy person may suddenly fall ill or meet with an accident, finding himself facing the task of meeting his medical expenses. A family might lose its only earning member to any unfortunate accident and find itself without sustenance. Insurance is the means that allows someone to overcome these unexpected, unforeseen events. In *lieu* of the payment of a sum called 'premium' the insurance provider shall cover the economic and financial burden of both these instances, providing a sense of relief to both the hospitalized person as well as the bereaved family.

The above example conveys the purpose and benefit of insurance in layman's terms. However, looking at the current phenomenal growth being scripted by India, insurance is the actual financial backbone, that is required by the Indian economy to face the oncoming challenges, be it social, economical or fiscal, head-on. In the light of the same, IRDAI has announced its ambitious plan of '*Insurance for All*' by 2047.

INSURANCE FOR ALL

This 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. It seeks to do this by

- making available right products to right customers;
- creating robust grievance redressal mechanism;
- facilitating ease of doing business in the insurance sector;
- ensuring that the regulatory architecture is aligned with the market dynamics;
- boosting innovation, competition and distribution efficiencies

- mainstreaming technology and moving towards principle based regulatory regime.

PRADHAN MANTRI SURAKSHA BIMA YOJANA (PMSBY)

PMSBY is an insurance scheme offering accidental death and disability cover for death or disability on account of an accident. This scheme was originally declared on May 9, 2015, to provide accidental death and disability relief to the deprived population of India at a very low affordable premium of only Rs 12 per annum. Currently, the premium stands revised to Rs 20 per annum effective from the renewal year 2022-23.

Scope of Cover

It is a one-year cover, renewable from year to year. The scheme would be offered / administered through public sector general insurance companies (PSGICs) and other general insurance companies willing to offer the product on similar terms with necessary approvals and tie up with banks / post office for this purpose. Participating banks / post office will be free to engage any such insurance company for implementing the scheme for their subscribers.

Scope of coverage: All individual bank/ post office account holders in the age group of 18 to 70 years in participating banks/ post office will be entitled to join.

Claim Benefit

	Table of Benefits	*Sum Insured*
a	Death	Rs. 2 Lakh
b	Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot	Rs. 2 Lakh
c	Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot	Rs. 1 Lakh

PMSBY along with the PMJJBY and PMFBY schemes, launched almost simultaneously by the Government of India have been a game changer towards providing insurance cover to the under privileged section of the Indian population since their inception. These schemes together have simultaneously provided the much needed financial assistance and stability to the deprived strata of Indian society. In PMSBY alone as on 26.04.2023, the cumulative enrolments under the scheme have been more than 34.18 crore and an amount of Rs. 2,302.26 crore has been paid for 1,15,951 claims pan India.

PMSBY PENETRATION IN CHHATTISGARH

The objective of this article is to study the year on year penetration of the PMSBY scheme both before and after the 'Insurance for All by 2047' initiative of IRDAI.

As per the Government of India, Ministry of Finance, the enrolment of eligible customers under the PMSBY scheme stood at 85,27,801 cumulatively upto the policy period of 2021-2022. The approximate population for Chhattisgarh based on the Census Data 2011 is 2,55,45,198, out of which approximately 39.98 per cent of the population is below the poverty line. The PMSBY scheme being aimed primarily at the BPL population, these figures show a robust penetration of approximately 83.50 per cent of the targeted population as of 2021-22 for Chhattisgarh,

The cumulative enrolment to the PMSBY scheme after the announcement of the '*Insurance for All*' initiative in 2022 has risen to a massive 1,02,12,821 (growth of 19.7 per cent) for the policy year 2022-23 and upto 1,21,76,564 as of 29-11-2023 (growth of 19.23 per cent) even before completion of the policy year 2023-24.

This shows that the focus of IRDAI towards increasing insurance penetration has yielded positive results in Chhattisgarh State pertaining to the PMSBY scheme. Due to unavailability of latest population census data it cannot be stated definitively, whether 100 per cent coverage of all BPL population has been achieved or not. However, it can be stated with confidence that more than 90 per cent coverage has been accomplished as of 29-11-2023.

CONCLUSION

Observing the enrolment statistics of the PMSBY financial inclusion scheme of the Government of India, with reference to Chhattisgarh, it can be stated that the '*Insurance for All by 2047'* initiative of IRDAI has yielded significantly positive results. Though PMSBY is a social sector scheme for the BPL segment, still it is a relevant metric to judge the success of this initiative. This is because, empowerment of the deprived class by providing economic, financial and social security results in a boost to the national economy as well, and as a majority of the deprived population is the largest contributors to the primary sector of the Indian economy. As of the Financial Year 2023-24, major contribution of 70 per cent to the GDP of Chhattisgarh State was from the primary sector (agriculture). This correlates to the population that is actively contributing to the primary sector and GDP of Chhattisgarh and is being insured by the PMSBY scheme of the Government of India. The stability and peace being provided by this financial inclusion scheme is directly contributing to the welfare and productivity of the target population in Chhattisgarh. MA

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REGTECH AND INSURANCE SECTOR: AN OPPORTUNITY TO EXPLORE

Abstract

In a rapidly evolving turbulent business world of today, compliance with regulations is critical to maintain the integrity of one's operations and stakeholders' trust. Simultaneously it has become very complex for companies, specifically those operating in finance, healthcare, and other such sectors, to keep up with these regulatory changes and ensure adherence to complex compliance standards. The financial services industry in general and insurance industry in particular is highly regulated to ensure transparency and protect customer interest. Consequently, an emerging paradigm namely Regtech, combining regulatory compliance and technology is a game changer for insurance companies. Regtech solutions enable companies to adhere to multiple complex regulations effectively, streamline compliance processes, lessen costs and mitigate the risks associated with non-compliance, ultimately fostering a more compliant, efficient, and competitive business environment. However, to ensure effective implementation of Regtech solutions in insurance, certain concerns over data security and privacy need to be addressed and fruitful collaboration between regulators and Regtech companies is a prerequisite. In this article an attempt has been made to explore the strategic significance of Regtech solutions and their applications in insurance industry. Further certain prerequisites have been suggested to ensure its effective implementation.

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INTRODUCTION TO REGTECH

Regulation technology (Regtech) is a relatively new industry which basically uses information technology, particularly software and data analytics, to help companies comply with regulations more efficiently and effectively. In general, the Regtech industry is seen to have truly gained acceptance with the 2008 financial crisis. One of the prominent financial players that benefits from Regtech is the insurance sector. Emerging technologies like artificial intelligence (AI) and machine learning are used by Regtech companies to assist insurance companies in managing their regulatory compliance. As early adopters of the technology insurance sector is highly regulated, where Regtech is able to provide benefits to a large extent. From 2022 to 2023, the worldwide Regtech market experienced enormous growth, rising from \$9.93 billion to \$12.37 billion and with the plethora of regulations in India it is expected to grow even further.

REGTECH ADOPTION- A GAME CHANGER

Regtech is a crucial platform because regulatory compliance is mandatory for companies and the costs of non-compliance are exorbitant. Failure to comply with regulations by companies may result in significant financial and reputational damages. In this regard, Regtech companies have become essential in the financial industry particularly insurance, where compliance is of utmost importance. The purpose of Regtech is multifaceted and serves several key objectives as dealt with in the following paragraphs.

1. **Enhancing compliance efficiency**: The primary purpose of Regtech is to streamline and automate compliance processes. It offers cost-effective alternatives by automating tasks, optimizing workflows, and reducing the need for manual intervention.
2. **Improving accuracy and consistency**: Compliance with regulations often involves complex and repetitive tasks prone to human error. Regtech solutions help improve the accuracy and consistency of compliance efforts by automating data collection, analysis, and reporting. This reduces the risk of non-compliance due to oversight or mistakes.
3. **Adapting to regulatory changes**: Regulatory obligations are relentlessly growing, posing a challenge for businesses to stay up-to-date and compliant. Regtech solutions provide real-time monitoring of regulatory changes and help companies quickly adapt their processes to remain compliant. This agility is essential for mitigating the risks associated with non-compliance and avoiding penalties.
4. **Enhancing risk management**: Compliance breaches can expose businesses to significant financial, reputational, and legal risks. Regtech solutions provide advanced risk management capabilities, including risk assessment, monitoring, and mitigation tools. Businesses should identify and address numerous compliance risks in a proactive manner so as to minimize their exposure to regulatory penalties and other adverse consequences.
5. **Fostering innovation and competitiveness**: By streamlining compliance processes and freeing up resources, Regtech empowers businesses to focus on innovation and growth. Companies that effectively leverage Regtech solutions can gain a competitive advantage by improving operational efficiency, reducing compliance-related costs, and enhancing their ability to adapt to regulatory changes more quickly than their peers.

THE RISE OF REGTECH SOLUTIONS IN INSURANCE

Regtech has become a buzzword today, in response to the growing demands of regulatory compliance in highly regulated entities. Regtech is gaining ground within the insurance industry due to a confluence of several key factors like the following:

1. **Increasing regulatory complexity**

   Regulatory requirements across industries continue to become more complex and stringent, driven by factors such as globalization, technological advancements, and evolving geopolitical landscapes. As compliance becomes more challenging, there is a growing demand for Regtech solutions that can help businesses navigate and adapt to these complexities efficiently.
2. **Reduced dependence on outside service providers**

   Regtech's automation of back-office and customer service procedures lessens dependency on inexpensive outsourced service providers. This means that insurance companies may control and minimize security threats and exposures resulting from the use of third-party services, alongside providing a more dependable consumer experience.
3. **Rising compliance costs**: Most Regtech companies offer SaaS products as cost-effective solutions to streamline compliance processes, reduce operational expenses, and alleviate the financial risks arising from non-compliance. The potential cost savings provided by Regtech solutions drive adoption and growth in the industry.
4. **Advancements in technology**: Technological innovations such as artificial intelligence, machine learning, big data analytics, and blockchain have significantly enhanced the capabilities of Regtech solutions. These technologies facilitate automation, real-time monitoring, predictive analytics, and other sophisticated features that improve the efficiency and effectiveness of compliance processes. AI solutions assimilate emerging regulations, distinguish if it applies to an insurer's specific products or services and assist in detection of a regulatory gap if any.
5. **Growing data volume and complexity**: Regtech

solutions leverage data analytics and advanced algorithms to process huge data, detect patterns, recognise anomalies, and extract valuable insights for compliance purposes. The ability to harness data effectively is a key factor driving the growth of Regtech, particularly in industries with stringent data privacy and security regulations.

6. **Increased focus on risk management**: Regtech solutions not only facilitate regulatory compliance but also provide advanced risk management capabilities, including risk assessment, monitoring, and mitigation tools. Businesses recognize the importance of proactive risk management in safeguarding their operations, reputation and stakeholders, driving demand for Regtech solutions.
7. **Regulatory support and collaboration**: Regulators recognize the potential of technology to enhance regulatory oversight, reduce compliance burdens and foster innovation in regulated industries. Collaboration between regulators, industry stakeholders, and Regtech providers creates a conducive environment for the growth of Regtech and the development of industry standards and best practices.

STRATEGIC IMPORTANCE OF REGTECH IN INSURANCE SECTOR

With Regtech as an emerging technology platform, insurance companies are adopting Regtech to integrate compliance prerequisites in a more responsive way and focus more on growth and innovation

The following points underline the role of Regtech in insurance sector.

1. **Meeting complex compliance requirements:** Regtech offerings are adaptable. They are ideally suited to assist insurance companies in financial reporting, fraud prevention, data protection, and other regulatory compliances. Real-time information, notifications, and insights about regulatory changes that could affect insurance companies' operations are also provided via Regtech systems. This proactive approach enables companies to stay well updated and redesign their compliance strategies accordingly, minimizing the risk of non-compliance and regulatory penalties.
2. **Optimizing business data**: Regtech can assist insurance companies with data analytics in a reliable way. The vast amounts of data that insurance firms have access to can be more efficiently organized and trends may be found by Regtech solutions by utilizing cutting-edge technology like machine learning and cognitive computing.
3. **Automation**: Insurance companies face numerous regulatory requirements, covering areas such as Regtech solutions automate data collection, verification, monitoring and reporting, reducing the burden of manual efforts and ensuring adherence to regulatory standards.
4. **Risk Assessment and Management**: Through advanced risk assessment and management capabilities, Regtech solutions analyze vast amounts of data, including customer profiles, claims history, and market trends, to identify potential compliance risks, fraud patterns, and emerging threats. By leveraging predictive analytics and machine learning algorithms, Regtech helps insurance companies mitigate risks, detect anomalies, and prevent fraudulent activities more effectively.
5. **Innovation:** Regtech firms concentrate on risk analytics and monitoring, regulatory compliance transformation and the automation of reporting. By way of its assistance, companies may develop innovative plans for the long-term growth and sustainability.
6. **Enhanced customer due diligence (CDD)**: Insurance companies are required to conduct thorough due diligence on their customers to prevent fraud, money laundering, and other financial crimes. Regtech solutions streamline CDD processes by automating identity verification, background checks and risk assessments. This enables insurance companies to onboard customers more efficiently while ensuring compliance with regulatory requirements.
7. **Delighted Customers:** Real-time, more efficient customer support interactions can be provided with the use of Regtech solutions. Smart KYC has the ability to cluster responses, de-duplicate identical hits from several databases and swiftly process any accessible data. It will make the customers delight with more effective service delivery, and shorter client wait times.
8. **Claims management and fraud detection**: Through advanced data analytics and pattern recognition techniques, Regtech is positioned in automating claims processing, assessing claim validity and detecting fraudulent claims. It helps the insurance companies identify suspicious behaviour, unusual claim patterns and potential

Regtech offers innovative technology driven solutions to traverse the intricate regulatory settings

fraud indicators. This improves the accuracy of claims adjudication and reduces losses due to fraudulent activities.

9. **Regulatory reporting and audit trail**: Regulatory authorities often require insurance companies to maintain comprehensive audit trails and provide regular regulatory reports. Regtech solutions facilitate regulatory reporting by generating standardized reports, maintaining detailed audit logs, and ensuring data accuracy and integrity. This streamlines the compliance reporting process, enhances transparency, and enables insurance companies to demonstrate compliance to regulators more effectively.
10. **Cyber security and data protection**: The rising incidences of digital threats and breaches of data have led to growing importance of cyber security and data protection for insurance companies. Regtech solutions offer cyber security tools and technologies, such as encryption, threat detection, and controls on access, to protect confidential data and safeguard unauthorized access or disclosure. By strengthening cyber security measures, Regtech helps insurance companies mitigate the risks associated with data breaches and regulatory non-compliance.

APPLICATIONS OF REGTECH IN INSURANCE

Regtech has a myriad of applications in the financial services industry, from identity verification to compliance automation and proper regulatory reporting. Some common applications are as follows:

1. **Identity verification-KYC and AML solutions**: Know your customer (KYC) and anti-money laundering (AML) regulations insist businesses to authenticate the identity of their customers and detect suspicious activities. Regtech solutions offer advanced identity verification and transaction monitoring capabilities to comply with these regulations efficiently.
2. **Regulatory monitoring and analysis**: Regtech platforms can continuously monitor regulatory changes and analyze their impact on a company's operations. They can provide alerts and updates on relevant regulations, helping businesses stay informed and adapt quickly.
3. **Compliance Automation**: Automation plays a significant role in Regtech by automating repetitive compliance tasks such as data collection, documentation and reporting. Thus time is saved and the chances of human error are reduced greatly.
4. **Risk management**: Regtech tools often include risk assessment and management features that assist businesses to detect and mitigate compliance risks. By analyzing data and providing insights, these tools enable companies to make more informed decisions regarding regulatory compliance.
5. **Reporting and documentation**: Regtech platforms help streamline the process of regulatory reporting and documentation by generating standardized reports and maintaining comprehensive audit trails. This ensures transparency and accountability in compliance efforts.
6. **Blockchain and distributed ledger technology (DLT)**: Some Regtech solutions leverage blockchain and DLT to enhance transparency, security and immutability in regulatory compliance processes, particularly in industries like finance and supply chain management.

PREREQUISITES FOR EFFECTIVE APPLICATION OF REGTECH

When insurance companies utilize Regtech solutions, several important considerations should be taken into account to ensure effective implementation and compliance.

1. **Correct assessment of needs and gestation period:** The exact needs must be assessed by the insurance company. The next decision is whether to develop internally or work with an outside Regtech vendor. Many Regtech solutions can be quickly implemented and integrated into current systems.
2. **Assess and address additional risk factors:** The risk variables that the insurance companies should evaluate include algorithmic biases, data and cyber security measures and other aspects. Additionally, they have to evaluate the risks related to the actual change process.
3. **Regulatory compliance**: It is crucial to ensure that the chosen Regtech solution covers all

relevant regulations specific to the insurance sector and other relevant regulations. It should be ensured that the chosen Regtech solution is able to generate standardized reports, maintain detailed audit logs and facilitate regulatory reporting requirements and streamline audit processes.

4. **Data privacy and security**: When implementing Regtech solutions, data privacy and security must be given paramount importance. It should be ensured that the Regtech provider has robust security measures in place to sensitive customer data.
5. **Customization and scalability**: Insurance companies have diverse business models, product offerings, and regulatory requirements. It should be ensured that the Regtech solution has the required customized solution. Further, it should be scalable to accommodate future growth and changes in regulatory landscapes without significant disruptions to operations.
6. **Integration with existing systems**: Insurance companies should try to choose a Regtech solution that seamlessly integrates with existing systems, procedures and platforms. Smooth integration minimizes implementation challenges, reduces operational disruptions and enhances overall efficiency.
7. **User-friendly interface and training**: User interfaces for Regtech solutions should be simple to use and navigate. Employees should be imparted adequate training and guidance to use the Regtech tools in their daily compliance tasks. For Regtech solutions to be implemented successfully and continue to be effective, user adoption is essential.
8. **Cost-effectiveness and ROI**: Financial viability of the Regtech should be considered in terms of upfront implementation costs, ongoing maintenance fees etc.

THE FUTURE AHEAD

By utilizing technologies like big data analytics, machine learning, AI, block chain and cloud computing, Regtech offers innovative technology driven solutions to traverse the intricate regulatory settings, reduce compliance costs, and minimize the risk of regulatory breaches by allowing companies to focus more on core business processes, customer services and competitive positioning. The growth of Regtech is driven by a combination of regulatory, technological, economic and market factors that underscore the importance of efficient, effective, and innovative solutions for regulatory compliance and risk management. As regulatory requirements continue to evolve and become more stringent in India, the demand for Regtech solutions is expected to grow. Companies in the insurance sector which use Regtech often get a competitive edge over the late entrants. Though Regtech solutions offer abundant benefits, there are multiple challenges too. Concerns over security of data and privacy need to be addressed. Further, collaboration between regulators and Regtech industry is crucial to ensure effective regtech solutions. MA

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UNVEILING THE FUTURE: BANCASSURANCE AS INDIA'S NEW FINANCIAL FRONTIER

Abstract

This article describes the rapidly evolving bancassurance sector in India, impressing on its growth, challenges, and the way forward. It succinctly brings out how banks partner with insurance companies to increase penetration by the application of new technologies like AI and blockchain for more customer service and efficiency. It also discusses the regulatory and operational hurdles including the strategic role of Cost and Management Accountants (CMAs) in compliance and planning and provides some strategic and policy recommendations aimed at further empowering the development of the sector, thereby giving the stakeholders some useful insight into realizing bancassurance potential to the maximum.

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INTRODUCTION

Overview of Bancassurance

Bancassurance simply means the arrangement between the bank and the insurance company, where the financial institutions will provide insurance products under their customer bases and trust. This, of course, includes an effective distribution and approach that is easier for consumers in the case of insurance. Therefore, this maximizes the general financial service delivery within the modern financial systems.

Objective of the Article

This article, therefore, attempts to delve into some of the present trends characterizing the Indian bancassurance landscape, identify the principal challenges it faces and projects a future potential for this dynamic sector. This is meant to provide actionable insights that will optimize and expand the bancassurance services to all stakeholders.

Methodology

The research study is done using a qualitative research design approach, including different case studies and interviews with experts. These are supplemented with the review of industry reports and regulatory filings that will help in building a comprehensive viewpoint of the current state and the outlook of banking in India.

THE CURRENT STATE OF BANCASSURANCE IN INDIA

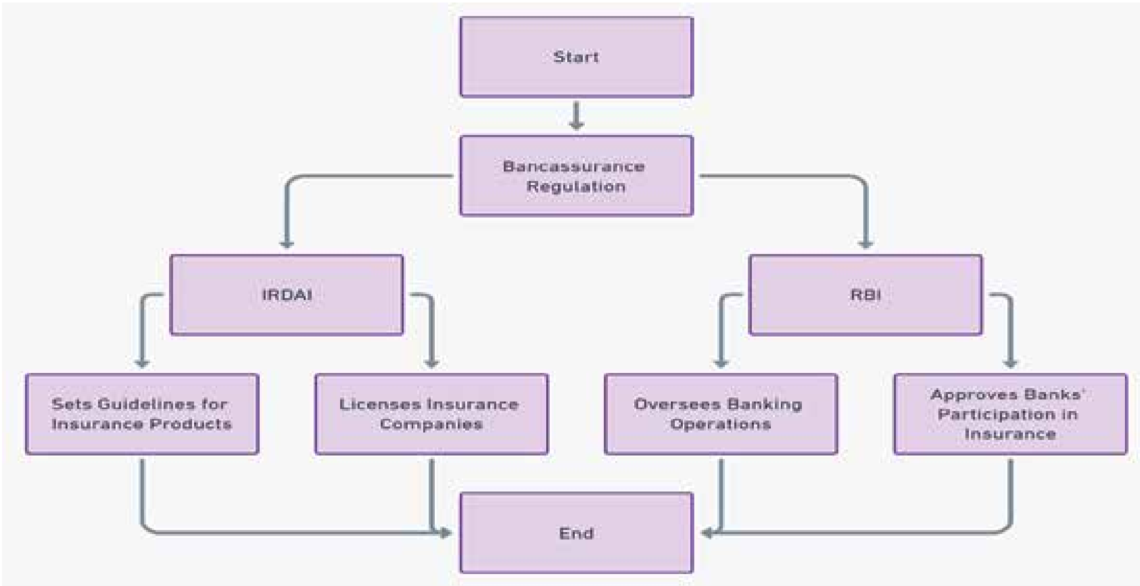
Market Analysis

Bancassurance is one of the biggest booming sectors of India, with SBI, HDFC, and ICICI among some of the top banks that have huge networks bringing a lot of accessibility to insurance products directly. The growth is further compelled by a rising middle class that is more financially literate, which will mean the services of insurance will be more coherent and accessible throughout the country.

Regulatory Framework

Indian Bancassurance is well-regulated with IRDAI guidelines and provides an opportunity for banks to have an agreement with more than one insurer, safeguarding the consumer's interest and awakening competition with fairness. However, it is subjected to very high degree of transparency and very strict management of conflict of interest and hence it is a difficult process for any bank.

FIGURE 1: ROLES OF DIFFERENT REGULATORY BODIES LIKE IRDAI AND RBI

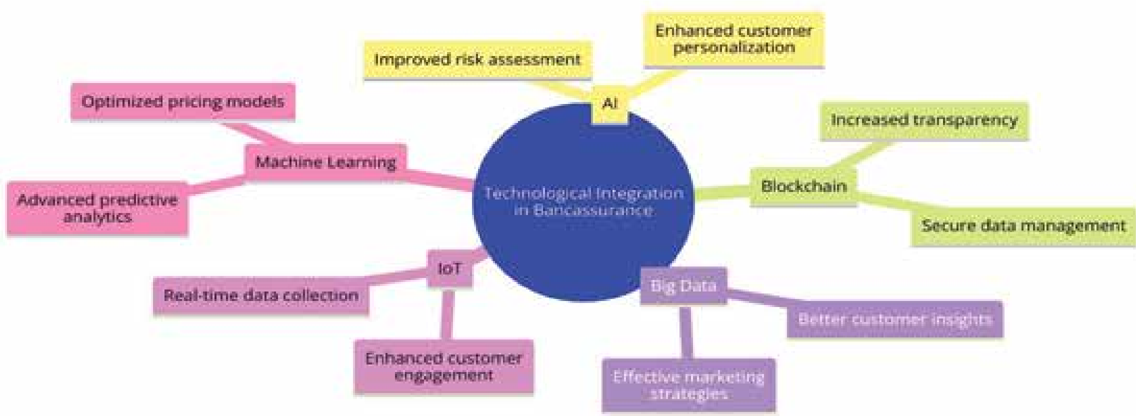


Source: www.studyiq.com/articles/financial-regulatory-bodies-in-india

Technological Integration

Bancassurance has moved through digital technology that makes it so efficient in using AI, data analytics, and mobile platforms. Tools include chatbots that make user experience better by saving time and increasing productivity.

FIGURE 2: TECHNOLOGICAL INTEGRATION IN BANCASSURANCE, SHOWCASING VARIOUS TECHNOLOGIES AND THEIR BENEFITS



(Source: blog.artivatic.ai/p/digital-transformation-in-bancassurance)

Customer Demographics and Behavior

With a burgeoning youthful population that is more and more tech-savvy, there is an important push to make access to digital financial services easy, such as insurance. In response, banks are now looking into designing unified, tech-friendly platforms that will enable them to offer banking and insurance services quickly and easily under changing consumer expectations.

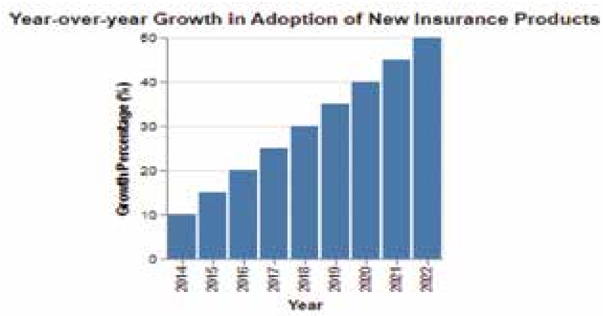
In other words, bancassurance in India is a bubbling yet complex affair, characterized by quick growth, regulations in evolution, technological progress, and demographic shifts in consumers. All these factors come together and provide the setting of things to come in the future of the industry.

EMERGING TRENDS AND INNOVATIONS IN BANCASSURANCE

Product Innovation

Banks in India are much active to innovate their product suites of insurance per the varied requirements of the consumers. For example, ICICI bank recently came up with customizable health insurance plans where a customer can choose coverage according to his health risks and life stages. Similarly, Axis Bank offers customized motor insurance solutions with unique add-ons like roadside assistance and zero depreciation cover custom made as per individual customer's requirements.

FIGURE 3: YEAR-OVER-YEAR GROWTH IN ADOPTION OF NEW INSURANCE PRODUCTS OFFERED THROUGH BANCASSURANCE



Source: www.technavio.com/report/bancassurance-market-industry-analysis

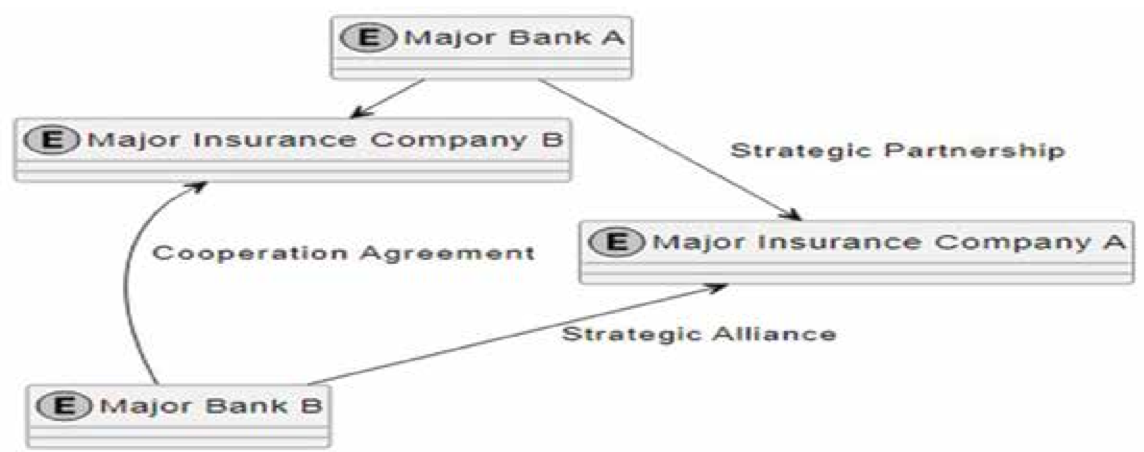
Technological Advancements

Besides, the use of advanced technologies like AI, machine learning, and blockchain highly improve bancassurance services' efficiency and effectiveness. The bank uses AI to offer personalized insurance products based on the customer's behavior and purchase history of the said customers. Companies are looking to use blockchain technology that will ease processing of the claim with minimum fraud and ensure transparency, along with securing the transaction.

Strategic Alliances and Partnerships

The strategic partnerships of banks and insurance companies should improve the product lines and widen the markets. The most noted of such has been the partnership between Yes Bank and Max Life Insurance. The same leverages the big Yes Bank banking network and the immense Max Life insurance experience to provide a comprehensive range of life insurance products to all kinds of customers.

FIGURE 4: STRATEGIC ALLIANCES AND PARTNERSHIPS AMONG MAJOR BANKS AND INSURANCE COMPANIES



Source: www.forbes.com/sites/forbescommunicationscouncil/2021/03/16/the-future-of-finance-strategic-alliances-between-insurance-and-banking

Focus on Customer Experience

Bancassurance remains the experience of its customers at the center of the strategy of growth. In their wisdom, for example, Kotak Mahindra Bank has digitalized and simplified its customer experience through purchase processes, empowered tools for policy management online, and filing claims, hence raising customer engagement and satisfaction. Such initiatives are key towards building trust and loyalty. It ensures that customers have a perception that the bank provides one-stop-shop for all their financial needs.

Above trends and innovations perfectly capture the growing dynamism in the bancassurance space in India due to consistent product development, technology improvements, strategic collaborations, and a strong focus on enhanced customer experiences.

CHALLENGES AND BARRIERS TO GROWTH

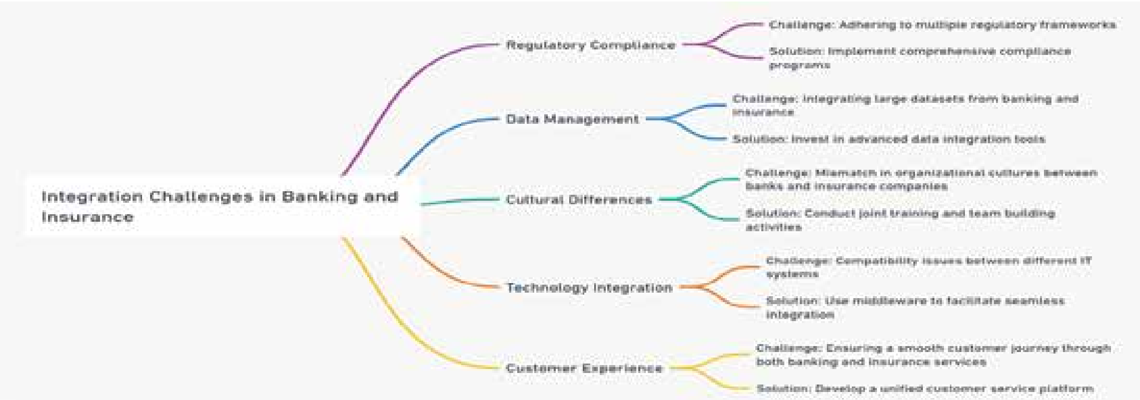
Regulatory Challenges

Indian regulations protect consumers while at the same time restricting the growth of bancassurance. IRDAI puts a cap on the number of insurance partners for each category to three, holding back the cut-throat competition and pricing, demanding costly adaptations from banks and insurers, with frequent regulatory changes.

Operational Challenges

Thus, the integration of banking and insurance operations has its ill aspects. The training of staff in this area of insurance queries was something ICICI Bank really had a tough time with at the beginning, as this was not part of their day-to-day banking activities. Besides, the incompatibility in technology between the system of banks and the newly developed insurance software systems often results in procedural inefficiencies and service delays.

FIGURE 5: COMMON OPERATIONAL CHALLENGES FACED IN THE INTEGRATION OF BANKING AND INSURANCE OPERATIONS, ALONG WITH POTENTIAL SOLUTIONS



Source: www.inspirajournals.com/uploads/Issues/278386228.pdf

Market Penetration Challenges

Challenging areas in expanding bancassurance would be new and not-so-urbanized geographies with lower awareness and cultural biases against insurance. Rural areas hold potential, but banking and insurance are new entries to this place and would require huge efforts. Companies such as HDFC are addressing this with localized products and education campaigns, though progress is only through significant investment and moving at a glacial pace.

In India, although the bancassurance growth has been very encouraging, it has in most cases been stifled by a troika of challenges—regulatory, operational, and market penetration. All of this will require not only innovative strategies and investments in technology and training, but also a regulatory environment that is enabling, rather than limiting.

ROLE OF CMAs IN THE FUTURE OF BANCASSURANCE

FIGURE 6: ROLES OF CMAs IN FINANCIAL STRATEGY, RISK MANAGEMENT, COST OPTIMIZATION, AND COMPLIANCE

Source: corporatefinanceinstitute.com/resources/wealth-management/bancassurance

Financial Strategy and Risk Management

As for instance, the Cost and Management Accountants (CMA) play a key role in devising the strategic financial planning and risk assessment within the bancassurance sector. Financial analysis helps to devise strategies which bring maximum profitability in such a manner that underwriting risks for insurance and associated claims are mitigated. For example, at Axis Bank, CMAs work very closely with the insurance partners in the analysis and forecasting of potential risk factors that may affect any jointly offered financial product between them. This helps the bank to be well prepared in handling economic fluctuations and market dynamics.

Cost Optimization and Efficiency

CMAs are helpful in improving the operational efficiency and effective cost management in the bancassurance landscape. They can help conduct a comprehensive cost-benefit analysis, allowing identification and removal of inefficiencies in the operation of integrated bank and insurance services. CMAs in institutions such as SBI, have proven to bring great value in streamlining the processes through cost-saving and at the same time in transaction processing and customer acquisition strategies that go a long way in impacting the bottom line in a positive manner.

Regulatory Compliance and Reporting

The other very important area in which CMAs contribute is in ensuring that an organization is operating within the set financial regulations. This knowledge will always guide banks and insurance companies in the ability to transverse the current complexities in the financial compliance regulatory environment for travel. CMAs in HDFC Life assure that all the insurance products sold through the banking channel are humanely aligned to the regulations of IRDAI, and all financial reporting are also humanely maintained for keeping the financial data integrity transparent.

Strategic Decision-Making and Advisory

CMA also has a critical role in strategic decision-making, providing insight and advice that will be very instrumental to drive growth in bancassurance. Their analysis, therefore, informs the senior management in the organization concerning the market trends, opportunities for investment, and those for partnership that are strategic to the bank. For instance, CMAs from ICICI Bank offer data-driven insights that have influenced the development of new insurance products and the choice of insurance partners in the alignment of the strategic goals over the long term.

CMAs help in developing and sustaining bancassurance businesses by way of financial strategy, cost management, regulatory compliance, and strategic advisory for ensuring vitality in the business and realization of probable opportunities while overcoming the challenges within the sector.

THE FUTURE OF BANCASSURANCE IN INDIA

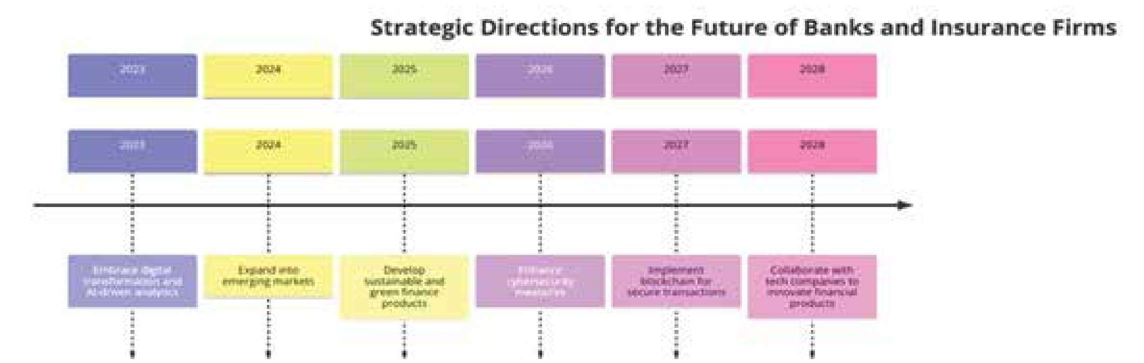
Predictive Analysis

Advanced data analytics in bancassurance accurately forecast market trends and customer behaviour. HDFC Bank, through predictive models, has therefore resorted to customizing insurance products towards important life events, increasing customer satisfaction and uptakes for the products.

Strategic Directions

With the evolution of the neobank, banks and insurers will have to offer more digital services and create niche products—possibly including those aimed at specific demographic clusters, such as the startup insurance that Axis Bank provides, which specifically covers certain risks that startups may face.

FIGURE 7: STRATEGIC DIRECTIONS FOR THE FUTURE, OUTLINING POTENTIAL MOVES FOR BANKS AND INSURANCE FIRMS



Source: www.mckinsey.com/industries/financial-services/our-insights/the-future-of-banks-a-20-trillion-dollar-breakup-opportunity

Policy Recommendations

On the other hand, relaxation of IRDAI's restrictions in bank-insurance partnerships would thus, help the growth of

Bancassurance in India is a bubbling yet complex affair, characterized by quick growth, regulations in evolution, technological progress, and demographic shifts in consumers

bancassurance. Even further, improvement in financial literacy in the rural interior will help further improve market reach, a move that will guarantee that the sector is resilient and responsive to evolving demands and economic shifts.

CONCLUSION

What has added to the bancassurance growth in India is the innovation and technology; not adding to it are the regulations and rural challenges. The players need to innovate and expand the stakeholder pie to leverage the benefits. MA

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PARAMETRIC INSURANCE: REVOLUTIONIZING RISK MANAGEMENT IN INDIA AND BEYOND

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Abstract

This article highlights the impact of frequent recurrences and intensity of natural disasters in India and across the globe and focuses on India's susceptibility and economic implications. Parametric insurance has the potential to help India withstand climate change impacts and enhance its economic resilience. The specific triggers and immediate payouts make it a viable approach to reduce the insurance protection gap and mitigate the growing impact of climate induced catastrophes. Despite the challenges, there is a growing demand for parametric insurance around the globe, which will in turn help India to find ways to enhance its implementation and performance in the country. Emerging technologies like IoT, AI, and blockchain have a transformational impact in revolutionizing parametric insurance. This study underlines the significance of working with stakeholders, leveraging technological innovations and implementing policy measures to create inclusive and cost-effective parametric insurance solutions.

INTRODUCTION

In recent years, insurance has become even more crucial as a risk-financing tool globally because of climate change. Extreme erratic weather patterns are endangering lives and ecosystems and jeopardizing economic growth and stability. Floods, heavy rains, landslides, droughts, and rising sea levels are causing extensive financial losses. Weaker building structures, denser cities, and limited insurance coverage in emerging markets and developing countries make them much more vulnerable than developed markets. The Government's fiscal budget is also severely strained by climate-related disasters, as decreased economic activity results in lower Government revenue. Governments must provide funds for relief and rehabilitation and reallocate funds from other sources. However, it is not feasible to offer financial assistance solely through fiscal tools to restore and reconstruct property and livelihoods.

Given that climate change-related disasters have become more frequent in recent years and have caused long-term damage, India has become increasingly vulnerable. According to the "State of India Environment 2024" report by the Centre for Science and Environment (CSE), India experienced extreme weather conditions for 318 days in 2023. In terms of events, heavy rains, floods and landslides: 208 days, lightning and storms: 202 days, heat waves: 49 days, cold waves: 29 days, cloudbursts: 9 days, snowfall: 5 days and cyclones: 2 days. The Extreme Weather Report 2023 mentioned that from January to September 2023, 26 of the 36 States and UTs had a higher number of extreme weather occurrences than during the same period in 2022. As per United Nations, India suffered significant economic losses of over USD 4.2 bn.

ADVENT OF PARAMETRIC INSURANCE

Dynamic changes in the environment, unexpected risks and climate changes have led to the evolution of a new form of insurance termed parametric insurance. Although this form of insurance has existed for more than 25 years and is not a new concept, it is now gaining popularity in other countries in risk areas that were previously under-insured or uninsurable. It initially covered only agricultural and horticultural losses, but now the insurance industry is relooking into its parametric insurance product to provide a more comprehensive and innovative coverage. It offers weather-related risk coverage for prolonged rains, floods, and heat waves, and mitigates its impact on businesses, such as causing business losses, cost overruns, and penalties. This will also enhance economic resilience as immediate payouts will enable businesses to recoup rapidly from losses.

Traditional insurance products often have limitations in the protection they provide and in the methods by which they resolve claims. They are also only reimbursed for actual losses that result from damage to assets. Parametric insurance is based on the principle of benefit-based insurance rather than the principle of indemnification. In this case, compensation is provided for claims based on predetermined weather benchmarks or indices that have been established prior to the occurrence. The breach of such parameters is the only basis that initiates a claim regardless of the loss.

GROWING RELEVANCE

The past two decades have seen a shocking increase in catastrophe events. A report by UN on The Human Cost of Disasters reported 7348 disaster events between 2000 and 2019, a 50.7 per cent increase compared to the preceding two decades from 1980-1999. On an average, there were 367 disaster events each year, the majority of which were floods and storms (44 per cent and 28 per cent respectively (Fig.1). While the mortality rates had decreased, it is critical to recognize that the impact of disasters extends beyond loss of life. Business operations are affected and a growing number of individuals are dealing with critical issues like accidents and major disruptions to their means of livelihood, especially in the agricultural sector. This pattern highlights the serious need for efficient risk management techniques to reduce the increasing toll that disasters take on both human lives and the global economy. More than 500 disasters, including meteorological, hydrological, and geophysical ones, have struck China (Fig.2.). The United States, which has seen 467 disaster occurrences, is the second most affected nation. However, India ranked third on the list, experiencing more hydrological events than meteorological ones. It is noteworthy that eight out of the top ten countries with the most disasters are in Asia, with significant variation in the type of disasters they face.

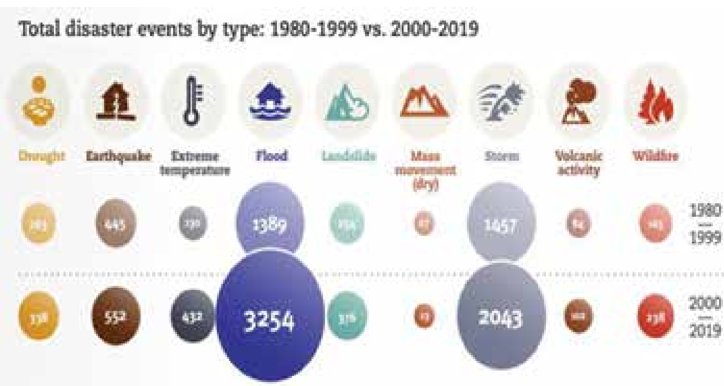

Fig. 1
Source: Source: Centre for Research on the Epidemiology of Disasters, UN Office for Disaster Risk Reduction

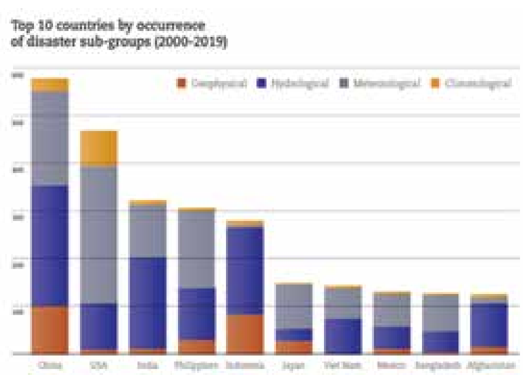

Fig. 2
Source: Centre for Research on the Epidemiology of Disasters, UNOffice for Disaster Risk Reduction

As per the 2022 report by World Meteorological Organization (WMO), India faced a significant economic loss of USD 4.2 billion due to floods, drought and heat wave related climatic disasters. This surge in frequency has led to unprecedented economic strain. Among the natural calamities, floods dominate India's landscape, comprising 41 per cent of all such disasters, closely followed by storms.

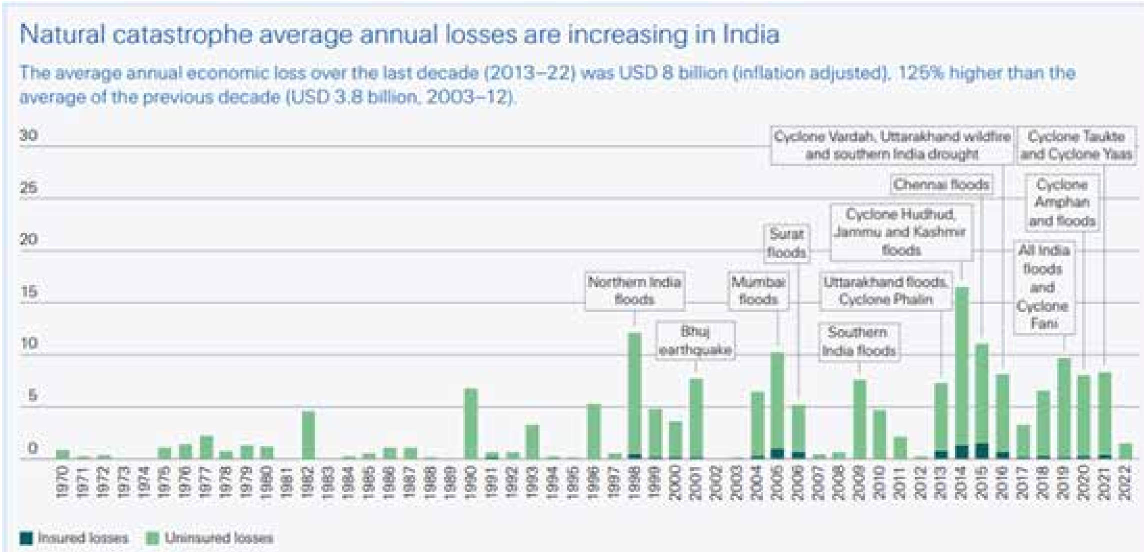

Fig. 3:
Source: Swiss Re Institute

A major global concern is the protection gap, the difference between insured and uninsured damages. Because of this discrepancy, communities, businesses, and individuals are not functioning as resiliently as they may be. Approximately 30 per cent of losses stemming from natural catastrophes have been compensated by insurance over the past ten years, as per UN Report on parametric insurance. The percentage of economic losses that go uninsured frequently surpasses 90 per cent in middle-class or low-income nations. Unfortunately, this situation is expected to worsen. According to the International Monetary Fund (IMF), more frequent weather-related shocks will disproportionately affect the tropical countries, majority of which have low GDPs. According to a report by Swiss Re Institute, in 2022, natural disasters cost the economy USD275 billion, of which USD125 billion was covered by insurance. In India, a staggering 93 per cent of the exposures are uninsured, indicating a low level of insurance protection against natural disaster risks. Over the last ten years (2013–22), the average yearly economic loss was USD8 billion (adjusted for inflation), which is 125 per cent more than the average for the 10 years prior (Fig.2). Over the past 30 years (1992–2022), India's inflation-adjusted economic losses have grown by 7.3 per cent year on average, whereas global losses during the same period have grown by 4.5 per cent. Low risk perception, lack of awareness, climate change effects, underinsurance, lack of or limited insurance coverage, insurance exclusions, limited access to insurance, and complexity of claims process are factors that contributed to higher economic losses.

CHALLENGES FOR THE PARAMETRIC INSURANCE MARKET

Although parametric insurance has drawbacks, it can be a game-changer for covering difficult-to-insure natural disasters. It requires addressal of some major challenges such as the following:

S. No.	*Challenges*	*Reasons*
1	*Predicting accurate basis risk*	Defining the basis risk and ensuring a clear and quantifiable outcome is the primary step. The insured may have losses without the parameter being triggered, or the insured's economic losses may differ by any significant amount from the coverage amount. Inaccurate trigger designs that overlook the real impact and results in either an overpayment or underpayment will lead to policyholder disputes and dissatisfaction, and damage parametric insurance products' credibility and customer trust. Accurate modelling is the key to ensure that the gap between the economic losses and the payouts are as minimum as possible.

2	*Formulating standardized practices*	Different approaches to data sources, claim settlements, and parameter design can lead to ambiguity and inconsistency, obligating the need to frame standardized procedures and terminologies.
3	*Adequate Data Availability*	Parametric insurance relies on accurate, very granular and reliable real-time data to determine the causes. However, in many regions, especially in developing countries or areas vulnerable to natural disasters, data may be scarce, incomplete, or unreliable, creating challenges in accurately modelling risk and designing effective parametric insurance products.
4	*Public Awareness & understanding*	Lack of education, awareness and familiarity with this concept and its advantages impedes market expansion and restricts its capacity to offer efficient risk management solutions. The problem lies in the fact that educating the customer and the insurance value chain is costly and drives up the cost of parametric premiums.

Notwithstanding the challenges, it is essential to tackle this issue in order to prevent households and businesses from enduring extensive uninsured losses and prevent Governments from facing unforeseen expenditure obligations in the event of a catastrophe.

BUILDING RESILIENCE

Countries around the globe like Australia, US, UK, Denmark, Iceland, Norway, Turkey, France, New Zealand, Japan, Vietnam, Spain, Switzerland etc. have parametric insurance solutions in place for varied natural calamities but in India, which is expected to be ranked as the third largest economy in 2030, are still in its nascent stages. The Indian Government was the first to introduce parametric crop insurance for the agricultural sector. Nagaland became the first State to take one to cover rainfall. The first-ever extreme heat insurance program was launched in 2023 for the women employed in factories by the Adrienne Arsht-Rock Foundation Resilience Center, a trade union, and Blue Marble, a microfinance startup. In Assam, parametric insurance for inland fish farmers has been implemented to safeguard their income from unforeseen risks and natural calamities. Frequency and severity of natural calamities are roadblocks which need to be addressed urgently. Low awareness, penetration, and affordability of insurance to cover weather extremes pose a challenge for insurance companies. Currently, there are no regulations requiring mandatory property insurance. Bundling home insurance with property purchase will help reduce the protection gap and help rebuild the nation after a natural calamity. Addressing catastrophic risks effectively requires collaboration between private and public sectors. The National Institute of Disaster Management has proposed the necessity of parametric insurance to facilitate the Government's efforts to rebuild and rehabilitate through a timely influx of insurance money during natural disasters. India must transition from conventional indemnity-based insurance models to innovative and persuasive insurance solutions in the face of escalating natural calamities.

EVOLUTION OF DATA, DIGITAL TOOLS AND TECHNOLOGY FOR PARAMETRIC INSURANCE

The efficiency of business processes and the high costs associated with developing and operating insurance products hinder insurance companies from effectively penetrating the uninsured and underserved markets. But rapid technological advancement, along with economic and strategic challenges, is paving the way for greater revenue. According to report by AON, a management consulting company, parametric insurance has a bright future ahead, as it is anticipated to expand from USD11.7 billion in 2021 to USD29.3 billion by 2031, with a compound annual growth rate (CAGR) of 9.9 per cent . The future of parametric insurance depends on the accurate prediction of the occurrence of losses, i.e., the exact location and severity of the catastrophe, to issue claims. The Industry 4.0 revolution technologies, including satellite, IoT & blockchain can aid insurers in reducing the wide protection gap.

The Internet of Things (IoT) uses sensors that can provide real-time data on weather, seismic activity, etc. Data analytics and leveraging machine learning algorithms allow the prediction of future events. Artificial intelligence (AI) permits the use of vast datasets for better risk evaluation and accurate pricing calculations. Blockchain could help trigger payouts upon the occurrence of a specific event and help lower the time and costs associated with claim processing and settlement.

India is a country prone to natural disasters. With increased investment in communications, infrastructure and leveraging technology and innovation, insurance companies can innovate new risk transfer products and strategies that will help India manage and mitigate disaster and climate risks effectively.

CONCLUSION

The increasing popularity of parametric insurance warrants stakeholders to actively support technological advancements, form partnerships, and actively contribute to the development of robust and versatile risk management plans in the country. However, it is imperative to ensure the availability of parametric micro insurance to low and moderate-income groups, one that is affordable, easy to understand and provides prompt claims following a catastrophe. Improved risk modelling and powerful digital assets such as AI and predictive analytics can help in the precise and efficient forecasting of climatic conditions. As climate change and its associated risks continue to intensify, demand for parametric insurance is expected to remain strong and experience sustained growth in the future. Because of a strong IT industry and swift pace of technological innovation, India can improve its risk management practices and boost resilience and competitiveness in the global market, by harnessing the benefits of AI and ML for parametric insurance innovations.

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BANCASSURANCE IN INDIA: OPPORTUNITIES, CHALLENGES, AND FUTURE PROSPECTS

Abstract

The insurance and banking sector of India has witnessed a new opportunity after the opening up of the insurance sector in India in the form of bancassurance which is a practice by which banks are used as the channel of distribution for selling insurance products. This article explores the evolution, opportunities, challenges and prospects of bancassurance. It also contains a comprehensive analysis of the regulatory framework, market trends, and consumer behavior to provide valuable insights into the shaping of the dynamic landscape of the bancassurance business in India. The article also makes recommendations to all the stakeholders for harnessing opportunities and addressing the challenges of the domain.

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INTRODUCTION

In the Indian financial services industry, bancassurance has gained prominence as a strategy for combining banking and insurance services. In India the roots of bancassurance can be traced to the early 2000s, when regulatory modifications made it possible for banks to enter the insurance distribution market (*Bajaj & Gupta, 2019; Sinha & Gupta, 2018*). Since then, there has been a substantial evolution in bancassurance due to the growing need for integrated financial solutions and the goal of improving client convenience *(Jain & Maheshwari, 2017; Sheth & Nair, 2019*). Utilizing the vast branch network and clientele of banks all over the nation, bancassurance now plays a critical role in increasing the penetration of insurance and fostering financial inclusion. Banks and insurance providers can benefit from bancassurance's products. For banks, it acts as a source using which client connections and revenue sources can be improved to stand out from the crowd.

India's strong banking system and the increasing demand for insurance products to a wide range of social groups contribute to the main prospects that bancassurance offers. Banks have the potential to access a wide range of customers because of their vast branch networks, which comprise both urban and rural populations *(Kapoor & Sharma, 2019; Chandra & Kumar, 2017*). Due to the extensive reach, comfort, and confidence that consumers have in their banks, it provides an excellent platform for raising awareness of insurance and encouraging uptake among uninsured populations (*Mittal & Singh, 2016; Kapoor &Dangwal, 2018*).Bancassurance also plays a crucial role in promoting socio-economic development in the country.

Banks involved in the bancassurance ecosystem must navigate opportunities carefully because they come with a set of problems as well. The Insurance Regulatory and Development Authority of India (IRDAI) and the Reserve Bank of India (RBI) have established strict criteria that must be followed, which create regulatory complications and act as a major obstacle for both insurance businesses and banks (*Kumar & Singh, 2020; Agarwal & Mittal, 2018*). It takes a careful balance, frequently requiring significant expenditures in infrastructure, technology, and human resources, to ensure compliance while still providing creative and competitive insurance products. Furthermore, the emergence of new local and foreign competitors as well as the growth of digital disruptors providing alternate distribution channels are all contributing factors to the intensifying competitive environment in the bancassurance industry *(Taneja, 2021: Singh & Sinha, 2019; Gupta & Arora, 2020).*

OPPORTUNITIES IN BANCASSURANCE

Bancassurance offers a myriad of opportunities for banks and insurers to capitalize on. Some of the prominent opportunities are listed in the following paragraphs.

Improved customer experience: Bancassurance gives their clients one-stop easy access to both banking and insurance services and products. For clients, this integrated approach simplifies financial management and improves convenience.

Increased revenue sources: Banks can access new revenue sources by expanding their product offerings to include insurance.

Enhanced risk management: Bancassurance helps banks to better manage risk by providing insurance solutions that lessen the range of financial risks that their clients may encounter. This can involve health, life, and property insurance, among other types of insurance.

Enhanced customer loyalty: Banks can better cultivate long-term engagement and loyalty with their consumers by offering comprehensive financial solutions. Client retention is also higher.

Opportunities for cross-selling: Bancassurance facilitates the promotion of insurance products to current bank clients and vice versa, giving banks the ability to engage in cross-selling.

Market differentiation: By providing insurance products in addition to standard banking services, banks can differentiate themselves from rivals and stand out in a crowded market.

Growth into new markets: Bancassurance gives banks the chance to enter new markets or market niches by providing specialized insurance products catering to certain clientele or requirements. Market expansion and strategic growth are made possible by this.

Technology integration: As banking and insurance procedures become more digitally connected, banks have more chances to use technology to improve customer service and expedite operations.

Opportunities for strategic alliances: Bancassurance facilitates strategic alliances with reinsurers, insurance companies, and other financial institutions. These alliances may result in cooperative product creation, pooled resources for distribution, and advantageous partnerships.

CHALLENGES IN BANCASSURANCE

Despite its potential, bancassurance in India faces several challenges that warrant attention from stakeholders. Some of the challenges are outlined here under.

Complexity of regulation: Bancassurance functions at the nexus of two heavily regulated sectors: insurance and banking. Complying with a plethora of rules, regulations, and supervisory requirements makes it difficult to navigate the complex regulatory frameworks governing both industries.

Integration of culture: Operational procedures, business models, and organizational cultures frequently differ across banks and insurance firms. It can be difficult to integrate these systems and cultures to provide coherent bancassurance products.

Distribution channel conflict: Bancassurance has the potential to incite conflict between the institution's banking and insurance divisions, especially when it comes to resource distribution and sales channel prioritization.

Risk management: Banks take on additional risks when they offer insurance products, such as underwriting, claims, and market risk. Robust risk management frameworks, advanced modeling approaches, and cautious underwriting procedures are necessary for properly managing these risks.

Customer perception: Some consumers might think of bancassurance as an upselling or cross-selling strategy, which raises questions about conflicts of interest, transparency, and the suitability of the products being sold. Overcoming these issues with perception requires establishing and preserving trust with clients.

Data security and privacy: Processing and collecting sensitive customer data, such as financial and medical records, is a part of bancassurance. It is critical to safeguard this data from misuse, unauthorized access, and breaches, particularly considering the current spike in worries about cybersecurity and data privacy.

Technology Adoption: Embracing digital technologies is essential for driving efficiency, improving customer experience, and staying competitive in bancassurance. However, legacy IT systems, data silos, and technological inertia can hinder banks' ability to innovate and adapt to evolving digital trends.

Economic and market volatility: Economic downturns, fluctuations in interest rates, and shifts in consumer behavior can impact the bancassurance business model, affecting sales volumes, investment returns, and overall profitability.

REGULATORY FRAMEWORK GOVERNING BANCASSURANCE IN INDIA

The Insurance Regulatory and Development Authority of India (IRDAI) Act of 1999, which gives the IRDAI the authority to supervise the licensing, registration, and business practices of insurance companies involved in bancassurance activities, forms the foundation of the regulatory framework. This is complemented by the Reserve Bank of India's (RBI) administration of the Banking Regulation Act of 1949, which deals with specific features of bancassurance that require banks' involvement in insurance distribution. The Insurance Laws (Amendment) Act, 2015 is a noteworthy achievement that has raised the foreign direct investment (FDI) cap to 49 per cent in Indian insurance companies. This allowed Indian banks and international insurers to work together more closely. Furthermore, guidelines for the operation of online platforms that facilitate the selling of insurance products, including those made available through bancassurance channels are provided by the Insurance Regulatory and Development Authority of India (Insurance Web Aggregator) Regulations, 2017. In addition to these regulatory measures, consumer protection laws and regulations—such as the Banking Ombudsman Scheme and the Consumer Protection Act, 2019—complement them by guaranteeing fairness, openness, and channels for recourse for customers buying insurance products through bancassurance arrangements. Regulations by the Securities and Exchange Board of India (SEBI), which are mostly focused on the securities markets, also affect some bancassurance activities.

MARKET TRENDS FOR BANCASSURANCE IN INDIA

Consumer demand for integrated financial solutions is increasing, which is driving banks to broaden their product offerings to include a variety of insurance products such as investment-linked plans, life, and health insurance. Furthermore, the bancassurance industry is experiencing a notable push towards digital transformation in tandem with this push towards integrated solutions. Banks are offering easy access to insurance products and services by utilizing digital marketing techniques, smart phone apps, and internet platforms. In addition to improving client convenience, this digital transition enables banks to reach a larger audience and provide more individualized services.

CONSUMER BEHAVIOR AND PREFERENCES

Bancassurance is a practice that is closely linked to consumer behavior and affects the uptake and profitability of this business model. The confidence customers have in their banks is essential since they use their established relationships and brand recognition to help with insurance sales. As many consumers prefer the simplicity of managing all their financial needs in one location, convenience and accessibility significantly influence customer behavior. Customers assess things like coverage, premiums, and benefits and find them handy.

RECOMMENDATIONS TO ALL THE STAKEHOLDERS

For taking the benefits of opportunities and for addressing the challenges of the domain the following recommendations are made to all the stakeholders.

- For broadening product offerings and penetrating new markets, strategic alliances between banks and insurance providers are needed.
- A thorough grasp of the changing demands and preferences of customers is vital when prioritizing customer-centricity.
- Risk reduction and trust-building depend heavily on regulatory compliance standards being followed.
- The presence of competent staff that can provide top-notch insurance solutions and exceptional customer care must be ensured.
- Consumers should be encouraged to become financially literate.
- Keeping an eye on rival tactics and market trends enables stakeholders to adjust and develop appropriately.

FUTURE PROSPECTS

The future of bancassurance seems bright, with several

Bancassurance industry is experiencing a notable push towards digital transformation in tandem with this push towards integrated solutions

significant trends and opportunities. It is anticipated that technology has the potential to transform bancassurance by allowing banks to easily provide customized insurance solutions utilizing digital platforms, artificial intelligence, and data analytics. Banks can access enormous untapped markets for insurance products through bancassurance agreements. In this dynamic scenario, banks that can effectively adjust to regulatory constraints and align with changing consumer preferences will have a significant advantage. MA

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AT THE HELM

Our heartiest congratulations to CMA Bikram Ghosh, Member of the Institute, for being elevated to the post of Director Finance in WCL with effect from 27th March, 2024.

CMA Bikram Ghosh is a results-driven and strategic Finance Professional with a proven track record of leading financial operations, driving growth, over a period of 28 years. He has a vast knowledge and wide experience in Procurement, Contracts, Accounts, Taxation, Fund, Cost Management and payment technology. He is known for his strong leadership skills and ability to build high-performing finance teams. In addition to his professional achievements, he is actively involved in various community initiatives.

We wish CMA Bikram Ghosh, the very best for all his future endeavours.

Interview

CMA (Dr.) Tarun Agarwal, Director, National Insurance Academy is a Fellow Member of The Institute of Cost Accountants of India. He has to his credit, Ph.D. in Management and Master of Business Administration too. His Vision is to create Academic Excellence, Build Collaborative Community, Inculcate Leadership with Social Responsibility, Global Perspective, and Experiential Learning. He is a person high on Integrity and strongly believes in the fact that "Passion Works Wonders".

CMA (Dr.) Tarun Agarwal

Director
National Insurance Academy, Pune

Q1. Insurance policy may be Life insurance, medical insurance or any other form, its now an integral part of our life. Can we say that insurance is now reachable to every nook and corner of all layers of the society?

Ans. The insurance sector in India has witnessed significant growth, with the penetration level in life insurance reaching 3% and the overall insurance penetration standing at 4%. As the 10th largest player in the global life insurance market, India's progress in this industry is notable. However, despite these advancements, a large segment of the population, particularly the weaker sections of society, remains inadequately covered by life, medical, or any other forms of insurance. This disparity underscores the urgent need for substantial initiatives by the government, in collaboration with various stakeholders, to extend insurance coverage to all.

Q2. During Covid period acute crisis in health sector as well as necessity of health insurance was felt. How can the mediclaim policies be easily accessible to everybody at reasonable cost?

Ans. To bridge the health insurance gap, the industry must design affordable products with flexible premiums that cater to various population segments. Effective implementation of government schemes like Ayushman Bharat, which has issued 33+ crore cards, by stakeholders such as hospitals and health centers, will enhance Mediclaim accessibility. Additionally, improving distribution through technology and partnerships with local organizations, especially in rural areas, and developing micro-insurance products tailored to specific needs, are crucial steps toward achieving low cost and accessibility.

Q3. Our government has taken certain initiative for policy support through PMFBY, AB PMJAY scheme, is it possible to include private sectors insurance companies to make a part of the initiative? Please share some opinion of yours.

Ans. The government has launched initiatives like PMJJBY, PMSBY, and Ayushman Bharat to provide affordable insurance and health coverage to low-income individuals and families, aiming to enhance financial protection and reduce healthcare costs. Despite these efforts, a substantial protection gap persists. Private insurance companies play a crucial role in bridging this gap by adopting villages and extending coverage to vulnerable sections of society, thus complementing government schemes and ensuring broader insurance accessibility.

Q4. LIC of India, a big name in insurance sector, not only for the reason it has started journey sixty seven years back, LIC has reached to all insurable persons from rural to urban. We would like to hear how the IPO journey of LIC sailed through?

Ans. LIC, holding a 62% market share in India's life insurance and ranking as the 10th largest global player by premium volume, recently emerged as the strongest global insurance brand with a steady value of USD 9.8 billion. With the current dedicated leadership team led by Shri Siddhartha Mohanty, happy to share that its stock has already touched a new lifetime high of ₹1,175 despite the market volatility. I am sure, with this upward momentum, LIC is poised to achieve double-digit growth in new business premiums for the upcoming financial year, reflecting its robust market presence and brand strength.

Q5. A paradigm shift in insurance sector to insuretech, regtech has opened new corridor to include multiple sectors. Please share with us a few words on this?

Ans. Insuretech and regtech are revolutionizing the Indian insurance industry by enhancing efficiency, transparency, and customer experience. Insurtech innovations like AI, big data, and blockchain streamline claims processing and personalized policy offerings these technologies reshaping the way insurance companies operate. Automated underwriting processes, powered by AI algorithms, enable quicker and more accurate risk assessments, reducing the time it takes to approve policies, Regtech simplifies compliance, reduces fraud, and ensures regulatory adherence through automated solutions. Together, these technologies are boosting operational efficiency, reducing costs, and improving accessibility, driving growth and broadening insurance penetration in India.

Q6. What are the mile stones still to be achieved, that are left unturned, so that insurance sectors can elevate to appear as profitable sector?

Ans. The government's next move is achieving insurance for all by 2047. Essential coverage like life, health, and property insurance must be accessible to every Indian, especially in rural areas. Farmers need adequate agriculture and cattle insurance. Developing tailored products and a robust distribution channel is crucial. With a 3% penetration rate, there's significant business potential through stakeholder collaboration, ensuring broader, effective coverage. This will drive profitable, sustainable growth in India's insurance sector.

Q7. In this era of AI and Achieving insurance for all by 2047, how do public sector insurance companies equipped themselves to face the challenges of cyber threat?

Ans. Public sector Indian insurance firms need to strengthen against cyber threats in the digital age through robust cybersecurity investments. This entails deploying advanced encryption, multi-factor authentication, and intrusion detection systems to protect sensitive data. Regular cybersecurity audits, comprehensive employee training, and staying updated with technological advancements are vital. Collaborating with cybersecurity experts and adopting cutting-edge technologies bolster their defenses, ensuring the safety of digital assets and customer information. Adequate budget allocation for technology investments is essential for public sector Indian insurance companies, especially in light of the Digital Payments Data Protection (DPDP) Act. This legislation underscores the importance of robust cybersecurity measures and data protection practices, mandating compliance to safeguard customer information and financial transactions.

Q8. Other than exclusive insurance companies banks are also getting engaged in insurance business. We would like to share with our readers some information on this matter. Please share some highlighted areas on this topic?

Ans. With the well-developed banking sector in India, Bancassurance is a key distribution channel in India's insurance industry, leveraging banks' customer base to offer a variety of products. Banks can cross-sell insurance without increasing operational costs. While the agency channel remains the largest in individual business, bancassurance has swiftly grown to hold a 33% share. This channel has significantly increased the distribution of insurance products and shows promising potential for the future, indicating a bright outlook for bancassurance in India.

Q9. Since insurance business is becoming competitive day by day, recruitment of professionals like CMAs are expected to be broadened. Please share your opinion on this?

Ans. CMAs are essential in all economic activities, acting as value creators, enablers, preservers, and reporters, which are crucial for the insurance industry. They assist insurers in pricing and risk management decisions, offering insights that help maintain competitive premiums and profitability. Additionally, CMAs handle critical areas such as financial reporting, analysis, risk management, regulatory compliance, and fraud prevention, ensuring the industry's stability and efficiency. Their expertise and contribution is vital for the insurance company's success in this competitive era. MA

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Sustainability Standards Board

CERTIFICATE COURSE ON ESG

Course Objective

- To build strategies and effectively integrate sustainability matters into all business practices dealing with the strategy, finance, operations and communications.
- To comprehend and assimilate the rules and regulations and structural framework of Business Responsibility and Sustainability Reporting.
- To understand and analyze the various disclosures made by the Indian companies and various assurance aspects.
- To understand and comprehend the best practices adopted in ESG.
- To build an understanding for preparation of Business Responsibility and Sustainability Report.
- To understand the value chain partners and their role in the business proposition.
- To properly map Business Responsibility and Sustainability Report to Global Reporting Initiative (GRI) and Integrated Reporting Framework.

Course Eligibility

- FCMA/ACMA/ those who have qualified Final CMA examination
- Final year Students of the CMA course
- Any Graduate

(Minimum Intake is 25 numbers to start a batch)

Course Duration

- Classroom learning of 2 hours per day in the Weekend through online mode
- 50 hours online coaching
- 3 months course

Online Examination for 100 marks

- Multiple Choice Questions – 70 questions, 1 mark each
- Case Study (also multiple choice) – 5 questions, 2 marks ach
- Project Report – online submission – 20 marks

Minimum Marks is 60 % in each of the all above levels

Course Fees

- Course Fees (including learning kit) of Rs. 6000 plus GST of 18 %.
- Final year Students of the CMA course for an amount of Rs. 4500 plus GST of 18 %.
- Examination Fees of Rs. 750 plus GST per attempt.

Online Admission Link

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

Course Coordinators

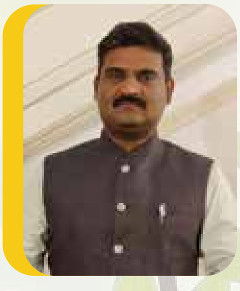
CMA Dibbendu Roy, Additional Director and Secretary, SSB at *ssb@icmai.in*, Mobile No. 9643443047
CMA (Dr.) Aditi Dasgupta, Joint Director at *ssb.newsletters@icmai.in*, Mobile No. 9831004666

Behind every successful business decision, there is always a CMA

ENABLING PROFESSIONAL SERVICES: A CATALYST FOR GROWTH OF GIFT-IFSC

Abstract

The purpose of this article is to highlight one of the most profound financial sector reforms undertaken by the Government of India in the recent past with establishment of GIFT-IFSC recognizing the imperative of integrating with the global financial system while acknowledging the challenges of immediate full capital account convertibility, and adopted a strategic "enclave approach". Subsequently, recognizing the need for a cohesive regulatory framework to nurture the IFSC ecosystem, the Government of India in the Ministry of Finance took a decisive step in December 2019 with the passage of the International Financial Services Centres Authority (IFSCA) Act for establishment of IFSCA. The IFSCA empowers GIFT-IFSC to realize its full potential as a dynamic hub for global finance, driving India's aspirations of becoming a leading player in the global financial arena. The article also talks about the importance of Professional Services providers including Cost and Management Accountants in the growth and success of an International Financial Services Centres by showcasing their contributions in the development of the financial services market in an international finance ecosystem.



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This article is aimed at highlighting the significant role of professional service providers like Cost and Management Accountants in the growth and success of GIFT IFSC, by showcasing their contributions in the development of an international finance ecosystem.

In an era marked by geopolitical uncertainty, investors are reevaluating their strategies to safeguard capital and optimize returns. In this backdrop, India emerges as a beacon of stability and opportunity, positioning itself as a preferred destination for international capital flows. At the heart of this opportunity lies the Gujarat International Finance Tec-City (GIFT) International Financial Services Centre (IFSC), poised to transform into a global financial powerhouse.

India's economic growth story is well-documented, but amidst the bustling landscape of opportunity lies a gem yet to be fully explored, the International Financial Services Centres (IFSCs). While India's domestic financial markets have garnered attention, the establishment of the International Financial Services Centres Authority (IFSCA) signals a strategic move to elevate India's position in the global financial arena. This initiative stands as one of the most profound financial sector reforms undertaken by the Government of India. Its objective is clear, to enable India, now the world's fifth-largest economy with a GDP of USD 3.5 trillion (and the fastest-growing large economy), to seamlessly integrate into the global financial system and unlock its full economic potential.

India boasts robust macroeconomic fundamentals, a burgeoning demographic dividend, the world's third-largest startup ecosystem, robust democratic principles, a vast domestic market, abundant skilled manpower, and a sophisticated financial market. However, to harness these advantages fully, India requires significant foreign capital inflows to bridge the gap in domestic capital availability and meet its investment needs.

According to a joint white paper by GE-EY, India's commitment to achieving net-zero emissions by 2070 necessitates an investment of over USD 10 trillion. This underscores the imperative for India to triple or even quadruple its foreign capital inflows. Achieving this goal hinges on India's ability to integrate seamlessly into the global financial system.

Unlocking India's Potential- GIFT IFSC as a Global Financial Hub: The IFSCA serves as a unified authority for international financial services centres in India, with the Gujarat International Finance Tec-City IFSC in Gandhinagar being the pioneer centre. To truly grasp the significance of the GIFT IFSC, one must contextualize its emergence within the broader narrative of India's evolving economic landscape. Rooted in the Economic Survey 2022-23, GIFT IFSC emerges as a path-breaking financial sector reform emblematic of India's progressive stance towards capital account convertibility.Recognizing the imperative of integrating with the global financial system while acknowledging the challenges of immediate full capital account convertibility, the Government of India adopted a strategic "enclave approach." This approach laid the groundwork for the establishment of India's first IFSC within the GIFT City Special Economic Zone(SEZ) in 2015.

In its nascent stages, domestic regulators were tasked with overseeing their respective functions within the newly created economiczone for financial services market. However, recognizing the need for a cohesive regulatory framework to nurture the IFSC ecosystem, the Government of India in the Ministry of Finance took a decisive step in December 2019 with the passage of the International Financial Services Centres Authority (IFSCA) Act.

The mandate bestowed upon IFSCA is nothing short of revolutionary. By consolidating the powers of existing financial sector regulators such as the Reserve Bank of India(RBI), Securities and Exchange Board of India(SEBI), Insurance Regulatory and Development Authority of India(IRDAI), and Pension Fund Regulatory and Development Authority(PFRDA), IFSCA aims to streamline regulatory processes and ensure consistency, ease of doing business and certainty within the IFSC ecosystem.

This consolidation not only signifies a paradigm shift in regulatory governance but also underscores India's commitment to fostering an environment conducive to financial innovation, international investment, and economic growth. By centralizing regulatory oversight, IFSCA empowers GIFT IFSC to realize its full potential as a dynamic hub for global finance, driving India's aspirations of becoming a leading player in the global financial arena.

In essence, the genesis of GIFT IFSC represents a bold step towards reshaping India's financial landscape and propelling the nation towards a future defined by economic prosperity, innovation, and global relevance. As GIFT IFSC continues to evolve and mature under the stewardship of IFSCA, it stands poised to unlock new vistas of opportunity, cementing its status as a cornerstone of India's financial future.

India's commitment to establishing the IFSC as a full-service International Financial Centre is unwavering. The GIFT IFSC boasts unique selling points such as a unified regulatory regime, a robust domestic economy, a large Indian diaspora, and a talent pool ripe for financial innovation. These advantages position it to emerge as a prominent player in the global financial landscape.

IFSCA envisions the GIFT IFSC as a leading global financial hub with strong ties to international markets. The focus lies on creating a diversified, efficient, and globally competitive financial platform supported by modern regulatory frameworks and top-notch infrastructure. This platform encompasses banking, insurance, asset management, funds, aircraft leasing & Finance, Ship leasing & finance, International Bullion Exchange, FinTech ecosystem, foreign university branch campus, Global Capability Centre, and ancillary services, all while prioritizing ease of doing business and promoting diversity among products and participants.

In line with global standards, IFSCA prioritizes financial stability and compliance with anti-money laundering measures and counter-financing of terrorism. However, it also champions innovation, striking a balance between regulation and fostering financial creativity.

GIFT IFSC- A Vision for the Future: In the visionary words of the Hon'ble Prime Minister, Shri Narendra Modi, who conceived the concept of GIFT City way back in 2007 during his tenure as the Chief Minister of the State of Gujarat, the GIFT IFSC serves as a vital link connecting India with global opportunities and facilitating global investors' access to India's vast potential. With a forward-looking perspective, Prime Minister Modi envisioned GIFT IFSC as more than just a financial centre, and it is a gateway to unleash India's economic prowess on the world stage. During his visit to GIFT City in July 2022, he had also mentioned that "The vision of India's future is associated with the GIFT City; the dreams of India's golden past are also associated with it."

In its initial phase, spanning five to ten years, GIFT IFSC assumes the crucial role of facilitating the smooth flow of global capital into and out of the country. As a conduit for international investment, it lays the foundation for India's integration into the global financial ecosystem, fostering economic growth and prosperity.

Looking ahead, GIFT IFSC is poised to evolve further. In its second phase, fuelled by the accumulation of critical mass and experience, it aspires to compete with leading International Financial Centres (IFCs) for a greater share in the global market for financial services. Armed with resilience, innovation, and a commitment to excellence, GIFT IFSC is on course to emerge as a formidable player in the global financial arena, embodying India's aspirations for a brighter, more prosperous future.

The unique features of GIFT IFSC include the existence of a unified financial regulator in the form of IFSCA, best-in-class regulations, treatment of GIFT IFSC as a separate international financial jurisdiction under FEMA, 1999, a competitive tax regime, full capital account convertibility, concentration of financial institutions across banking, insurance, capital market, funds etc., including the supporting ecosystem, and above all the full support of the Government of India. As per the Statement of Objects and Reasons of the IFSCA Act, 2019, the primary purpose of the IFSCA is to bring back financial transactions and financial services carried out in foreign financial centres by Indian entities (or the subsidiaries of Indian entities) to India by offering world-class business and regulatory environment.

IFSCA has been given the twin mandate of development and regulation. As a modern regulator, IFSCA acts as an enabler and catalyst, and encourages innovation. It is also responsible to protect the interests of investors and depositors, ensure orderly conduct of market, ensure financial stability, and prevent money laundering and financing of terrorist activities. Apart from development of the financial sector, IFSCA has also developed a suitable framework for development of ancillary support services such Accounting, bookkeeping, legal advisory services, fund administration, asset management, auditing, and compliance services to financial institutions.

Empowering Financial Ecosystems-The Crucial Role of Professional Services Firms: In the dynamic landscape of International Financial Centres (IFCs), the presence of financial services firms and professional service providers is paramount.

The professional service providers serve as indispensable pillars supporting the delivery of financial services within IFCs. By offering expertise in providing consultancy services and advisory roles related to financial reporting, compliance, and taxation, these professional services providers provide essential support to financial institutions, capital market entities, insurance firms, fund managers, and fintech companies. Their meticulous oversight also contributes transparency, accountability, and regulatory compliance, thereby instilling confidence in investors and stakeholders.

Beyond their role as support entities, globally, accounting firms, auditing, Book keeping, law firms and Taxation firms also offer as standalone financial services treated as financial services in their own right. Through their specialized knowledge and skill sets, they contribute directly to the financial ecosystem by facilitating efficient resource allocation, employment generation and efficient decision making.

Global Trends and Developments: The emergence of new-age financial centres such as Dubai International Financial Centre (DIFC), Abu Dhabi Global Markets (ADGM), Qatar Financial Centre (QFC), and Singapore has underscored the importance of promoting these jurisdictions as hubs for professional services, including accounting, auditing, bookkeeping, compliance services and taxation, under the category of Designated Non-Financial Business Professions (DNFBPs).

Singapore, a leading global financial centre in Asia, has spearheaded initiatives such as the Professional Services Industry Transformation Map (ITM). This strategic roadmap aims to elevate the professional services industry to global market leadership status through innovation and partnerships, fostering high-value, specialist services over a 5–10-year horizon.

Similarly, new-age financial centres like DIFC are prioritizing the development of a robust professional services industry, recognizing its role in generating significant employment opportunities. Services encompass areas such as accounting and audit, management and strategy consulting, and legal services, catering to both financial and non-financial institutions on a global scale.

In this background, IFSCA vide circular dated 10th February 2021 issued the Ancillary Services Framework, which enabled specified ancillary service providers to set up business operations in the GIFT-IFSC to provide professional services, namely, (i) Legal, Compliance and Secretarial services; (ii) Auditing, Accounting, Book-keeping and Taxation Services; (iii) Professional & Management Consulting Services; (iv) Administration, Assets Management Support Services and Trusteeship Services. Under the IFSCA's ancillary services framework, as present, around 68 entities were granted authorization as on March 31, 2024. These include the leading professional services firms, the fund administration services providers, trusteeship service providers, Accounting & Auditing firms, Advisory and Consultancy firms and Law firms, Voice Broking and Ship Broking service providers.

In the evolving landscape of financial services, it is imperative to address the scope and ambit of support services such as Accounting, Auditing, Bookkeeping, and Taxation. While these services are encompassed within the Framework for enabling Ancillary services issued by IFSCA, their current scope is limited to aiding and assisting the delivery of financial services to defined entities and BFSI sector only.

To fully leverage India's dynamic and talented workforce and propel GIFT IFSC's competitiveness, there is an urgent need to consider expanding the scope of these support services to be treated as standalone financial services. This strategic progression aligns with the global demand for essential financial services, including the preparation of financial statements, reporting, bookkeeping, audit, tax filing, and compliance.

In a significant development, recently, the Government of India has issued a notification designating professional services, including accounting, bookkeeping, taxation, and financial crime compliance services, as standalone financial services under the purview of the International Financial Services Centres Authority (IFSCA) Act. This strategic move aims to propel GIFT IFSC into a global Finance and Accounting Hub, positioning India as a key player in the international financial landscape.

With the formal recognition of professional services as standalone financial services, GIFT-IFSC is poised to emerge as a centre of excellence for finance and accounting on the world stage. This is not only underscores India's commitment to fostering innovation and competitiveness but also highlights the immense potential of GIFT-IFSC to meet global demand for essential financial services.

India's dynamic and talented workforce, coupled with its robust regulatory framework and state-of-the-art infrastructure, positions GIFT-IFSC as a preferred destination for financial services outsourcing. GIFT-IFSC can harness its inherent strengths to capture a significant share of the global market, driving economic growth and prosperity for the nation.

The challenges before us are that even though these DNFBPs globally play a key role in protecting financial systems and economies from ML and TFS risks, but as gatekeepers, they are exposed to tremendous amounts of information, and act on behalf of their customers in many transactions. Some of these transactions are highly vulnerable to ML/TFS risks due to the nature of services offered by these DNFBPs. Some examples could be the following, (i) A lawyer or legal services provider structuring different legal arrangements for its customers to thwart legal scrutiny in their respective jurisdictions; (ii) An accountant or auditor who provides professional services to window-dress financials for group of companies to avoid tax incidence while dealing with different accounting activities; (iii) A dealer in precious metals selling high-value items and accepting payments in cash.

The IFSCA has taken proactive steps in mitigating ML, TF and PF risks by way of issuing, monitoring and implementation of the IFSCA (AML, CFT and KYC) Guidelines in 2022.

Collaboration with professional institutes like Institute of Cost Accountants of India (ICMAI) is important to showcase business opportunities for professionals in GIFT IFSC. These outreach efforts will build awareness, foster collaboration, and attract talent to support GIFT IFSC's growth.

In conclusion, professional services providers are indispensable components of thriving financial ecosystems within International Financial Centres. As IFSCs continue to evolve and expand their footprint, the role of these professional service providers will remain integral, shaping the future of finance and fostering economic prosperity on a global scale.

IFSCA extends an invitation to professional services firms worldwide to leverage the vast potential of India's IFSC. With full cooperation and support from IFSCA, international financial services businesses can thrive in India, tapping into global capital flows while contributing to regional and global financial activities. The journey towards unlocking India's financial potential begins here.

Concluding Thoughts

In looking to promote the SDGs within the financial services industry, the United Nations Global Compact and KPMG International (2015) produced the 'SDG Industry Matrix' which outlines opportunities for financial services companies to 'create value for their business whist creating a more sustainable and inclusive path to economic growth, prosperity and well-being. Professional institution like Institute of Cost Accountants of India and its members play an important role in promoting SDG by way of providing project management, consultancy and advisory services to financial institutions towards increasing financial inclusion; investing in, financing and insuring renewable energy and infrastructure projects; and positively influencing environmental, social and governance practices of corporate clients and investment companies. MA

DIGITAL TRANSFORMATION OF INSURANCE BUSINESS AND THE JOURNEY IN SEARCH OF EXCELLENCE WITH INSURTECH

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Synopsis

The insurance business and digital transformation thereof, particularly the developing ones, is relatively less talked about than fintech in any economy. Thus, InsurTech falls into the 'Also to be done' category. This scenario must change when every aspect of human life and corporations' operating efficiencies are increasingly being impacted by the threatening dimensions of the everchanging elements of VUCAFU and their fearful effects. This paper aims to contribute to the efforts of all to create due sensitivity among all concerned about what InsurTech can help achieve for stakeholders. The paper contains results from studies on perceptible trends in InsurTech and their frameworks, potential new services, added value propositions, etc. The author has also suggested certain strategic imperatives to help insurance entities remain in search of excellence with InsurTech for sustainable prosperity.

Image Source: *https://cioafrica.co/8-technology-trends-transforming-the-insurance-industry-today/*

Genesis and Evolution of Insurance

Since ancient civilisation, humans mostly remained self-alarmed about imminent dangers. Availability of resources remained a major concern, particularly in anticipation of disasters. However, with the progress of civilisation, the ant philosophy for savings was found insufficient after events of an unprecedented disaster. Men also started sensing the fate of survivors in a family due to the sudden demise of the member(s) securing resources for living.

The concept of insurance, as a structured arrangement for coverage against risks and assurance of life, can be traced back to ancient Indian literature such as Manusmriti (1250 - 1000 BCE), Yagnabalka's Dharma Shastra (700 BCE), and Kautilya's Arthashastra (350 - 275 BCE). The Insurance Regulatory and Development Authority of India (IRDAI) website comments that these texts laid the groundwork for 'pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics, and famine ', a precursor to modern-day insurance. The spirit of insurance, as a way of life, can also be seen in the stone-carved writings of Hammurapi, the 6th Amorite King of Babylonia (1792-1750 BC).

Moving fast forward, the first-ever coverage of other risks, as per Britannica Money, was ideated after the great fire in London in 1666. Lloyds Insurance Marketing, which used to cover various types of risks in that era, was started in 1688 by Edward Lloyd in a coffee shop. One can learn more about its interesting history and unique processes for conducting insurance business from the website of Britannica Money[2].

The commercialization of insurance in India began in 1818 with the establishment of the Oriental Life Insurance Company. The British Insurance Act of 1870 opened the doors for other foreign life and other risk insurers to enter India. The Life Insurance Corporate of India (LIC) was established in 1956 by an Ordinance, marking a significant milestone in the country's insurance industry. With its formation, 154 Indian and 16 foreign insurance companies lost their existence and converged into LIC. The IRDAI was set up in April 2000, and in Augst of the same year, insurance industry of India was opened up, paving the way for foreign companies to come in in the post-independence era. Since then, the insurance business has evolved in India and worldwide.

Objective

In the financial world and particularly in digital space, FinTech is the much talked about phenomenon. According to the author, InsurTech is relatively in the 'Also to-be-done' category. In this paper, the author has narrated the reasons why insurance must be taken up much more seriously with a higher degree of intensity to mitigate the sufferings of mankind. This must include proactively minimising the root causes that spring up existing and newer risks with intense impact on humanity.

This paper has attempted to bring out various aspects, areas, and dimensions of digital transformation of the life and general insurance segments and the observed trend. Certain measures to meet the future challenges have been suggested so that the industry can engage with more customers, offering newer and innovative products with InsurTech for remaining in search of excellence with sustainable prosperity.

Computerisation of Insurance Operations in India

The sheer gigantic volume of money, a huge number of customers, and the retail nature of business were the primary drivers of computerisation for insurance businesses worldwide. Particularly, the life insurance segment was the forerunner. Generation of premium notices, issuance of money receipts, claims settlements, customer relationship management, and oversight through MIS were first computerised. As per the research findings of Hebbar et al.[3] (2013), "*IT has constantly played a very imperative role in the operations of every insurance company. The fact is that of all the business establishments in the facility sector, of the life insurance companies were the first to adopt Computerization as an incontrovertible part of their operation all over the world..*"

In India, the banking industry was one of the first few organized sectors to adopt computers predominantly for accounting in the face of mass protests against automation. The insurance sector soon followed; here again, the driver was the volume and number of transactions and customers in both sectors. As per the blog of theinsurancesurveyor.com[4], LIC started computerisation before GIC with mainframe ICL 1900 series computer in 1982. Consultants from NIIT started helping with computerisation of general insurance companies in 1986. Both these types of insurance companies started applications of ICT at the divisional and regional offices. Branch offices were brought under the fold thereafter. The journey thus continued and transcended into the present digital era.

Digital Transformation with InsurTech

With the advent of platform technology riding on Web2, the banking system witnessed net banking in India using personal computers sometime around 1999. Thereafter, with further advancements in ICT with 4G wireless connectivity and smartphones, the world experienced mobile banking. The insurance sector's life assurance and general insurance segments also did not remain behind; and quickly adopted technologies for mobility in operations and settlement of claims. The insurance segments can also now be called branchless service providers from a customer's perspective. Thus, digitalisation of the Insurance sector started.

More than a decade later, another group of players, i.e., Neo Insurers, became visible in the marketplace, viz., aggregators like Policybazar.com, InsuranceDekho, etc. They help customers with many options before they commit to any insurer/assurer in a perfectly competitive environment to avail of services. Such Neo Insurers started integrating their service platforms with those of the actual life and general insurance companies. However, digital transformation of the insurance business did not remain constricted to customer-centric transformation only. Strategic decision-making after drawing insights from data, risk and performance tracking, robotic process automation to reduce human interventions, etc. became imperative for survival and attaining customers' delight.

Life Insurance service providers, which earlier used to provide only periodical bonuses, periodical cash back, and/or maturity value, are now permitted to provide investment and quasi-wealth management-related services. investors can now deposit their investible surplus to insurance companies in addition to premiums for investment purposes. The service providers design varieties of schemes like Mutual Funds, remaining within the boundaries and in compliance with the rules and regulations promulgated by the IRDAI.

In their research paper, Roodposhti et al. (2024)[5] observed that "*Digitization also offers new tools and leads to optimization of the insurance industry. The emergence of insurance or insurance technologies provides insurance companies with a number of competitive advantages, such as increased decision-making speed, portfolio expansion opportunities, risk assessment tools", and fraud tracking. The use of digital technologies helps companies increase the efficiency of their business processes"*. With increased players and relatively lesser scope for innovation, life and general insurance service products have almost become commoditized service products over the years. Gartner concluded from one of their surveys in 2023 that Insurers will change their business priorities from growth in revenue to efficiency in operations and customers' delightful experience.

Imperatives of Insurance Business in the Industry 4.0 Era

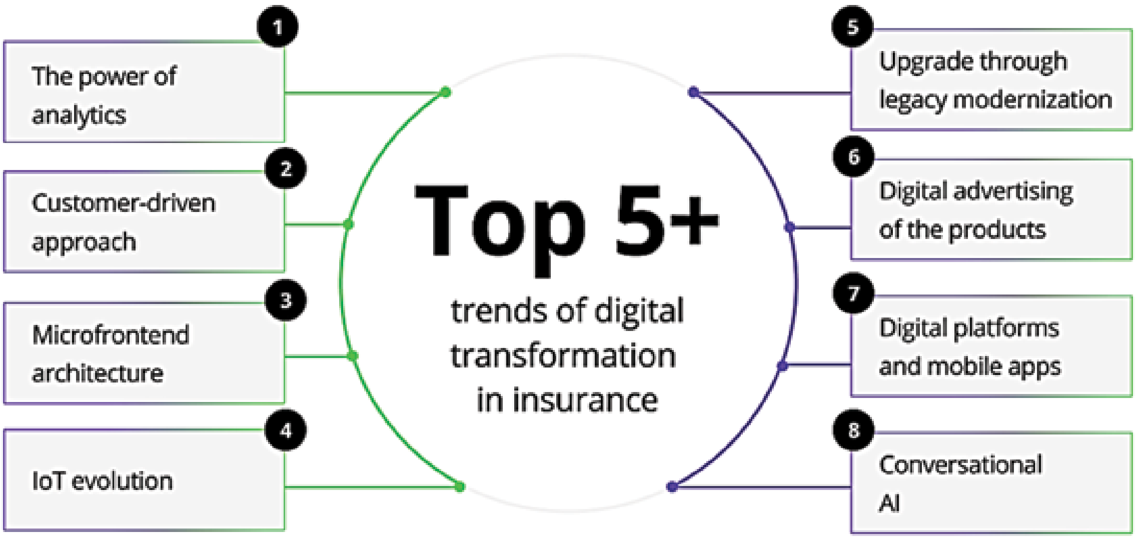
Considering the above discussion and in a fiercely competitive market for both life and general insurance, sustainable prosperity, therefore, largely depends on continuous:

- Quantification of social transformation and risk awareness that creates an enabling environment and ignites the insurance mindset of people, which in turn opens space and avenues for more business,
- Studying the changes and transformations in geopolitical, geophysical, and socio-economic environments with AI, ML, and DL enabled predictive models and tools for:
  - Identifying, defining, probability assessment, and defining more nature of and variables for risks that may emerge and to be covered. Probable cases are accident-prone roads, assessing drivers' risky driving habits with the help of AIIoTs and Telematics, marine insurance risks due to terrorism, changes in life expectancy due to new therapies/surgeries, etc.,
  - Estimating probabilities for the occurrence of natural disasters, accidents, social unrests in foreseeable futures and accordingly designing insurance products with rightful premiums for covering types of risks with due reference to the probability of occurrence and value to be insured,
- Serving a larger volume of customers with a higher market share, penetrating untapped rural markets, etc.,
- Digitally empowering actuarial estimation by advanced application of AI-based digital tools and models,
- Designing such innovative life insurance schemes, coupled with investment options, and publicise through digital media in such a manner that can squeeze out savings from prospective customers,
- Competitive pricing and faster settlement of claims,
- Framing investment schemes and articulating long-term financial plans befitting different customers' varying needs,
- Management of actual investments in equity and fixed-income securities markets on a day-to-day portfolio management basis, tracking of performance and realised returns, and related treasury operations,
- Minimisation of value destruction by reducing all avoidable costs of operations using digitalised tools and processes, including robotic process automation,
- Transfusion of business strategies, formulated by drawing insights from data with extensive data analytics, into digital transformation plans and tactics for execution to ever remain in search of excellence and sustainable prosperity,
- Upgrading of existing service deliveries with much more user-friendly and omnichannel digitalised solution designs,
- Innovating new business models, cerebral designing of digital solution architecture, and, thus, new revenue modules by digital transformation of business operations, and so on.

Trends in InsurTech

In the present industry 4.0 era, Insurance companies would not survive in the fiercely competitive marketplace for long if their business is conducted by applying traditional strategies for operations and using legacy ICT tools. They also have to adopt technologies as the core financial sector has done. The businesses for life assurance and general risk insurance. come under the broad group of the BFSI Sector, with the mother being Finance discipline. Therefore, all technologies and tools adopted and applied for digital transformation of insurance businesses could have come under the broad FinTech group. However, to create a distinction, these are called InsurTech.

Waterstreet Company[6], a technology service provider to insurers, has defined Insurtech as "..... *a branch of technology that integrates with or replaces existing insurance solutions*." According to them, ".... *technology is helping insurers grow in unprecedented ways. Insurtech has exploded into a vast ecosystem of solutions, all competing to deliver next-generation insight for insurers. ....*".



Source: https://euristiq.com/digital-transformation-in-insurance/

euristiq, a digital consulting services company, has expressed the Top 5+ digital transformation trends in the insurance business through the above graphic. Almost all the items are self-explanatory, from the perspective of a customer, brokers, etc., and hence, not being narrated further except the following:

- Microfrontend Architecture: This type of digitalised architectural arrangement operates with the policy that each part of the customer-facing website, operating App, etc., is powered by the micro-management abilities of the entity's individual functional areas and the operating systems. For example, a person can log into an insurance company's website as a customer, beneficiary, broker, or surveyor for claim verification, etc. They can, thereafter, use different functional tabs, e.g., payment of premium, accumulation of investment value, new schemes launched, maturity value to be released, and so on. The new architecture enables channelisation of the query to the appropriate sub-functional systems.
- IOT evolution: Insurance companies are using the Internet of Things (IoTs) in a big way, particularly for the logistics management sector and running of machinery in manufacturing plants for studying operating and breakdown behavior, etc. They use GPS-IoT instruments to track the movements of vehicles, ships, and aircraft to levy insurance premiums. The riskier the route, the higher the rate of premium. They use artificially intelligent IoTs (AIIoT) also to study the driving pattern and riskiness of driving when a vehicle is on the move.
- Conversational AI: Most readers must have encountered Conversational AI or Chatbots during net banking and/or mobile banking operations and have received pre-written answers to queries. However, some of their experience may not be purposeful. The same situation applies to an insurance company. Such applications of conversational AIs are now being powered by Generative AI, tools for Voice Recognition, and Natural language-based AI Tools. Application of such enabling technologies can make the Chatbots much more versatile as the GenAI system can scan the entire data and information in the internal repository before forming answers to the non-standard questions of customers and passing it on to the customer.

Emerging Forms of InsurTech

Digital technology-enabled insurance operations processes, i.e., InsureTech-enabled operating systems for both life and general insurance, can be unique and widely different from the types of legacy systems. Those can achieve the ultimate objectives of digital transformation by creating opportunities for underwriting new and/or additional risks from new/existing customers and/or market segments with newly designed service products. All these, in turn, can generate new revenue earnings and add to profit and profitability. One can explain those InsurTech in the following lines:

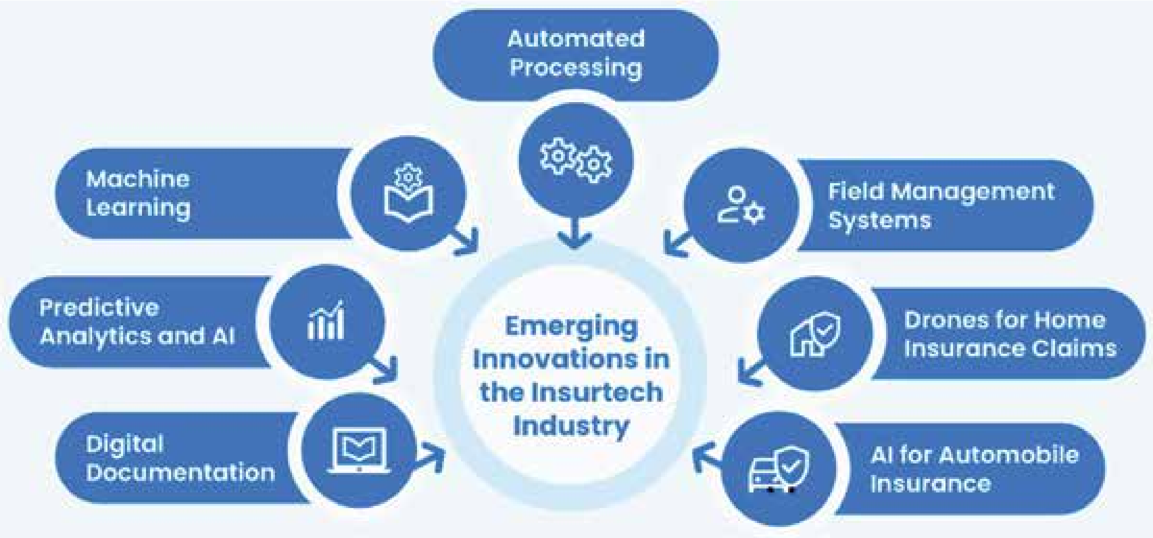
- **P2P Platform - IPaaS**: This facility would be like an Insurance Platform as a Service or IPaaS. This platform can enable common people to contribute their duly determined premia into a common fund without the intervention of any insurance company. The premium for each insurance policy will be determined using the pre-fed-in policy and information about the nature of risks and pre-programmed calculation logic. Compensation will be paid based on a predefined methodology if any unfortunate incident happens. The surplus fund can be distributed amongst the participants. The platform can be designed using Blockchain technology to avail of all its benefits.
- **Impromptu Insurance or Insurance on Demand:** This internet-based online real-time risk coverage facility can be designed to issue an insurance policy on demand. The underlying software will be of robotic process automation or RPA nature. However, risks that will be covered will be of such a nature that does not require any prior assessment/ investigation and are common. The Underwriter will issue the policy based on certain declarations and the commitment of the policy taker to perform certain acts in the specified manner. Cases in point are travel insurance, goods in transit insurance, etc. However, if a predefined unfortunate event happens, the compensation claim shall be paid only if it is established that the declarations were correct and commitments were fulfilled.
- **Parametric Claim Management**: This variety of online insurance policy issuance is based on the conditions that if the pre-defined risk occurs, claims will be settled in a pre-specified manner without any survey of actual losses incurred. For example, claims under policies for risks caused by natural calamities will be settled without any survey. If an earthquake affects the GPS location, the insured earlier declared while covering risks from natural calamities.
- **Telematics for Policy Management**: Telematics combines two terms: telecommunication and informatics. This branch of InsurTech uses information collected from distant locations using IoTs, AIoTs, RIoTs, etc., and transmits it through telephonic communication systems. For example, for healthcare insurance, various information about the insured patient related to radiology, sonography, CT scanning, robotic surgery, etc., can be transmitted and uploaded directly into the Insurer's information repository by the diagnostic/surgical instrument that is used by the concerned doctor and clinicians. The collected data forms the basis for deciding policy values, premiums, and cost reimbursements to be done as appropriate.
- **Micro Insurance**: InsurTech, created for such a nature of insurance policies, aims at managing low-value insurance policies for poor people in underserved areas. Policies can be for life assurance and coverage against health care, agricultural equipment, harvests, etc. Such mass-scale policy management is conducted by agents and brokers in the field with a front-end App via smartphones or tabs. Telematics is also used for such types of InsurTech.
- **Platforms for Insurance Broking and Reinsurance**: Insurance broking is a global phenomenon where a different group of professional players functions as intermediaries between large corporations and underwriters. They help corporations get competitive rates even from overseas insurers. On the other hand, reinsurers work on behalf of insurance companies to get their underwritten risks reinsured by large global insurers and/or distribute risks involving huge value and volume amongst other insurance companies through syndication. InsurTech can help the players by introducing a global platform where all such players can rally and conduct their business in a secure and transparent manner.

Platforms for all the above insurance-related activities can be created using Blockchain technology to derive all technological benefits of transparency, privacy, safety, security, and immutability. Comprehensively scripted Smart Contracts embedded in the platform will drive the entire process, leaving much scope for human intervention and judgment except for initiating transactions, offers, acceptance, etc.

According to a publication by Leassquared[7], "*Technology has shifted the path of almost every industry at an unstoppable pace. The insurance sector is no exception. In 2021, the size of the global insurtech industry reached $3.85 billion. From 2022 to 2030, it is set to increase at a CAGR of 51.7%.*" Such projected financial numbers provide an idea about the enormity of adoptions and applications of InsurTech going forward

InsurTech and Added Technological Innovation

The journey with InsurTech does not end with the innovative digital transformation of the transactional platform and seamlessly gathering information using telematics. The following graphics iconically explain what all innovations are continuously upgrading and upscaling the InsurTech through innovative applications of other digital technologies including from the stable of cognitive technology. The following graphic provides an idea of various innovations that are being ideated and tested. The author would like to narrate a few of them briefly.



Source: https://www.leadsquared.com/industries/insurance/insurtech-insurance-technology/

- Predictive Analytics: Insurance companies use AI-based tools and models for several predictive analytics, e.g., the probability of certain events, like natural calamities, happening that may cause higher impacts resulting in higher instances of claims. One of the objectives is to pre-alert customers and ensure timely actions to minimize impacts and, thus, losses. Predictive analytics also helps in pricing the premium, which depends on the frequency of occurrence of risky events in the past, resulting in claims, and the total number of clients availing of the policies. Moreover, AI-based tools can also help prevent fraudulent claims and the extent of errors in the claimed compensation values.
- Machine Learning and Deep Learning: ML and DL algorithms-based models and tools help insurers in several ways for the acquisition of new/ repeat customers, engagement with them through conversational AI-powered Chatbots, help to determine customers' problems, behaviour, and loyalty linked to the rate of premium, quality of services rendered, rejections of claims, hassles suffered in renewals, claims settlement, etc.
- Like in any other industry, the insurance industry also applies AI and ML-based tools to create guardrails and gateways for proactively detecting and neutralising attacks by cybercriminals. Digitalised cyber forensic tools also help insurance companies detect fraudulent claims.
- Automation: Generally, insurance-related services, provided through the internet and Smart Phone Apps at the front end, are automated on an end-to-end basis with the help of digital technologies like Optical Character Recognition (OCR), Natural Language Processing (NLP) for KYC and document processing. Robotic Process Automation (RPA) is applied for lead management, risks assessment, underwriting, determining premiums, issuing policies. and finally, processing of claims that are not of a complex nature.
- Field Management & Customer Facing Services: Insurance as financial service operations have a fair share of customer-facing operations. The common ones are due diligence of operations, studying the pattern of functioning of assets, people, etc., before underwriting risks, conducting surveillance during the policy period to ensure compliance with terms and conditions, and surveying affected objects on the happening of a damaging event. InsurTech has also developed digital technology-based solutions for this before and after underwriting activities with the help of Drones, Robots, AIoTs, RPA, and digitalized forensic operations powered by AI and ML tools. Drones, with edge computing facilities are also used for surveying agricultural fields to assess the extent of damages caused by natural calamities.
- Generative AI: Millions of transactional data related to customers for risks undertaken/lives assured. premiums received policies handled, claims handled, and so on make the insurance business an ideal case for applying tools and models using Generative AI.

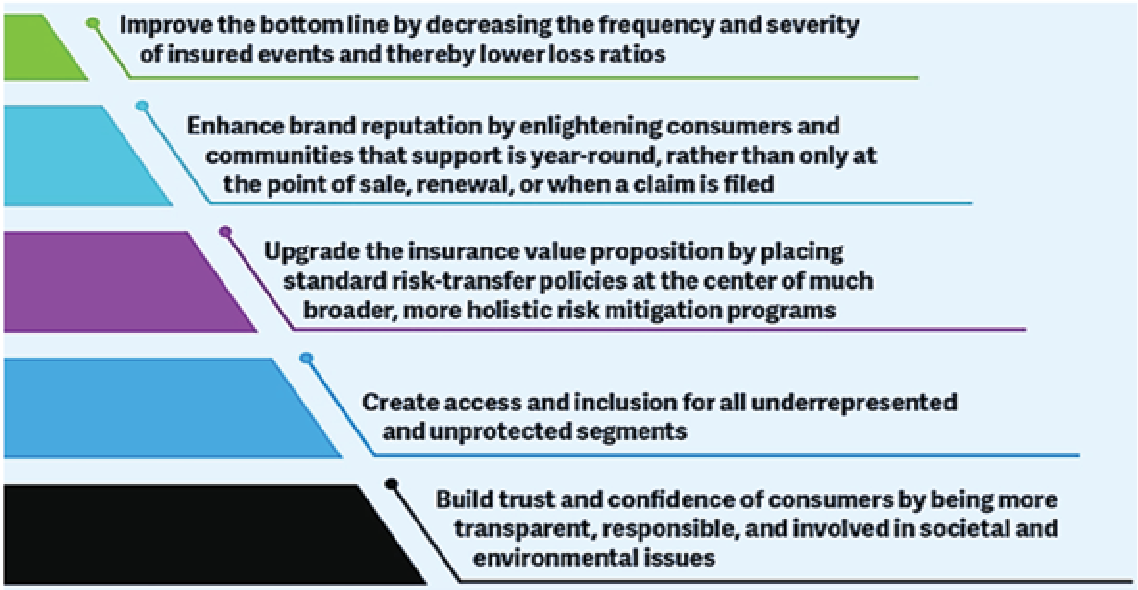
Such a powerful tool can be and should be applied by them on the database of their own domain for very many business purposes inter alia:

- Futuristic assessment of potential risks for carving out innovative insurance products,
- Creating customer-specific policies with tailor-made terms and conditions,
- Automating the process of sending quotes to prospective customers for underwriting new risks,
- Rendering automated conversational services to customers during their website visits, issuing operating instructions, and providing customer support services during the pendency of any policy

Potentials for Future Developments

Every dimension and negative attribute of volatilities, uncertainties, complexities, and ambiguities, added to the fear of unknown and unprecedentedness (VUCAFU), is becoming more fearful daily. The world is increasingly being shrouded with more and more risks due to the abuse of nature, geophysical disbalance, and regional/global unrest emanating from the geo-political and socio-economic factors, and weaponization of digital technologies.

Insurers need to evolve to better serve industry, society, and the planet



Source: https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/insurance-industry-outlook.html

At the outset of this paper, the author mentioned that protecting self-interest, security, and safety by remaining self-altered has been ingrained in human beings' mindsets since the dawn of civilization. Perhaps that is why the insurance industry has proliferated even without giving any tangible benefits except for the occurrence of losses, and now InsurTech is also proliferating. However, as the proverb says, even a diamond can further be polished to make it shine more. The insurance industry so long has comforted individuals and corporations by providing assurance of life and insurance against varieties of anticipated losses due to probable risky events. Going forward, it should work towards reducing the probability of the occurrence of risky events.

And that is what Deloitte has mentioned in the above graphic at the top of the list of tasks that the insurers should do "*... to better serve the industry, society, and the planet.*" The narratives quoted in the above graphic are self-explanatory. Therefore, the author has chosen not to elaborate further on those. However, building and sustaining trust and transparency with the help of InsurTech, particularly by adopting blockchain technology, should be at the top of their agenda.

Challenges and Strategic Imperative for Insurtech

Without sitting on judgment and commenting on the success so far of FinTech, the author's research reveals that FinTech is progressing and being accepted at a relatively faster speed than InsurTech. One of the major cases in point is the country-wide acceptance of UPI and mobile banking by common people in every aspect of daily life. However, there is no reason to undermine the importance of InsurTech because of the accelerated rate at which uncertainties and risks are engulfing common people's lives due to the ever-growing dimensions of VUCAFU.

In light of what has been stated in the immediately previous section, InsurTech must advance at an accelerated rate regarding adoption, innovation, and applications. It should also be the primary responsibility of insurers to sensitize common people and positively influence their mindset about the importance of covering insurable risks and living a relatively more peaceful life. Insurance should also be a way of life like FinTech. Therefore, InsurTech must also work to ensure advancements in these tasks. By these InsurTech will also be able to generate more business with higher profitability.

The author's research suggests that insurance companies must also address the negative/unproductive dimensions of their internal realities besides handling issues related to external stakeholders. They should judiciously adopt both top-down and bottom-up approaches for different aspects of the tasks in hand. The objective should be to innovatively adopt and apply InsurTech for sustainable prosperity. The following could be an illustrative list of actions for handling internal issues:

- Forming a cross-functional team for brainstorming, ideation, and continuing with the journey for innovative applications of digital technologies befitting the entity's specific needs. This will help break silos, change mindsets, and make innovation a part of professional life.
- Provide comfort to the innovation team by judiciously allocating functional areas and defining result indicators, giving them the right to make mistakes and rewards for success.
- Design an appropriate methodology for keeping oversight on the functioning of the innovation team with a pre-defined framework.
- Like the banking industry, identify startups and individual talents for:
    - Conducting hackathons for both technological innovations inter alia for more customer engagement and driving business growth,
    - Collaborating for minimisation of value destruction, new solutions, and product designing, and
    - Entering selective strategic alliance arrangements for working together in the long term.

  These will help reduce the cost of innovation, time, and in-house efforts for sustainable prosperity with InsurTech.

Readers might have realised that life and general insurance operations can be automated to a very large extent with the evolution of digital technologies. However, the debate that remains unsettled globally is whether it will ever be possible to completely automate the underwriting function, even with the help of cutting-edge technologies by the largest insurance players. This is because underwriting needs the application of huge human judgment backed by experience and wisdom.

Digital transformation with InsurTech should not be considered as a 'Lipstick Project' to decorate the company being influenced by the 'Me Too Syndrome'. It should also not be considered a one-time exercise to reach a destination. Every insurance entity must continue to always move ahead in search of excellence with digital transformation and InsurTech for sustainable prosperity and stakeholders' delight.

Conclusion

The author is of the view that much more research is required for the digital transformation of both life and general insurance operations because two major impacting ingredients of insurance businesses are probability and uncertainty of any event happening or not happening. Success in managing any business operations also depends on the ability to deal with uncertainties. However, insurance as a business thrives on majorly on risks and uncertainty. Therefore, technology selection, adoption, and applications will call for a different set of inputs, intelligence, innovation, and wisdom. Researchers have a big role in the future success of InsurTech to provide research-based findings and conclusions to enable technologists and business managers to apply informed judgment in every aspect of their work. The author will consider this brief work to have met success if minds of researchers are even a little ignited by this paper. MA

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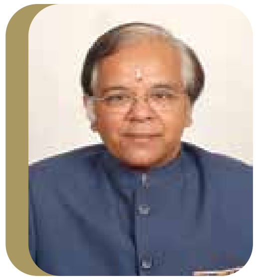
BUSINESS STRATEGY - THE NEW AXIS OF COST AND MANAGEMENT ACCOUNTING

Abstract

In this article we have attempted to explain as to how strategy replaces a factory as the new axis of management accounting architecture. We have tried to demystify the strategy into its various components and how these components become the building block of the new management accounting architecture. The article also highlights as to how value measurement and management becomes an integral part of the new CMA architecture.



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Ever since its evolution, the contents of the cost and management accounting have always been driven by some mega themes. These themes, acted as the mega drivers of the cost and management accounting subject. For example, during the period of 1940s to 1990s, industrial evolution was at its peak. During this era of large scale manufacturing business activity was more in terms of setting up of factories and manufacturing facilities cantering around the same. Because of this factory as a major theme became the axis of cost and management accounting (CMA). CMA concepts such as materials, lab our, overheads, processes, utilities etc. became very popular and got molded into a structure since 1950s popularly known as cost accounting for goods sold. Calculations made in this process led to the value of goods resulting in various aspects such as cost of goods sold, value of working progress and finished goods figuring in financial statements. Linearity of these values with reference to scale of operations resulting in calculations such as variable cost and fixed cost were largely the major managerial application of this information. The business world however has seen a tectonic shift since 1980s and a new era of global competition has emerged churning out a new mega driver of CMA.

Strategy as the new axis of CMA

Strategy as a management function is positioned between demand creation and demand satisfaction. The era of assured market demand resulted in large scale manufacturing capacities of near commodity type goods. However, with global expansion of scales and mobility, the world started experiencing the shift towards customer driven value proposition and need for focusing on customer demands. The management thrust therefore has been more ever since 1980s on customer quality, functionality and at a demanded price. This has changed the business fundamentals of scale and utilization to that of value discovery and satisfaction at a given market price. This thrust is formally known as a STRATEGY. No business entity can sustain today without a minimal strategic thinking formal or informal.

Strategy therefore is the new theme of sustainable business and has also become the new axis of CMA subsuming in itself a factory driven cost accounting model of the 1950s. Thought leaders like Michael Porter, Robert Kapla, Vijay Govindarajan etc. have redefined the contents of the new era of cost and management accounting and placed it in a new orbit we need to get into elements of the strategic planning and execution to understand this. Managing the coordinates of the elements of strategy has become the new axis of cost and management accounting.

CMA linked elements of Strategy

The following elements of strategy planning and execution process by their nature have become very important for measuring and managing as key coordinates:

- Value Creation
- Market segments
- Customers and clusters
- Products

- Processes

The above elements are briefly explained below before we go to their CMA connection.

Value creation

The name of the new game is Value creation. Management cannot survive the competition today without creating value for its stakeholders. Initially it started with creating value for all customers. Further, all customers are not the same and need differentiation. This was preceded by providing value to the shareholders and all capital providers in the form of interest or profits, Subsequently it has become value creation for other stakeholders such as society, the environment and the employees or others as the case may be.

Markets and their segments

As a result of understanding markets, value proposition residing different rungs of the value ladder, business started classifying the markets into segments for focus and growth. In some cases, there could be markets where value addition expectation is high and there could be segments wherein value expectation at the bottom of the pyramid. This can also result in a mid-market segment as the belly of the market resulting in differentiated efforts across segments.

Products and Platforms

The famous statement from Ford Motor Company that the company can provide a car of any color as required by the customer as long as the choice is black is not valid anymore. The customers demand variety with differentiated features according to their value proposition. This has resulted in proliferation of product variety and the firms designing products to provide the same. This has resulted in a challenging the designing of a product and concepts such as product platforms.

A typical matrix of strategic options of markets and products OF A MATTRESS MAKING COMPANY is given below for a better visualization. The value proposition will also differ in each cell in this matrix.

		MARKET SEGMENTS OR CUSTOMER CLUSTERS							Margins Matrix
		Premium Hospitals	Mid Segment Hospitals	5 Star Hotels	Budget Hotels	Holiday Resorts	Hostels	Residenti al	
PRODUCT CLUSTERS	Spine Guard								
	Sleep Rich								
	Economy Class								
	Foam Based								
	Eco based beds								
	Spring Based								
MarginsMatrix									

Processes

Processes are an important element of competitive strategy. Processes of a competitive strategy could be strategic or business as usual, In the above example of a mattress producing company, it can be a strategic plan to penetrate in a new market in the Northeastern part of India. As a result, there could be special efforts in the form of launch projects to popularize the products in the market so that demand creation would happen. Resources which are spent on this strategy would normally go off as overheads in the traditional cost management system. But in the new environment, when strategy becomes an axis of the cost management we need to recognise such strategic processes separately in contrast with the business as usual processes. As usual process consists of regular work in a business such as procurement, manufacturing, delivery and collecting the money.

The New Measurement Coordinates

The elements of strategy explained above will become the coordinates of the new cost and management accounting system. This can be explained with the above mattress example. The table presented in the earlier paragraph, we can notice 42 cells which are the market cum product segments that would be generating the top line and the bottom line of the business. That means, the products could be going into the markets resulting in 42 coordinates of revenue and profit generation. Besides this, processes such as strategic or business as usual may or may not happen in these 42 sub segments. But in those segments requiring special efforts which are strategic in nature, the resources need to be considered accordingly as a part of coordinate only.

Further, in each of those 42 sub segments in the above matrix, there could be customers with differentiated profile. Considering hospitals as an example, there could be hospitals owned by families with differentiated profile and there could be corporate hospitals altogether having a different profile. Therefore, recognizing the individual customer profile within the 42 cells or for that matter even the product variants would add to be complexity of the coordinates narrated.

Most importantly the new generation management accounting systems with strategy as driving axis should also measure the value created in the coordinates. The value offered through the products need to be in balance with reference to the turnover which is the top line and the cost incurred to generate that turnover finally and therefore the profits in these 42 cells. The new coordinates therefore will be the template on which one need to consider the value creation, the turnover as well as the profitability through a good cost management system which will all together constitute the new management accounting architecture.

An additional important point to be noted in the above management accounting architecture narrative is that it is not only about value created in these 42 cells. Incidentally, they also become the target of understanding the customer profile and the value proposition they want, for example, considering the case of designing a product with a special focus on spinal needs of patient with spinal care proposition in contrast to customers who demand just a simple good sleep. Customer value proposition needs to be measured as a part of the management accounting architecture as per the strategy planned.

Speaking of new dimension of sustainable products in the 42 cells, the management accounting architecture should also consider the value created for other stakeholders such as the environment or even the society. For example, there could be sub segment where the sensitivity towards environmental friendly products can be very high, so the business needs to use eco friendly raw materials such as coir or any dried natural fibre by avoiding synthetic materials. As a result, measuring the value created towards the environment as per the market survey can be rewarded with price and volumes. The management accounting architecture should also measure the other stakeholders value creation through the degree of the content of environmental friendly materials.

Tools of Management Accounting in the Strategic Context

As a concluding part of this article, we will consider the tools of management accounting which will deliver the desired impact as per the strategic context. We had earlier explained value creation is different from cost incurred as two different coordinates managing strategy. In this part two different tool of management accounting is being with value measurement cost allocation separately.

Target costing, an important accounting tool, can be deployed in measuring the proposed customer value. This proposed customer value will be the basis of design for the targeted customers. The discovery of value wanted takes place through a well structured survey. The results of the survey throwing light on target customer value at a competitive price will be the fulcrum of the target costing tool in selection of raw materials and processes. Once the target cost is set then it should become the basis of product cost control when the commercial manufacture and sales start happening.

Activity Based Costing is an important contemporary management accounting tool which will help us in differentiating the cost of a strategic process with the cost of a business as usual process. We explained earlier that in a typical competitive strategy implementation, strategic processor will be different from business as usual processors. Strategic processes could be different with reference to different market segments or sub segments as explained in the mattress diagram. Strategic processes were not a part of the allocation architecture in the past. In Activity Based Costing implementation, we need to embed allocating cost algorithm from cost centres to the process as a part of the architecture. This helps us in distinguishing the resources consumption between two processes but belonging to the same cost centre and expense head. A good management accounting architecture would thus be configured in such a way that resources consumed could be assigned to the target market segments in contrast to the business as usual cost which will be allocated as per the total cost drivers.

To conclude, in this article we have attempted to explain as to how strategy replaces a factory or a plant as the new axis of management accounting architecture. Therefore we had tried to demystify the strategy into its various components and how these components become the building block of the new management accounting architecture. MA

ROLE OF FINTECH IN TRANSFORMING INDIA'S BFSI SECTOR AND WOMEN'S PARTICIPATION

Abstract

Technological advancements within the BFSI Sector are strategically aimed at providing an elevated and more satisfying user experience for customers globally. This objective is central to the progress of financial technology (Fintech), which undergoes close monitoring and scrutiny. In India, there has been a notable acceleration in the evolution of digital finance, especially following the significant event of the 2016 demonetization of banknotes. This transformative period has led to rapid changes and an increased reliance on digital financial solutions. Sub-technologies within the Fintech landscape play pivotal roles, suggesting a growth trajectory poised to outrun traditional financial models in the coming years. This study comprehensively reviews recent trends within the Indian economy, emphasizing Fintech's profound impact. It also explores the contributions of women in leadership, technical, and managerial positions to India's Fintech growth.

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INTRODUCTION

Fintech integrates technology into financial services to enhance operational efficiency and deliver advanced solutions. It improves sector effectiveness, offering tailored services and broadening financial access in emerging markets. Fintech simplifies complex banking services, benefiting clients by providing easy-to-access solutions. India's BFSI sector has experienced a notable fintech surge, with both traditional and emerging players adopting new technologies. This research covers sectors like Digital Banking, Payments, Wealth Tech, Insurtech, and Digital Lending.

THE PROGRESSIONS OF FINTECH INNOVATIONS:

Fintech's evolution spans centuries, starting with the Pentelegraph for signatures in the 19th century and Fedwire's electronic transfers in 1918. The Diner's card in 1950 pioneered cashless payments, followed by American Express introducing credit cards in 1958. Quotron's Stock Data System in 1960 revolutionized financial markets. Barclay's ATM in 1967 and NASDAQ's electronic stock market in 1971 marked Fintech 2.0. Fintech 3.0 emerged post-2008 financial crisis, introducing P2P lending, mobile payments, and crypto currencies. Fintech 3.5 surged in 2014, notably in China and India, with innovative financial software and online payment systems.

FINTECH IN THE INDIAN CONTEXT

1. Liberalization Era

Fintech in India traces back to the early 1990s liberalization era, characterized by technological advancements in the banking sector. The Indian Government's proactive measures, including the adoption of technologies such as MICR (Magnetic Ink Character Recognition), electronic funds transfer, and other electronic payment systems, modernized the banking infrastructure, laying the groundwork for future fintech growth.

2. Mid-2000s: Startup Emergence

By the mid-2000s, India began aligning with the global trend of integrating startups and fintech into consumer-centric financial services. The "banking correspondent" model, gaining prominence around 2005, aimed to extend financial services to rural households, signifying a shift towards inclusive finance.

3. 2010: Payment Startup Surge

The year 2010 marked a significant turning point with the emergence of payment startups focusing on e-wallets, online payments, and mobile recharge services. Prominent fintech startups like Paytm and MobiKwik played pivotal roles in simplifying digital transactions for Indian consumers, fostering the adoption of cashless payments.

4. Post-2010: Fintech Proliferation

India's fintech scene boomed after 2010, with startups thriving in sectors like lending, investment, and finance management. Growth drivers included skilled talent, favourable regulations, India Stack APIs, rising smartphone adoption, and unicorn emergence. By 2021, India boasted 83 unicorns, with fintech leading the pack, highlighting its impact and potential to shape the nation's financial future.

OBJECTIVE AND SIGNIFICANCE OF THE STUDY

This study aims to comprehensively overview the evolution and impact of financial technology (Fin-Tech) on India's financial services sector, with a specific focus on its transformative influence with growth trajectory and chronological development. This research holds crucial significance as it not only unravels the transformative journey of FinTech in India but also provides a valuable roadmap for policymakers. By understanding the historical development and sectoral nuances of FinTech, government authorities can formulate informed policies to regulate and foster the industry effectively. Moreover, the insights gained from this study will empower FinTech companies to tailor their services to be more consumer-centric, thereby expanding their reach and enhancing financial inclusion, ultimately benefiting a broader spectrum of the population in India.

FINTECH FROM AN INDIAN VIEWPOINT

India Stack, a digital infrastructure framework in India serves as the cornerstone of the Indian fintech landscape, facilitated by initiatives like Jan Dhan Yojana and the surge in active mobile internet users. Jan Dhan Yojana and the proliferation of mobile internet usage laid the groundwork for India Stack, forming a robust foundation for fintech innovation. This synergy enables seamless digital interactions, fostering presenceless, paperless transactions and integrating diverse fintech solutions. From 2018 to 2023, data reflects surging digital payments, Demat accounts, insurance sales, and digital lending in India, propelled by increased mobile internet users and Jan Dhan accounts, driving significant growth.

Year	2018	2019	2020	2021	2022	2023
Total no. of Jan Dhan Accounts opened (in crores)	31.44	35.27	38.33	42.20	45.06	48.65
Total no. of Mobile Internet users (in crores)	49.93	64.45	75.79	90.03	106.00	124.06
Digital payments volume(in crores)	2070.84	3134.36	4571.76	5554.33	8848.29	12008.75
Total no. of demat accounts (in crores)	3.08	3.59	4.09	5.51	9.21	11.46
No. of Insurance policies sold (in crores)	16.50	19.10	24.15	24.67	26.56	30.15
Digital Lending (in billion USD)	75.00	110.00	150.00	200.00	270.00	350.00

1. Digital Banking

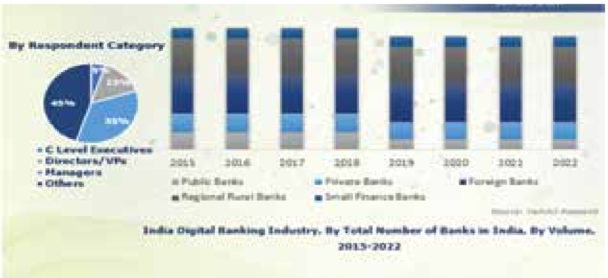
India's digital banking journey began in the late 20th century, gradually evolving from basic online platforms to the current mobile-driven revolution. This transformation was accelerated by Government initiatives like demonetization and PMJDY, fostering financial inclusion. Technological enablers like UPI streamlined cashless transactions, while AI-powered security measures ensured trust and a personalized experience. However, the "digital divide" persists, necessitating continued efforts to bridge the gap.

FIG: INDIAN DIGITAL BANKING PLATFORM VALUE FROM 2018 TO 2028 (USD MILLION)

Source- https://www.niyogin.com/blogs/the-future-of-online-banking-in-india

The emergence of digital-only banks and partnerships with fintech companies disrupted the traditional banking model, offering innovative, user-centric products and services tailored to specific needs. These advancements even reached rural areas, positively impacting farmers and small businesses through initiatives like BBPS. Regulators and financial institutions are playing their part by implementing robust security measures to protect users and their information.

FIG: INDIAN DIGITAL BANKING INDUSTRY BY TOTAL NUMBER OF BANKS IN INDIA

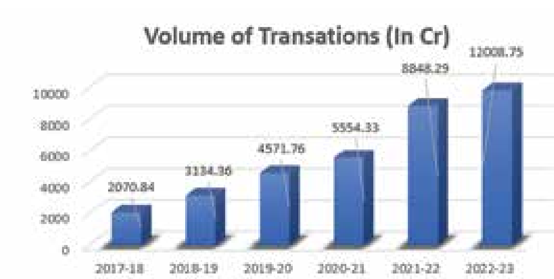


Source- https://www.techsciresearch.com/report/india-digital-banking-market/3212.html

2. Payments

The story of digital payments in India dates back to November 8th, 2016, when the Prime Minister of India declared demonetization, which removed 86 per cent of currency, and acted as a catalyst for digital payments in India. Transactions have surged from 10 to 40 per cent, largely driven by UPI, a mobile payment solution launched by NPCI. UPI surpassed 10 billion transactions and accounted for 75% of retail transactions in 2022-23. This growth was fueled by government initiatives like *Jan Dhan* accounts (providing access to the unbanked) and Aadhaar (digital identity), coupled with rising smartphone and internet penetration in rural areas.

FIG: VOLUME OF ONLINE TRANSACTIONS IN INDIA



Source: PIB https://pib.gov.in/PressReleasePage.aspx?PRID=1897272

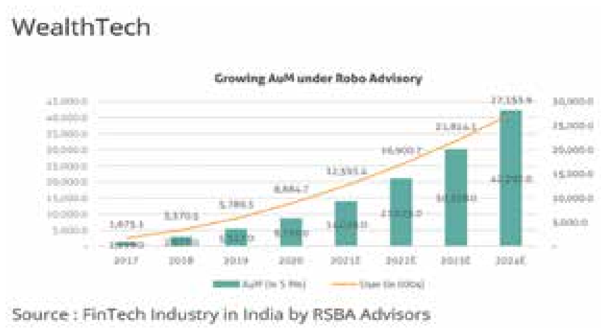
FIG: GROWTH OF UPI PAYMENTS VOLUME IN INDIA

Source: National Informatics Centre https://shorturl.at/lGHPZ

3. WealthTech

WealthTech, a fusion of finance and technology, emerged in the late 2000s, transforming Indian wealth management. By digitizing and democratizing traditional processes, platforms like Scripbox and Groww allowed seamless online investment management. AI-powered robo-advisors further personalized financial strategies, reshaping investor behaviour. WealthTech's diverse services encompassed tax planning, insurance, and retirement planning, creating holistic solutions. Regulations ensured investor protection while technologies like AI and data analytics enhanced efficiency and financial literacy. This promising future holds blockchain integration, sustainable investing options, and advanced AI tools, solidifying WealthTech's role in shaping India's financial landscape.

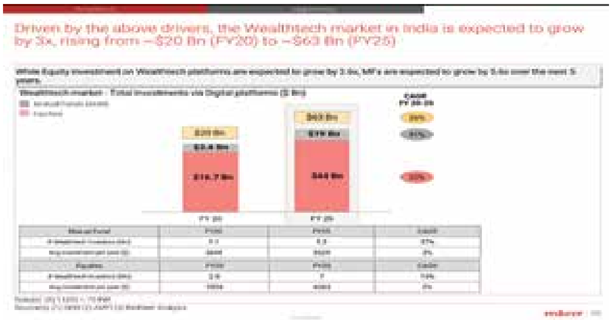
FIG: GROWING AUM (ASSET UNDER MANAGEMENT) UNDER ROBO ADVISORY



Source- https://finflux.co/blog/the-brains-behind-the-growth-of-indias-fintech/

India experienced a surge in startups and businesses within the WealthTech sector, with notable names such as Scripbox, Groww, Paytm Money, and Kuvera leading the way. These platforms diversified their services beyond traditional investment management, incorporating features such as tax planning, insurance advisory, and retirement planning to provide holistic financial solutions.

FIG: GROWING AUM (ASSET UNDER MANAGEMENT) UNDER ROBO ADVISORY.

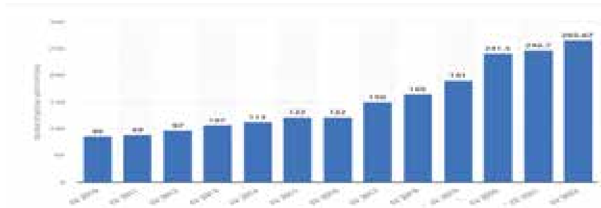


Source-https://www.slideshare.net/RedSeer/indian-wealthtech-a-60-bn-opportunity-by-fy2577

4. InsurTech

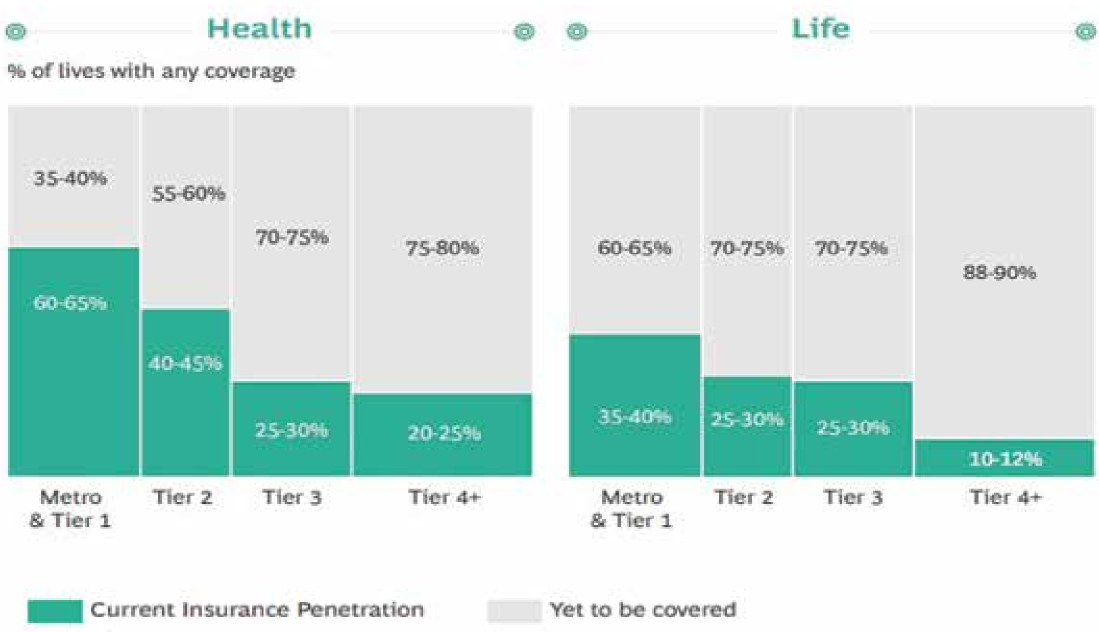
InsurTech leverages partnerships with various industries (agriculture, health, etc.) to offer better insurance services. This combined approach fosters innovation and creates improved solutions for both insurers and customers. India's booming insurance market, projected to grow from ₹8 lakh crore to ₹33 lakh crore by 2031, provides fertile ground for InsurTech. Factors like rising awareness in Tier 2 cities, increased product usage, and post-COVID interest have fueled growth. Additionally, government initiatives, like the national health stack, enhance insurance penetration. However, challenges like regulatory hurdles, keeping pace with tech advancements, and building trust remain.

FIG: NO. OF INSURANCE POLICIES SOLD BY GENERAL AND HEALTH INSURERS ACROSS INDIA FROM FY 2010 TO 2022



Source: Statista https://shorturl.at/bDQSW

FIG: INSURANCE PENETRATION SHOWING TIER 2 OFFERS A HIGH SCOPE OF GROWTH

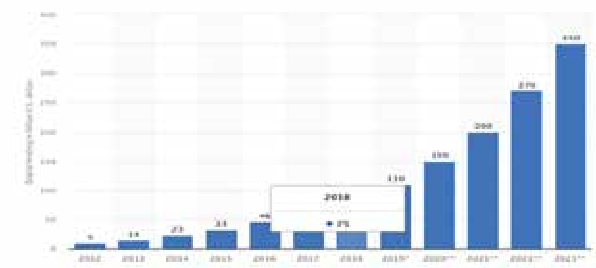


Source: BCG report https://rb.gy/w7lji9

5. Digital Lending:

Emerging alongside smartphones and the internet, digital lending has transformed India's financial landscape by digitizing loan processes. Online platforms act as intermediaries, using technology for credit assessment and offering convenient access to loans like personal, business, and peer-to-peer options. This diversity and accessibility resonate with borrowers, reaching the unbanked population through alternative credit scoring. Machine learning streamlines operations for lenders, while the RBI ensures fair practices and consumer protection. Collaboration with traditional institutions further expands reach.

FIG: VALUE OF DIGITAL LENDING MARKET IN INDIA



Source : Value of digital lending market in India from 2012 to 2018, with forecasts until 2023 by Statista

Source - https://finflux.co/blog/the-brains-behind-the-growth-of-indias-fintech/

The rapid rise of digital lending startups in India has been a defining aspect of this financial transformation. Notable players such as Lendingkart, Capital Float, KreditBee, and EarlySalary have specialized in various lending segments, catering to the unique needs of both individuals and businesses.

Looking ahead, blockchain integration, small-ticket loan expansion, and product customization promise a future of faster and more inclusive credit access in India.

WOMEN'S CONTRIBUTION IN FINTECH: A CATALYST FOR DIVERSITY AND INNOVATION:

Despite initial underrepresentation, women are leaving their mark on India's Fintech landscape. Leaders like Upasana Reddy (BharatPe) and Jayanthi Lakshmi (PayU) are shaping the industry, while entrepreneurs like Vani Kola (Kalaari Capital) and Anu Bala (BankBazaar) are driving financial inclusion through women-led startups.

WOMEN ALSO SHINE IN SPECIFIC SECTORS

Digital Payments: Priya Desai (ZestMoney) and Payal Gupta (LazyPay) make payments accessible.

WealthTech: HerMoney and The Women's Wealth Book cater to women investors.

InsurTech: Ruchi Deepak (ACKO) and Natasha Chopra (Plum) bring tech-driven insurance to women.

Digital Lending: LENDINGKART and Capital Float support women entrepreneurs.

Challenges like funding access and societal biases remain, but initiatives like the Women in Fintech India network are paving the way for a more inclusive future. By recognizing and supporting women's contributions, India's Fintech can reach its full potential.

The intertwined nature of advanced technologies and customer expectations for a secure and user-friendly banking experience has led financial institutions to adopt Fintech solutions

CONCLUSION

The intertwined nature of advanced technologies and customer expectations for a secure and user-friendly banking experience has led financial institutions to adopt Fintech solutions with care. This study highlights the potential of Fintech firms to revolutionize India's financial sector by providing innovative products and services that meet users' demands for trust, speed, affordability, and security. However, regulatory authorities must strike a balance between efficiency and stability to manage risks related to financial stability and integrity, such as cyber-attacks and money laundering, without hindering innovation. MA

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CASH BACK FOR THOSE WHO GENERATE NEW EMPLOYMENT

DEDUCTION UNDER SECTION 80JJAA OF THE INCOME TAX ACT, 1961: - ANALYSIS, CHALLENGES & COURTS' DECISIONS

Abstract

The benefit of deduction under section 80JJAA of the Income-tax Act makes the business houses highly motivated for generating new employment because additional deduction of 30 per cent for three years (aggregate 90 per cent) can reduce the handsome amount of tax liability. It is important to note that this additional benefit is allowed over and above the deduction of 100 per cent of wages/salaries under section 37 of the Act. A researcher has made an attempt to analyse the provisions of this section and dealt with its practical aspects.

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INTRODUCTION

Deductions under sections 80C to 80U (Chapter-VI-A) of the Income-tax Act, 1961 have always remained very popular among the tax payers the fundamental intention behind giving the benefit of these deductions is to drive the investment flow to the desirable directions. Under Chapter-VI-A, there are two types of deductions: (i) Investment/ payment based deductions under section 80C to 80GGC of the Act and (ii) Income based deduction under sections 80IA to 80U of the Act. The second category deductions are also known as profit linked deductions and have remained very crucial for business houses. One of the important and very popular deductions in the second category is the deduction under section 80JJAA available in respect of additional employment.

LITERATURE REVIEW

The creation of jobs will always be the major goal of all economies, which is why the Government has provided extra advantages under the Income Tax Act of 1961 [*Chandhini-PKC* (Sep-2022).A benevolent provision has to be read liberally and reasonably and if there is any ambiguity then in favour of the taxpayer [*Deloitte* (May-2021)].Number of issues will lead to restrictive application of section 80JJAA thereby not fulfilling the intent of the legislation. At present, the improved section 80JJAA is like an old wine in a new bottle as it is still plagued with issues of the erstwhile section [*Hardik Savla*-Tax Guru (May-2020)**]**. A benevolent provision has to be read liberally and reasonably and if there is any ambiguity in favour of the taxpayer.[KPMG (April-2020)].

RESEARCH GAP

Various research studies have made attempts to clarify the provisions of this section as to why this section was introduced? Who are eligible to claim the benefit of this deduction? How many years this benefit is available? What are the conditions to be complied with?

However the step by step calculation has not been addressed by any researcher. This is identified as a research gap in the available literature. The step by step calculation is the significant pillar of this deduction.

OBJECTIVES OF THE STUDY

i. To know the provisions of deduction under section 80JJAA of the Act
ii. To analyze the provisions of the said deduction
iii. To analyse the amendments made by the Finance Act, 2016
iv. To calculate the said deduction
v. To identify the challenges being faced by the industry while claiming this deduction

vi. To analyse the courts' decisions related to the said deduction

ANALYSIS OF THE DEDUCTION UNDER SECTION 80JJAA

1. The deduction under this section is available in respect of wages/salaries paid/payable to new employees employed during the year.
2. The same is allowable only for businesses; it is not permissible for professions. PGBP income must consist of business income.
3. The same is permissible out of gross total income.
4. The deduction under this section is available only if the assessee is covered under tax audit under section 44AB of the Act.
5. The deduction under this section is an amount equal to thirty per cent of *additional employee cost incurred* in the course of such *business* in the previous year, *for three assessment years* including the assessment year relevant to the previous year in which such employment is provided.
6. "Additional employee cost" means *total emoluments paid or payable* to *additional employees* employed during the previous year
   - The deduction shall be allowed only in respect of additional employee costs.
   - The deduction shall be allowed only in respect of additional employee costs incurred.(paid/ payable)
   - "Additional employee cost" means total emoluments paid or payable to additional employees employed during the previous year
   - Total emoluments include all the components of the salary, bonus, commission, allowances etc. except two things: (1.) employer's contribution towards various funds like PF etc. (2.) Lump-sum benefits provided at the time of termination of his service or superannuation or voluntary retirement
   - 'Additional employee' means *an employee* who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year**. (calculation)**
     - It means net increase in number of employees should be considered. For example, number of total employees as on 1st day of the previous year was 100, number of new employees joined during the year is 50 and number of employees left during the year is 10 and number of employees at on last day of the year is 140; therefore we may conclude that the number of additional employees would be 40.
   - Those employees whose total emoluments are more than twenty-five thousand rupees per month shall not be eligible for this deduction; therefore in the above example, if out of 40 additional employees, 5 employees draw total salary more than Rs. 25,000 per month, only 35 employees' salary would be eligible for this deduction.
   - Those employees, for whom the entire contribution is paid by the Government under ABRY/PMRY, shall not be eligible for this deduction. Therefore in the above example, if out of 35 additional employees, 5 employees are covered under ABRY/PMRY etc., only 30 employees' salary would be eligible for this deduction.
   - Those employees who employed for a period of less than two hundred and forty days during the previous year shall not be eligible for this deduction; therefore in the above example, if out of 30 additional employees, 5 employees have worked for less than 240 days during the year, only 25 employees' salary would be eligible for this deduction.
   - However the important point to note that those employees who employed for a period of less than two hundred and forty days *during the current previous ye*ar shall be considered as newly employed in the next year if he works for more than 240 days in that year.
   - In the above example, if out of 25 additional employees, 5 employees do not participate in the recognised provident fund, only 20 employees' salary would be eligible for this deduction.
7. The deduction under this section is an amount equal to thirty per cent of *additional employee cost incurred* in the course of *such business* in the previous year, *for three assessment years* including the assessment year relevant to the previous year in which such employment is provided.
   - The deduction would be available for three consecutive years.
   - The first year would be the year of new employment provided.
   - Calculate the amount of deduction for the year of new employment and claim the same amount for next two succeeding years as well for that new employment (hence in the second year, there might be two different calculations possible, one is the same as the amount which was claimed last year and second is for new employment generated during the second year) and (hence in the third year, there might be three different calculations possible, one is the same as the amount which was claimed during last to last year, second is the same as the amount which

was claimed during last year & third is for new employment generated during the third year)

- It means this deduction is allowed every year if one generates new employment every year. (Even in case of one new eligible employee has joined during the year, the deduction is permissible for current year and succeeding two years).

8. The report from an accountant is required to be filed before one month from the due date of filing of return of income (i.e. on or before 30th September of the assessment year)

CHALLENGES & ISSUES

1. To give effect of employees left during the years while calculating the number of eligible employees for this deduction:
   - It is simple to give effect of number of employees left, (out of those employees who joined during the year); however it is very difficult to give effect of number of employees left (out of those employees who were there as on 1st day of the year); the challenges are:
     - Whether it is to be excluded out of the number of employees who are otherwise ineligible?
     - Whether it is to be excluded out of the number of employees who are otherwise eligible?
     - Whether it is to be excluded out of the number of employees who are drawing lower amount of salaries?
     - Whether it is to be excluded out of the number of employees who are drawing higher amount of salaries?
2. The report from an accountant is required to be filed before one month from the due date of filing of return of income (i.e. on or before 30th September of the assessment year).
3. It should be appropriately clarified whether the amount of deduction claimed in the 1st year in respect of new employment generated in the 1st year should be allowed in the 2nd and 3rd years with the same amount, irrespective of continuity of employment of those eligible employees. *(Bangalore Tribunal in the case of DCIT v .Page Industries (ITA Nos. 1231 to 1233 of 2014))*
4. Whether the words 'more than Rs. 25,000 per month' can be construed to mean 'more than Rs. 3,00,000 per annum?

FEW IMPORTANT JUDGEMENTS

1. **2023 (10) TMI 1315 - ITAT DELHI:**
   Denial of deduction under section 80JJA - claim disallowed as prescribed Form 10DA for the purposes of deduction under section 80JJA has not accompanied the return of income: Held :- Filing of such prescribed form is directory and hence would stand satisfied if the accountant's report is furnished during the course of assessment.
2. **2023 (4) TMI 288 - ITAT CHENNAI**
   Disallowance of deduction u/s. 80JJAA - return is filed beyond the due date of filing return of income under section 139(1) **-** Held: - Up to the assessment year 2020-21, there was no provision under section 143(1)(a) of the Act to make any adjustments towards Chapter VI-A deductions while processing return of income under section 143(1)(a) of the Act. Therefore, even if the assessee does not file return of income on or before due date prescribed under section 139(1), no adjustment can be made towards Chapter VI-A deductions under the head "C-Deductions in respect of certain income". Issue decided in favour of the assessee.
3. **2022 (12) TMI 504 - ITAT CHENNAI**
   Denial of deduction as assessee has not filed audit report, as required under the provisions of section 44AB of the Act, in Form No.10DA - Debatable issue – Held: - The AO cannot make any adjustments towards deduction claimed under section 80JJAA of the Act, in the intimation issued under section 143(1)(a) of the Act, because such issue is highly debatable which can be resolved by deliberation, including verification of necessary documents. Appeal filed by the assessee was allowed.

CONCLUSION & SUGGESTIONS

In a developing nation, deduction under section 80JJAA is having a very wider and positive impact on businesses and 190 per cent of additional employee cost is available as deduction while calculating the taxable income. At the same time, highest level of complexity is involved while calculating this deduction. Therefore the Government/ Appropriate authority should come out with clarifications on the issues and challenges being faced by the industries. MA

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THE ROLE OF ECOSYSTEMS IN FACILITATING MSMEs' SCALING THROUGH DIGITAL TRANSFORMATION	Dr. Karuna Shankar Awasthi Dr. Anand Kumar Rai Dr. Laxmi Shankar Awasthi	58	Nov-23	11	50-53	10.33516/maj.v58i11.50-53p
A STUDY OF TECHNOLOGY ADOPTION DRIVERS AND BARRIERS IN INDIAN MSMEs WITH RESPECT TO m-CRM	Sarang Hatvalne Dr. Rohan Dahivale	58	Nov-23	11	54-56	10.33516/maj.v58i11.54-56p
MICRO, SMALL, AND MEDIUM SCALE ENTERPRISES IN INDIA: CURRENT SCENARIO, PROBLEMS & PROSPECTUS	Dr. Shriram S. Dawkhar	58	Nov-23	11	57-60	10.33516/maj.v58i11.57-60p
MODERN CHALLENGES OF INDIAN WOMEN ENTREPRENEURS: A PRIMARY SURVEY BASED STUDY	Kartick Das Shounak Das	58	Nov-23	11	61-63	10.33516/maj.v58i11.61-63p
THE SYNERGY EFFECT OF INDO-AFRICA RELATION AND MSME ON DEVELOPMENT PROGRESSION	Dr. Manish Karmwar	58	Nov-23	11	64-66	10.33516/maj.v58i11.64-66p
Book Review	Dr. Tanmay Dutta	58	Nov-23	11	67	10.33516/maj.v58i11.67-67p
Book Review	Prof. Raveendranath. K	58	Nov-23	11	68-69	10.33516/maj.v58i11.68-69p
SEBI REFORMS - ESG RELATED REQUIREMENTS FOR MUTUAL FUNDS	Pradeep Ramakrishnan	58	Nov-23	11	72-73	10.33516/maj.v58i11.72-73p
DICTUMS FROM KAUTILYA'S ARTHASHASTRA FOR DIGITAL TRANSFORMATION OF TREASURY AND DIGITREASURERS	CMA (Dr.) Paritosh Basu	58	Nov-23	11	74-80	10.33516/maj.v58i11.74-80p
THE "NATIONAL" STORY WITH AN INTERNATIONAL AWARD - A TURNAROUND SUCCESS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016	CMA Dushyant C Dave	58	Nov-23	11	81-85	10.33516/maj.v58i11.81-85p
TOMORROW'S ACCOUNTANT: MORE PERTINENT, STRATEGIC AND CREATIVE THAN EVER	CMA Samit Thakur	58	Nov-23	11	86	10.33516/maj.v58i11.86-86p
PERCEPTIONAL ANALYSIS ON THE INPUT TAX CREDIT UNDER THE GOODS AND SERVICES TAX	CMA Dipak N Joshi Dr. M. B. Khandare	58	Nov-23	11	87-92	10.33516/maj.v58i11.87-92p
IMPACT OF BEHAVIOURAL ASPECTS ON STOCK MARKET INVESTING	Ram Kumar M CMA (Dr.) Arindam Banerjee	58	Nov-23	11	93-96	10.33516/maj.v58i11.93-96p
FACTORS INFLUENCING CUSTOMER SATISFACTION IN ONLINE SHOPPING: AN EMPIRICAL STUDY ON SILIGURI METROPOLITAN YOUTH	Narayan Prasad Prof. (Dr.) Debabrata Mitra	58	Nov-23	11	97-102	10.33516/maj.v58i11.97-102p

Down The Memory Lane

June, 2014

CMA Dr. PVS Jagan Mohan Rao and CMA Sanjay R. Bhargave, CCMs represented the Institute during the SAFA events on 8-10 June, 2014 at Male, Maldives

Mr. D.S Rawat, Secretary General of Assocham deliberating at a program on ‘Madhya Pradesh, A MICE Tourism Destination’ in Bhopal on June 18, 2014. On the dais from the left are: Mr. Anil Agrawal, Chairman, MP Development Council, Assocham, Mr. Anil Oberoi, Principal Chief Conservator of Forest, Govt. of MP, Mr. Raghwendra Kr. Singh, IAS, Managing Director, MP State Tourism Development Corporation and CMA Manas Kumar Thakur, Chairman, Research Innovation & Journal Committee

June, 2004

C.P. Jain, Chairman, SCOPE & CMD, NTPC addressing an interactive programme on 28th June, 2004.

Seen in the picture (from R to L) Dr. K.L. Jaisingh, President, ICWAI, Sunil Goyal, President, ICAI, S. Saatyamoorthy, Dy. CAG and Chairman Audit Board, N.K. Prasad, Director, Ministry of Company Affairs, Dr. S.M. Dewan, DG, SCOPE

Dr. K.L. Jaisingh, President, ICWAI being presented a flower bouquet by Dr. S.M. Dewan, Director General, SCOPE at an interactive programmeon 28th June, 2004.

Others seen in the picture are N.K. Prasad, Director, Ministry of Company Affairs and C.P. Jain, Chairman, SCOPE & CMD, NTPC

Down The Memory Lane

June, 1994

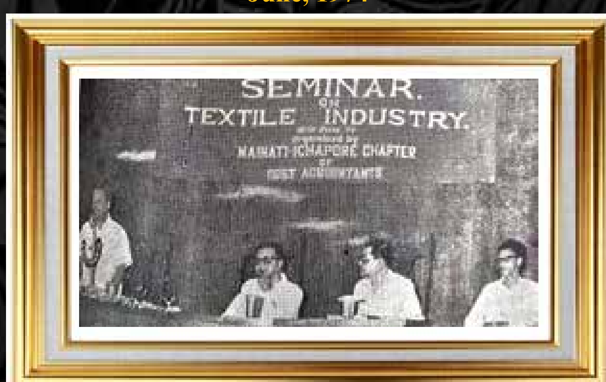
Man Bahadur Dahal, Hon'ble Home Minister of Sikkim seen with Central, Regional Council & Chapter Members at the Golden Jubilee celebration of the Institute organized by the Gangtok-Siliguri Chapter of Cost Accountants on 5th June, 1994 in the Community Centre at Gangtok

C.R. Chatterjee, Treasurer, Serampore Chapter, addressing the audience at the lecture programme on Rupee Convertibility at Serampore Town Hall on 4th June, 1994. Seen on the dais from left to right are: Chief Speaker, A.K.Brahmachari, Asst. Collector, Exchange Control Dept., R.B.I and Moderator of the programme, Prof. S.K. Sidhhanta, Ex Head of the Dept. of Economics, Serampore College

June, 1984

The Southern India Regional Council organized the Second Basavaraju Memorial Lecture at Madras on 30th June, 1984

June, 1974



Proceedings of Seminar on Computer Applications and Fair Price Structure in Jute and Cotton Textile Industries, held at the Cost Accountants' Hall, Calcutta on 16th June, 1974

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

EASTERN INDIA REGIONAL COUNCIL

EIRC celebrated CMA Foundation Day on 28/05/2024 at ICMAI-EIRC premises in the presence of the Former Presidents of ICMAI, CMA Harijiban Banerjee, CMA Amal Kr. Das, CMA Biswarup Basu, & CMA Subhasish Chakraborty, Vice Chairman of ICMAI-EIRC, CMA Arati Ganguly, Secretary of ICMAI-EIRC, CMA Damodar Mishra, Treasurer of ICMAI-EIRC with CMA Abhijit Dutta, Regional Council Member.

EIRC arranged a CE Programme on the topic of Panel Discussion on Cost Audit at J.N. Bose Auditorium Kolkata to celebrate the CMA Foundation Day. From the Left side: CMA Kallol Mukherjee, CMA Abhijit Dutta, Regional Council Member, CMA Mahesh Shah, CMA Harijiban Banarjee, CMA Amal Kr. Das, Former Presidents of ICMAI, CMA Chandanjii, Assistant Director of ROC, CMA Subhasish Chakraborty , Vice Chairman of ICMAI-EIRC, CMA Damodar Mishra, Treasurer of ICMAI-EIRC.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

The Chapter organized a Press Meet on 11.05.2024 to highlight its 55th Annual Function-2024 on the theme as “नवीकरण –Inspire Innovate Integrate”. Also the chapter organized series of activities such as Blood Donation Camp, Students’ Seminar on "Mindset of the Champions – An Indian Perspective", Valedictory cum Award Conferral Ceremony, release of 16th Volume Newsletter, Souvenir and cultural programme. CMA Surya Narayan Tripathy, the then Chairman, CMA Sarat Kumar Behera, the then Vice Chairman, CMA Ramesh Chandra Patra, the then Secretary and CMA Barada Prasan Nayak, the then Chairman, PD Committee of the Chapter highlighted the 55th Annual Function -2024 and also about the series of activities organized by the Chapter. More than 20 numbers representatives from various print and electronic media attended and highlighted in their respective news papers and news channels.

The Chapter successfully conducted its 55th Annual Function-2024 under an innovative theme "नवीकरण: Inspire Innovate Integrate" at Convention Center-1, KIIT University, Bhubaneswar on 12th May,2024. In commemoration of this significant event, a Blood Donation Camp and a Students’ Seminar on the sub-theme "Mindset of the Champions – An Indian Perspective" were also held. Further, to mark the event, 16th Volume of Chapters Newsletter has been released.

The Blood Donation Camp had been conducted in association with the Commissionerate Police, Bhubaneswar-Cuttack and with technical support of the Municipality Hospital Blood Bank. The event was inaugurated by Hon’ble Justice Sibo Sankar Mishra, Judge, Orissa High Court, Cuttack as the “Chief Guest” and other dignitaries were Shri Sanjay Kumar Mishra, IRTS, CMD, OPTCL, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA Uttam Kumar Nayak, Chairman, ICMAI-EIRC, CMA Surya Narayan Tripathy, the then Chairman of the Chapter and CMA Ramesh Chandra Patra, the then Secretary of the Chapter.

A technical session meant for students was held on the theme "Mindset of the Champions – An Indian Perspective", where CMA V. Pattabhi Ram, an esteemed Author & National level Renowned Public Speaker from Chennai delivered on the topic as the “Resource Person”. The session also featured esteemed personalities such as CMA T.C.A Srinivasa Prasad, Council Member, ICMAI, CS Rupanjana De, Council Member, ICSI, CMA Subhasish Chakraborty, Vice Chairman, ICMAI-EIRC, CMA Sarat Kumar Behera, the then Vice Chairman of the Chapter and CMA Satya Sundar Mahasuar, member of the Managing Committee of the Chapter. The Valedictory cum Award Conferral Ceremony was graced by Shri Sridhar Patra, CMD, NALCO, CMA Gagan Bihari Swain, Director (Finance & Corporate Affairs), GRIDCO, CMA Abhay Kumar Behuria, Executive Director (F & A), SAIL, Rourkela Steel Plant, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, CMA Avijit Goswami, Council Member, ICMAI and CMA Damodar Mishra, Treasurer, ICMAI-EIRC, CMA Surya Narayan Tripathy, the then Chairman of the Chapter and CMA Ramesh Chandra Patra, the then Secretary of the Chapter. The meritorious CMA Students of the Chapter were recognized and conferred with various awards, prizes and certificates for their outstanding performances in the June 2023 and December 2023 term All India examinations. A commemorative Souvenir containing articles of the Students and managed by the Students was released during the valedictory session. In the evening, a cultural program was held, featuring performances by the students.

The Chapter organised a seminar on “Opportunities for CMA’s in Banking Sector” on 24.05.2024 at CMA Bhawan. Shri Chinmaya Kumar Sahoo, Zonal Head, UCO Bank, Bhubaneswar inaugurated and graced the seminar as the Chief Guest. CMA Shiba Prasad Padhi, Practicing Cost Accountant was the Resource Person and highlighted the importance of the CMA profession to the Chief Guest and UCO Bank officials, emphasizing its significance in the growing economy of the country.CMA Surya Narayan Tripathy, the then Chairman of the Chapter delivered the Welcome and Key note address. CMA Barada Prasan Nayak, the then Chairman, PD Committee of the Chapter also discussed the various practicing areas of the CMA profession, CMA Sarat Kumar Behera, the then Vice Chairman facilitated the Seminar and CMA Ramesh Chandra Patra, the then Secretary of the Chapter extended formal vote of thanks. With collective effort of Members of Managing Committee and Staffs, the program was a grand success.

The Chapter celebrated CMA Foundation Day on 28th May, 2024 at its premises. The event was honored by the presence of CMA Dhiren Kumar Das, Past Chairman (1989-91), Senior-most Member, and one of the Founding Members of the Chapter, who graced the occasion as the “Chief Guest”. CMA Uttam Kumar Nayak, Chairman of ICMAI-EIRC graced as the “Special Guest”. The managing committee member namely CMA Ramesh Chandra Patra, Chairman, CMA Sarat Kumar Behera, Vice Chairman, CMA Barada Prasan Nayak, Secretary, CMA Avinash Kotni, Treasurer and CMA Soumya Ranjan Jena, Chairman of the PD Committee of the Chapter for the year 2024-25 also joined in the celebration.

NORTHERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JAIPUR CHAPTER

As part of the seven Days Industry Oriented Training Program, a visit of the Chapter students to ARL Infratech Ltd. (Quartz Division), Bagru (Rajasthan) was organized on 29th April 2024. More than 80 students participated in this visit. CMA Harendra Kumar Pareek, Chairman of the Chapter accompanied them along with two staff members. MD of the company Shri Pramod Jain & CEO Shri Ankush Jain explained in detail about the working of their company.

For appearing in June 2024 examination many of the CMA Intermediate and Final students were facing problems related to skill training, industry oriented training, practical training etc. In order to resolve such issues on urgent basis, a meeting of the students was arranged on 6th May, 2024. More than 40 students attended the meeting. Chapter Chairman, CMA Harendra Kumar Pareek and Director of Coaching, CMA P.D. Agrawal listened to their problems. The valedictory session of the Industry Oriented Training was held on 30th April 2024. The Chief Guest of the program was CMA Bajrang Lal Choudhary, Head Process Audit, Elegant Business Solutions Pvt. Ltd. At the outset, Chairman of the Chapter CMA Harendra Kumar Pareek welcomed the Chief Guest and all the participants. CMA Purnima Goyal, Vice-Chairperson, CMA Deeptanshu Pareek, Treasurer and CMA P.D. Agrawal, Director of Coaching were also present on this occasion.

On the occasion of Institute's Foundation Day on 28th May (CMA Day), Blood Donation and Health Checkup Camp was organised by the Chapter on 26th May, 2024. Dr. Tanushree Agrawal, Gynecologist, daughter of CMA Vinod Agrawal had also attended and provided her valuable services. Approximately 100 units of Blood were collected. Also more than 100 members, their family members and students availed health checkup facility.

On 28th May, 2024, the Chapter celebrated Institute's Foundation Day (CMA Day). On this occasion a cake was cut by members of the Management Committee alongwith CS (Dr.) Shyam Agrawal, Government Nominee and Vice-Chairman NIRC CMA Rakesh Yadav. Senior Members (in the age group 64 years to 66 years) and staff were also felicitated.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA JALANDHAR CHAPTER

The Chapter celebrated the 65th Foundation Day on 28/05/2024. CMA Reetika (Past Chairperson) was the guest of honour and CMA Tamanna Sharma was the main speaker. In her speech, she urged the members to uphold the highest standards in professionalism, ethics and excellence in the field of cost accounting, serving as trusted advisors and guardians of financial integrity. CMA Reetika lighted the lamp and inaugurated the event. While addressing the gathering she shared the Institute's journey and added that Institute was set up by an Act of Parliament, to regulate and promote the profession of cost accountancy in India, to contribute towards nation building. The event was organised at the Chapter office. The celebrations began with lighting of the lamp and prayers to Goddess Saraswati followed by the cake cutting ceremony and speeches by the guest of honour, dignitaries and office bearers. The program ended with National Anthem followed by refreshments.

The Chapter conducted a Seminar on 20th April 2024 wherein the discussion was on Income Tax Returns. The speaker was CMA Reetika who deliberated on meaning & definition of income tax, types of income tax return forms with explanation, deductions and exemptions under income tax etc. The seminar began with a power point presentation and explanations by the speaker followed by discussions by Members and Office Bearers present at the seminar.

The Chapter conducted a seminar on GST on 31st March 2024 at the Chapter premises. CMA Tamanna Sharma was the speaker.

SOUTHERN INDIA REGIONAL COUNCIL

A professional development meeting on the topic 'Tax Planning for salary income & income from house property and GST on Real Estate Transactions' was held on 05.04.2024 at SIRC premises. The Chief Guest was Shri Vivek Harinarain, I.A.S. (R), Former Chairman of Elcot, and Former I.T. Secretary, Government of Tamil Nadu. The speakers were CA (Dr.) Abhishek Murali, Secretary, SIRC of ICAI, (2020-21) President, All India Tax Payers' Association (AITPA), CMA M. Saravana Prabhu, GST Expert.

CMA Members' Meet & Family Get Together' and "Celebration of New Financial Year 2024 – 2025" were organized on 07.04.2024 at the Presidency Club, Chennai. The Chief Guest was Dr. M. Ravishankar, Director, The Nethralayam, Rajan Eye Care Hospital, Chennai.

Members in Industry & Placement Committee in association with the Regional Council organised a CMA Campus Placement program 2024 for qualified Cost Accountants of December 2024 term from 9th to 11th April 2024 in which PSUs, MNCs and corporates like Bosch Limited, Vedanta Limited, Dow Chemical International Pvt. Ltd, ITC Limited TM&D, ITC Limited - Hotels, Ford Motor Pvt. Ltd., Reliance Limited-JIO, Softgel Healthcare Private Limited, TVS Motor Company, National Agricultural Cooperative Marketing Federation of India Ltd.(NAFED), Kalpataru Power Transmission Limited, Societe Generale, Accenture Solutions LLP, Accenture Solutions Pvt. Ltd, RSM Astute Consulting Pvt. Ltd. MSN Laboratories Private Limited, TVS Electronics Limited participated. Around 548 candidates applied for this campus drive out of which 150 were selected. Earlier, a pre-placement orientation programme was also conducted for the candidates from 13th to 25th March 2024, to impart all the required 'skill sets' for facing the interview well and grab the job opportunities offered by well-known corporate with high pay package.

SIRC organized a professional development meeting on the topic 'Cash Transactions under the Income Tax Act & Input Tax Credit under GST' on 11.04.2024 at its premises. The Chief Guest was M. Rajamurugan, IPS, Additional Director General of Police, Tripura & R. Sekar, IRS(R) Former Chief Commissioner of Central Excise & Service Tax, Mumbai, Joint Secretary, Ministry of Finance, Govt. of India. The speakers were CA (Dr.) Abhishek Murali, Secretary, SIRC of ICAI (2020-21), President, All India Tax Payers' Association(AITPA),CMA CS Adv. K.Vaitheeswaran, Advocate, High Court of Madras and GST Expert.

A professional excellence seminar on Benami Transactions and Taxation of Charitable Trusts was held on 23.04.2024 at SIRC premises. The Chief Guest was Shri P. Selvaganesh, IRS, Principal Commissioner of Income Tax, Chennai.

Another professional development meeting on the topic 'Personal Financial Planning & Tax Planning'

Council was held on 28.04.2024 at SIRC premises.

CMA Divya Abhishek, Chairperson, SIRC of ICMAI conducted a Grievance Redressal Mechanism by SIRC of ICMAI on 29th April and observed as Grievance Redressal Day for the month of April 2024.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

An industrial connection was established with CODISSIA – Coimbatore, on 3rd of May 2024, through a cluster program focusing on Total Cost Management (TCM) in collaboration with the Confederation of Indian Industry (CII). The event was jointly organized by The Institute of Cost Accountants of India. The event commenced with a welcome address by V. Thirugnanam, President of CODISSIA. K. Ravi, CFO of Roots Industries Ltd., Coimbatore graced the occasion as the guest of honor and delivered a special address emphasizing the significance of Cost vs Profit in today's intricate business landscape. Sri M. Nagesh Babu, Principal Counsellor from CII TCM Division, was invited to shed light on the importance, scope, milestones, cluster methodology, and road map of the TCM model. Following this, CMA M. Gopalakrishnan, Mentor of CII TCM Division and Former President of ICMAI, delivered a lecture on TCM and Cluster methodology. CMA TCA. Srinivasa Prasad, Council Member of ICMAI, discussed the "Role of ICMAI in TCM Cluster," while CMA S. Durairajan, Founder Director of Kanzen Institute Asia Pacific Pvt. Limited, presented a case study on the benefits of TCM Cluster. The program concluded with a vote of thanks delivered by CMA (Dr.) R. Maheswaran, Chairman of the Coimbatore Chapter of ICMAI, followed by the national anthem, marking the successful conclusion of an insightful and enriching event.

On 13th May, 2024 at Intellectual Center & Library Mettupalayam, a Career Guidance and Counseling Program was conducted by Rainbow Study Center and CMA Rajamani along with Mettupalayam Corporation. CMA Karthick addressed the students and their parents on behalf of the Chapter & explained the Course structure.

As part of the 65th Institute Day Celebrations, a professional development programme was organized by the Chapter on 28th May 2024 on the topic "Opportunities for Professionals in the Insurance Sector". The event featured CMA G. Srinivasan, former Chairman and Managing Director of United India Insurance and former Managing Director of New India Assurance, as the chief guest and key speaker. The program began with a formal welcome address by the Chairman of the Coimbatore Chapter, CMA (Dr.) R. Maheswaran. In his welcome address, the Chairman thanked the past Presidents, Chairmen of the Regional Councils and the members who had contributed for the development of the Institute. Seven Senior Members of the Coimbatore Chapter were felicitated by the Chief Guest. The Treasurer CMA Surender Kumar introduced the chief guest to the gathering. CMA G. Srinivasan, drawing on his extensive experience of over four decades in the insurance industry, addressed the CMA fraternity on the insurance market and its achievements in India. The meeting concluded with a vote of thanks by Secretary, CMA U. Surya Prakash, followed by the national anthem.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA MANGALORE CHAPTER

The Chapter organized a Career Awareness Programme at S.D.M College of Business Management, Mangalore on 18th May 2024. CMA Suresh R. Gunjalli, Council Member of the Institute, CMA Girish Kambadaraya, RCM, Southern India Regional Council, CMA Ullas

Kumar Melinamogaru, Chairman, Mangalore Chapter of the Institute and Principal of the S.D.M College of Business Management addressed the students.

A Career Awareness Programme was conducted on 18th May 2024 at Canara College Kodailbail Mangalore. CMA Suresh R. Gunjalli, Council Member of the Institute and CMA Girish Kambadaraya, RCM, Southern India Regional Council of the Institute, CMA Ullas Kumar Melinamogaru, Chairman, Mangalore Chapter of the Institute along with Principal of the Canara College addressed the students.

A Professional Development Meet on "Audit & Adjudication Under Goods & Services Tax, Issues & Challenges" was conducted on 17.05.2024 by the Chapter. The chief guest was Mrs. Aruna P Kamath, Principal, S.D.M. College of Business Management, Mangalore while the guest of honour was CMA Suresh R Gunjalli, Council Member of the Institute. CMA Girish Kambadaraya, RCM, SIRC acted as the resource person for the programme.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA RANIPET VELLORE CHAPTER

The Chapter celebrated 65th Foundation day on 28th May 2024 under virtual Mode.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

The Chapter organized a seminar jointly with ICSI-Bengaluru Chapter on "Cyber Security, Data Protection & Artificial Intelligence" Embrace technology with Security at the ICSI - Bengaluru Chapter Premises. The speakers were CS Vinita Sahitya and CMA Subbarayudu Tallapragada. The panelists were CMA (CS) (CA) Gopala Ramanan, CMA (CS) Suresh M. R, Dr. Vinod Krishna, CS Omkar Gayatri. The moderators were CMA N. Ramaskanda, CMA Devarajulu B, and Chairman BCCA, CMA Abhijeet S. Jain, Secretary & Chairman Coaching.

The Chapter organized a workshop on "MS Excel & Basics of Power BI" at its premises on 11.05.2024. The speakers were CMA Kiran Dasappa, CMA Abhijeet S. Jain, Secretary & Chairman Coaching and CMA Santhosh Kalburgi, PF Chairman BCCA.

The Chapter organized a Professional Development Programme on "Artificial Intelligence: A transformative assistant to every professional" at its premises on 18.05.2024. The speakers were CMA Mukesh Kumar Kasat, Managing Partner Buzz Beeyond, Ex Associate Partner IBM India, CMA Devarajulu B, Chairman BCCA and CMA Rajesh Devi Reddy, PD Chairman BCCA.

The CMA Day Celebration at Bengaluru Chapter included a discussion on the topic "SAP-Product Costing Overview (FICO)" on 28.05.2024. Vijaykumar S, SAP-Global Head Dynamatic Technologies Ltd., & Mr. Muralidhar A. S., SAP FICO Consultant & Head of SAP Practice Bemax Pro Software Solution were the main speakers. On this occasion the Chapter Photographer P. Sathar Khan was felicitated for his long service of more than four decades to the Chapter.

A mega career counseling cum Nextgen Minds Meet 2024 was organized at Manasa Degree College, Malur on 26.05.2024. The counseling program was inaugurated by the Vice Chancellor of Bengaluru North University, Dr. Niranjana. CMA Devarajulu B, Chairman BCCA, CMA Abhijeet S. Jain, Secretary & Chairman Coaching, BCCA, CMA Rajesh Devi Reddy, PD Chairman, BCCA and CMA G. R. Rao MC Member graced the function.

M. K. Shridhar, recipient of the Prestigious Padma Shree award, and Chancellor of Chanakya University was felicitated at a function organized on 25.05.2024. Chapter officials, CMA Devarajulu B, Chairman BCCA, CMA Abhijeet S. Jain, Secretary & Chairman Coaching, BCCA, CMA Rajesh Devi Reddy, PD Chairman, BCCA, CMA G. C. Rao MC Member and CMA N. Ramaskanda, Former Chairman of BCCA spoke in appreciation of the recognition of M. K. Shridhar's remarkable contributions in the field of education and his unwavering commitment to achieve excellence. A detailed discussion was held as to how the ICMAI can play a role in shaping the future of commerce students.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA HYDERABAD CHAPTER

On 19.04.2024, CMA (Dr.) K.Ch.A.V.S.N. Murthy, Council Member, CMA Hima Vidya Sanagavarapu, Chairperson, CMA Khaja Jalal Uddin, Secretary and CMA D.V. Rambabu, Treasurer paid a courtesy visit to the office of Dr. N. Satyanarayna, IAS, Chairman of the Telangana State Real Estate Regulatory Authority. During the meeting the discussions centered around the services being provided CMAs by way cost audits, cost assessments, progress of work and withdrawals from escrow accounts in the real estate sector.

On the same day the visiting delegation also paid a visit

to the office of Sri J. Laxminarayana, Member - RERA. The purposeful discussion revolved around the crucial matters of cost audit and the array of services offered by cost auditors.

On 19 April 2024, a courtesy visit was made to the office of Sri Ashish Chaurasia - Joint Commissioner of Income-tax by a team comprising of CMA (Dr.) K.Ch.A.V.S.N. Murthy, Council Member, CMA Hima Vidya Sanagavarapu, Chairperson, CMA Khaja Jalal Uddin, Secretary, and CMA D.V. Rambabu, Treasurer. Shri Chaurasia was informed about the expertise of Cost Accountants in the areas of taxation and seeking his support for referring our services where needed.

On the occasion of the Institute's President visit, the Chapter organized a press conference on April 20, 2024 at Hotel Aditya Park, Hyderabad. CMA Ashwinkumar G. Dalwadi, President, ICMAI, CMA (Dr.) K.CH.A.V.S.N. Murthy, Council Member, ICMAI and CMA Hima Vidya Sanagavarapu, Chairperson of ICMAI, Hyderabad Chapter, addressed the media regarding the initiatives of the Institute in empowering CMAs as key functionaries in this era of disruption. The chief guest was CMA Ashwinkumar G. Dalwadi, President, ICMAI and the guest of honour was CMA (Dr.) K.Ch.A.V.S.NMurthy, Council Member. Other guests included CMA Vijay Kiran Agastya, RCM-SIRC of ICMAI, and CMA Lavanya KVN, RCM-SIRC, ICMAI. The gathering witnessed fruitful discussions as President Dalwadi addressed member queries, making suggestions for fostering knowledge exchange and camaraderie. The occasion was also utilised to present gifts to staff members.

WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAGPUR CHAPTER

The Chapter celebrated the Foundation Day on 28th May 2024 by conducting a workshop on the subject "Role of CMA in Strategic Decision Making"

CMA P. V. Bhattad, Past president ICMAI was the chief guest.CMA Nitin Alshi was the keynote speaker and CMA Renu Kulkarni was the speaker.CMA P. S. Patil, Chairman NCCA gave the inaugural address.CMA P. V. Bhattad also addressed the august gathering. In the keynote address by CMA Nitin Alshi, brought out the core strength of CMA in decision making. He explained CMA's contribution in performance management tools and analytics and how CMAs are contributing to the modern "data base decision making process" at the strategic level of all businesses. CMA Renu Kulkarni, in her address outlined the CMA's role in strategic decision making and illustrated her talk with practical examples from the corporate world. CMA Rajat Naidu, Vice Chairman NCCA, proposed a vote of thanks. CMA Aaditi Sontakey co-ordinated the entire programme.The response to the workshop was overwhelming. Prominent amongst the present were CMA (Dr.) Sreehari Chava, CMA Shriram Mahankaliwar, CMA Anil Verma, CMA Manish Pandey, CMA Nutan Thakkar, CMA P. Pandurangan, CMA Vivek Chavan , CMA Manisha Agarwal, WIRC Nominee etc.

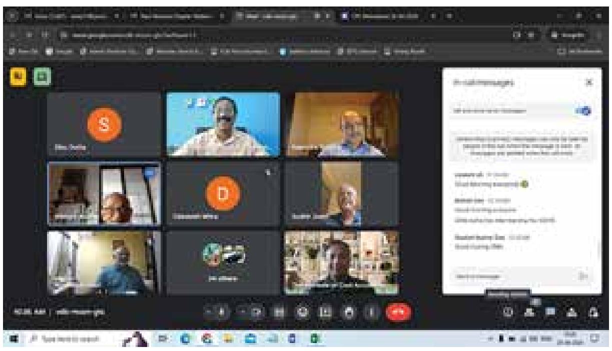
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE DEWAS CHAPTER

The Chapter organized a special program for the students appearing in the upcoming Foundation, Intermediate and Final examinations. The key speaker was CMA PD Modh, educationist from Ahmedabad, who gave detailed information on how to prepare for the exam and how to solve the question papers. He advised students to solve model papers and past question papers regularly to get experience of exam pattern and time management. He also discussed mental preparation and stress management. He also shared his knowledge on strategies to solve questions during the examination. The program ended with a question-and-answer session. The program was held under the chairmanship of Chapter Chairman CMA Rahul Jain and the hospitality of CMA Praveen Mundra. CMA Pankaj Raizada, CMA Ravindra Dubey, CMA Vijay Joshi, CMA Neeraj Maheshwari and other executive committee members were present at the program. The vote of thanks was proposed by CMA Yash Vagrecha.

In a heartwarming celebration, CMA Foundation, Intermediate and Final pass students were felicitated at Hotel Amrit Palace, Indore on 18th May 24. The event was organized by the Chapter. Devansh Shukla, Sagar Pathak, Anushka Choudia, Rajnandni Sahu and Minerva Tripathi, who completed the CMA course, were also felicitated on the occasion Chapter Chairman CMA Rahul Jain, Secretary CMA Pankaj Raizada and all the members of the executive committee congratulated the students who were successful in the examination and wished them good luck for their bright future. CMA PD Modh, CMA Pankaj Raizada, CMA Ravindra Dubey, CMA Vijay Joshi, CMA Neeraj Maheshwari and other executive committee members were present at the program.The vote of thanks was proposed by CMA Yash Vagrecha.

A CPE program was organized by the Chapter on the theme "Management of Mind" on 18th May 24 at its premises. The guest speaker was CMA PD Modh. CMA Pankaj Raizada, CMA Yash Vagrecha, CMA Vijay Joshi, CMA Neeraj Maheshwari and other executive committee members were present at the program. The vote of thanks was proposed by CMA Ravindra Dubey. The seminar offered valuable insights and practical tools applicable in both personal and professional life.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA NAVI MUMBAI CHAPTER



The Chapter conducted a webinar on "Treasury Management in Corporate" on 28th April'24. CMA Rajendra Natekar was the speaker. CMA Arup Bagui, Secretary & PD Committee Chairman of the Chapter welcomed the speaker. CMA BN Sapkal, Chairman of the Chapter welcomed the participants. The speaker deliberated on varied topics including treasury operations, funding option, insurance, risk management foreign exchange and commodity etc. CMA Vaidyanathan Iyer, Immediate past Chairman of the Chapter thanked the speaker and participants for such a detailed and interactive program and proposed the vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SURAT SOUTH GUJARAT CHAPTER

The Chapter hosted "Prize Distribution Function" on 11/05/2024 at its premises. CMA Neeraj Joshi, Council Member & CMA Nanty Shah, WIRC-Treasurer graced the occasion. CMA Bharat Savani, Chairman of the Chapter welcomed the dignitaries. CMA Keval Shah, Vice Chairman co-ordinated the whole programme with energy. CMA Kishor Vaghela, Secretary gave the welcome address. CMA K. C. Gupta, CMA Brijesh Mali & CMA Ashvin Ambaliya gave information regarding Surat Chapter and the future prospects for CMAs. CMA Vipin Patel (MC Member) introduced the chief guest while CMA Neeraj Joshi, Council Member and CMA Deepali Lakdawala, Treasurer gave an introduction about RCM-WIRC Treasurer, CMA Nanty Shah. CMA Bharat Savani & all Managing Committee Members felicitated council members, CMA Neeraj Joshi & CMA Nanty Shah. CMA Neeraj Joshi & CMA Nanty Shah in their address offered their blessings to all students. CMA Bharat Savani, Chairman proposed a formal vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA PUNE CHAPTER

The Chapter conducted a Members' Meet and felicitation to President, Vice-President & Council Members on 12th April 2024 at the Chapter premises.

Western India Regional Council of the Institute in association with ICMAI-Pune Chapter organised the "Regional Practitioner's Convention 2024" on the theme Learn, Share & Network a Success Mantra and "Regional Lady CMA Convention 2024" on the theme Leveraging Women Competencies in the Development of Viksit Bharat 2024 on12th & 13th April 2024 at the Chapter premises. The Inaugural Session of "Regional Practitioner's Convention 2024" started with Institute Anthem. CMA Nagesh Bhagane, Chairman ICMAI Pune Chapter delivered the welcome address. Lighting of the Lamp & Ishastavan was by the chief guest. The theme of the Convention was explained by CMA Mihir Vyas, Secretary of WIRC. Prof. (Dr.) Medha Kulkarni, Member of Rajya Sabha was the Chief Guest at the program. The event's theme was 'Learn, Share and Networking is a Success Mantra' and 'Leveraging Women's Capabilities in Advancing a Developed India. CMA Ashwin Dalwadi, President of ICMAI was the chief guest. CMA B. B. Nayak, Vice President, CMA Neeraj Joshi, Council Member, ICMAI, CMA Chaitanya Moharir, Chairman WIRC, CMA Mihir Vyas, Secretary, WIRC, CMA Nanty Shah, Treasurer, WIRC, CMA (Dr.) D. V. Joshi, CMA Amit Apte, Past President, ICMAI, CMA M. K. Anand, Chairman PD Committee, ICMAI, CMA (Dr.) Sanjay Bhargave, CMA Nagesh Bhagane, Chairman, CMA Nilesh Kekan, Vice-Chairman, CMA Srikanth Ippalpalli, Secretary, CMA Rahul Chincholkar,Treasurer of ICMAI-Pune Chapter, were present. CMA Meena Vaidya, CMA Soma Ghosh, CMA Shilpa Parkhi, CMA (Dr.) Ashish Thatte were the moderators for the Regional Lady CMA Convention 2024. The Vote of thanks was proposed by CMA Manisha Agarwal.

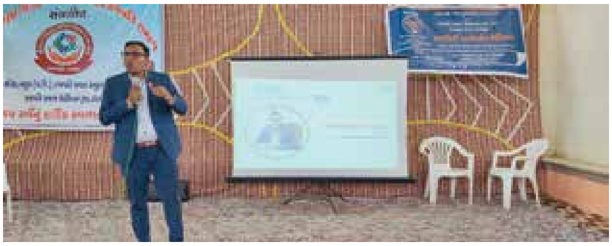
An MOU Agreement was signed on 27th April 2024 to extend academic co-operation between ICMAI-Pune Chapter and Kaveri College of Arts, Science & Commerce. The Agreement was signed by CMA Nagesh Bhagane, Chairman, ICMAI-Pune Chapter and Dr. Ashok Agrawal, Executive Director Academics-Higher Education, Kaveri College of Arts, Science & Commerce, CMA Chaitanya Mohrir, Chairman ICMAI-WIRC, CMA Nilesh Kekan, Vice-Chairman, ICMAI-Pune Chapter, CMA Abhay Deodhar, Dr. Muckta Karmarkar, In charge Principal, Dr. Deepa Sathe, HOD, Commerce dept. of Kaveri College were present at the signing function.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA AHMEDABAD CHAPTER

The Chapter organized Campus placement for Qualified CMAs of Dec'23 exam on 21/05/2024 & 22/05/2024. Following leading corporates of Ahmedabad participated and took benefit of campus placement for their requirement of CMAs. 23 candidates participated in Campus Placement: Vodafone Idea Shared Services Ltd, Astral Limited, Ratnaafin Capital, Cadmach Machinery Co. Pvt. Ltd, Sharp & Tannan Associates, Meghmani Industries Limited.

On the occasion of Gujarat Sthapna Diwas, on 01/05/2024, the Chapter organized Gujarati Sher-O-Shayari, Kavita, Geet & Gazal competition in which students enthusiastically participated.

Certificate in Accounting Technicians (CAT) Course was introduced for the retiring/retired defense personnel at Ahmedabad from 27th May 2024 to 08th Nov 2024. CMA Mitesh Prajapati, Secretary had taken introduction lecture. On the occasion of 65th foundation day of the Institute, the Chapter had organized Fun Activity for CMA students & members of Ahmedabad Chapter. During the month of May 2024, CMA Mitesh Prajapati, Chairman, Oral Coaching Committee had done Career counseling Seminar on You Tube Live & Prajapatisamaj with Sakalchand University at SMT H D Patel Vidyalaya Jashvantgadh on 17th May, 2024 and 19th May, 2024 respectively.



Direct & Indirect Tax Updates - May 2024

DIRECT TAXES

- **Notification No. 42/2024 Dated 8th May 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, 'Tamil Nadu Electricity Regulatory Commission' (PAN AAAGT0048J), a body constituted by the Government of Tamil Nadu, in respect of the following specified income arising to that Commission:

  (a) Government Grants (b) fees levied under clause (g) of sub-section (1) of Section 86 read with Section 181 of the Electricity Act, 2003 (c) penalties levied u/s 146 of the Electricity Act, 2003 and (d) Interest earned on bank deposits.

  This notification shall be effective subject to the conditions that Tamil Nadu Electricity Regulatory Commission (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial years and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 43/2024 Dated 22nd May 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, 'Tamil Nadu Water Supply and Drainage Board, Chennai' (PAN: AAALT0834F), a Board constituted under the Tamil Nadu Water Supply and Drainage Board Act, 1970 (Tamil Nadu Act of 1971), in respect of the following specified income arising to the said Board:

  (a) Water charges for supply of water to recover the maintenance cost (b) Centage charges received from local bodies work like water supply scheme and sewerage scheme to compensate for establishment charges (c) Investigation and Detailed Project Report preparation charges for water supply and drainage scheme for establishment charges (d) Interest earned on Bank Deposits.

  This notification shall be effective subject to the conditions that Tamil Nadu Water Supply and Drainage Board, Chennai (a) shall not engage in any commercial activity (b) its activities and the nature of the specified income shall remain unchanged throughout the financial year(s) and (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

- **Notification No. 44/2024 Dated 24th May 2024:** In exercise of the powers conferred by clause (v) of the Explanation to section 48 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following further amendments:

  In the said notification, after serial number 23 and the entries relating thereto, serial number "24" and entries shall be inserted.

- **Notification No. 45/2024 Dated 27th May 2024:** In exercise of the powers conferred by clause (ii) of the proviso to sub-section (3) of section 206AB of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies the Reserve Bank of India to be a person referred to in the said clause.

- **Notification No. 46/2024 Dated 27th May 2024:** In exercise of the powers conferred by clause (ii) of the proviso to sub-section (3) of section 206CCA of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies the Reserve Bank of India to be a person referred to in the said clause.

- **Notification No. 47/2024 Dated 27th May 2024:** In exercise of the powers conferred by sub-clause (b) of clause (46A) of section 10 of the Income-tax Act, 1961 (43 of 1961), (hereinafter referred to as "the Income-tax Act"), the Central Government hereby notifies the Mathura Vrindavan Development Authority (hereinafter referred to as "the assessee"), an authority constituted under the Uttar Pradesh Urban Planning Development Act, 1973 (President's Act 11 of 1973), for the purposes of the said clause.

INDIRECT TAXES

GST

- **Notification No. 10/2024-Central Tax Dated 29th May 2024:** Seeks to amend the Notification no. 02/2017-CT dated 19.06.2017 with effect from 5th August, 2023.

- **Notification No. 11/2024-Central Tax Dated 30th May 2024:** In exercise of the powers conferred under section 3 read with 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 Government, hereby makes the following further amendments. In the said notification, in Table II, (i) at serial number 7, under column (3), for the words "Neem ka Thana and Jhunjhunu and Behror, Bansur, Neemrana, Mandan and Narayanpur tehsils of district", the words "Neem ka Thana, Jhunjunu and" shall be substituted (ii) at serial number 49, under column (3), the words "and Kotputli, Viratnagar and Shahpura tehsils of district Kotputli-Behror" shall be omitted.

CUSTOMS

- **Notification No. 24/2024-Customs Dated 3rd May 2024:** Seeks to amend specified customs tariff notifications to exempt applicable import duty on imports of desi chana (HS 0713 20 20) up to 31.03.2025; to impose export duty of 40% on exports of Onions (HS 0703 10); to extend the specified condition of exemption to imports of Yellow Peas (HS 0713 10 10) to bill of lading issued on or before 31.10.2024.
- **Notification No. 25/2024-Customs Dated 6th May 2024:** Seeks to further amend List 34A and List 34B in the Appendix to the Table of Notification No. 50/2017-Customs dated 30.06.2017.
- **Circular No. 04/2024-Customs Dated 7th May 2024:** Amendments to the All Industry Rates of Duty Drawback effective from 03.05.2024.
- **Circular No. 05/2024-Customs Dated 22nd May 2024:** Disposal of Unmanned Aircraft Systems (UAS)/Unmanned Aerial Vehicles Systems (UAV)/Remotely Piloted Aircraft Systems (RPAS)/ Drones.

CENTRAL EXCISE

- **Notification No. 14/2024-Central Excise Dated 15th May 2024:** In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944)read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise, dated the 19thJuly, 2022. In the said notification, in the Table,(i) against S. No. 1, for the entry in column (4), the entry "Rs. 5700per tonne" shall be substituted.

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

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in

Advisory for Renewal of Certificate of Practice For 2024-25

The members of the Institute holding Certificate of Practice (CoP) having validity up to 31st March, 2024 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4th February, 2011 published in the Gazette of India may be noted:
   a. The validity of a Certificate of Practice (CoP) is for the period 1st April to 31st March every year unless it is cancelled under the provisions of the Cost and Works Accountants Act and Regulations, 1959 as amended.
   b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 (duly filled in) and payment of renewal fee* and annual membership fee*.
   c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued. However, the members concerned may download the renewal status from the Institute's website www.icmai.in. Link: https://eicmai.in/MMS/Login.aspx?mode=EU

2. It may please be noted that under Section 6 of the Cost and Works Accountants Act, 1959, **both the Annual Membership Fee* and Fee for Renewal of Certificate of Practice*** falls due on 1st April each year.

3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31st March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew the certificate of Practice within **31st March** every year.

4. **If the Certificate of Practice of a member is not renewed within 31st March, 2024, his/her status of CoP from 1st April 2024 till the date of renewal would be "Not Active".**

5. Subject to what has been mentioned in Sl. No. 3 & 4 above, a member can get his/her Certificate of Practice for 2024-25 renewed within **30th June, 2024.** If application for renewal of Certificate of Practice is made after 30th June, 2024, the member's Certificate of Practice for 2024-25 will not be renewed but will be considered as a case of restoration of Certificate of Practice till 31/03/2025. This restoration is applicable only to the CoP holders whose CoP is valid till 31/03/2024. For restoration of Certificate of Practice, he/she has to pay Rs.500/-* as restoration fee in addition to the **prescribed fees * along with duly filled in form 'M-3'.**

6. It may please be noted that mere payment of fees * alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form M-3 is to be used for Renewal of Certificate of Practice duly filled in and signed is **mandatory.** The soft copy of prescribed Form M-3 for Renewal of Certificate of Practice can be downloaded from Institute's website www.icmai.in.

   Link: https://eicmai.in/external/PublicPages/WebsiteDisplay/PractitionersForms.aspx

7. The Institute has introduced a scheme of Continuing Education Programme (CEP) / Continuous Professional Education (CPE) and the same is mandatory in accordance with provision to sub-regulation (1) of Regulation 10 of the Cost and Works Accountants Regulations, 1959, as amended, whereby no

Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such training. The detailed guidelines in this connection are available on Institute's website: **www.icmai.in**

Link: **https://icmai.in/upload/Institute/Updates/CPE_March_24_Rev.pdf**

8. For renewal and application of new CoP issued on and from 1st February, 2019, please refer to Notification **F. No. CWA/21/2019 dated 1st February, 2019 and subsequent corrigendum dated 8th March, 2019.**

Link: https://icmai.in/icmai/news/5435.php). Accordingly new CoP holders on and from 1st February, 2019 are required to comply with Mandatory Capacity Building Training (MCBT) requirement for renewal of CoP for the FY 2024-25.

9. Other relevant issues for Renewal of Certificate of Practice are as follows:

a. Application for renewal of Certificate of Practice upto 31st March, 2025 has to be made in prescribed Form M-3 which may be filled online or through hard Copy of form duly filled in and signed on both sides together with Renewal Certificate of Practice fee of Rs.2,000/-* and all other dues to the Institute on account of annual membership fees * and entrance fees *.

b. The annual membership fee for Associate and Fellow members are Rs.1,000/-* and Rs.1,500/-* respectively. The entrance fee * for Associate and Fellow members is Rs. 1,000/-* each payable at a time at the time of application for admission to Associateship or advancement to Fellowship, as the case may be.

c. The fees * may be paid online or by Demand Draft/at par cheque payable at Kolkata if remitted by post to the Headquarters of the Institute.

d. Members should note that the **renewal of Certificate of Practice can be effected only after receipt of the prescribed fees * along with duly filled in form at the Headquarters of the Institute and on meeting the stipulated CEP credit hours.** Mere submission of the same at the Regional Councils or Chapters will not be sufficient. Members are advised to make payment directly to the Headquarters or use the online facility of submission of application and payment to avoid any delay.

All practising members are advised to send their application for renewal of Certificate of Practice for the year 2024-25 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata well in advance to enable the Institute to issue the renewal of Certificate by 31st March, 2024.

Renewal of Part-time Certificate of Practice

1. For renewal of part-time Certificate of Practice, it is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practising member has undertaken any employment or there has been a change in employment:

"Shri/Smt .... is employed as designation)........................ and (name of Organisation).. he/she is permitted, notwithstanding anything contained in the terms of his/her employment, to engage himself/herself in the practice of profession of Cost Accountancy in his/her spare time in addition to his/her regular salaried employment with us.

Signature of Employers with seal of Organisation"

2. It may be noted that members holding Part-time Certificate of Practice (CoP) are not eligible to undertake statutory assignments like Cost Audit, Central Excise Audit, etc.

**GST is applicable against payment*

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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www.icmai.in

CALL FOR PAPER

Research Bulletin, Vol. 50 No. I April 2024 (ISSN 2230 9241)

Call for Research Papers/Articles

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

Guidelines to submit full Paper

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

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

- *Securities Markets in the Changing Context*
- *Sustainable Finance*
- *Indian Commodity Markets*
- *Synergy of AI in Banking Operations*
- *Digital Finance and Fintech Innovations*
- *Cryptocurrency and Blockchain Developments*
- *Insurance Penetration and Technological Integration*
- *Global Economic Impacts on India's Financial Landscape*
- *Green Entrepreneurship and Circular Economy*
- *Startups and Sustainable Development Goals (SDGs)*
- *CSR*
- *Corporate Governance*
- *Insurtech and Regtech*
- *Blockchain and Decentralized Finance (DeFi)*
- *GST: Exploring the path forward*

Papers must be received within
15th June, 2024
in the following email id:
research.bulletin@icmai.in

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Date of Publication 10th of every month

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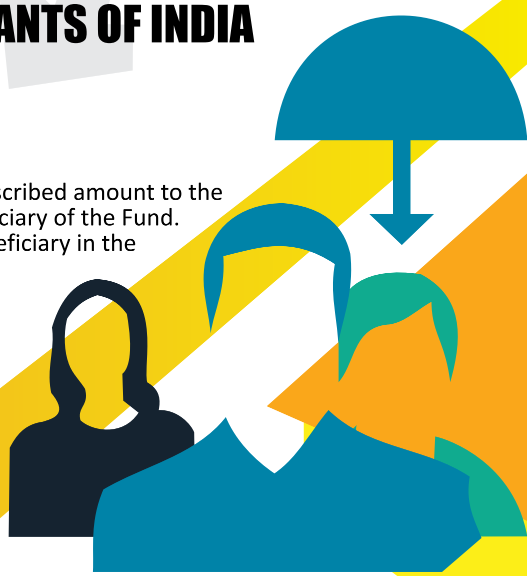
Benevolent Fund

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#