

# THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

November 2023 | VOL 58 | NO. 11 | Pages - 124 | ₹ 100



# MSMIEs

THE KEY DRIVING FORCE  
TO  
INDIA'S ECONOMIC  
GROWTH

*Journal of*

**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**

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

## VISION STATEMENT

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

## MISSION STATEMENT

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

## IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy profession
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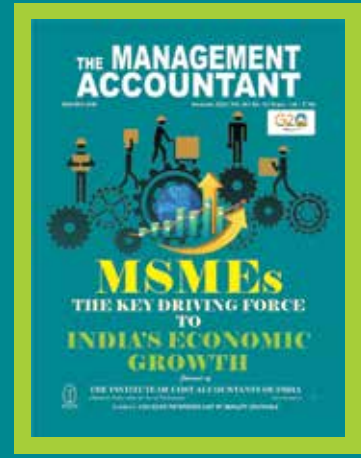
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असतोमा सदगमय  
तमसोमा ज्योतिर्गमय  
मृत्योर्मा मृतं गमय  
ॐ शान्ति शान्ति शान्तिः

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

**Delhi Office**  
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NOVEMBER VOL 58 NO.11 ₹100

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**CMA G Srinivasan**

*Director (Finance)*

*South Eastern Coalfields Ltd. (SECL), Chattisgarh*



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Cover Image Source:  
<https://www.civildaily.com/burning-issue-msme-the-lifeline-of-the-indian-economy/>

*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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**PRINTER & PUBLISHER - CMA (Dr.) Kaushik Banerjee**

on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal



**PRINTED AT- Spenta Multimedia Pvt Ltd.**

**Plot No. 15,16 & 21/1, Morivali MIDC, Chikhli Village Ambarnath (West) - 421505, India** on behalf of The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

**PUBLISHED FROM** - The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata - 700 016, P. S. New Market, West Bengal

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*The Management Accountant technical data*

**Periodicity** : Monthly  
**Language** : English

**Overall Size** : - 26.5 cm x 19.6 cm

### Subscription

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

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

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

**The Management Accountant Journal is Indexed and Listed at:**

- Index Copernicus and J-gate
- Global Impact and Quality factor (2015):0.563

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# From the Editor's Desk

The Micro, Small and Medium Enterprises are an integral part of the Indian economy and contribute significantly to the Country's GDP. They provide almost 20-25 percent of the total employment in the Nation and lead to overall economic development. As the Government continues to implement policies and provide support, Indian MSMEs continue to play a significant role in shaping India's future and elevating India's standing on the global stage. By nurturing these enterprises and enabling their growth, India can truly achieve its dream of becoming an economically independent nation.

The Government, in the last budget, has proposed measures aimed at providing support and encouragement to the MSME sector. One of the important announcements is the revamp of the CGTMSE program. It dramatically supports MSMEs, facilitating additional credit of Rs. 2 lakh crore for MSMEs, reducing the cost of credit by 1 percent, and expanding employment opportunities.

To encourage entrepreneurship among women, the Ministry of Micro, Small and Medium Enterprises implements various schemes like, Prime Minister's Employment Generation Programme (PMEGP), which is a major credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and rural/urban unemployed youth. For women entrepreneurs, higher subsidy is given. Under the Mahila Coir Yojana, the Ministry provides stipendiary training for women artisans in the coir industry and encourage them to set up their own micro enterprises by availing the benefits of PMEGP. The Ministry also implements several other schemes for promotion and development of MSMEs, including women owned MSMEs, namely, Micro and Small Enterprises Cluster Development Programme (MSE-CDP), Tool Rooms &

Technology Centres, Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Procurement and Marketing Support (PMS) Scheme, Entrepreneurship and Skill Development Programme (ESDP).

The journey towards economic independence and "Atmanirbhar Bharat" is a dynamic process, and MSMEs crucial role towards it can't be ruled out. Their resilience, innovation, and inclusivity have been imperative in driving India's progress on the path to self-reliance. This issue presents articles on the cover story "MSMEs: the key driving force to India's Economic Growth" written by distinguished experts.

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

*Micro, Small and Medium Enterprises vis-a-vis Government E-Market Place: The Growth Story* highlights MSMEs' strength and potential with the help of GeM, for making significant contributions to propel the nation towards the \$ 5 Trillion economy milestone.

*TREDS – A Solution To MSMEs Liquidity Issues?* - analyses Liquid Cash challenges faced by MSME and its solution through electronic platform called Trade Receivables Discounting System.

*Cost Management through Commodity Derivative Trading: Opportunity for The MSMEs in India to be Future-Ready* seeks to provide an understanding of derivative trading mechanisms to facilitate the risk management by the MSMEs.

*Implementation of GST in Tier - III Cities of India: Evidences from SMEs of The Itanagar Capital Region* indicates that the level of education is significant in the process of generating awareness and adoption of GST system. The Government in association with HEIs and other relevant knowledge bodies should provide regular awareness outreach campaigns for sensitization of GST particularly in rural and Tier - III cities of India.

*Cash Management of SMEs: Challenges and Remedies - an*



*Empirical Study of SMES in North Bengal*, reflects widespread variability and risk factors dominantly decide the cash holdings of SMEs. The authors note the presence of abnormal difference between receipts and payments and recommend the use of cash budgeting to eliminate the risks of payment failure and idle cash.

*The Role of Ecosystems in Facilitating MSMEs' Scaling through Digital Transformation* helps us to comprehend how ecosystems might assist MSMEs' growth and sustainability in a digitalized world

*A Study of Technology Adoption Drivers and Barriers in Indian MSMEs with respect to m-CRM* discusses the driving factors of new technology adoption in MSMEs, especially when it comes to crucial business functions like marketing with the help of mobile application. The obstacles faced by the MSME owners have also been discussed.

The research paper *Micro, Small and Medium Scale Enterprises in India: Current Scenario, Problems & Prospectus* aims to identify and discuss the key problems encountered by MSME in India, the current scenario and future prospects as well as encompassing issues related to finance, infrastructure, policy, technology, market access and skill development

*Modern Challenges of Indian Women Entrepreneurs: A Primary Survey Based Study* reveals that women entrepreneurs in India are facing several challenges arising from different societal elements.

*The Synergy Effect of Indo-Africa Relation And MSME on Development Progression* explores the collaborative impact of Indo-Africa relations and MSMEs on developmental potential.

Apart from these, this issue contains articles on various other contemporary matters. We look forward to constructive feedback from our readers. Please send your emails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this issue and hope our readers would enjoy the articles.

Wishing all the readers a happy Diwali.

# THE MANAGEMENT ACCOUNTANT

## PAPERS INVITED

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

December 2023	Theme Corporate Social Responsibility (CSR) Ecosystem in India: Trends, Challenges and Ways Forward	Subtopics <ul style="list-style-type: none"> <li>⊙ Emergence of CSR: History and Current Scenario</li> <li>⊙ Board Strategy and Effective CSR for Global Economic Growth</li> <li>⊙ Embedding CSR into the Corporate Governance Structure for Creating Shared Value</li> <li>⊙ CSR: For improved Healthcare and Nutrition in Rural India</li> <li>⊙ Sustainable Development Goals (SDGs) and its alignment with CSR towards building a sustainable society</li> <li>⊙ ESG – A step ahead of the CSR</li> <li>⊙ CSR as a Catalyst for Skill Development in India</li> <li>⊙ Integrating CSR into Education to let youth reborn as ethical citizens</li> <li>⊙ Regulations and Reporting: CSR Compliance and Beyond</li> <li>⊙ Digital Transformation: a powerful tool to CSR</li> </ul>
January 2024	Theme Banking in India: Emerging Challenges and Preparedness of this sector	Subtopics <ul style="list-style-type: none"> <li>⊙ Expected Credit Loss Mechanism of Banks: Role of CMAs</li> <li>⊙ Risk Based Internal Auditing a panacea for good governance</li> <li>⊙ Stock Audit Appraisal: Checklist for highlighting the exceptional</li> <li>⊙ CMAs role in Bank's Credit Appraisal and Monitoring Framework</li> <li>⊙ CMAs as Concurrent Auditors</li> <li>⊙ Mergers and Acquisitions the way forward for the Indian Banking System</li> <li>⊙ Digital Banking: The need of the Hour</li> <li>⊙ NBFCs are they an alternative to Banks</li> <li>⊙ Artificial Intelligence: A Disruptive changeover in the Banking Landscape</li> <li>⊙ Inclusive banking to inclusive growth</li> </ul>
February 2024	Theme Changing Landscape of Valuation Ecosystem in India	Subtopics <ul style="list-style-type: none"> <li>⊙ Valuation in Emerging Markets: Prospects &amp; Challenges for the Valuation Profession</li> <li>⊙ Risk Assessment and Mitigation: Role of Valuation Professionals</li> <li>⊙ Forensic Audit &amp; Valuation</li> <li>⊙ Valuing Start-ups ventures</li> <li>⊙ Future of Valuers in the Banking Industry – Opportunities and Limitations</li> <li>⊙ Valuation of Digital Assets: Perspective and Future Prospects</li> <li>⊙ Governance and Valuation: The Way Forward</li> <li>⊙ Valuation and Management of Currency Risk</li> <li>⊙ Valuation Practices in India v/s across the Globe</li> </ul>
March 2024	Theme Empowerment of Women: Shaping future of India	Subtopics <ul style="list-style-type: none"> <li>⊙ Bridging the Gaps to Accelerate Investment Climate for Women Entrepreneurs</li> <li>⊙ Embrace Change, Empower Women</li> <li>⊙ Women Empowerment - the key to achieve Socio-Economic growth of India</li> <li>⊙ Role of Women as Social Entrepreneurs</li> <li>⊙ Gender Equity in Education and Workplaces</li> <li>⊙ Government Policies and Enactments to achieve Women Empowerment</li> <li>⊙ DigitALL: To overcome the Digital Gender Divide</li> <li>⊙ Women-led MSMEs: Promoting Robust and Sustainable Growth</li> <li>⊙ Expanding Access to Finance through Fintech and Innovations</li> <li>⊙ Women Torchbearers as Founders and Investors in the Indian Startups space</li> </ul>

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

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



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The Institute of Cost Accountants of India

*“Two ways of building character – cultivating strength to challenge oppression, and tolerate the resultant hardships that give rise to courage and awareness.”*

-- Sardar Vallabhbhai Patel

My Dear Professional Colleague,

Extend my warmest wishes to each one of you for all the forthcoming festivals in the month of November. Diwali is a time to celebrate with family and friends, to reflect on the past year's achievements, and to look forward to a future filled with new opportunities and possibilities. May the glow of Diwali illuminate your path and guide you towards your goals and aspirations. May this festive season bring joy, prosperity, and success into your lives.

### 61<sup>st</sup> National Cost Convention-2023

I take this opportunity to cordially invite you all to the **61<sup>st</sup> National Cost Convention (NCC 2023) of the Institute scheduled to be held on 8<sup>th</sup> & 9<sup>th</sup> December, 2023 at Zorawar Hall, Manekshaw Centre, New Delhi** on the theme **“Beyond Financial Reporting: CMA Vision for Amrit Kaal - Mantras for 30 Trillion Economy”**. The theme of the 61<sup>st</sup> NCC – 2023 has been chosen to address the challenges in achieving the ‘India Vision 2047’ and the significant role the CMAs are going to play in this. The NCC will have one Plenary Session and five technical sessions to have focused and objective discussions on various facets of the theme like Infrastructure, Defence

and Space Research, Fintech, Start-ups, Sustainable Development and Social Sector. Renowned speakers / leaders from the respective fields will be presenting their thoughts on the theme and sub-themes of the 61<sup>st</sup> NCC 2023. I earnestly request all the members & students of the Institute to attend this National Mega Event of the Institute in large numbers to show the strength of CMA profession.

### Shifting Headquarters of ICAI from Kolkata to Delhi

I am pleased to inform you that with the overwhelming and wholehearted support of my esteemed council colleagues, the Council of the Institute at its 349<sup>th</sup> meeting held on 27<sup>th</sup> October, 2023 in Ahmedabad, has passed a resolution to come closer to the Government, regulators and other stakeholders to shift its Headquarters from Kolkata to Delhi. Considering the significance of this decision on the emotions and attachments of members at large, it has been decided to call for a onetime referendum from all members on whether to shift the HQ from Kolkata to Delhi or not. Further details in this regard shall be informed in due course.

### Meeting with dignitaries during October, 2023

- I along with my council colleagues had a meeting with CA. Aniket Sunil Talati, President, ICAI and CA. Purushottam Khandelwal Council Member, ICAI, who were invited by the Institute at the 349<sup>th</sup> meeting held on 27<sup>th</sup> October, 2023. During the interactions, the President ICAI has assured his support on the long pending demand of the Institute before the Government of India for change of Institute's name as “The Institute of Cost & Management Accountants of India”. He has also agreed to explore possible areas of collaboration and cooperation between both the Institutes for the mutual benefit of members and other stakeholders.
- CMA Bibhuti Bhusan Nayak, Vice President, ICAI along with CMA Manoj Kumar Anand, Council Member, ICAI extended greetings to CMA Dr. Bijay Kumar Mohanty, Director (Finance), IREDA.
- CMA Navneet Kumar Jain, Council Member, ICAI along with CMA Manish Kandpal and CMA Jeewan Chandra, RCMs NIRC, held a fruitful discussion with CBIC Board Member Ms. V. Rama Mathew to delve into the potential utility of cost records data.
- CMA Navneet Kumar Jain, Council Member,



ICMAI and CMA Jeewan Chandra RCM-NIRC had a meeting with Principal Chief Commissioner Delhi Shri Ashok Kumar Pandey and had discussions with regard to the empanelment of Cost Accountants under new Provision of Income Tax relating to Inventory Valuation.

- CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, ICMAI felicitated Smt. Rajeshwari Singh Muni, CMD of National Insurance Company Limited.

### **CAPA Member Meeting (MM) and Assembly of Delegates (AOD)**

I along with my Council Colleagues CMA (Dr.) Ashish P Thatte, Chairman International Affairs Committee & Member of CAPA Member Development Committee (MDC) and CMA (Dr.) V. Murali represented the Institute in the CAPA Member Meeting (MM) and Assembly of Delegates (AOD) hosted by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) during 5 – 6 October, 2023 in Colombo, Sri Lanka. Further, CMA Dr. Ashish P Thatte participated as speaker in the interactive session on “Ensuring PAO Sustainability – Challenges and Solutions” during CAPA member meeting. CMA Dr. Ashish P Thatte and CMA Dr. V. Murali, Council Member, ICMAI also participated in the 44<sup>th</sup> National Conference (NC) of CA Sri Lanka held on 4 – 5 October, 2023.

### **Meeting with Helen Brand, Chief Executive ACCA-UK**

CMA Manoj Kumar Anand, Council Member, ICMAI had a meeting Ms. Helen Brand OBE, Chief Executive, ACCA UK along with Md. Sajid Khan, Director - India, ACCA, and Mr. Sundeep Jakhar, Head of Public Affairs - India, ACCA at CMA Bhawan, New Delhi on 30th October 2023. Discussions were held to explore the ways to further strengthen the relationship between both the Institutes for the mutual benefit of our members, students and other stakeholders.

*I now present a brief summary of the activities of various Departments/Committees/ Boards of the Institute, in addition to those detailed above:*

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

I am pleased to inform you that CMAs are now eligible to apply for the post of Chief Executive Officer of Multi State Co-operatives Society, Mumbai and Income Tax Department Cooperative Bank Ltd., Mumbai, and Credit Officers (Scale-II and III) in Bank of Maharashtra. Further,

Saraswat Bank has included CMAs for empanelment in Stock Audit for their various branches across the country.

The 9<sup>th</sup> Batch of the Certificate Course on Concurrent Audit of Banks started on 8<sup>th</sup> October, 2023. Shri TRV Satyanarayana, CGM, KBS Local Area Bank was the Chief Guest at the inaugural session. I am pleased to inform you that the Institute has received nominations of 7 participants from Prince Bank PLC., Cambodia for the course.

I request all to provide their Expression of Interest for the 9<sup>th</sup> batch of the Certificate Course on Treasury and International Banking and 10<sup>th</sup> batch of the Certificate Course on Concurrent Audit of Banks as per the following link: <https://docs.google.com/forms/d/e/1FAIpQLSdx18Bm27SjBv83hUDP64j3jLmDuSleVmGn2l2K3Epdg9P3Bw/viewform?vc=0&c=0&w=1&flr=0>

The admission window for the 9<sup>th</sup> Batch of Certificate Course on **Credit Management of Banks** is presently open and classes are scheduled to start from 4<sup>th</sup> November, 2023. The members, students and others are requested to take the opportunity for capacity building and knowledge enhancement by enrolling in such courses for which the link of admission is as follows <https://eicmai.in/advsc/Home.aspx>

The BFSI Board participated in the BFSI Insight Summit organized by the Business Standard on 30<sup>th</sup> & 31<sup>st</sup> October, 2023 where stalwarts and captions of BFSI sector participated for the event. The Institute had an exclusive stall for the event and had a grand success in networking and brand awareness for the event.

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

I am pleased to share that Career Counselling and Placement Committee of the Institute had participated in a CAREER CAFÉ, held on 29th and 30th September 2023 at the Bhowanipore Education Society College, Kolkata. CMA Subhasish Chakraborty the Vice Chairman of EIRC of ICMAI was the resource person on behalf of our Institute. Students' participation was spectacular and both the days, student's footfall in the stall of the Institute was remarkable.

### **COMMITTEE FOR ACCOUNTING TECHNICIANS (CAT)**

I had informed you in my earlier communiqué about the inaugural of CAT course batches for retiring/retired JCOs/OR & their equivalent in association with Directorate General of Resettlement (DGR), Ministry of Defence, Government of India in different locations. The inaugural of two more batches were held on 6th October, 2023 &

11th October, 2023 at Bhubaneswar & Indore-Dewas Chapters respectively. At Bhubaneswar, Col Rahul V. Kondalkar, Administrative Commandant, Military Station Bhubaneswar graced the occasion as Chief Guest in presence of CMA Bibhuti Bhusan Nayak, Vice President and other Council Colleagues.

At Indore, Col K S Sirohi (Retd), DSWO, Indore was the Chief Guest in presence of CMA Nanty Shah, Treasurer, WIRC, Managing Committee Members of the Chapter & other dignitaries. The Chief Guests at both the locations boosted the morale of the candidates who are learning CAT course and explained to them how this course could be helpful in resettlement post their retirement from the Defence services.

### COOPERATIVE DEVELOPMENT BOARD

I am happy to share that the Cooperative Development Board of the Institute had organized a Webint on “*Guidance on Cooperative Empanelment, Maharashtra*” basically for updating the knowledge of the practicing members about the procedures of empanelment in cooperative audit in Maharashtra and also creating awareness about the rules and regulations applicable for the empanelment of the CMA fraternity.

### MEMBERSHIP DEPARTMENT

I warmly welcome and congratulate all the 103 new members who have been granted Associate membership and 37 Associate members who have been granted Fellowship during the month of October 2023.

I am happy to note that under the leadership of CMA Avijit Goswami, Chairman of the Members Facilities Committee, these new memberships were already granted even during festivities in the month of October 2023.

### INFORMATION TECHNOLOGY COMMITTEE

Information Technology Committee organized an Online Capacity Building Program in Business - Purpose to Performance from 3<sup>rd</sup> to 7<sup>th</sup> October 2023 in association with the New College [Autonomous], Chennai. The workshop was inaugurated by CMA TCA Srinivasa Prasad, Council Member and Chairman -IT Committee along with Dr. Asrar Sheriff, Principal, Dr. Syed Rafiq Ahmed, Head of the Department of Commerce. Our CMA Fraternity - CMA Uttam Kumar Nayak, Chairman - EIRC, CMA S N Mittal, Chairman - NIRC, CMA Chaitanya Laxmanrao Mohrir, Chairman - WIRC, CMA S Ranganandhini, CMA Arindam Banerjee, CMA Rohan Sharma, CMA Rahul Kedia and Shri Raghavendra Prasad delivered their resource insights on ERP, FinTech and Blockchain, Data Science and Analytics, Chat GPT, Digital Finance. The event was coordinated by

CMA Rakesh Shankar Ravisankar, Dr. K. Mohammed Hasheem, Dr. N O Aariff, Dr. S. Thothadiri. *The event witnessed a huge gathering of around 3000 participants.*

### REGIONAL COUNCIL & CHAPTERS COORDINATION COMMITTEE

I am pleased to share that the Eastern Region Chapters meet was organised by the Regional Council & Chapters Coordination Committee jointly with the Eastern India Regional Council at Bhubaneswar on 6<sup>th</sup> October, 2023 and the event was hosted by Bhubaneswar Chapter in its Chapter premises.

The meeting was chaired by CMA Bibhuti Bhusan Nayak, Vice President and was convened by CMA Vinayaranjan P., Chairman, Regional Council & Chapters Coordination Committee which was attended by my Council Colleagues who are members of the Committee, EIRC office bearers, Chapter representatives of Eastern Region, Secretary of the Institute and other Institute officials. In the meeting, representatives of the chapters shared their views and issues and deliberated on such matters which needed the attention of the Committee, RC or headquarters with a view to streamline and improve upon the functioning of the Chapters and the Institute.

### TAX RESEARCH DEPARTMENT

I congratulate the Tax Research Department on the release of the 6<sup>th</sup> anniversary edition of Tax Bulletin. Since the launch of Tax Bulletin in the year 2017, it has been a beacon of knowledge, providing insights, updates, and guidance in the ever-evolving landscape of taxation.

The Tax Research Department conducted a four days' Workshop on 'An Insight to Input Tax Credit under GST Laws – Understanding, Legal Issues and How to Address'. The workshop was widely appreciated by the participants.

The Tax Research Department is focusing on the development of professional knowledge of the members on the new Section 142(2A) and its allied topics and forms. On 3<sup>rd</sup> October, a webinar was conducted on the Topic 'Discussion on Inventory Valuation by Cost Accountants – Form 6D'. Another webinar was conducted for the elected representatives of the Chapters and Regions on 17<sup>th</sup> October to discuss the steps to be taken for the capacity building of the members for undertaking inventory valuation assignments.

Among the other activities, the classes for the GST Course for college and university students were successfully completed for The Chevalier T Thomas Elizabeth College for Women, Chennai this month, and the exam was also conducted on Oct 12, 2023. The certification distribution

is scheduled for the coming month.

The classes for the following taxation courses are being conducted:

- I. Certificate Course on GST (Batch – 14)
- II. Advanced Certificate Course on GST (Batch – 10)
- III. Advanced Course on GST Audit and Assessment Procedure (Batch – 7)
- IV. Certificate Course on International Trade (Batch – 4)
- V. Certificate Course on TDS (Batch – 10)
- VI. Certificate Course on Filing of Returns (Batch – 10) and
- VII. Advanced Course on Income Tax Assessment & Appeals (Batch – 7)

The quiz on indirect taxes is conducted on every Friday pan India basis. The winners of the quiz during April 2023 to Sept 2023 are being decided and the steps are also being taken to award the winner.

### **INSOLVENCY PROFESSIONAL AGENCY (IPA) OF THE INSTITUTE**

The Insolvency Professional Agency of Institute of Cost Accountants of India, in its endeavor 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. Towards that, IPA ICMAI has undertaken several online learning sessions, workshops, conclave, seminar, master class and executive development program during the month of October, 2023.

Further, 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)**

I am pleased to inform you that ICMAI RVO has successfully organized four “50 Hours training programs” for Securities or Financial Assets Land and Building and also organized 14 “Professional Development Programs” in the month of October, 2023. In its efforts to bring out relevant publications for development of valuation profession, ICMAI RVO released its monthly Journal – The Valuation Professional. It organized a program on the occasion of Valuation day on 18th October, 2023 in association with IBBI and some of the RVOs. It will be organizing Valuation Conclave in association with all the RVOs and IBBI as the lead RVO in the first week of

December in Delhi.

### **ICMAI SOCIAL AUDITORS ORGANIZATION (SAO)**

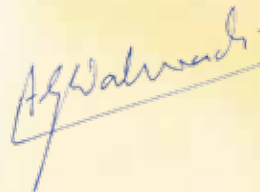
I am pleased to inform you that ICMAI SAO organized one preparatory course for preparing candidates for the Social Auditors exam conducted by NISM and also organized two Professional Development programs during October, 2023. The Company released its monthly Journal – The Social Auditor. President of the Institute is a member of the Social Stock Exchange Advisory Committee constituted by SEBI. We are working on compiling a unified set of Social Audit Standards in association with Social Audit Organizations of ICAI and ICSI.

### **ICMAI INTERNATIONAL ADR CHAMBER**

The Institute has promoted a section 8 company to create awareness, develop competency and establish a Centre for Arbitration and Mediation. CMA (Dr.) S K Gupta has been appointed as the Chief Operating Officer of the Company. A professional development program on Mediation Act 2023 was organized in physical mode on 18th October. Two webinars on – Mediation: Key Provisions and Professional opportunities, and Overview of Arbitration and professional opportunities were organized during the month of October.

I wish prosperity and happiness to members, students and their families on the occasion of Diwali, Govardha Puja, Bhai Duj, Chhat Puja & Guru Nanak Jayanti and pray for their success in all of their endeavours.

With warm regards,



**CMA Ashwin G. Dalwadi**

November 02, 2023

## Obituary

### *In Loving Memory of*

#### **CMA KUNAL BANERJEE**

**PRESIDENT (2008-09)**



**O**n behalf of the members of the Council of the Institute and my own behalf, I express our deep sorrow and profound grief on the sad demise of illustrious Former President of the Institute CMA Kunal Banerjee, who left for heavenly abode on 4th November, 2023. He was a dedicated and visionary leader who made significant contributions to the field of cost and management accountancy, and his loss is deeply felt by all of us.

During his tenure as President for the year 2008-09, he played a pivotal role in shaping the institute's direction and ensuring its continued growth and success. His unwavering commitment to the CMA profession and his tireless efforts to uphold the highest standards of ethics and integrity in cost and management accountancy have left an indelible mark on CMA fraternity.

CMA Kunal Banerjee was not only a respected professional but also a mentor and friend to many in the industry. He had a warm and approachable demeanor, always willing to share his knowledge and experience with others. His leadership and dedication to the cost and management accountancy field inspired countless individuals, and his legacy will continue to influence future generations of cost and management accountants.

As we mourn the loss of CMA Kunal Banerjee, let us also remember and celebrate his remarkable contributions to our profession and the institute. We extend our deepest condolences to his family, friends, and colleagues during this difficult time.

**CMA Ashwin G. Dalwadi**

President, ICAI

November 05, 2023



# FROM THE DESK OF CHAIRMAN

MSME & Start-up Promotion Board  
The Institute of Cost Accountants of India

## CMA Suresh Rachappa Gunjalli

*MSME means- Maximum Support to Micro, Small and Medium Enterprises and that to strengthen the sector would mean to strengthen the society.*

*- Shri Narendra Modi  
Hon'ble Prime Minister of India*

In projecting the Indian economy, the MSME sector has shown to be a highly dynamic element. Nowadays, the MSME sector has gained a lot of prominence and attention of investors, policymakers and entrepreneurs. Their adaptability, capability and agility to nurture grassroot entrepreneurship position themselves as vital players in India's economic landscape. Moreover, they contribute in enhancing the productivity and competitiveness of the Indian economy. Viewing the importance of MSME, it gives me immense pleasure to note that The Management Accountant, a pioneering Journal of our Institute is featuring articles on MSME in its Cover Story column.

Recognizing the indispensable role of MSME sector in India's economic growth, Indian government is taking multiple initiatives and policy measures to create an inclusive ecosystem. Our government's support in implementing the "Aatmanirbhar Bharat" campaign, creating financial support schemes, funding and access to capital, promoting partnerships, offering training, education programs and bringing ease of doing business reforms further contribute in empowering MSMEs to reach their fullest potential.

Recently, RBI has initiated a comprehensive programme focused on evaluating the feasibility of a 'Public Tech Platform for Frictionless Credit' looking forward to streamline and enhance the credit delivery by financial institutions, ultimately contributing to flexible financial

schemes in our country. The basic objective of this initiative is to simplify the credit appraisal process, making it more accessible and efficient for both lenders and borrowers. By consolidating all the necessary information in one place, this initiative aims to eliminate friction in the credit access journey for MSMEs.

The evolving MSME landscape in India presents an array of opportunities. With an emphasis on streamlined regulations, improved credit access and fostering innovation, MSMEs can significantly boost the nation's economic growth and prosperity. At this juncture, role of CMA's becomes even more imperative and challenging as a trusted advisor/consultant who can guide MSME through this challenge in developing a robust business which acts ethically and responsibly. CMAs with their professional expertise will help in preparing high quality financial information, which is not only important for facilitating MSME access to finance, but also in managing their internal finances, decision making regarding their allocation of internal resources in their overall business and financial planning.

Wish you all a very happy reading and hope you will find it to be an extremely beneficial to enrich your knowledge base.

Also wishing a very happy and prosperous Diwali ahead!!!

Warm Regards,

**CMA Suresh Rachappa Gunjalli**

November 02, 2023

# REPORT OF THE 5 DAYS CAPACITY BUILDING PROGRAMME ON TECHNOLOGY TRANSFORMATION IN BUSINESS – PURPOSE TO PERFORMANCE

[Joint Initiative of Information Technology Committee, ICAI and The New College [Autonomous], Chennai]

(3<sup>rd</sup> October 2023 to 7<sup>th</sup> October 2023)

The 5 Days Capacity Building Program on ‘**Technology Transformation in Business - Purpose to Performance**’ was a collaborative effort between P.G. and Research Department of Commerce, The New College [Autonomous], Chennai and Information Technology Committee, The Institute of Cost Accountants of India.

Dr. S. Syed Rafiq Ahmed, HOD of Commerce, delivered the welcome address. CMA TCA Srinivasa Prasad, Council Member, Chairman – IT Committee, ICAI, presented the main theme of the event and the indispensable role of technology in today’s business. CMA Uttam Kumar Nayak, Chairman – Eastern India Regional Council, ICAI, delivered a Keynote speech with valuable insight into the transformative potential of technology in the business world. CMA S Ranganandini, Deputy General Manager, RAMCO Systems Limited, gave in-depth analysis on the successful implementation of ERP systems. She walked through the intricacies of ERP showcasing decision-making processes and facilitating data-driven insights with real time case studies.

CMA TCA Srinivasa Prasad, Council Member, Chairman - IT Committee, ICAI, in his opening remarks highlighted the importance of the Fin Tech arena and its relevance to contemporary challenges in the modern business arena. The Resource Person, Shri Raghavendra Prasad Venkataraman, Founder & Managing Director, Astra Quarks Digi solutions Private Ltd. presented valuable inputs on “**Fin Tech and Blockchain - A Catalyst**” and he elaborated on the pivotal role of financial technology and blockchain in modernizing and catalyzing various industries.

CMA Satya Narayan Mittal, Chairman, Northern India Regional Council, ICAI, delivered Key Note Address on the relevance of Data Science and Business Analytics contemporary challenges in the field. The technical session led by CMA (Dr.) Arindam Banerjee, Associate Professor – Finance, School of Commerce and Management, Shiv Nadar University with his expertise on wide range of key concepts such as Alternative Data and its influence on the interests of the different stakeholders at a global level. He explained how businesses

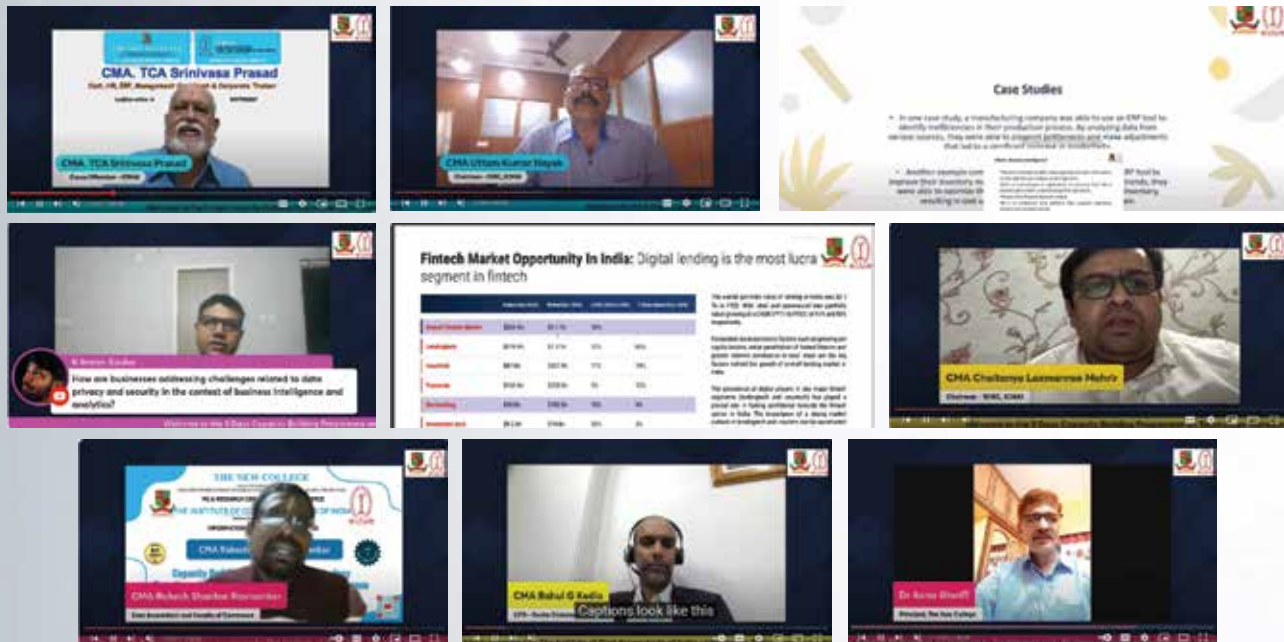
could utilize the power of data to gain deep insights, adjust processes and drive innovation and highlighted the concept of ‘**Data Story – Telling**’ and its different facets.

CMA Chaitanya Laxmanrao Mohrir, Chairman, Western India Regional Council, ICAI, in his Keynote address emphasized on the significance of MSMEs and their contributions towards the Indian Economy, capabilities and advantages of Chat GPT in MSMEs. The technical session led by CMA Rohan Sharma, SAP Consultant, Accenture. CMA Rohan Sharma’s technical session was the focal point providing in-depth exploration of Chat GPT’s practical applications in general and for MSMEs in particular. Drawing upon his extensive expertise, the resource person provided a comprehensive usage of the technology, navigating its dynamic mechanisms. He underscored how Chat GPT leverages pre-trained language models to generate human-like responses in natural language, emphasizing its potential as a powerful communication tool. Throughout the session, he demonstrated the way Chat GPT could automate customer inquiries, elevate customer support, enhance data analysis, and optimize supply chain operations and modern applications of Chat GPT.

CMA TCA Srinivasa Prasad, Council Member, Chairman - IT Committee, ICAI, delivered a captivating Keynote address on the topic “**Digital Finance - Boon or Bane for MSMEs**”. In his Keynote address he dissected the impact of digital finance on MSMEs specifying the advantages and challenges with respect to digital finance. The technical session, led by CMA Rahul Kedia, CFO of ROCHE Diabetics Care India Pvt. Ltd., on the topic, “**Digital Finance - Boon or Bane for MSMEs.**” highlighted the concept of MSMEs and how they contribute to the GDP of the Nation. Valedictory Address was delivered by Dr. Asrar Sheriff, Principal, The New College, Chennai

The event was coordinated by CMA Rakesh Shankar Ravisankar, Cost Accountant and Dr. Mohammed Hasheem, Dr. N O Aariff, Dr. S Thothadri, Faculty of Commerce, The New College [Autonomous]

## Screenshots



# MEMORANDUM OF UNDERSTANDING BETWEEN THE INSTITUTE OF COST ACCOUNTANTS OF INDIA & SRI GURU TEG BAHADUR KHALSA COLLEGE, ANANDPUR SAHIB

Sri Guru Teg Bahadur Khalsa College, Anandpur Sahib has entered into a MoU with The Institute of Cost Accountants of India on 3rd of November 2023 at the College Campus. The MoU is aimed at offering academic excellence and promote knowledge sharing in the field

of commerce, Cost Accounting and related disciplines. The collaboration will open avenues for joint seminars, workshops, conferences and collaborative research projects, providing students with practical exposure and industry insights.



## SEMINAR ON 7<sup>th</sup> YEAR GST - CRITICAL ISSUES AND WAY FORWARD

31<sup>st</sup> Oct 2023 at Hyderabad Centre of Excellence

The Tax Research Department organised a seminar on the theme “7<sup>th</sup> Year of GST - Critical Issues and Way Forward” on 31<sup>st</sup> Oct 2023 at Hyderabad Centre of Excellence.

Tax Research Department Members, CMA Rajendra Singh Bhati, Chairman, Indirect Taxation Committee, CMA Suresh Rachappa Gunjalli, Council Member, Shri Makoskar Surendrakumar, Commissioner, Central Tax, Hyderabad, Shri Sandeep Prakash, Chief Commissioner, Customs and

Central Tax, Hyderabad Zone, CMA (Dr.) K.Ch A V S N Murthy, Council Member, CMA Vinayaranjan P, Council Member graced the occasion. Speakers were CMA BM Gupta, CMA Anil Sharma, CMA Sanjay R Bhargave and CMA Panduranga Rao.

Hyderabad Chapter Members attended the seminar.



Lighting of Lamp by CMA Rajendra Singh Bhati



Inauguration of Tax Bulletin



Eminent dignitaries present on the dais



Felicitation of Shri Sandeep Prakash, Chief Commissioner



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1. CMA Bibhuti Bhusan Nayak, Vice President, ICMAI along with CMA Manoj Kumar Anand, Council Member, ICMAI extending greetings to CMA (Dr.) Bijay Kumar Mohanty, Director (Finance), IREDA.

2. CMA Navneet Kumar Jain, Council Member & CMA Jeewan Chandra RCM NIRC met with Sh. Chunilal Ghosh and Sh. Manjesh Porwal, officials of Cost Audit Branch, Ministry of Corporate Affairs and had fruitful discussions on cost audit.

3. CMA Navneet Kumar Jain, Council Member and CMA Jeewan Chandra RCM-NIRC had a productive meeting with Sh. Yougal Kishor Joshi, Mission Director at Niti Aayog, shedding light on the invaluable contributions of Cost Accountants across both the public and private sectors.

4. CMA Navneet Kumar Jain, Council Member & CMA Jeewan Chandra met with Principal Chief Commissioner, Delhi, Shri Ashok Kumar Pandey and had discussions with regard to the empanelment of Cost Accountants under new Provision of Income Tax relating to Inventory Valuation.

5. CMA Navneet Kumar Jain, Council Member met with IMA's Board Chairs Mr. Richard T Brady, Sunil Deshmukh ji & President Delhi Chapter of IMA-Sanjay Garg ji during Convocation Ceremony of IMA- Delhi Chapter and had discussions on reciprocal exemptions.

6. Meeting with Mr. Rajesh Jadhavar, Joint Registrar of the Co-Operative Department by CMA Harshad Deshpande, Council Member & CMA Mahendra Bhombe, RCM - WIRC for discussions on the upcoming empanelment of CMA firms for the fiscal years 2023-26.



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7. Inauguration of fourth batch of CAT Course under DGR for defence personnel on 6th October 2023 at Bhubaneswar in the august presence of Col Rahul V. Kondalkar, Administrative Commandant, Military Station Bhubaneswar, CMA Bibhuti Bhusan Nayak, Vice President, ICMAI, other Council Members, Regional Council Members, Chapter Representatives and senior officials of the Institute.



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8. Inauguration of fifth batch of CAT Course under DGR for defence personnel on 11th October 2023 at Indore in the august presence of Col K S Sirohi (Retd.), DSWO, Indore, CMA Nanty Shah, Treasurer-WIRC, Members of Indore - Dewas MC, and officials of the Institute.

9. CMA Navneet Kumar Jain, Council Member and CMA Jeewan Chandra (RCM-NIRC) recently held a meeting with Dr. Arvind Virmani, a member of Niti Aayog and apprised him about the availability and utilization of costing data of various Industries.

10. CMA Navneet Kumar Jain, Council Member along with CMA Manish Kandpal, RCM and CMA Jeewan Chandra, RCM from NIRC had the privilege of meeting Sh. Ashu Mathur ji, Addl. Chief Advisor (Cost) at the Department of Expenditure, Ministry of Finance, GOI. They expressed their deep respect with a token of appreciation.

11. CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, ICMAI felicitating Smt. Rajeshwari Singh Muni, CMD of National Insurance Company Limited.

12. CMA Manoj Kumar Anand, Council Member, ICMAI had a meeting with Ms. Helen Brand OBE, Chief Executive, ACCA UK along with Md. Sajid Khan, Director - India, ACCA, and Mr. Sundeeep Jakhar, Head of Public Affairs - India, ACCA at CMA Bhawan, New Delhi on 30th October 2023.

13. CMA Manoj Kumar Anand, Council Member, ICMAI felicitating Helen Brand OBE, Chief Executive, ACCA UK on 30th October 2023 at CMA Bhawan, New Delhi.

14. CMA Manoj Kumar Anand, Council Member, ICMAI felicitating Dr. Nilotpal Goswami, Director General, CAG.



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

[www.icmai.in](http://www.icmai.in)

Since 1944



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1800 110 910

✉ [studies@icmai.in](mailto:studies@icmai.in)

The Institute of Cost Accountants of India is a premier professional Institute and a Statutory Body established under an Act of Parliament under the administrative control of **Ministry of Corporate Affairs (MCA), Government of India** to regulate and develop the profession of Cost and Management Accountancy (CMA) in the country.

## CMA Course Going Global

MENTORING FUTURE-READY PROFESSIONALS

## ADMISSION OPEN 2024

5,00,000+ Students

90,000+ Alumni

4 Regional Councils

116 Chapters across India

61 CMA SC & 382 ROCC

11 Overseas Centers

Largest CMA body in the Globe

### Eligibility

#### Admission in Foundation Course

- ☉ Passed Class 10 (Require to pass 10+2 before appearing in CMA Examination)
- ☉ 10+2 Pass or its equivalent (Students appearing for 10+2 also apply on provisional basis)

#### Registration to Intermediate Course

- ☉ Passed CMA Foundation Examination
- ☉ Graduates of any discipline (Students awaiting final result also apply on provisional basis)
- ☉ Qualified CAT Level - I of The Institute of Cost Accountants of India
- ☉ Qualified Engineers

### Course Fees

Foundation - Rs. 6,000/-

Intermediate - Rs. 23,100/-

Final - Rs. 25,000/-

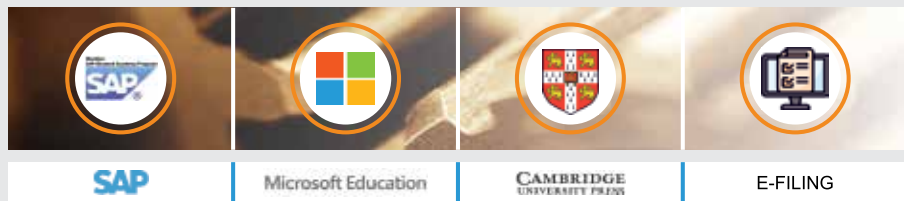
\*Installment facility available

\*\*Merit based Scholarships available

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World Class Employability and Techno **Skill Training** facility for **CMA Intermediate Students**

✉ [skilltraining@icmai.in](mailto:skilltraining@icmai.in)



### Prominent Recruiters in CMA Campus Placement Drive: 2022 - 2023



Highest CTC offered **INR 28 lakh p.a.** | Avg. CTC offered **INR 12 lakh p.a.** *And Many More...*



The Institute of Cost Accountants of India

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

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

94323 82747

[placement@icmai.in](mailto:placement@icmai.in)

Behind Every Successful Business Decision, there is always a **CMA**





# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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# 61st NATIONAL COST CONVENTION 2023



**Beyond Financial Reporting: CMA Vision for Amrit Kaal  
*Mantras for \$30 Trillion Economy***



8 - 9  
**DECEMBER  
2023**

Zorawar Auditorium  
Manekshaw Centre  
Parade Road, Delhi Cantt.,  
Delhi - 110010

Behind Every Successful Business Decision, there is always a **CMA**



## WELCOME MESSAGE

**H**on'ble Prime Minister of India while giving the clarion call for the India Vision 2047 stated that for the coming 25 years, we should follow only one mantra **the message of unity**. India's unity gives us strength. In the Amrit Kaal, in 2047, when the country will celebrate 100 years of independence, at that time the tricolor of India in the world should be the tricolor flag of developed India. In its quest to achieve the vision of becoming one of the two largest economies in the world by the year 2047, India is aiming to complement the macro-economic level growth focus with a micro-economic level all-inclusive welfare focus, to promote Digital Economy & Fintech, Technology-enabled Development, Energy Transition, and Climate Action and to rely on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

Over the years, the Cost and Management Accountancy (CMA) profession has strived relentlessly to promote the socio-economic development of the country. The CMAs are considered to be the powerhouse in the Indian economy as they are trained to be cost competitive, utilize available resources in an efficient and cost-effective manner through cost optimization, efficient deployment of scarce resources leading to cost control, cost reduction and cost consciousness. With their Professional expertise, the CMAs are dedicated to professional contribution in nation building, and to realise the vision of India being technology-driven and knowledge-based economy with strong public finances and a robust financial sector by the year 2047.

All this constitutes the agenda of the forthcoming 61<sup>st</sup> National Cost Convention 2023 to be held in New Delhi during 8 - 9 December 2023 on the theme **Beyond Financial Reporting: CMA Vision for Amrit Kaal - Mantras for \$30 Trillion Economy**, which seeks to address the challenges in achieving the India Vision 2047 and the significant role the CMAs are going to play in this. 61<sup>st</sup> NCC will have five technical sessions to have focused and objective discussions on various facets of the theme by senior bureaucrats, eminent experts, and dignitaries from industry, academia and professional bodies. The key take away for the participants will be a better understanding of each facet of the theme in a capsule form, stimulating new ideas, inputs for formulating strategies that power their own businesses and professional practice and a deeper and wider appreciation of the tremendous role the CMAs can play in achieving the national vision.

We urge upon all the regional councils, chapters and members of the Institute to combine their efforts to show the strength of CMA profession to all stakeholders by mobilising resources and attending the event in large numbers. We are confident that with the live participation and valuable support of distinguished guests and delegates from profession, industry, regulators and government the 61<sup>st</sup> NCC will be a grand success.

With best regards



**CMA Ashwin G. Dalwadi**  
President, ICMAI & Chief Patron - 61<sup>st</sup> NCC



**CMA Bibhuti Bhusan Nayak**  
Chairman - 61<sup>st</sup> NCC



**CMA Manoj Kumar Anand**  
Convener - 61<sup>st</sup> NCC



**CMA Neeraj D Joshi**  
Co-Convener - 61<sup>st</sup> NCC



**CMA Satya Narayan Mittal**  
Co-Chairman - 61<sup>st</sup> NCC



## BEYOND FINANCIAL REPORTING: CMA VISION FOR AMRIT KAAL

### Mantras for \$30 Trillion Economy

India has emerged as the fastest-growing major economy in the world and it is expected to be one of the top three economic powers of the world over the next 10-15 years, and is well on the path to achieving the vision of becoming one of the two largest economies in the world and a global powerhouse with the size of economy around \$ 30 trillion by the year 2047. The government aims to complement the macro-economic level growth focus with a micro-economic level all-inclusive welfare focus, to promote digital economy & fintech, technology-enabled development, energy transition, and climate action and to rely on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

The 61<sup>st</sup> National Cost Convention 2023 to be held in New Delhi during 8<sup>th</sup> & 9<sup>th</sup> December 2023 will have focussed discussions on the role of the CMAs in building a Resilient, Competitive and Sustainable Indian Economy in Amrit Kaal, and to enrich the knowledge of the participants and to enhance the skill set of the professionals in order to contribute significantly in achieving the India Vision 2047.

Technical Session on **Infrastructure and Performance Measurement** will explore the role of CMAs in proper investment management in infrastructure sector by means of feasibility studies and monitoring & evaluation of projects. The deliberation will be focussed on the concepts like Performance Governance, Infrastructure Performance Management (IPM), Enterprise Performance Management (EPM) and Investment Asset Management (IAM) among others. India has prioritised **Defence and Space research** and the government is focusing on various key policy imperatives for building up a resilient Defence and space research eco system in India. Session on Cost Management in Defence and Space Research will deliberate on the challenges faced by the sector like increasing cost and ever changing cost dynamics, and try to find solutions.

The technical session on **Social Sector and Start-ups** will explore the dimensions of vital connect between Social Sector and Sustainable development through engaging deliberations around imperative need for cost management, appropriate monitoring and evaluation systems in social sector projects like Healthcare and Education. CMA tools are considered to be a means of providing adequate and quality information for management control for all sorts of organisations, including non- profits. There will be deliberation on various dimensions of Start-ups such as Cost management, Fund raising and valuation and on the CMA competencies to guide the Start-ups.

The session on **Artificial Intelligence towards Fintech Ecosystem** will establish the role of CMAs in the usage of AI-enabled tools to significantly improve the cost management processes and systems. The session will also have focus on financial technology and sustainability. It will explore the importance for businesses to use Fintech to improve the ease and speed of their services, as well as to facilitate the mass customisation and personalisation by having a close look at the cost structure of various products and services being provided by FinTech industry and the role CMAs can play.

There will be a session on **ESG & Sustainability for the future** which will throw light on the CMA Competencies that are required for ESG compliance and ensuring the sustainable development of the business and economy. This will underscore the transformation of CMAs from mere reporters of cost data to dynamic decision-makers and strategists within organizations and will highlight their ability to provide valuable insights that drive sustainable growth and efficiency.



The Institute of Cost Accountants of India

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# TECHNICAL SESSIONS

**FRIDAY, 8 DECEMBER 2023**

- ⊙ **Registration** (0830 to 1000 hours)
- ⊙ **Inaugural Session** (1000 hours to 1130 hours)
- ⊙ **Plenary Session** (1200 hours to 1330 hours)
- ⊙ **Technical Session 1: Building a framework of performance management in Infrastructure sector** (1430 to 1600 hours)
  - ▲ Cost optimisation in Infrastructure projects: Case studies
  - ▲ Application of Cost and Management accounting techniques in Infra sector: (Life cycle costing, Performance Budgeting, Project Cost Accounting, Resource to Value mapping)
  - ▲ Investment Management in Infrastructure sector: Role of CMAs
- ⊙ **Technical Session 2: Enhancing capabilities and resilience of Defence and Space Research in India** (1630 to 1800 hours)
  - ▲ Cost Management in Defence sector: Case studies
  - ▲ Management and monitoring of space research programs: Cost perspective
  - ▲ Rationalizing Defence procurement through Cost and Management Accounting tools and practices
- ⊙ **Cultural Evening followed by Dinner** (1900 hours onwards)

**SATURDAY, 9 DECEMBER 2023**

- ⊙ **Technical Session 3: Catalysing Social Sector and creating an ecosystem for Start-ups to drive sustainable economic development** (1000 to 1130 hours)
  - ▲ Social Stock Exchange – A key facilitator in catalysing social sector
  - ▲ Imperative need for effective cost management in social sector for Planning, Monitoring and Evaluation of social projects like Healthcare & Education
  - ▲ Role of CMAs in building cost culture in Start-up ecosystem
- ⊙ **Technical Session 4: Leveraging Artificial Intelligence (AI) towards a Responsible, Inclusive, Resilient and Sustainable FinTech Ecosystem** (1200 hours to 1330 hours)
  - ▲ How FinTech is transforming financial markets
  - ▲ Transformative role of AI in FinTech industry
  - ▲ Building inclusive and Sustainable FinTech Industry: Role of CMAs
- ⊙ **Technical Session 5: Shaping a sustainable future during Amrit Kaal and beyond** (1430 hours to 1600 hours)
  - ▲ Catalysing resource optimization for a sustainable future: Role of CMAs
  - ▲ Embedding ESG in corporate decision making: Case studies
  - ▲ Beyond Financial Reporting: Closing the information gap
- ⊙ **Valedictory Session** (1600 to 1700 hours) followed by Tea/Coffee





# CONVENTION COMMITTEES

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#### Particulars

Corporate Delegate	INR 6000 + 18% GST
Cost Accountant-in-Practice / Self-Sponsored Member	INR 3000 + 18% GST
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Students	INR 1000 + 18% GST
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#### Delegate Fee

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### MODE OF PAYMENT

The Cheque / Demand Draft to be drawn in favour of "The Institute of Cost Accountants of India" payable at NEW DELHI.

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The Institute of Cost Accountants of India

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# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

The Institute of Cost Accountants of India was first established in 1944 as a registered company under the Companies Act with the objectives of promoting, regulating and developing the profession of Cost Accountancy. On 28th 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. The Institute has since been continuously contributing to the growth of the industrial and economic climate of the country. The Institute is the only recognised statutory professional body in India specialising exclusively in Cost and Management Accountancy.

The Institute of Cost Accountants of India is Founder member of International Federation of Accountants (IFAC), Confederation of Asian & Pacific Accountants (CAPA) & South Asian Federation of Accountants (SAFA). The

Institute is also a member of International Valuation Standards Council (IVSC), UK and International Integrated Reporting Council (IIRC), UK.

With the current emphasis on management of resources, the specialized knowledge of evaluating operating efficiency and strategic management, the professional members of the Institute are known as "Cost and Management Accountants (CMAs)". ICAI is the largest Cost & Management Accounting body in the world, having more than 5,00,000 students and 90,000 members all over the globe. The Institute is headquartered at Kolkata with an office in New Delhi. The Institute operates through 4 regional councils at Kolkata, Delhi, Mumbai and Chennai and 116 Chapters situated at important cities in the country as well as 11 Overseas Centres, 61 CMA Support Centres & 382 ROCCs. It is under the administrative control of the Ministry of Corporate Affairs, Government of India.

## 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 Cost and Management Accountant 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.

CEP Credit: 8 Hrs



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Behind Every Successful Business Decision, there is always a **CMA**

# MICRO, SMALL AND MEDIUM ENTERPRISES VIS-A-VIS GOVERNMENT E - MARKET PLACE: THE GROWTH STORY

## Abstract

*The growth of MSMEs is seen as a key driver of economic development and job creation in India. The sector also shows strong momentum in exports, as per the Directorate General of Commercial Intelligence and Statistics (DGCIS). MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. It is now incumbent upon the MSMEs to harness their strength and potential with the help of GeM, for making significant contributions to propel the nation towards the \$ 5 Trillion economy milestone and securing its position as the world's third-largest economy.*

## MSME SECTOR IN INDIA

**T**he Micro, small and medium enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. The Indian Government recognizes the importance of MSMEs and has introduced various policies and initiatives to support their growth and development. These include easier access to credit, reduced compliance burdens, technology upgradation schemes and more. The growth of MSMEs is seen as a key driver of economic development and job creation in India. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

MSMEs play a crucial role in the Indian economy, contributing significantly to the economic growth, employment generation, and industrial development. MSMEs have consistently been significant contributors to India's GDP. According to various estimates, this sector contributes around 29 to 30 per cent of the country's GDP and employs a substantial portion of the workforce.



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The sector also shows strong momentum in exports, as per the Directorate General of Commercial Intelligence and Statistics (DGCIS); the share of export of MSME specified products in all India exports during the year 2022-23 was 43.6 percent.

As per Udyam Registration Portal, more than 1.88 Crore MSMEs are registered with portal. Additionally, the total number of persons employed in MSMEs registered from 01.07.2020 to 01.08.2023 in India was 12.36 Crores

## GOVERNMENT E-MARKETPLACE

### Background and Objective

India currently spends more than Rs.25 Lakh Crore on public procurement. The Prime Minister, based on the

recommendations of the Group of Secretaries in January 2016, decided to set up a dedicated e-market for different goods and services procured by Government Organizations / Departments / PSUs.

Subsequently, the Finance Minister in his Budget speech for FY 2016-17, announced setting up of a technology driven platform to facilitate procurement of goods and services by various Ministries and agencies of the Government. Accordingly, the initial version of GeM portal was developed and hosted by the erstwhile Directorate General of Supplies and Disposals (DGS&D) under the Ministry of Commerce and Industry on 9<sup>th</sup> August, 2016. It is a contactless, paperless and cashless on-line platform which provides end to end solution for procurement of commonly used goods and services for all Central Government and State Government Ministries, Departments, Public Sector Units (PSUs) and affiliated bodies. GeM aims to bring transparency, efficiency, and inclusivity to the Government procurement process. Interestingly, the GeM portal was created in a record time of five months. Though the initial version of the GeM portal was hosted and developed by the DGS&D the present GeM portal is developed and managed by the Managed Service Provider (MSP).

With a vision *To affect an evolution in public procurement promoting a transparent, efficient and inclusive marketplace*, the major objectives of the GeM portal are -

1. To increase efficiency, transparency, speed and cost savings in public procurement.
2. To provide multiple modes of procurement like direct purchase; bidding with reverse e-auction, e-bidding and direct reverse auction.
3. To make Ministries/ Government Departments mandatorily procure goods and services from the portal.
4. To enable efficient price discovery, economies of scale and dissemination of best practices.

### THE SUCCESS STORY

- ⊙ GeM has consistently demonstrated an unwavering commitment to fostering positive change, and its journey over the past seven years has been marked by remarkable achievements that have propelled it to become one of the largest public procurement portals in terms of both transaction value and the breadth of the buyer-seller ecosystem. In an astonishingly short span of time, GeM has surpassed the achievements of renowned public procurement platforms such as

### The hallmark of GeM's success lies in its ability and dedication to cost savings

South Korea's KONEPS and Singapore's GeBIZ.

- ⊙ The hallmark of GeM's success lies in its ability and dedication to cost savings, having enabled the Government to save over Rs.45,000 crore since 2016. According to the Economic Survey 2021-22, GeM's prices were 9.5 percent lower than other online platforms for 10 out of 22 commodities. GeM's transformative journey is a testament to transparency, efficiency, and inclusivity driven by cutting-edge technology and innovation. Further according to an independent assessment made by the World Bank, the average savings for buyers in GeM portal is about 9.75% on the median price.
- ⊙ GeM's expansion into the services sector has played a pivotal role in driving its accelerated adoption. Presently, the platform boasts an impressive catalogue of over 2.75 lakh services spanning across more than 280 categories, complemented by more than 34 lakh products. This comprehensive offering positions GeM as the one-stop solution for all products and services required by Government departments across the nation.
- ⊙ The portal's strategic expansion has led to a substantial increase in orders placed by various State Governments and related entities. The engagement has been very promising with States transacting order value of around Rs. 42,000 crore in FY 22-23, an increase of approx. 35 per cent over transacted value in FY 21-22.
- ⊙ GeM's success extends to its presence at the grass root level, as demonstrated by its integrated portal facilitating procurements by Panchayats. Additionally, the platform's inclusion of cooperatives and engagement with public sector banks for services such as system integration and core banking solutions underscores its commitment to inclusive growth.
- ⊙ Central buyers, including CPSEs and allied bodies, have floated over 70 bids worth over Rs 100 crore on GeM in the fiscal year 2022-23. A historic milestone was achieved in February 2023 when NTPC Limited (A Central PSU) placed an order valued at over Rs. 20,000 Crores the largest in GeM's history.

- ⊙ The platform also played a vital role in the procurement of vaccines under the Universal Immunization Programme of the Department of Health and Family Welfare.
- ⊙ GeM’s collaborations with more than 20 industry associations have been instrumental in fostering support for local micro and small enterprises (MSEs) and small industries. With nearly 68.50 Lakh sellers and more than 70,000 government buyers registered on the platform as of Aug 2023, the cumulative GMV surpassed Rs.5 lakh crore, showcasing the platform’s enduring impact.

**GRAPHICAL REPRESENTATION OF PROCUREMENT FROM GEM, SINCE ITS INCEPTION**



**GeM PATH AHEAD AND OPPORTUNITY FOR MSMEs**

As per World Bank Report, the Governments spend around 20 per cent of global GDP on public procurements; moreover for developing nations like India the number is more than 20 percent of GDP. Currently GeM bagged very minimal orders as compared to whole public procurement of the country, which means there are lots of opportunities still available to achieve the vision.

Currently GeM majorly supports procurements for Central Ministry, CPSEs, Central & State affiliate bodies along with Railways and Defense. In addition to that there are many more sectors like Electronics & Telecom, Electricity, Renewables & Pharmaceuticals etc. where the potentials are to be explored.

**EASE OF DOING BUSINESS FOR MSMESECTOR**

Since the prime focus of launching GeM platform was to strengthen the MSMEs sector, so far it is pushing towards its goal, which can be seen from the fact that the sector contributes majority stake through the portal. It is pertinent to mention here that out of total cumulative procurement

since its inception through GeM of more than Rs.5 Lakh Crore, 51.45 percent or Rs.2.58 Lakh Crore orders are executed by MSMEs only, which shows that there huge potentials are available for the MSME sector. It also demonstrates the exceptional capabilities of MSME’s.

**MSME’S GROWTH PATH**

Over the years, the sector has performed very well and achieved tremendous growth for public procurement prospect. As per data maintained by MSME SAMBANDH Portal for Ministry of Micro, Small & Medium Enterprises, since last 5 years the growth has been around 55.21 per cent by the MSMEs. Out of total cumulative total procurement during last 5 fiscal years of Rs.7.65 Lakh Crore the MSME sector contributed procurement of Rs.2.36 Lakh Crore.



**GOVERNMENT INITIATIVES FOR EFFECTIVE GeM IMPLEMENTATION**

- ⊙ The purchases through GeM by Government users have been authorized and made mandatory by the Ministry of Finance by adding new Rule No. 149 in GFR, 2017. Government has made it compulsory for public procuring entity for procurement through GeM only.
- ⊙ Separate targets have been incorporated in the Memorandum of Understanding (MoU) of CPSEs, wherein procurement from GeM Portal mandates 25 percent minimum annual procurement from GeM Portal.
- ⊙ To facilitate ease of payment to MSMEs, MoU has been signed between GeM and TReDS.
- ⊙ The MoU provides for timely payment and value added services like bill discounting etc. from public procuring entity to MSMEs. In additions to that the MoU allowed better credit facilities through unique financing model of TReDS to MSMEs.
- ⊙ In order to encourage “Make in India” campaign and to promote domestic manufacturing and production of goods and services, compliance of Make in India Purchase Preference Policy has been

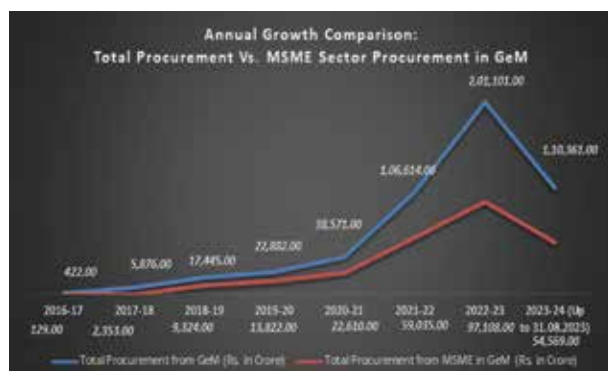
made mandatory; enabling local MSME vendors get maximum benefits.

- ⊙ Promotion of Atmanirbhar Bharat - GeM has been promoting the Atmanirbhar Bharat policy, introduced in the wake of the Covid-19 pandemic, meant to encourage self-reliance and to boost MSMEs.
- ⊙ Entry of small local sellers- The marketplace has facilitated entry of small local sellers in public procurement and empowering of MSMEs

### DISTINCTIVE GeM FEATURES BENEFITING MSME SELLERS

- ⊙ Provision of selection from MSE preference for service orders and goods order.
- ⊙ Central Government buyers shall have to upload an approval of competent authority stating the reason for bypassing the MSE preference.
- ⊙ State Government buyers can also select MSE preference though the selection remains optional.
- ⊙ MSE preference provided on the total value including add-on and based on that, price matching will be done on total value.
- ⊙ If L-1 is not an MSE and MSE seller (s) has/have quoted price(s) within L-1+ x percent of margin of purchase preference as defined in the relevant policy, the buyer may, with the approval of their competent authority, decide to award 100 per cent order quantity on such service provider, provided such MSE bidder accepts the counter offer price of non-MSE L1 bidder.
- ⊙ It also provides the tools of e-bidding and reverse e-auction to facilitate the government users to obtain the best value for their money.

Since the launch of the portal, we have witnessed a remarkable increase in the number of MSMEs, as demonstrated in the following graphical presentation depicting procurement from MSME sellers through GeM as compared to total procurement from GeM:-



### DISTINCTIVE FEATURES AVAILABLE TO BUYERS:

The GeM Portal provides some exceptional features for the benefit of buyers viz. huge list of products for individual categories of goods and services, facility available for search across thousands of vendors, transparency and ease of buying, providing vendor rating systems etc.

### TURNING DREAMS INTO REALITY: THE JOURNEY TO \$ 5 TRILLION ECONOMY

Prime Minister Narendra Modi's aspiration for India to achieve \$5 Trillion economy by 2025 is a highly ambitious endeavor, with the ultimate goal of becoming the world's third-largest economy. The Government's confidence in this vision is rooted in India's historical economic performance and current trajectory. It is now incumbent upon the MSMEs to harness their strength and potential with the help of GeM, for making significant contributions to propel the nation towards the \$ 5 Trillion economy milestone and securing its position as the world's third-largest economy. MA

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# TReDS – A SOLUTION TO MSMEs LIQUIDITY ISSUES?

## Abstract

*Micro, small and medium enterprises (MSMEs) in India contribute significantly towards the country's gross domestic product (GDP), manufacturing output and exports. They have a significant share in creating employment within the country. Out of the several challenges they face, one is regarding liquid cash. MSMEs often ail and fail due to cash crunch. With a view to address this issue, the Reserve Bank of India launched the electronic platform called Trade Receivables Discounting System (TReDS) in 2014. This platform has continued to evolve with changing times. The platform has been of some benefit to MSMEs that sell to large corporate, public sector undertakings and Government Departments by helping the seller MSMEs get paid in a timely manner. Despite steps taken by the RBI and the Central Government to have more registrants within the TReDS platform, there remains more to be done in order to attain increased participations on this platform.*

## MSMES DEFINED

**M**icro, small and medium enterprises (MSMEs) play a significant role in the growth of our economy. As per the composite criteria set by the Central Government, a micro enterprise is one where not more than Rs 1 crore is invested in plant & machinery/equipment and the turnover is not more than Rs 5 crore. A small enterprise is one where not more than Rs 5 crore is invested in plant & machinery/equipment and the turnover is not more than Rs 25 crore. A medium enterprise is one where not more than Rs 50 crore is invested in plant & machinery/equipment and the turnover is not more than Rs 250 crore. 'While there is ample literature to suggest different ways of defining MSMEs, we shall abide by the definitions given



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by the Central Government for the purpose of this article.

## TReDS – WHAT IT IS AND HOW IT WORKS

As suppliers/sellers of products/services, these MSMEs often face cash crunch when their buyers/customers (often large corporates, public sector undertakings, Government Departments) arm-twist the seller MSMEs into agreeing to extended payment periods that do not benefit these MSMEs. In several cases, while these buyers enjoy extended credit terms of 60 to 90 days for paying the invoices received from the supplier MSMEs, it is the seller MSMEs that struggle to raise funds for daily operations. In order to address the cash flow issues faced by MSMEs, the Reserve Bank of India (RBI) launched the electronic platform called Trade Receivables Discounting System (TReDS) in 2014.

Participants in TReDS include the following:

- a. *Sellers/suppliers:* Only MSMEs are allowed to participate as sellers/suppliers.
- b. *Buyers:* Buyers could be corporates, public sector undertakings, government departments, and other entities.
- c. *Financiers:* Banks, non-banking financial companies whose principal business is factoring (NBFC - Factors) and other financial institutions permitted by the RBI.
- d. *Insurance Companies:* In his monetary policy statement in February 2023, the RBI Governor

Shri Shaktikanta Das mentioned the apex bank's intention to expand the scope of the TReDS platform by providing insurance facility for invoice financing. In June 2023, the RBI, vide a circular, expanded the scope of TReDS by permitting insurance companies to participate in TReDS. This way the financiers would be able to hedge default risks.<sup>2</sup>

The TReDS platform can be used for traditional receivables factoring as well as reverse factoring (also known as supply chain financing). In traditional factoring, the seller (which is expecting to receive payments from the buyer) sells its invoices at a discount (i.e., for a slightly lower amount) to the factor (the financier) and receives cash before the invoice is due and later when the invoice falls due, the factor recovers the invoice amount from the buyer. In this process, the factor gets to make a profit (the invoice amount recovered from the buyer minus the lower-than-invoice amount paid to the seller). Thus, traditional factoring is initiated by the seller and the seller pays the interest cost to the financier based on the discount/financing rate quoted by the financier. In contrast, reverse factoring is initiated by the buyer. Regardless of who initiates the process, the seller gets immediate funds (though a slightly lesser amount when bearing the interest cost levied by the financier), the buyer gets to wait till the due date to pay funds, and the financier makes some money. It is worth noting that not all buyers may be reliable and may pose a default risk to financiers. This is why insurance companies were allowed as a fourth participant in the TReDS platform.

The process on the TReDS platform

begins with the creation of a factoring unit (FU). The FU is the standard term used on the TReDS platform to denote an invoice showing details of goods sold/services rendered by the seller MSME to the buyer. This invoice can be created by the seller MSME (in case of the traditional factoring) or the buyer (in case of reverse factoring). Once this FU is created, it is accepted by the other party i.e., the buyer must accept it if created by the seller MSME or the seller MSME must accept it if created by the buyer. Once this acceptance of the FU is done, the FU goes to an auction where financiers bid for the FU by entering their discount (financing) rate. The final bid is accepted by either the seller MSME or the buyer MSME who is going to bear the interest cost (this is the discount/financing rate of the financier). The financier whose bid gets selected will pay the seller MSME as per the agreed discount/financing rate and the FU will get tagged as 'financed'. Later, on the invoice due date, the financier will receive payment from the buyer. As can be imagined, some buyers with lower credit ratings could be difficult to recover money from and the transactions in TReDS are designed to be "without recourse" to the seller MSMEs. This would mean that the seller MSME would receive funds from the financier and would not be obligated to refund the amount in case this financier was to fail in recovering the invoice amount from the buyer. While penal provisions are in place and financiers are empowered to proceed against defaulting buyers, it is not an ideal situation for financiers. When the RBI observed that some FUs did not receive much bids because financiers were wary of paying off seller MSMEs and later dealing with buyers having lesser

credit rating, the RBI decided to allow insurance companies as the fourth participant. Any FU that has gone unfinanced can be paid by the buyer to the seller MSME outside of the TReDS platform.

### HOW HAS TRENDS HAS FARED – A LOOK AT NUMBERS

According to a recent article by Forbes India, India has 633.9 Lakh MSMEs out of which 630.5 Lakh enterprises qualify as micro enterprises, 3.3 Lakh qualify as small businesses and the remaining qualify as medium enterprises.<sup>3</sup>

The RBI provides monthly statistics on its website for the following three entities that are registered with the RBI and hence licensed to operate as TReDS platforms:

- a. Invoicemart (A.TRENDS Limited)
- b. M1 Exchange (Mynd Solutions Private Limited)
- c. RXIL (Receivables Exchange of India Limited)

As of the time of this writing, the RBI data goes as far back as March 2022 and the most recent data is available for July 2023.<sup>4</sup> A few insights from the RBI data have been provided below:

- a. In terms of the number of financiers (banks and other financiers) on board for the above three platforms combined, it has increased from a total of 138 financiers in March 2022 to 174 financiers in July 2023. In each of these months, the number of banks registered on the above platforms is significantly higher than the number of other financiers registered.
- b. There has been an increase in



the number of seller MSMEs registered on each of the above platforms from month to month. This increase is anywhere between 1.73 and 6.39 per cent%. For instance, the number of registered seller MSMEs on M1 Exchange increased from 16,055 in February 2023 to 17,081 in March 2023, indicating a 6.39 percent month-on-month increase.

- c. The number of registered seller MSMEs on the above platforms combined was 34,595 as of the end of March 2022. This number rose to 59,436 as of the end of July 2023.
- d. In terms of the number of buyers registered on the above platforms, the month-on-month increase has ranged between 0.41 and 10.25 percent. The 10.25 percent month on month growth was recorded when the number of registered buyers on the RXIL increased from 829 in July 2022 to 914 in August 2022.
- e. The number of registered buyers on the above platforms combined was 2,681 as of the end of March 2022. This number rose to 3,938 as of the end of July 2023.
- f. During the period March 2022 to July 2023, across the three TReDS platforms combined, a total of 7,25,680 FUs (invoices) valued at Rs 127 crore were uploaded on the platforms and of these, 6,05,214 FUs amounting to Rs 116 crore were financed. On a month-to-month basis, however, there has been no

consistency in terms of an increase or a decrease in the FUs uploaded and financed.

Beyond the statistics provided by the RBI, it has been found that Central public sector undertakings (CPSUs) have shown extremely low levels of participation on the TReDS. They do not account for many transactions on the TReDS. While the Government pushed the CPSUs for getting registered on the TReDS, it seems to have not pushed much for having CPSUs do transactions on the TReDS. Thus, seller MSMEs continue to suffer if they get paid late because their invoices get delayed approvals from buyer CPSUs.<sup>5</sup> Interestingly, the Ministry of Micro, Small and Medium Enterprises, vide notification dated 02 November 2018, had mandated all CPSUs and all large corporates (companies with a turnover of over Rs 500 crore) registered under the Companies Act of 2013 to get registered on the TReDS in order to help seller MSMEs with timely payments and liquidity. The compliance with this notification has been slow.

### CONCLUSION

The TReDS platform helped thousands of MSMEs deal with their working capital issues. It has evolved with time because the RBI has taken new steps based on its experience and observations to ensure it becomes more useful for seller MSMEs to address their working capital needs. However, when the number of registered seller MSMEs and the number of registered buyers are seen in the context of the actual number of MSMEs operating in the country and the unwillingness of certain buyer categories to either register or transact on the TReDS, it appears that the platform needs to be better

## The process on the TReDS platform begins with the creation of a factoring unit (FU)

pushed among the MSMEs and the various buyer categories in terms of registrations as well as transactions. It will require a combination of stringent regulations that mandate registration and full participation on the TReDS, stiff penalties for non-compliance with these regulations and incentives for compliance. Again, it is easier said than done because imposing penalties on non-compliant MSMEs and the various buyer categories may be counterproductive in more ways than one. The RBI and the Central Government will have to come up with novel ways to make this happen.

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# COST MANAGEMENT THROUGH COMMODITY DERIVATIVE TRADING: OPPORTUNITY FOR THE MSMEs IN INDIA TO BE FUTURE-READY

## Abstract

*MSMEs are pioneers in ensuring optimum distribution of resources and generation of employment opportunity and therefore a steady support is required to be provided by the Government to the sector. High volatility in the prices of the commodities puts the MSMEs into uncertainty relating to their input cost management. Due to globalization, price discovery takes place internationally and thus the firms become price takers only. In this respect, exposure to the derivative trading facilitates the MSMEs to get necessary protection from adverse movement of prices of the commodities. For the last two decades or so, futures trading of commodities have been started in the Indian economy and during recent years new instruments such as option contracts and option-futures contracts have also been introduced. In this study, an attempt has been made to provide an understanding of derivative trading mechanisms to facilitate the risk management by the MSMEs.*

## INTRODUCTION

**M**icro small and medium enterprises (MSMEs) are important contributors in an economy, especially in a country like India where heterogeneity is at its peak in almost every sphere. In ensuring distribution of resources and generation of employment opportunity, the MSMEs are peerless. A number of Government initiatives are being taken to provide necessary support so as to make them self-sustainable. During the last few decades, a significant number of reforms took place in different spheres of the economy in the country. Organized mechanism for derivative trading in commodities is one of the noteworthy



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developments which is likely to facilitate the MSMEs to a great extent. This article is intended to provide a brief idea of how the exposure to commodity derivative trading would be beneficial for the MSMEs to make them future-ready. The most convincing application of commodity derivative trading for the MSMEs is in risk management and to be more precise, it is 'hedging'. Hedging provides protection from the adverse price movements of the underlying commodity in the spot market and thereby it can become one of the lucrative opportunities for the MSMEs to manage the costs related to input of materials. A brief discussion of derivative trading mechanisms to facilitate the hedging is made hereunder.

## DERIVATIVE TRADING MECHANISM: AN OVERVIEW

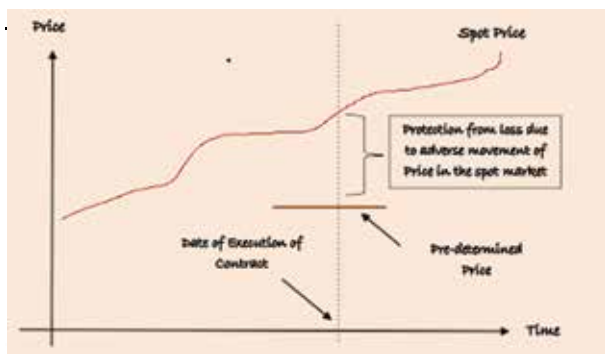
As far as the organized trading of derivatives is concerned, in respect of commodities, there are mainly two alternatives available in India, namely the *futures contracts* and the *options contracts*. Between them the options contract is of recent origin. But for the last two decades or so, the commodity futures market in India has contributed immensely to the economy. The objective is to bring a greater number of participants in the market so as to provide the benefit all around. Having considered the challenges faced by the MSMEs in respect of the fluctuations of prices of the raw materials required as input,

the application of derivative contracts is likely to provide necessary protection. In spite of having a reasonably organized derivative trading mechanism in the country, well equipped with the latest technology, the MSMEs do not avail of the facility adequately. A probable reason may be the lack of awareness regarding the functioning of the derivative market. Therefore, a brief analysis is being made in this article to provide the necessary understanding in this regard.

In futures contract, the underlying asset is bought and sold at a predetermined price on a future date, providing thereby, both the buyer (termed as the person taking the long position) and the seller (termed as the person taking the short position), the assurance that, even if, the price in the spot market changes, the contract shall be honoured at the price as determined earlier. In respect of honouring the contract the commodity exchanges provide the guarantee.

DIAGRAM 1

RISK PROTECTION (HEDGING) BY TAKING EXPOSURE IN THE FUTURES MARKET



Source: Prepared by the Researcher

A variety of commodities, in standardized quantity and quality, are offered by the Commodity Exchanges in India for futures trading. They are *Bullions* e.g. Gold and Silver; *Agricultural commodities* e.g. Black pepper, Castor Seed, Crude Palm oil, Cardamom, Cotton, Mentha oil, and Rubber etc.; *Energy commodities* e.g. Natural gas and Crude oil; and *Base Metals* e.g. Brass, Aluminum, Lead, Copper, Zinc, Nickel etc. The MSMEs, in most of the cases, are to buy these commodities as raw materials for production. An exposure in the futures market by taking the long position is likely to provide safeguard from the adverse movement of the price, i.e., in this case, when the price is likely to go up in the time to come, in the market. The untiring effort is made by the Commodity Exchanges to design the functioning of the market in such a way so that the small sized participants can find the contracts helpful for their risk management. In this regard, the concept of margin money plays an important role.

DIAGRAM 2

OPERATION OF MARGIN FOR AN INVESTOR (TAKING LONG POSITION) IN THE FUTURES MARKET.



Source: Prepared by the Researcher

DERIVATIVES TRADING: SCOPE FOR MSMEs

The Exchanges play the role of a medium in every commodity futures contract. Both the parties, i.e. the person taking the long position and the person taking the short position, are to keep a stipulated balance in the ‘margin account’ known as initial margin with their respective brokers and the brokers have to maintain a similar kind of margin with the Exchange. In futures trading, effectively, a contract is closed out and rewritten at the new price, as determined by the market force, each day and thus the futures price, of particular contracts, changes continuously. Now for a person, who has already taken a long position, it is a favourable scenario if the futures price moves upward and it is adverse when the price moves downward. The person taking the short position has to face exactly the opposite scenario for similar movements of price compared to a person taking a long position. At the end of each trading day, the margin accounts, as kept by the investors with their respective brokers, are adjusted to reflect the gains and losses. In order to avoid the event of having a negative balance in the margin account, a maintenance margin is set to trigger calls to the concerned investor to top up the balance to the initial margin. Similarly, due to gain, if any surplus is generated over the initial margin money that becomes withdrawable. This mechanism is designed and looked after carefully by the Exchanges for each of the contracts to avoid any defaults in the settlement with the help of clearing houses and thereby a trustworthy ecosystem is provided even to the small investors to facilitate them in managing risk.

TABLE 1

INITIAL MARGIN FOR FUTURES TRADING OF SELECT COMMODITIES

COMMODITY	INITIAL MARGIN (%)	COMMODITY	INITIAL MARGIN (%)
Aluminium	10.00	Gold	6.00
Copper	10.00	Kapas	10.00

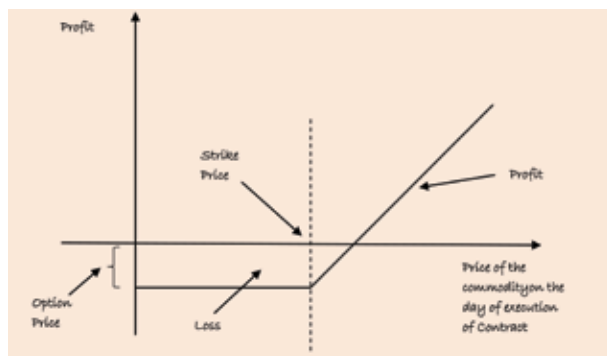
Cotton Candy	10.00	Lead	6.00
Crude Oil	33.00	Mentha Oil	10.60
Zinc	10.00	Zinc	10.00
Silver	10.00	<i>Data Source: <a href="https://www.mcxindia.com/">https://www.mcxindia.com/</a> Month of Expiry: October 2023</i>	

Risk management becomes even more financially effective when the appropriate hedge ratio is computed as it requires lesser exposure to get necessary protection.

There is also a valid counter-argument against commodity futures trading. That is when the price moves towards the favourable direction, the investor faces a loss as the scenario would be better, had the exposure not been taken, because the investor has to bear the same price as was determined at the time of entering into the contract. To do away with it, the options contract is helpful, as it doesn't create any obligation when the price moves towards the favourable direction to honour the commitment. Thus, the derivative trading of commodities in India in recent times is becoming more and more robust, by incorporating both the futures and options in the mechanism, to facilitate even the small exposures as may be taken by the MSMEs.

DIAGRAM 3

## PROFIT FROM BUYING EUROPEAN CALL OPTION.



Source: Prepared by the Researcher

### COST MANAGEMENT IN MSMEs: ROLE OF COMMODITY DERIVATIVE

‘Unprecedented prices rise of industrial inputs, fed by a combination of geopolitical and demand-supply factors’<sup>1</sup> and where ‘the price discovery for most key industry inputs takes place globally and Indian businesses have to become price takers’<sup>2</sup>, the MSMEs in India are to face greater challenges in their cost management. ‘MSMEs, which benefited from Government measures during the pandemic, will now have to contend with higher input costs and increasing interest rates amid volatility in the commodity prices impacted the profitability of MSMEs, CRICIL stated in its Ratings Round-up Report for the second half of the financial year

2022-23’.<sup>3</sup> To cope up with all the challenges, derivative trading may become the only way-out to ensure sustainability by cost management. The ascendancy of derivative trading may be as follows:

#### Risk management

Input cost management is becoming a challenge for the MSMEs day by day, as due to globalization, the price formation of the commodities does not even remain confined within the national boundary. Exposure to the organized derivative market therefore becomes inevitable to get necessary protection from price volatility through hedging. As shown earlier by taking exposure in the futures or in the option market the input cost can be settled at a predetermined price when market condition is not favourable. Even for the inputs that are not traded in the derivative market, a close substitute of them, having similarity in price volatility, may also be considered for managing the risk.

#### Price Prediction

As claimed by the theory and empirically evident in practice, the futures and spot prices of commodities tend to co-integrate over time. A close look at the movement pattern of the futures prices, by not even taking direct exposure in the market, may facilitate the MSMEs to predict the cost of input in coming times. The data relating to the historical futures prices of commodities are made available on the official websites of the exchanges in India where the access does not require any charges to pay.

#### Currency Derivatives

Although in the present discussion the derivative trading in currencies has not been focused, the MSMEs which are engaged in export or import involving transactions in foreign currencies may also get the benefits of hedging in currencies with the similar set of knowledge.

It is true that in terms of volume of trade, the MSMEs are not comparable with the multinational companies (MNCs), but appropriate exposure to the derivative trading is likely to provide the MSMEs with the competencies to protect themselves from a number of uncertainties which they are exposed to.

#### CONCLUSION

After the Covid-19 pandemic, especially the small-scale business entities have become more vulnerable and, as a result, constant initiatives are being required to be taken by the Government to uplift the MSMEs. ‘In Budget 2023-24, the Government revamped the credit guarantee scheme for MSMEs to take effect from 1st April 2023 through the infusion of Rs 9,000 crore (US\$ 1.09 billion) in the corpus. This scheme would enable additional collateral-free guaranteed credit of Rs 2 lakh crore (US\$ 24.41 billion) and also reduce the cost of the credit by about 1percent’.<sup>4</sup> In addition to the direct support that the Government is continuously trying to provide, various other measures in

the form of easing the operations are becoming necessary. The recent developments in the derivative trading, as timely initiated by the Government by incorporating a wide range of commodities with different varieties along with introduction of modern instruments such as the options and the options-futures in addition to traditional futures contracts, are providing opportunities to the MSMEs in protecting themselves from various risks that earlier they were left unprotected from. **MA**

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Research Bulletin, Vol. 49 No. II July 2023 (ISSN 2230 9241)

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### 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:

- ⊙ *Green Finance*
- ⊙ *Digital Banking*
- ⊙ *Cryptocurrency: A Boon or a Bane*
- ⊙ *ESG: A Business Imperative*
- ⊙ *Securities Markets in India*
- ⊙ *Digital Transformation*
- ⊙ *IFRS*
- ⊙ *Customer Relationship Management*
- ⊙ *Role of CSR in Business Success*
- ⊙ *Impact of Corporate Governance on Business Performance*
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# IMPLEMENTATION OF GST IN TIER - III CITIES OF INDIA: EVIDENCE FROM SMEs OF THE ITANAGAR CAPITAL REGION

## Abstract

*The Goods and Services Tax Act, 2017 is perhaps the most revolutionary indirect tax reform in India. The main objective behind its implementation is to create a uniform tax system by eliminating dozens of Central and State levies or taxes in the country and making India "One Nation One Tax" eco-system. GST is able to provide transparency, certainty and simplicity in the new order of tax system. This study has attempted to study the awareness and adaptation level of GST among the small and micro enterprises and also shed light on the dynamics of GST implementation in Itanagar Capital Region (ICR), representing one of the three tier cities of India. The study has revealed that the association of demographic variables of the owners of the SMEs became mostly insignificant excepting the level of education as far as the awareness and adoption of GST implementation is concerned in the study region. The study has also indicated that GST being new generation tax eco-system, the age and experiences in the field of the selected respondents-SME owners did not provide any significant benefits or ease of use while implementing GST in the study region. The study outcomes highlight that there is need for continuous State supported interventions in sensitizing and upgrading GST oriented knowledge and skills among the owners of SMEs specially operating in Tier III cities of India.*

## INTRODUCTION

**T**he MSME sector is considered to be the major economic growth driver having created more than 120 million jobs and 33 per cent contribution to the GDP of India. There are



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more than 633 lakh MSMEs out of which, micro enterprises constitute the lion's share of the market. MSME sector not

only contributes significantly to the economy of a nation but it incubates and breeds for reinforcement of consolidation and constellation of large business firms that could revolutionize the essence of prosperity of the country. Good governance and economic development of a country largely depends on the efficiency and effectiveness of innovative policies and administrative craftsmanship and tax reforms. Tax is a financial source for the Government collected from individual and business entities to finance the Government expenditures. On 1<sup>st</sup> July 2017 the Government of India announced the most keenly anticipated indirect tax reform in the economic history of India in the form of goods and services tax (GST). GST is a comprehensive, multi-stage, destination based and value added tax levied on the supply of goods and services. It has replaced several other indirect taxes that were in vogue previously. The impact of GST has been visible in every sector of a country. Micro, small and medium enterprises (MSMEs) are the foundation of the Indian economy which act as the driving force in generating employment, facilitating industrialization in less developed regions. Their participation in the removal of regional disparities and promoting financial inclusion is leading to inclusive distribution of income and wealth.

Currently after agriculture, majority of the population in Papum Pare District of Itanagar Capital Region are engaging in the small business activities. It has been the revenue source for the State in order to drive its economy. The sector has brought a vast change by becoming the major contributor in creating employment and delivering stable growth in the economy of the state. After the introduction of the new indirect tax a number of reforms have been introduced having both positive and negative impact on the business enterprises functioning in the study

region. India is currently the Fifth largest economy in the world and is running in the race to become the \$5 trillion economy by 2025. MSMEs have been provided with various impetus as a backbone and driving force of the country's economy. The study has been conducted to find the overall impact of GST among the SMEs in or around the Itanagar Capital Region.

### LITERATURE REVIEW

Indirect tax is the essential source of revenue for the Government. Hence it becomes necessary to make alteration on the previously operated indirect tax system which had been delayed for many years due to many reasons. The major transition on the system took place in the form of goods and services tax. The reform was so immense that it created a complete havoc among the citizen of the country. GST is a comprehensive and destination based tax levied on every value addition. It is the first step in the move towards achieving the "one nation and one tax" market concept [4].

GST is the major indirect tax reform that has been introduced in India. GST has been functioning for several years but still people are unclear with its provisions and procedures. There is an interpretation that the prices may get increased with the introduction of GST [5].

GST comes along with various positive as well as negative impacts on every sector of the economy [2]. The present study has attempted to analyze empirically the positive impact of GST on MSMEs as it increases the revenue collection by reducing the scope of black marketing and has improved the tax compliance among the citizens eliminating the cascading effect. The system is able to solve the problem of long queue at the intra State check posts ensuring full transparency. The execution of GST system is differs from State to State and it is for the government

to conduct various programmes, seminars and workshop to bring about awareness about the structure and procedure of the GST.

According to one study [3] GST has impacted the price and sales volume for many goods and services; profit margin has gone down for certain businesses; continuous changes in the system is difficult to cope up with; technical glitches are the reason for dissatisfaction and increased compliances cost are the source for all the sufferings. There are several service sectors which witnessed the rise in the price due to increased tax slab as per the new system. Micro enterprises deal with various goods and services to generate profit and wealth. In Papum Pare District micro enterprises are in large number. They are the major contributors to the revenue of the District which go in the developmental projects for the District and State as a whole.

### RESEARCH GAP

The ease of awareness and adoption of GST and the possible bottlenecks of implementing GST do feature differently in different parts of the country. Literature review revealed that minuscule attempts have been made on researches of SMEs in the three tier cities of India particularly in the neighboring Himalayan States. The present study has attempted to unearth the insights of GST implementation process in the Itanagar Capital Region of Arunachal Pradesh, the least population density, north-eastern Himalayan State of India.

### OBJECTIVES OF THE STUDY

- I. To analyze the extent of awareness and adaptation of GST among the selected SMEs from the Itanagar Capital Region.
- II. To study the satisfaction level and challenges with respect to GST implementation encountered by the selected

SMEs in the study region.

### HYPOTHESIS OF THE STUDY

**H<sub>0</sub>:** There is no significant difference between respondents' demographic characteristics and their awareness and adaptation level regarding GST.

### RESEARCH METHODOLOGY

MSMEs are the strong backbone which maintains the economic stability of the State and the country. In the current study, majority of the enterprises fall under the category of micro enterprises. Micro entrepreneurs are lacking behind in terms of turnover, business size, resources, market coverage and information regarding various aspects. The new indirect tax system has to bring many advantages and disadvantages on the business enterprises. The current study is done to analyze the overall impact of the GST on the micro enterprises in the Papum Pare District of Arunachal Pradesh.

The study comprises both primary and secondary information. The primary information of SMEs of the Itanagar Capital Region has been collected for the study using

well structured schedule. Relevant secondary information such as reliable Government web document, research papers, reports etc were collected.

As per the *Udyam* Registration on the portal of the Ministry of Micro, Small & Medium Enterprises, , the number of SMEs was 2871 as on 1<sup>st</sup> June 2023 in the Papum Pare District of Arunachal Pradesh. The Itanagar Capital Region comes under Papum Pare District of the State. It comprises of 2740, 118 and 13 micro, small and medium enterprises respectively (MSME, GOI 2023). After applying the formula of Cochran's sample size calculator, with 5 per cent margin error (e) and the confidence level at 95 per cent, the number of sample comes to 339. By considering the convenient factor in the study process and avoiding the anticipated rejection, the calculated figure is rounded to 340. The Stratified Random Sampling Technique will be applied for collecting data.

For analyzing the data for the current study, various specific and appropriate statistical tools and techniques were applied depending on the nature of the data such as ANOVA, Chi-square and regression

analysis. The advance statistical package like SPSS and MS-excel has been applied for analysis.

### RESULTS, ANALYSIS AND INTERPRETATION

#### Results, Analysis & Interpretation-I

Table 1 shows that there is no significant relationship between demographic variables (age, gender and marital status, year of running business) of the SME owners with the level of awareness and adoption of GST in the study region except for the level of education of the respondent-SME owners, as it is seen that the level of education has significant association with the level of awareness and adoption of GST by the selected SME firms. The level of education of the respondents at 5 percent level of significance, the P value shows less than 0.05 (P<0.05); thus it can be interpreted that the SME entrepreneurs with higher qualifications can easily get the access and comprehend various technical and non-technical aspects of GST system while implementing the same in their respective enterprises.

TABLE 1

ASSOCIATION BETWEEN DEMOGRAPHIC FEATURES OF RESPONDENTS AND THEIR AWARENESS OF GST IMPLEMENTATION

Demographic Features	Tests of Association	Value	df	Asymp. Sig. (2-tailed)	Level of Significance
Age	Pearson chi-square	75.238 <sup>a</sup>	72	0.374	Not Significant
	Likelihood Ratio	77.578	72	0.306	Not Significant
	Linear-by-Linear Association	0.327	1	0.567	Not Significant
Gender	Pearson chi-square	33.822 <sup>b</sup>	24	0.088	Not Significant
	Likelihood Ratio	29.087	24	0.217	Not Significant
	Linear-by-Linear Association	0.318	1	0.573	Not Significant
Level of Education	<b>Pearson chi-square</b>	<b>120.721<sup>c</sup></b>	<b>72</b>	<b>0.000</b>	<b>Significant</b>
	<b>Likelihood Ratio</b>	<b>85.667</b>	<b>72</b>	<b>0.130</b>	<b>Significant</b>
	<b>Linear-by-Linear Association</b>	<b>3.166</b>	<b>1</b>	<b>0.075</b>	<b>Significant</b>
Marital Status	Pearson chi-square	33.237 <sup>d</sup>	48	0.948	Not Significant
	Likelihood Ratio	34.849	48	0.922	Not Significant
	Linear-by-Linear Association	0.096	1	0.757	Not Significant



Year of Running Business	Pearson chi-square	72.331 <sup>e</sup>	72	0.467	Not Significant
	Likelihood Ratio	79.327	72	0.259	Not Significant
	Linear-by-Linear Association	0.580	1	0.446	Not Significant

- 73 cells (73.0%) have expected count less than 5. The minimum expected count is .03
- 34 cells (68.0%) have expected count less than 5. The minimum expected count is .11.
- 76 cells (76.0%) have expected count less than 5. The minimum expected count is .02.
- 50 cells (66.7%) have expected count less than 5. The minimum expected count is .00.
- 71 cells (71.0%) have expected count less than 5. The minimum expected count is .22.

\*At 5% level of significance

Sources: Field study and analysis SPSS version 26.0

### Results, Analysis & Interpretation-II

The study has attempted to measure the level of satisfaction (SAL) of the respondent SME owners as a function of seven independent variables i.e. *Awareness*( $X_1$ ), *Ease of Adaption* ( $X_2$ ), *Age* ( $X_3$ ), *Gender* ( $X_4$ ), *Level of Education* ( $X_5$ ), *Marital Status* ( $X_6$ ) and *Years of running business*( $X_7$ ).

The regression line is evolved as

$$SAL = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + \epsilon$$

$\beta_0$  denotes constant,  $B_1 \dots B_7$  denotes slope of the regression of Factor  $X_1$  to Factor  $X_7$ , respectively and  $\epsilon$  being the error term if any.

It is found from the outcome after calculating regression analysis that the variables considered have influence and come out as good predictor of the outcome with adjusted R-square and the standard error score data 0.136 and 0.675 respectively. The highest impacting variable is adaptation (0.360) with t-value of 6.641, followed by *Marital Status*, *Gender*, *Qualification*, *awareness*, *Age* and *Year of running business* at 0.062, 0.047, 0.015, 0.014, -0.063 and -0.120 respectively.

Thus the outcome show that the satisfaction level has been fairly impacted by the predictors mentioned in decreasing order, i.e. Ease of adaptation, Marital Status, Gender of respondent, Level of Education of respondents and Level of Awareness with respect to GST implementation, whereas the remaining predictors (Age and Year of running business) have low level of impact on the Level of satisfaction of the respondents as envisaged in Table 2.

TABLE 2: REGRESSION ANALYSIS

Model	R	R-square	Adjusted R- square	Standard Error of the Estimate		
1	0.392 <sup>a</sup>	0.154	0.136	0.67464		
	ANOVA					
Model		Sum of square	df	Mean square	F	Significance
1	Regression	27.472	7	3.925	8.623	0.000 <sup>b</sup>
	Residual	151.104	332	0.455		
	Total	178.576	339			
	Regression	27.472	7	3.925	8.623	0.000 <sup>b</sup>
Model		Unstandardized Beta	Coefficient Standard Error	Standardized Beta	t	Significance
1	Constant	-0.202	0.510		-0.396	0.868
	Awareness	0.002	0.009	0.014	0.264	0.792
	Adaptation	0.092	0.014	0.360	6.641	0.000
	Age of Respondent	-0.056	0.059	-0.063	-0.941	0.348
	Gender of Respondent	0.109	0.118	0.047	0.282	0.357
	Level of Education	0.015	0.054	0.015	0.966	0.778
	Marital Status	0.095	0.099	0.062	-2.184	0.335
	Year of Running Business	-0.075	0.035	-0.120	0.264	0.030
a. Dependent: Mean Satisfaction Score						
b. Predictors: (Constant), Awareness, Adaptation, Age, Gender, Level of Education, Marital Status and Year of Running Business						

\*5% level significance

Sources: Field study and analysis SPSS version 26.0

**MSME sector not only contributes significantly to the economy of a nation but it incubates and breeds for reinforcement of consolidation and constellation of large business firms**

### CONCLUSION

Introduction of GST has been conceived to provide a level playing ground for all the enterprises across Indian market for achieving economic and social equity. The implementation of GST across the nation was not smooth and equitable with the differences in socio demographic profiling and variables. The study indicated that the level of education is significant in the process of generating awareness and adoption of GST system. The Government in association with HEIs and other relevant knowledge bodies like the ICAI, ICAI, ICSI etc. should

provide regular awareness outreach campaigns for sensitization of GST particularly in rural and Tier - III cities of India. The basics GST may be introduced as syllabi at school level across the nation in consonance with National Education Policy 2020 so as to make the youngsters and budding entrepreneurs aware of the GST system irrespective of their level of educational qualifications [1]. In spite of having certain impediments for implementing GST it is encouraging to observe that there is growing propensity for adopting GST system by both the seller and buyer community at large across the nation. GST has been emerging as the most trust worthy revenue management system for the state surpassing the dependency inertia of the direct tax regime. **MA**

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# CASH MANAGEMENT OF SMEs: CHALLENGES AND REMEDIES AN EMPIRICAL STUDY OF SMEs IN NORTH BENGAL

## Abstract

*Efficient cash management is essential for the survival of the SMEs. This study, based on a sample of thirty-nine SMEs in North Bengal, reflects that risk factors and precautionary needs dominantly induce SMEs to hold abnormally high cash balances. The authors note the presence of abnormal difference between receipts and payments and recommend the use of cash budgeting to eliminate the risks of payment failure and idle cash.*



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## INTRODUCTION

**S**mall and Medium Enterprises (SMEs) play a leading role in creating employment, delivering goods and services, promoting entrepreneurship and augmenting national income. This paper

draws attention to the fact that SMEs, being small and constrained with limited capital, cash management has a dominant role in defining the success of these enterprises. It is argued that these enterprises must learn the art of cash management as otherwise mismatch of income and expenditure can derail them and render them sick. This paper has been undertaken to present a living experience of the challenges and dimensions of cash management of these enterprises.

## LITERATURE REVIEW

The fundamental contribution to the literature comes from *Baumol (1952)* and *Miller and Orr (1966)*. *Baumol, William J. (1952)* treats cash like an inventory and develops a mathematical model for determining the optimum lot size cash to be restored from selling short-term investments. The model is based on assumptions of a uniform pattern of cash inflow and cash requirements.

*Miller, Merton H and Daniel Orr (1966)* incorporate standard deviation into the model to account for the erratic nature of cash flow occurring in daily inflows and outflows. They finally present a quantitative estimate of cash to be collected by selling short-term marketable securities and recommend that when cash balance reaches the maximum limit, cash is to be parked in securities; on the other hand, when cash balance tumbles to the bottom, securities are to be sold to restore cash position.

Numerous studies are available in the field of cash management. Some scholars such as *Ogundipe, S. E. et al (2012)* and *Sethi, Maheswar and Swain, R. K. (2019)* conducted a study to explore the determinants of corporate cash balance, while *Olubukunola et al (2012)*, *Anser, Raheem (2013)* and *Garanina, Tatiana et al (2015)* examine

the effect of the cash conversion cycle on firm performance. The scholars observe that the cash conversion cycle is negatively related to profitability. Theoretically, a zero cash conversion cycle seems to be the optimum goal to maximize firm performance. Cash holdings provide a strategic advantage in initiating any new strategy to fight competition.

Very interestingly, *Rocca and Cambrea* (2018) note that the easy availability of credit obviates the need for holding large cash balance. *Ferreira, M. A. and Vilela, A. S.* (2004) show that the need for holding excessive cash decreases with capital market developments. Hence, it can be expected that with financial sector reforms, the hurdles of cash management will be less.

The studies noted above are based on large corporations and companies listed on stock markets across the world. However, only a limited number of studies are available with respect to the cash management of SMEs. The findings of studies on the cash management of SMEs have been listed below.

*Gilbert et al* (2013) made a study on cash management of SMEs based on the data from 120 service sector SMEs in Uganda. The study notes the limitations of SMEs in the utilization of cash flows. The scholars recommend improvements in areas like cash flow projection, tax planning, budgetary control, credit policy, etc. for financially prudent management of SMEs.

*Yacine, Belghitar and James Khan* (2013) analyse the effect of firm characteristics and Governance mechanisms on cash holdings based on a sample of SMEs in the UK. They found that ownership structure is significant in explaining the cash holdings of the firms. They recommend improvement in internal governance mechanisms to ensure required improvements in cash management.

## Widespread variability and risk factors dominantly decide the cash holdings of SMEs

*Hamza and Kasim, et al* (2015) studied cash management practices and their effect on the financial performance of SMEs in the Northern Region of Ghana. They adopted a descriptive cross-sectional survey and observed that SME's financial performance was positively related to the efficiency of cash management (ECM) at a 1 per cent significant level. The scholars concluded that cash management practices have an influence on the financial performance of SMEs and hence there is a need for SMEs to undertake efficient cash management practices as a strategy to improve their financial performance and survive in the uncertain business environment.

*Danjuma, Ibrahim, et al* (2015) explored the presence of a positive relationship between capital structure, cash management and liquidity. They observed that 43.1 per cent and 41 per cent of the variability in cash management and liquidity can be explained by the capital structure of the firm. Since a positive relationship exists between capital structure, liquidity and cash management, the scholars strongly recommend that chief financial officers should exercise caution while choosing the debt for capital structure.

*Martinez-Sola, Cristina et al* (2018) use a sample of Spanish SMEs from 1998 – 2012 to study the effect of growth opportunities, financial constraints, and financial distress on SMEs' target cash holdings. They observed that firms mainly hold cash for precautionary needs and try to reach a pre-defined cash position to resolve uncertainty.

*Naidu and Sri* (2020) present an

empirical study based on 360 SMEs in the district of Visakhapatnam, Andhra Pradesh. The scholars observed the absence of cash budgeting in the selected SMEs. Owing to this, the SMEs encounter a shortage of cash balance on many occasions, while on other occasions they encounter surplus cash that imposes opportunity costs on the firms.

### RESEARCH GAP

It is observed that most of the financial problems of these firms originate from their weakness in cash management, particularly when they become defaulters in making payment for the supplies and the crisis begins to surface. However, studies in the area of cash management in SMEs are visibly limited to a few only. Particularly in India, the study in this area is negligible. Hence, there is a need to examine problems faced by SMEs in the management of cash and suggest possible remedies.

### OBJECTIVE OF THE STUDY

The objective of the study can be enumerated as under:

- a. To understand the challenges of cash management of SMEs
- b. To estimate the effect of cash holdings on the performance of the firm.
- c. To assess the effectiveness of cash management methods of SMEs
- d. To examine the role of risk factors in deciding the size of the cash balance.

### METHODOLOGY

An extensive review of the theories of cash management and a survey of contemporary research studies are undertaken to build the background for the research work. The study is based on primary data, collected from the survey of a sample of 39 SMEs located in the different districts of North Bengal. Of the 39 SMEs,

10 enterprises were micro-enterprises, 20 were small enterprises and the remaining 9 were medium enterprises. The study is based on data obtained from the cash account, income statement and balance sheet of the selected firms.

The first objective is to examine the effectiveness of cash management of SMEs. Intuitively, while there is consistent matching of receipts with payments and neither an abnormal cash balance nor a deficiency is going to occur in the firm, cash management can be treated to be efficient. Based on this logic, this work is not done by comparing the receipts with payments. Theoretically, when there is zero difference between receipts and payments, the cash management method is said to be efficient. In the first part of the data analysis, we computed the average difference between daily receipts and payments.

Later we checked the relationship between cash holdings and firm performance. Simple statistical analysis based on descriptive statistics and correlation analysis has been used for drawing scientific conclusions.

### DATA ANALYSIS AND FINDINGS

Consistent matching of receipts with payments is the characteristic of a good cash management system. In this case, a big difference is noticed between daily receipts and payments, the management is said to be careless or aimless. In case the cash is limited, the creditors cannot be paid on time; on the other hand, a huge amount of cash receipt without a plan of investment can make the office locker loaded with idle cash. Table 1 gives a snapshot of the average daily difference between receipts and payments. In the case of Piyarelal Tea Company, the daily payments exceed daily receipts by nearly three lakh rupees, or daily receipts exceed the daily payment accumulating the closing cash balance. This is not a healthy sign. Such a situation stems from the management's unwillingness to create a cash budget and match the payments with receipts.

TABLE 1: AVERAGE DAILY DIFFERENCE BETWEEN RECEIPTS AND PAYMENTS

Serial	Name of the Enterprise	Average Difference (₹)
1	Amarjyoti Private Limited	118165
2	Bengal Doors	222093
3	Darjeeling Automobiles	438695
4	Giriraj Plantations Pvt. Ltd	543157
5	Manjushree Agriculture	31637
6	Piyarelal Tea Co.Pvt.Ltd.	283747
7	Bengal Medical	6505
8	Berlia Motors Private Limited	169998

Source: Author's Survey of Sample Firms' Cash Accounts

Surprisingly cash accumulation in certain cases becomes alarmingly high. It happens when the entire production gets cleared and cash is received from buyers in a large instalment. Table 2 shows some pieces of evidence where cash holdings become close to a high percentage of total assets. While enquiring into the reason why the firms maintain such a high amount of cash balance, it is learnt that risk is appearing as the highest contributing factor. Secondly, cash is maintained mainly to meet the precautionary requirements and transaction needs.

TABLE 2: MAXIMUM CASH BALANCE AS A PERCENTAGE OF TOTAL ASSETS

Serial	Name of the enterprise	Average Difference (₹)
1	Bengal Medical Stores P Ltd	15%
2	D.K. Projects Pvt Ltd	15%
3	Darjeeling Automobile Pvt Ltd	16%
4	Gourav Tree Agro Products Pvt Ltd	86%
5	Gypsy Logistic P Ltd	24%
6	Cpc Tally Pvt Ltd	39%
7	Modern Dalkhola Flour Mill P Ltd	80%
8	Noel Mercantile P Ltd	44%
9	North Vally Pvt Ltd	44%
10	Jajodia Health Clinic P Ltd	28%
11	Piyarelal Tea Co Pvt Ltd	26%
12	Purnabhumi Agro Products Pvt Ltd	44%
13	Sanyasihat Tea Processing Pvt Ltd	46%
14	Shivdurga Rice Mills Pvt Ltd	17%
15	Shree Dwarka Extr Pvt Ltd	89%
16	Siliguri Packaging Industries Pvt Ltd	53%
17	Bengal Doors National Tea P Ltd	22%

Source: Survey and authors' calculation

To examine the role of risk factors in determining the size of cash holdings, we take a glimpse at Table 3, which enlists the standard deviation of the daily cash balance as well as the closing cash balance. The coefficient of correlation between these two variables is close to 94 per cent, which is also statistically significant. It affirms

that risk and variability are the most important determining factors of cash holdings by SMEs.

Theoretically, a large cash holding affects the profitability of the firm. To examine this assertion, we compute the coefficient of correlation between the cash balance and profit figures of the firms for the year 2022. The computed correlation is close to zero ( $r = 0.08$ ). It means investment in

cash does not significantly add to the profits. It follows that SMEs should try to hold only minimum amount of cash adequate to meet the transaction needs.

### CONCLUSION


Widespread variability and risk factors dominantly decide the cash holdings of SMEs. The firms hold a big portion of cash to meet

precautionary requirements. Under the circumstances noted, the cash management of the sample SMEs appears highly overlooked. The average daily difference between receipts and payments is abnormally high. The study recommends revamping cash management and adopting cash budgeting. These will decisively eliminate the payment crisis and obviate the risks of holding idle cash.

TABLE 3: CASH HOLDING, RISK AND PROFITABILITY

	<i>Name of the company</i>	<i>Closing Cash Balance (₹)</i>	<i>SD (₹)</i>	<i>Profit (₹)</i>
1	Amar Jyoti Export Pvt Ltd	3194580	306650	-727046
2	Bengal Doors National Tea Pvt Ltd	839041	544063	18790639
3	Bengal Medical Stores Pvt Ltd	180695	78807	1038933
4	Barlia Motors Pvt Ltd	3032603	582638	9367460
5	Cpc Tally Pvt Ltd	1973719	239032	1209451
6	D.K. Projects Pvt Ltd	1525531	195118	-32738
7	Darjeeling Automobile Pvt Ltd	2297775	1313485	18874374
8	Darjeeling Flour Mills Pvt Ltd.	27420071	12652158	10138773
9	Expand Construction Pvt Ltd	23222	50977	-285398
10	Genuine Commotrade Pvt Ltd	2169879	554106	-72082
11	Giriraj Pvt Ltd	1406953	1870305	30362352
12	Gourav Tree Agro Products Pvt Ltd	172919	221381	1466324
13	Gypsy Logistic Pvt Ltd	156830	726293	3172421
14	Jag Shakti Tea Agro Pvt Ltd	59393	343311	10021165
15	Jajodia Health Clinic Pvt Ltd	345830	690120	-606149
16	Kanchan Tree Plantation Pvt Ltd	269245	210689	14762504
17	Kotiratan Properties Pvt Ltd	5677	62065	227374
18	Kulik Plywood Pvt Ltd	243974	2267867	342272
19	L M Warehouse Pvt Ltd	626400	266110	-506533
20	Manjushree Tea Pvt Ltd	65399	310615	11145065
21	Modern Dalkhola Flour Mill Pvt Ltd	1141912	1091729	27393515
22	Noel Mercantile Pvt Ltd	267475	100677	28631009
23	North Vally Pvt Ltd	559596	58231	5043402
24	Pcm Alloy Steel Pvt Ltd	3225604	3254330	1126711
25	Phaskkowa Tea Plantation Pvt Ltd	1971619	930290	9131589
26	Piyarelal Tea Co Pvt Ltd	396266	882684	-1531565
27	Purnabhumi Agro Products Pvt Ltd	614817	1894575	2759745

28	Pushpak Wood Products Pvt Ltd	8638	85202	44243
29	Sanyasihat Tea Processing	45000	1957	9214921
30	Sarkar Rice Mills	1138795	983822	6574735
31	Satya Paper Product Pvt Ltd	2147941	571374	29182305
32	Selection Projects Pvt Ltd	42463	182642	6383314
33	Shanti Enclaves Pvt Ltd	535164	17893	164264
34	Shivdurga Rice Mills Pvt Ltd	384313	1511355	1050320
35	Shree Dwarka Extr Pvt Ltd	229755	487913	2409950
36	Siliguri Packaging Industries Pvt Ltd	3032472	821528	1429509
37	The Belgachi Tea Company Ltd	1229812	1933894	4363001
38	Vizag Poly Packaging Pvt Ltd	330846	339403	-196802
39	ZiniaInfracon Pvt Ltd	351147	324593	-40474

Source: Authors' Survey data and Calculation 

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# THE ROLE OF ECOSYSTEMS IN FACILITATING MSMEs' SCALING THROUGH DIGITAL TRANSFORMATION

## Abstract

*This research study analyses how ecosystems assist MSMEs develop through digital transformation. Digital transformation is crucial for MSMEs seeking growth and competitiveness in today's economy. This change is facilitated through ecosystems, which comprise of stakeholder alliances, networks, and partnerships.*

*A literature review and data analysis reveals the symbiotic relationship between digital revolution and ecosystems. It examines digital transformation ecosystems' key components and how they affect MSMEs' scaling. Government strategies in sustaining these ecosystems and their opportunities and challenges are also examined in this paper.*

*The findings demonstrate the need for robust ecosystems for MSMEs' digital transformation. By explaining complicated processes, this study helps us to comprehend how ecosystems might assist MSMEs' growth and sustainability in a digitalized world.*

## INTRODUCTION

The digital transformation of micro, small, and medium-sized enterprises (MSMEs) has emerged as a key factor in transforming the landscape of international business in an age of fast technology innovation. These businesses, which are sometimes seen as the foundation of nations' economy, are essential for promoting innovation, creating jobs and boosting economic sustainability. For their survival and development, it has become essential that they incorporate digital technology into their daily operations. This study investigates how ecosystems help MSMEs scale up via digital transformation.

## PURPOSE AND SIGNIFICANCE OF THE STUDY

This study's main goal is to provide insight on the



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mutually beneficial interaction between MSMEs' scaling and ecosystems of digital transformation. We want to benefit

policy makers, corporate executives, and MSME owners by examining the processes through which ecosystems support MSME development. The goal of this study is to help MSMEs leverage digital technology for sustainable development by identifying best practices, opportunities and challenges within these ecosystems.

### LITERATURE REVIEW

In recent years, the idea of digital transformation has drawn lot of interest, especially from micro, small, and medium-sized enterprises. These businesses are vital to the global economy, thus it is imperative that they can leverage digital technology for expansion. The literature on digital transformation in MSMEs is reviewed in this part, along with the crucial role ecosystems play in promoting this transition.

#### Digital Transformation in MSMEs

According to (Westerman and et al, 2014), digital transformation is the integration of digital technology into diverse business activities. These results in significant changes as to how businesses function, provide value to consumers and compete in the market. MSMEs are becoming more aware of the potential advantages of the digital transformation, such as greater customer interaction, higher efficiency, and increased competitiveness (European Commission, 2016).

#### The Role of Ecosystems

Ecosystems are essential for empowering MSMEs to start and continue their digital transformation journeys. They give the following major advantages:

1. **Resources Access:** According to Bogers and et al, 2016, ecosystems provide MSMEs access to a variety of resources, including capital, knowledge and technology. The entrance hurdles for MSMEs wishing to invest in digital technologies may be greatly lowered by this access.
2. **Networking and collaboration:** MSMEs in ecosystems may network with bigger businesses, start-ups, and research organisations. These partnerships enable them to make use of complementary skills, exchange best practices, and access bigger markets. (Chesbrough, 2003).
3. **Knowledge Sharing:** Ecosystems encourage members to share their knowledge and skills. MSMEs may gain knowledge from the experiences of others, assisting them in making choices regarding using digital technologies. (Iansiti & Levien, 2004).
4. **Innovation and Experimentation:** Ecosystems provide a conducive setting for experimentation and innovation. MSMEs may experiment with new business strategies and technology with less risk.

(Lengnick-Hall et al., 2018).

### THEORETICAL FRAMEWORK

The notion of digital transformation in micro, small, and medium-sized enterprises (MSMEs) and the function of ecosystems in promoting this transformation serve as the two fundamental pillars on which the theoretical framework of this research study is based.

#### Key Components of a Digital Transformation Ecosystem

The theoretical framework lists the following as essential elements of an ecosystem for digital transformation: (Adner and Kapoor, 2010).

- ⊙ **MSMEs:** The key players looking to adapt digitally.
- ⊙ **Technology Providers:** Organisations that supply computer gear, software, and technical know-how.
- ⊙ **Government and Regulatory Bodies:** Groups in charge of formulating laws and rules that have an influence on digitization.
- ⊙ **Industry Associations:** Organisations that promote cooperation, information exchange, and advocacy within certain industry.
- ⊙ **Customers:** MSME end users who, via their purchasing decisions, shape digital transformation.
- ⊙ Institutions that support the growth of digital skills and knowledge include educational and research institutions.
- ⊙ **Investors and Funding Sources:** Organisations that provide financial assistance to MSMEs for their digital activities.

#### The Relationship between Ecosystems and MSME Growth

According to the theoretical paradigm, ecosystems may boost MSME development throughout the digital transition. Ecosystems provide MSMEs access to the tools, information, money, and chances for cooperation needed for effective digitalization. They increase competition, encourage innovation, and lower entry barriers.

The theoretical foundation of this study is based on the ideas of ecosystem theory and digital transformation in MSMEs. It emphasizes how intertwined different ecosystem players are and how important it is for them to work together to help MSMEs grow via digital transformation.

### RESEARCH DESIGN

A mixed-method research strategy was used to properly answer the study questions. This technique combines the best aspects of qualitative and quantitative research, enabling a more thorough investigation of the phenomena.

### Data Analysis

Interview qualitative data were transcribed and subjected to theme analysis. The dynamics of ecosystems, teamwork, and scaling issues were recognized as key themes. To give a comprehensive comprehension of the study issues, these themes were later included into the quantitative data analysis.

Statistical software was used to analyze quantitative data. We were able to describe the surveyed MSMEs using descriptive statistics and regression analysis enabled us to find the important determinants of scaling outcomes across digital transformation ecosystems.

### EMPIRICAL FINDINGS

The empirical results from a thorough investigation of MSMEs undergoing digital transformation within diverse ecosystems are presented in this section. The goal of the study was to investigate the key elements and methods by which ecosystems support the growth of MSMEs in the context of digital transformation.

#### Case Study 1: The Tech Innovation Hub

The research found that collaborative innovation spaces played a crucial role in allowing MSMEs to access cutting-edge technology and skills in the Tech Innovation Hub, a vibrant ecosystem for digital transformation, due to the ecosystem's startups' faster development, pooled resources and information sharing (*Smith et al., 2020*).

#### Case Study 2: Government-Led Initiatives

The development of digital transformation ecosystems via Government-led initiatives was also investigated. Partnerships between Governmental organisations,

academic institutions, and MSMEs were shown to be very beneficial in Singapore's "Smart Nation" programme. The finance and regulatory frameworks provided by the Government were crucial in enabling MSMEs to grow. (*Chan & Lee, 2019*).

### Survey Results

Consistent trends emerged from a study of MSMEs active in diverse digital transformation ecosystems. According to majority of respondents (78 per cent), one of the most important advantages of taking part in ecosystems is having access to a varied network of partners and collaborators. Furthermore, access to common resources, such as cloud computing infrastructure and data analytics tools, was mentioned by 62 percent of respondents as being essential to their success.

### Challenges and Barriers

Despite the fact that ecosystems generally have good effects, a number of difficulties were found. MSMEs have had trouble dealing with worries about data security and privacy while exchanging information among ecosystems. In addition, 46 per cent of survey participants voiced worries about ecosystem sustainability and their capacity to adjust to shifting market conditions. (*Jones & Patel, 2018*).

### Ecosystem Collaboration Models

Empirical results also highlighted various ecosystem cooperation models. Others profited from informal networks of start-ups and innovators, while other MSMEs sought formalised relationships with bigger firms. The unique sector and the MSME's strategic objectives were often taken into consideration while choosing a partnership model. (*Brown & White, 2017*).

### DISCUSSION

The succinct overview of how ecosystems may help MSMEs grow via digital transformation is tabulated as under:

Key Findings	Discussion
Ecosystem Components	According to the survey, effective digital transformation ecosystems for MSMEs often have a number of different elements, including financial sources, incubators, accelerators, and technology suppliers. These elements complement one another to provide crucial resources and assistance.
Collaborative Networks	Collaboration throughout the ecosystem was identified as a key element. MSMEs which interacted with other ecosystem participants actively had greater success rates. Collaboration networks made it easier to share expertise, acquire talent, and expand one's market.
Ecosystem Adaptability	Ecosystems' ability to adapt to changing market conditions and emerging technologies is essential. Flexibility and responsiveness enable MSMEs to navigate uncertainties and harness new opportunities, ensuring sustained growth through digital transformation.
Government Policy and Regulation	Regulations and rules put in place by the Government were crucial. MSMEs were encouraged to embrace digital transformation and engage in ecosystems through supportive policies, such as tax incentives for digital investments and faster regulatory procedures.
Challenges and Barriers	The survey highlighted a number of issues, including poor digital literacy among MSMEs and resource limitations. These difficulties highlighted the need for ecological interventions to overcome resource constraints and talent shortfalls.

Sustainability  
and Future  
Trends

Ecosystem sustainability has been a subject of concern. Success over the long run hinges on one's capacity to change and adapt. Future trends indicate that new technologies like Blockchain and Artificial Intelligence will be incorporated into ecosystems, bringing both benefits and difficulties.

In conclusion, the debate emphasises the critical role ecosystems play in helping MSMEs scale via digital transformation. It highlights the value of teamwork, flexibility, Government backing, and overcoming obstacles. It also emphasises the value of long-term sustainability and technology trend adaption.

### CONCLUSION

This research shows how ecosystems help MSMEs flourish via digital transformation. A comprehensive assessment of data and relevant literature revealed ecosystem aspects that drive MSME growth, such as cooperative networks, resource access and knowledge sharing. Despite challenges, these ecosystems may help MSMEs adopt digital technologies and compete in contemporary business. Policymakers, industry stakeholders, and MSMEs must support and optimise these ecosystems to retain momentum. This ensures adaptability and resilience in the ever-changing digital environment.

MA

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**Ecosystems provide MSMEs access to the tools, information, money, and chances for cooperation needed for effective digitalization**

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# A STUDY OF TECHNOLOGY ADOPTION DRIVERS AND BARRIERS IN INDIAN MSMEs WITH RESPECT TO m-CRM

## Abstract

*MSMEs form the backbone of Indian economy. Increase in the strength of MSMEs' performance will effectively strengthen the economy as a whole. This article discusses the driving factors of new technology adoption in MSMEs, especially when it comes to crucial business functions like marketing with the help of mobile application. The obstacles faced by the MSME owners have also been discussed. The article also discusses the way forward to develop suitable software which can be used by MSME owners.*

## INTRODUCTION

**m**-CRM is a CRM software which can be operated from mobile devices (Android or iOS). These applications help users (normally business owners or marketing personnel) to maintain relationship with the customers at various stages of the buying process in the marketing funnel. In the current market, many m-CRMs are available but with lack of brand power. Further, most of these software use freemium pricing to which MSME owners are not yet receptive. Only those who really envisage the need of this marketing tool, for betterment of the sales and effectively help their business sustain against the stiff competition of larger organizations, opt to adopt the CRM. The effective CRM practices in MSME sector can help them perform much better. A cause and effect analysis of failure and success of CRM in MSME is tabulated hereunder.

Mostly when the top management is not professionally managed (normally this happens in the case of family businesses), there is resistance to change the marketing methods. The MSME owner who has been in charge of marketing in his business for decades denies depending on an external aid like software.

Another mishap happens when the businesses try to adopt CRM but they expect the ROI very fast as they do not have deep pockets to support such new initiatives of adopting CRM (which they never believed that it can work better than their own memory power).

Furthermore since MSME is largely heterogeneous in



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nature, the best practices followed by one enterprise may not suit the other enterprise. Unlike accounting practices which are followed uniformly across the MSME sector despite its heterogeneous nature, CRM practices widely vary as per the nature of enterprise. This is why accounting software like Tally can be adopted in the MSME sector but CRM apps need to have customization.

Lack of technological knowhow in the MSME sector is one of the biggest barriers for owners who find it difficult to adopt IT enabled tools.

Despite all these odds, if a business owner decides to adopt CRM, but he is not supported by understanding employees, the risk of failure will be there.

Technology Adoption (TA) has been a key enabler of success of many enterprises. Especially if the enterprise is a MSME, the need for technology adoption is a must as the competing

enterprises might have already adopted the latest technology and they might be milking this competitive advantage.

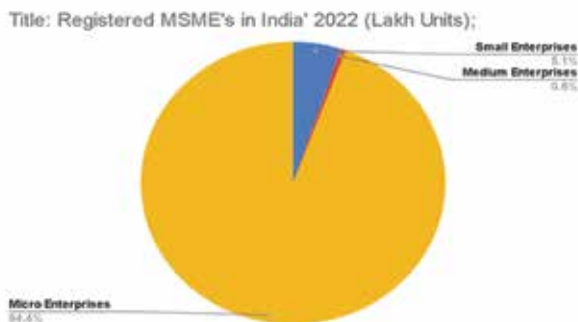
As per the Economic Survey 2022, MSME is an important sector for socio economic development. The sector accounts for 45 per cent of production output, 40 per cent of exports and 30 per cent of GDP.

As per Asia SME Monitor2021 [3], the MSME enterprises add upto more than 99 per cent of the enterprises in South East Asia. By total number of employees, 76 per cent of the employees are employed by the MSME sector. The contribution of the sector to GDP is close to 34 percent and they add upto 44 per cent of the total export value.

Services are the largest MSME sector and wholesale and retail trade dominates the services count. The percentage is as high as 44.1 per cent of the MSMEs. The Next big sector is food and accommodation which accounts for 31 percent of the MSME sector and the share of the manufacturing enterprises is 23.8 per cent.

In India, the average share of MSMEs in manufacturing is higher than that in Southeast Asia (13.2 percent).

FIGURE 1: REGISTERED MSMES IN INDIA



Source: India Brand Equity Foundation

## DRIVERS

To nurture MSMEs, the Government is taking many initiatives to address key aspects in the sector like seed finance, working capital, marketing, human capital, credit guarantee etc.

Apart from the Government aids, the fierce competition also forces the MSMEs to adopt the latest technology as early as possible. This is one of the significant promoters of the technology adoption. The competition gives ultimatum to the enterprise to fall in line with the latest technology or vanish from the market place.

## BARRIERS

Despite two such giant promoters, the MSME owners' mindset is the biggest barrier to adoption of technology. There is always a resistance to change the existing setup or process flow. It prevails in almost all enterprises irrespective of its size and age. In fact the larger the enterprise, the stronger is the resistance to change. Digital literacy is another concern for MSMEs. Although digital literacy has increased

considerably, people are yet to tune to the latest technologies and are hesitant to depend on it till the time the technology has proven itself.

TABLE 1: STAGES OF DIGITIZATION

Level of Digitization	Digital Tools/ Processes
Use of digital tools	MS Office, Email, WhatsApp, PC, Mobile
Online presence	Website, Social Media, E-Commerce Sites
Use of advanced digital tools	Use of ERP, CRM, analytics etc.

Source: Buteau, S. [1]

## WAY FORWARD

### 1. Develop lite CRM software

There is certainly need for developing customisable software for m-CRM application which will be available to MSME owners at traditional pricing unlike the freemium model.

*Rosaline* [4] identified different stages in development of m-CRM application viz. 1. Observation and survey, 2. Requirement analysis, 3. Modelling m-CRM with local wisdom, 4. Development of m-CRM software and 5. Implementation of the software. She tested the software on 30 MSME and MSME customers She also suggested that the m-CRMs for MSMEs should not be very complicated like those for large enterprises. They should be simple to operate; should be easy to install; economical and should suit the local wisdom.

### 2. Distribution

**Online Channel:** *Novelli, F., & Wenzel, et. al.* [2] tried to investigate the online channel adoption for selling enterprise software. They identified and categorized the drivers and barriers for adoption. The developer should consider First P solution attributes (viz. scope, specificity and implementation efforts), Second P, i.e. price level and Third P, i.e. type of delivery at the engineering phase itself. This will help the IT developer to design the product in line with customer's expectations. As a corollary, the developer can investigate the expectation of his target customers for this Three Ps and then start designing the app.

**Offline Channel:** Developing the software only is not enough; it has to be distributed effectively. The developers need to look for online and offline avenues to promote the software developed. Offline sales are equally important because even though digitization has considerable advanced, traditional advertising, it has not yet lost its luster. In fact behind every online success story, a rigorous offline campaign is always there. Amazon, Flipkart, DMartReady, Indiamart, JustDial etc are classical examples of the same. Rather, without offline support or advertising, it is not possible for

## Accounting software like Tally can be adopted in the MSME sector but CRM apps need to have customization

any business to succeed. The developer can also look for Government sites to promote the software. For instance, the accounting software has been listed on GST portals. Similarly the developers should find possibilities to list their applications on GeM Portal.

### 3. Protection of your Intellectual property

Once the app. is developed and successfully sold, there will be the threat of piracy. Competitors can also clone the app and do some modifications and try to sell in the market. Hence unless you have advantage in creating safe selling channels, it is difficult to survive. To protect from piracy, the developer needs to file for trademark or copy rights of the product, though it is not very effective way to protect the business.

### 4. Keeping costs low

The biggest challenge for the developer is to keep the cost low for the app. Most of the MSMEs are cost conscious and they do not invest heavily on the marketing function. Development and distribution costs are hard to control. Either or both the functions should be headed by the developer to keep the business survive in the starting phase. He can also approach the incubation centers available in the nearby

universities.

### CONCLUSION

Globalization has definitely thrown open many opportunities to almost all enterprises, irrespective of the size. However the opportunities come along with challenges also and MSMEs being the backbone of Indian economy, cannot afford to loose their competitive edge just for the sake of inertia against technology adoption. This article has discussed many aspects of m-CRM as a technology tool for MSMEs. There is also discussion on the factors that the app designer should consider before designing his product, the online and offline avenues available for him to promote his software and ways and means to keep the cost affordable for the MSME buyer. **MA**

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

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# MICRO, SMALL, AND MEDIUM SCALE ENTERPRISES IN INDIA: CURRENT SCENARIO, PROBLEMS & PROSPECTUS

## Abstract

*Micro, small, and medium-scale enterprises (MSMEs) play a crucial role in India's economic development by contributing to employment generation, industrial output, exports and poverty alleviation. They are considered the backbone of the Indian economy. The Government of India has recognized the importance of the MSME sector and has taken various measures to promote and support its growth. Scaling the growth of MSMEs requires a comprehensive approach involving various aspects such as finance, technology adoption, skill development, market access, policy support and sustainability. However, these industries face numerous challenges that hinder their growth and sustainability.*

*This research paper aims to identify and discuss the key problems encountered by MSME in India, the current scenario and future prospects as well as encompassing issues related to finance, infrastructure, policy, technology, market access and skill development. Understanding these challenges is essential for developing effective strategies and policies to promote the growth of MSMEs and enhance their contributions to the Indian economy.*

## INTRODUCTION AND BACKGROUND

According to the latest draft of the National Policy for Micro, Small and Medium Enterprises (MSME) in India (July-2023), the MSME sector of the Indian economy has over 6 crore units, employs over 14 crore people (second only to agriculture), accounts for 28 percent of GDP, and generates 40 percent of exports. Like other industries, the COVID 19 has negatively impacted MSME's



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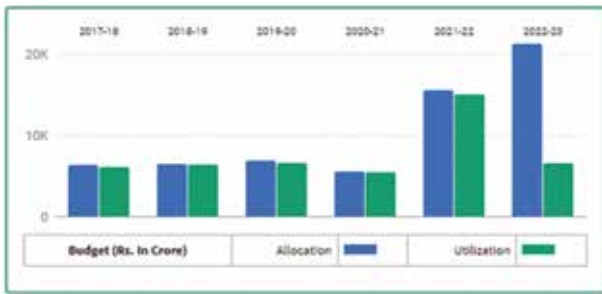
productivity as well. As a result, the productivity and efficiency of MSME assume even greater significance in accomplishing broad economic growth aims and a V-shaped recovery of the Indian economy. Activities in the agro-based industries and other segments of the sector are fairly varied. Additionally, MSMEs engage and partner with both internal and external development of manufacturing and multifaceted supply chains by businesses. MSMEs are expanding their sphere of influence across economic sectors and generating a wide range of goods and services to satisfy domestic and international markets.

## CURRENT SCENARIO

With the establishment of the Ministry of MSME in 2004 and the passing of the MSMED Act in 2006, the Government of India has taken initiatives to boost the sector's productivity since the turn of the Century. This was the first significant move of its type. The Act established an investment-based definition of MSME in the manufacturing and service sectors and brought together the typology of units.

As shown in Figure 1, the Government has significantly increased the budget from Rs. 6000 crore during FY 2017-18 to Rs.21000 crore during FY2022-23. Thus there is a significant increase in the budget by the Government (As per [msme.gov.in](http://msme.gov.in)). This shows that Government is taking efforts for the growth and betterment of the MSME's of the country.

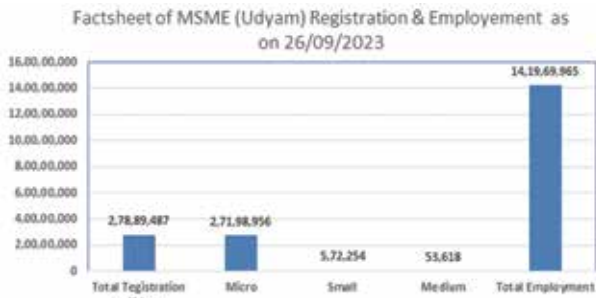
**FIGURE 1**  
**YEAR-WISE BUDGET ALLOCATION AND UTILIZATION FOR MSMEs**



Source Dashboard.msme.gov.in

As the Government has increased its budget on MSMEs, the Udyam registration on the Government portal has also increased over time. As shown in Figure 2 the total registration in the Udyam portal to date had reached 2,78,89,478. The highest number of registrations belonged to micro industries followed by small industries. Figure 2 also denotes the total number of employments generated at 14,19,96,965 to date. This shows a significant contribution to the overall employment of the country. Thus, MSME is important in the overall economic development and employment generation.

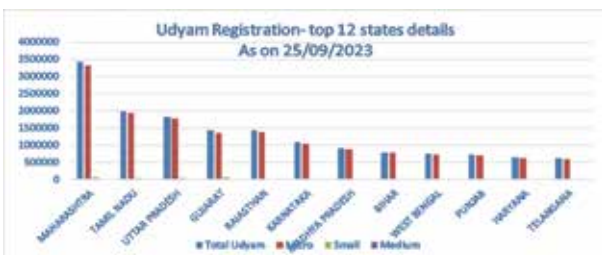
**FIGURE 2**  
**MSME (UDYAM) REGISTRATION & EMPLOYMENT GREATERED AS ON 26/09/2023.**



Source- dashboard.msme.gov.in)

However, this registration is not uniform across the State. Few States have more registrations and some States do not have much. Figure 3 shows the top 12 States which have the highest Udyam registration.

**FIGURE 3**  
**TOP 12 STATES- UDYAM REGISTRATION**



(Data source - dashboard.msme.gov.in)

As per the 2023 policy draft, the Government has a vision to encourage MSME sectors' productivity and efficiency to create jobs, income and participation in local and international value chains while considering regional balance, structural transformation, competitive advantage, and demographic dividend. To achieve this vision the Government implements various projects like PMEGP, CGTMSE, KVIC, SFURTI, etc. Figure 4 shows the number of projects registered as well as funded by the government and employment generated by the top 12 states in India.

**FIGURE 4**  
**PMEGP- NUMBER OF PROJECTS AND EMPLOYMENT GENERATION IN THE TOP 12 STATES**



(Data Source - dashboard.msme.gov.in)

**CHALLENGES AND ISSUES**

MSMEs constitute a vital sector of India's economy, contributing significantly to employment, industrial production and regional development. These enterprises serve as a breeding ground for entrepreneurship and innovation. However, they face multifaceted challenges that impede their growth and hinder their ability to compete in the global market. Understanding these challenges is essential for developing effective strategies and policies to promote the growth of MSMEs and enhance their contributions to the Indian economy.

**1) Financial Challenges**

One of the primary issues faced by MSMEs in India is the limited access to finance. Lack of adequate capital and credit options inhibits their ability to invest in technology, infrastructure, and skilled manpower. The high-interest rates and stringent collateral requirements by financial institutions make it challenging for these enterprises to secure loans.

**2) Infrastructure Deficiencies**

Inadequate infrastructure remains a significant hurdle for MSMEs. Issues like unreliable power supply, deficient transportation, and insufficient logistics facilities hinder

production, delay delivery schedules, and increase operational costs. These challenges adversely affect the competitiveness of MSMEs in both domestic and international markets.

### 3) Policy and Regulatory Challenges

Complex and inconsistent regulatory frameworks pose a substantial challenge for MSMEs. Compliance with numerous laws and regulations often consumes valuable time and resources, diverting focus from core business operations. Additionally, frequent policy changes and lack of effective implementation create uncertainty and hamper long-term planning.

### 4) Technological Obsolescence and Adoption

The rapid pace of technological advancement presents a dual challenge. On one hand, MSMEs struggle to keep up with evolving technologies due to limited resources and knowledge. On the other hand, failure to adapt to modern technologies can render them obsolete and hinder their competitiveness.

### 5) Market Access and Global Competition

MSMEs often struggle to penetrate markets beyond local and regional boundaries. Inadequate market research, limited exposure to global market dynamics and a lack of market linkages constrain their expansion. Additionally, facing intense competition from large-scale industries and international players further exacerbates the challenge.

### 6) Skill Development and Human Resources

Skills mismatch and inadequate training programs contribute to the human resource challenge in MSMEs. The dearth of a skilled workforce impacts productivity and quality, hindering their ability to meet market demands and compete effectively.

## ROLE OF MSMES IN ECONOMIC DEVELOPMENT

FIGURE 5

### ROLE OF MSMES IN ECONOMIC DEVELOPMENT



In summary, the MSME sector in India plays a critical role in economic development by promoting employment, driving GDP growth, fostering entrepreneurship, encouraging innovation, and contributing to balanced regional development and poverty reduction. Government policies and initiatives continue to focus on supporting and nurturing this vital sector for sustained economic growth and development.

## STRATEGIES FOR FOSTERING GROWTH OF THE MSME SECTORs

Growing MSMEs in any country, including India, involves a multifaceted approach encompassing various aspects such as policy reforms, access to finance, skill development, technological integration, market access, and fostering an entrepreneurial ecosystem. Here are some strategies to promote the growth of SMEs:

### 1) Policy Reforms and Simplification

Streamline and simplify regulatory procedures and compliance requirements to reduce bureaucratic red tape and encourage ease of doing business. Create a conducive policy environment that supports SME growth, innovation, and entrepreneurship.

### 2) Access to Finance

Enhance access to formal financing channels by working closely with banks and financial institutions to develop specialized loan products and schemes for SMEs. Encourage venture capital, angel investment and other alternative funding mechanisms to provide financial support to SMEs.

### 3) Skill Development and Capacity Building

Develop skill development programmes to enhance the capabilities and productivity of the SME workforce, ensuring that they can adapt to evolving market needs and technological advancements. Establish training centers and partnerships with educational institutions to provide specialized training and education tailored to SME requirements.

### 4) Technological Adoption and Innovation

Facilitate technology adoption by SMEs through financial incentives, subsidies, and training programmes that educate entrepreneurs on the benefits of incorporating technology into their operations. Establish technology parks and incubators to encourage innovation and collaboration among SMEs, research institutions, and industry experts.

**The productivity and efficiency of MSME assume even greater significance in accomplishing broad economic growth aims and a V-shaped recovery of the Indian economy**

### 5) Market Access and Export Promotion

Facilitate market linkages and access to larger markets through trade promotions, export-oriented policies, and partnerships with e-commerce platforms. Encourage participation in trade fairs, exhibitions, and international business events to help SMEs showcase their products and services globally.

### 6) Entrepreneurial Ecosystem Development:

Foster a supportive ecosystem by establishing incubation centers, co-working spaces, and industry clusters to encourage collaboration, knowledge sharing, and networking among entrepreneurs. Encourage mentorship programs where successful entrepreneurs guide and mentor aspiring SME owners.

### 7) Promotion of Industry Associations

Strengthen industry associations to advocate for the interests of SMEs and provide a platform for knowledge exchange, policy advocacy and collective problem-solving. Support networking events and industry-specific forums to promote collaboration and cooperation among SMEs.

### 8) Inclusive Growth and Social Entrepreneurship

Encourage inclusive growth by promoting social entrepreneurship and enterprises that focus on addressing social or environmental challenges while generating revenue and sustainable employment. Provide incentives and recognition for social enterprises to drive social impact alongside business growth.

### 9) Research and Development Support

Encourage SMEs to invest in research and development (R&D) through grants, subsidies, and tax incentives, fostering product innovation and improving competitiveness.

### 10) Government-Industry Collaboration

Foster collaboration between the Government and SMEs to better understand their needs and TAILOR policies and support programmes accordingly, ensuring they address

the real challenges faced by the sector.

A holistic approach involving coordinated efforts from the Government, financial institutions, industry associations, educational institutions and the private sector is essential to create an enabling environment for SME growth and sustainability.

### CONCLUSION

Thus, recognizing and addressing these challenges MSMEs face is essential for unlocking their potential and facilitating sustainable growth. Policymakers, industry associations, financial institutions, and other stakeholders need to collaborate to devise solutions that address these challenges and enable MSMEs to thrive, contributing significantly to India's economic prosperity.

Preparing MSMEs in India to be future-ready involves embracing technological advancements, ensuring sustainability, enhancing skill, and improving overall competitiveness. **MA**

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# MODERN CHALLENGES OF INDIAN WOMEN ENTREPRENEURS: A PRIMARY SURVEY BASED STUDY

## Abstract

*Women entrepreneurship in India is a bright ray of hope for thousands of women who are facing various abuses daily in their life. Women entrepreneurs will not only promote economic prosperity but also a healthy society, where gender bias and related abuses are very insignificant. In India women entrepreneurs are countering several strong challenges which are acting as barrier in their path of success. Social mis-perception, family responsibilities, lack of external support, etc. are few of those curses. Identification and solving of those challenges are pivotal for the country's sustainable growth.*

## BACKGROUND

According to a survey conducted by Bain & Co. Indian women entrepreneurs are providing direct employment to around 22 to 27 million people of the country. They also estimated, women entrepreneurs can further generate 150 to 170 million jobs by 2030 if adequate measures are taken for its development. Moreover, India can add around 700 billion dollars to its GDP in the coming years through increase of women participation in the work force, according to the said study.

From the above presented facts, the economic value of promoting women entrepreneurship in the country is easily understandable. Another vital input into this discussion is that a large chunk of women entrepreneurs are operating in the grass root level. This will not only promote employment of uneducated and less educated people, but will also enhance their standard of living. Women entrepreneurship or economic empowerment of women is very vital in India considering the poor situation of a large portion of the section. In the patriarchal society like we have in India, women face lot of challenges in gaining social acceptance. Economic empowerment through entrepreneurship can ensure it through modification of perceptual culture. Economic empowerment also induces independent decision making by the women and this reinforces women's social prestige.

In every achievement there are always some challenges.



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Women entrepreneurs might also have to face some challenges in their path of success. All the stakeholders of the society have a responsibility to work together to promote a culture that supports women entrepreneurship. Countries where women entrepreneurs are blooming brightly unlike India have a strong supportive culture in favour of women entrepreneurship.

## LITERATURE REVIEW AND RESEARCH GAP

Successful Indian women entrepreneurs are no less than their male counterparts in any respect. The perseverance, intelligence, decision making capability, etc. of the Indian women entrepreneurs are outstanding, (Koneru, 2017). Social set-up in India is not supportive of women entrepreneurship. Supports and motivation from different stakeholders of the society is very vital for the success of the women entrepreneurs, (Sharma, 2013).

Rural women entrepreneurs in India play a major role in rural employment creation. Rural women entrepreneurs

basically run small and micro businesses; which require unskilled and semi-skilled workers. This type of workers are available in plenty in rural areas. (Gautam & Mishra, 2016). Women entrepreneurs in rural India are encountering lots of problems like lack of monetary support, poor knowledge dissemination, societal pressures, etc. (Kumbhar, 2013). Rapid expanses of the scope of digitalization reinforces new hope in the dreams of women entrepreneurs (Paoloni et. al, 2019).

The importance of women entrepreneurship in India can be clearly understandable from the above discussions. In this context exploring the challenges that are restricting the entrepreneurial goals of the women in India is very important. Hence, the present researchers try to find out the major challenges of the Indian women entrepreneurs at present through this primary survey-based study. They also focus on identification of remedial measures.

### RESEARCH OBJECTIVES AND METHODOLOGY

The primary objective of the research is to identify the challenges that Indian entrepreneurs are currently facing while opening and running a venture. The study also tried to identify and recommend several remedial measures of the challenges.

To achieve the research objectives the researchers developed an open-ended questionnaire. The questions are set in such a way that idea about both challenges and remedial measures can be gained from the discussions with the respondents. This is a qualitative and explorative study. Respondents are selected in a non-random manner. Respondents are from West Bengal mainly. Questions are verbally placed before respondents and their answers noted down for analysis. Finally, conclusive facts are presented based on those analyses. Respondents were interacted either physically or virtually. Respondents were from different age groups and of backgrounds and special attention have been given on this to get

a robust result.

### PRESENTATION OF FACTS

Societal prosperity and equality are highly influenced by the level of women empowerment in a State. Women empowerment induces broadness of thoughts and visions in a culture. This is very vital for societal upgradation. Economic empowerment of women is the most powerful weapon to remove the curse of gender-bias in a society. Women entrepreneurship promotes their empowerment through multi-dimensional independence. In our country there are many challenges which are depriving women from their entrepreneurial pursuits. As a researcher we have undertaken a non-random survey using open questionnaire to identify these challenges. Challenges are presented under the following broad categories.

1. **Social Mis-perception:** The most vital curse for aspiring women entrepreneurs is the social wrong perception about women's role in a society. As observed through the survey majority of the women entrepreneurs voiced their strong feelings against this age-old issue. Family members, localities, friends, etc. always initially perceived that "She can't do it"; this perception becomes very much demotivating initially in all respects for majority of the successful women entrepreneurs today. This wrong perception leads to various types of non-cooperation regarding monetary issues, mental supports, sharing of family responsibilities, etc.
2. **Economic Hurdles:** Countering economic problems while opening and running small businesses in India is a common issue among majority of the entrepreneurs. The problem is more acute when it comes to women entrepreneurs as observed through the study. Women entrepreneurs

face lot of complexities while procuring funds for entrepreneurial pursuits. Formal and informal lending institutions unnecessarily harass women entrepreneurs who approach them for funds, especially when they are less educated and coming from not so wealthy background. Lending organizations demanded more documents or higher security deposits from them in comparison to what they demanded from male counterparts. As most of the aspiring women entrepreneurs are not so economically strong, these issues make economic problems more complex.

3. **Lack of Adequate information:** It has been observed through the survey that many women entrepreneurs are unaware of various vital market information. Market knowledge is very important for successful entrepreneurship. It has been found that many women entrepreneurs especially house wives lack basic market knowledge. This issue is more acute among low profile women entrepreneurs due to poor educational background. Among educated women entrepreneurs this issue doesn't exist.
4. **Societal Threats:** This is a very serious issue especially for young women entrepreneurs. It has been found through the study that young women entrepreneurs are undergoing various gender-based abuses both in online and offline modes of business operations. Culprits in disguise of customers are most often trying to abuse entrepreneurs, sexually. Due to this serious problem many young entrepreneurs have moved out. This problem is more common in case of online businesses. Family members of many young women entrepreneurs forced

them to move out due to this issue. Another common threat arises from online based frauds. Many women entrepreneurs especially aged and less educated one face this problem more.

#### 5. Family Responsibilities:

Family responsibility is a big deterministic factor for majority of the women entrepreneurs. Women generally invest considerable time for discharging family responsibilities. The issue is more complex for married women and single daughters. What we observed from respondents is that women entrepreneurs especially married and single daughters have to spent a good amount time for discharging and monitoring family duties. This put considerable pressure on them while running business side by side. Obstacles become more acute when family responsibilities add up with non-cooperation from the family members. Some entrepreneurs are forced to take additional responsibilities as they are doing business.

#### 6. Lack of Entrepreneurial Supports:

In India entrepreneurial culture is in a developing stage. Except few metropolitan cities the external support base for promoting entrepreneurship is very poor. Countries which are standing far ahead than India in creating successful entrepreneurship have versatile and robust entrepreneurial support base. It has been observed through the study that nearly all the respondents agreed to the fact that lack of entrepreneurial knowledge makes them volatile in different risky situations. Entrepreneurships in the present context are subject to huge market risk. External supports in the form of advice and knowledge dissemination

## Societal prosperity and equality are highly influenced by the level of women empowerment in a State

are very vital for sustainable operations.

### CONCLUSIVE REMARKS

From the above study it has been observed that women entrepreneurs in India are facing several challenges arising from different societal elements. These challenges are very much obligatory in full-fledged blooming of women's dream of becoming successful entrepreneur.

Spreading social awareness for abolishing age-old beliefs is very important to change societal perception regarding women's role in a society. The State has a huge responsibility in cultivating this perceptual change among the various social groups. Social workers, industries, educational organizations, etc. also play a vital role in shaping the social perception in favour of promoting women entrepreneurship in the country. This will also work in reducing women's burden while discharging family responsibilities. .

For reducing gender-based crimes the judicial and administrative mechanism of the country need to more powerful, strong, and expeditious and trust worthy. Moreover, changes in perceptual culture are the most dominating factors in solving this problem. Financial institutions need to be more empathetic while dealing with women entrepreneurs. Governments, RBI, SEBI and other regulatory bodies need to consider this issue seriously. There should be clear and comprehensive penal mechanisms to deter the lenders from harassing the women entrepreneurs.

Finally, for ensuring better entrepreneurial supports industry bodies and Government need to play

more active role through development of innovation and consultancy labs throughout the country. This will also solve the problem of information gap among women entrepreneurs. **MA**

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# THE SYNERGY EFFECT OF INDO-AFRICA RELATION AND MSME ON DEVELOPMENT PROGRESSION

## Abstract

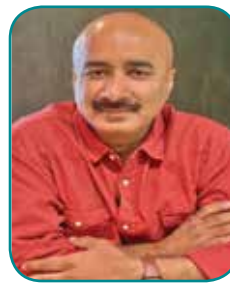
*This article explores the collaborative impact of Indo-Africa relations and MSMEs on developmental potential. It focuses on how strengthened diplomatic and trade ties are enhancing the role of micro, small, and medium enterprises in advancing economic growth and innovation. The study underscores how this synergy has a potential to accelerate infrastructural, technological, and social development in both regions.*

The historical evidence of Indo-Africa trade is rich and complex, dating back to several centuries. Ancient trade routes, such as the maritime spice route, connected the Indian sub-continent and African continent, facilitating the exchange of goods and culture. Trades were predominantly in spices, textiles and other precious commodities. This ancient connection laid the groundwork for a lasting economic relationship. In the post-colonial era, despite the challenges, the two regions worked to solidify their economic ties. The late 20th and early 21st centuries witnessed resurgence in bilateral trade relations, characterized by increased exchanges of goods, services and investments. India's engagement with Africa has been characterized by cooperation in various sectors, including agriculture, technology and health.

As of the 21st century, trade between India and Africa has grown exponentially. India is now one of Africa's top trading partners, with bilateral trade volumes reaching significant milestones. Enhanced diplomatic ties, strategic partnerships and multilateral agreements have been central to this growth, fostering an environment for the continued expansion of trade and investment.

This article aims to scrutinize the bilateral relationships between Indian and African MSMEs, evaluating how their collaborations contribute to mutual economic and social development. It seeks to identify and elaborate on the opportunities and challenges arising from the Indo-Africa MSME synergy, offering insights for enhancing their impact on regional development.

The rise of the MSME sector has added a new dimension, reassured the diversification of traded goods and services and nurtured innovation and entrepreneurship. This further strengthens the Indo-Africa trade relationship as not just historical but dynamically forward-looking. Economically, the trade relationship between India and Africa experienced a significant boost, reaching US\$ 98 billion in 2022-23 from US\$ 89.6 billion during the preceding year, highlighting



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notable growth. For this the contribution of micro, small, and medium enterprises (MSMEs) holds greater significance than that of large enterprises.

India's support to Africa is exemplified by the extension of concessional loans exceeding USD 12.37 billion. This financial assistance has enabled the successful completion of 197 projects, with an additional number of 65 projects currently underway. Eighty-one projects are in the pre-execution stage. These projects encompass diverse sectors, including drinking water schemes, irrigation, rural solar electrification, power plants, transmission lines, cement production, sugar mills, textile factories, technology parks, and railway infrastructure.

## RELEVANCE OF MSME

MSMEs play a pivotal role in India's economic development, contributing significantly to employment generation, industrial production and exports. As engines of growth, MSMEs promote equitable development, offering diverse opportunities across urban and rural areas. Innovations and adaptability enable them to respond rapidly to market demands, driving inclusive growth. Supported by Governmental policies



and digital advancements, MSMEs are expected to lead in transforming India into a global manufacturing hub. Their agility, dynamism, and sustainability are central in addressing unemployment, promoting innovation, and elevating the socio-economic horizons, proving their indispensable relevance in India's holistic development narrative.

TABLE: TYPE OF ENTERPRISE ACCORDING TO INVESTMENT AND TURNOVER

Type of Enterprise	Investment in Plant and Machinery or Equipment	Turnover
Micro Enterprise	Does not exceed ₹1 crore	Does not exceed ₹5 crore
Small Enterprise	Does not exceed ₹10 crore	Does not exceed ₹50 crore
Medium Enterprise	Does not exceed ₹50 crore	Does not exceed ₹250 crore

The role of MSMEs in Indo-Africa relations is pivotal, acting as a bridge that not only strengthens economic ties but inspires innovation and technological exchange. MSMEs have increasingly become the backbone of both Indian and African economies, contributing substantially to job creation, industrial output, and export growth. In the context of Indo-Africa relations, MSMEs facilitate the deepening of trade ties, augmenting economic engagement and diversification of trade baskets.

Joint ventures and collaborations between Indian and African MSMEs have accompanied in an era of shared technological advancements and innovation. They are instrumental in transferring skills and technology, contributing to the human capital development of both regions. Governmental policies and international agreements have been designed to support MSMEs, recognizing their significance in enhancing bilateral trade and investment. Furthermore, MSMEs are central to promoting sustainable development goals. They advance economic inclusivity, creating opportunities in both urban and rural areas, and play a crucial role in poverty alleviation. In essence, MSMEs are not just economic entities but are pillars supporting the multifaceted relationship between India and Africa, merging economic prosperity with social development and technological innovation, engraving a promising pathway for future collaborations.

### INDO-AFRICA COLLABORATIVE FUTURE AHEAD

The future of Indo-Africa trade is promising due to a multitude of factors that include global economic shifts and regional partnerships. Here's a comprehensive list of reasons that underline this optimistic outlook:

**1. De-dollarisation/shift from dollar dependency:** Both regions are gradually reducing their reliance on the U.S. dollar in bilateral trade, exploring alternatives to avoid the volatility of dollar-dependent economies.

**2. Sinking European economies/looking beyond Europe:** As European economies face challenges; India and Africa are

exploring new trade partnerships, diversifying their economic alliances.

**3. Policy reforms/facilitating trade:** Legislative and policy reforms in both regions facilitate ease of doing business, inducing a conducive environment for trade.

**4. Emerging markets/young population:** India's and Africa's vibrant markets, youthful populations, and expanding middle classes signal robust future economic growth.

**5. Infrastructure development/ connectivity enhancement:** Investments in infrastructure are enhancing connectivity, reducing the cost of trade, and facilitating smooth business operations.

**6. Technology adoption/digital revolution:** Rapid advancements in technology are connecting businesses, offering innovative solutions, and making trade processes efficient.

**7. Sustainable development goals/common objectives:** Shared goals of sustainable and inclusive growth are driving collaborative efforts in sectors like agriculture, healthcare, and energy.

**8. Regional integration/strengthened ties:** Regional economic communities in Africa and regional partnerships in Asia are promoting intra and inter-regional trade.

**9. Increased investments/capital inflows:** The rise in investments from private sectors and international agencies is boosting economic activities.

**10. Resource exchange/natural and human resources:** The exchange of natural resources and skilled labour is enhancing productivity and innovation.

**11. Political will/bilateral relations:** Strong political will and diplomatic ties are promoting strategic partnerships and collaborations.

These diverse factors collectively underline a future of enhanced economic relations between India and Africa, marked by increased trade volumes, investments and collaborations in varied sectors. The strategic shift towards building a resilient, diversified and inclusive economic partnership promises a brighter future for Indo-Africa trade amidst the evolving global economic landscape.

### TEAM 9 INITIATIVES: AN MOU BETWEEN AIEF AND AU

The signing of a memorandum of understanding (MOU) between the Africa India Economic Foundation (AIEF) and the African Union (AU) ushers in a promising time in the economic relations between India and Africa in March 2023. This unprecedented alliance is designed to broaden the horizons of trade and business collaborations, marking a significant stride towards an integrated and mutually beneficial partnership. The MOU embodies a collective aspiration to amalgamate efforts, expertise, and resources in encouraging a robust economic landscape that is reflective of shared goals and objectives.

The Africa India Economic Foundation (AIEF), an emblem

of progressive business perspectives, has been at the forefront of amplifying India's commercial presence in Africa. With the African Union's endorsement, this collaboration underscores a mutual commitment to transcending geographical boundaries and building a network of opportunities that are as diverse as they are dynamic.

In the archives of economic diplomacy, the MoU is distinguished as a blueprint for harnessing the potentials inherent in the micro, small, and medium enterprises as well as the public and private sectors of both regions. It encapsulates a vision of a collaborative future where technology transfer, skill development, and investment are not just encouraged but are intrinsic to the business ecosystems of India and Africa.

The TEAM-9 initiative was an indication to the evolving synergy between India and eight West African countries. Deeply rooted in a shared commitment to economic and infrastructural development, this initiative witnessed the infusion of USD 500 million into diverse projects. It highlights a paradigm of partnership where financial resources and policy frameworks converged to create a bundle of opportunities and growth. AIEF's role extends beyond the conventional realms of business collaborations. It is an opportunity to resonate with the distinct business climates of both regions. In this matrix of collaborations, MSMEs are not participants but are expected to be pivotal stakeholders and being designed by the unfolding economic narrative.

This integration transcends transactional interactions; it is emblematic of a deeper, more intrinsic connection rooted in shared aspirations and mutual respect. Every strand of this partnership, from technology transfer to skill development, is woven with a thread of inclusivity and innovation. Each collaborative effort is reflective of a broader vision, where prosperity is not an isolated objective but is intrinsic to the economic and social fabric of both regions.

As India and Africa embark on this journey, the pathways ahead are

## MSMEs have emerged as a powerhouse of economic growth in India, often overshadowing the impact of larger enterprises

illuminated with the prospects of increased investments, expansive trade networks and a vibrant MSME sector. It's a future where the potentials of both regions are not just acknowledged but are amplified through strategic collaborations. In this envisioned future, prosperity is a shared narrative, where every investment and initiative are a step towards a collective aspiration.

The MOU is not just a document but a testament to a future where India and Africa, bound by shared objectives and mutual respect, navigate the pathways of economic growth together. In this shared journey, the narratives of progress and prosperity are not just intertwined but are reflective of a deeper, intrinsic partnership that transcends the conventional paradigms of economic relations.

### CONCLUSION

MSMEs have emerged as a powerhouse of economic growth in India, often overshadowing the impact of larger enterprises. While large corporations have their impressive footprint and the fancy balance sheet numbers, the masses outreach and potential of MSMEs give them a distinct edge. MSMEs, often hailed as the backbone of the Indian economy, have a vast presence across the nation's urban and rural expanse. Their ability to generate employment is unparalleled, especially in semi-urban and rural areas, ensuring a more distributed and inclusive economic growth. With their smaller scale, MSMEs possess agility that larger entities often lack, enabling them to quickly adapt to market changes and innovations.

Furthermore, the MSME sector has showcased resilience in times

of economic downturns, often bouncing back faster than their larger counterparts. The G20 summit 2023 intends to further reassure the bilateral ties by inclusion of the African Union as a permanent member of the humongous economic grouping. Their localized operations reduce vulnerability to global market fluctuations. The diversity within the MSME sector - spanning manufacturing, services, and trade - brings a multifaceted approach to economic development. Moreover, with the Indian Government's focused initiatives and financial schemes, MSMEs receive an impetus for growth and innovation, further solidifying their crucial role. In essence, while large enterprises contribute significantly, the potential of MSMEs in shaping India's economic picture are arguably more profound. **MA**

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# BOOK REVIEW

**Book Name** : **CORPORATE ENVIRONMENTAL MANAGEMENT - Towards a Green Economy**

**Author** : CMA (Dr.) Bhabatosh Banerjee

**Published by** : PHI Learning Private Limited, Second Edition, 2023

**Pages** : 248

**Price** : ₹475/-

The instant text-cum reference book, comprising seven well-written chapters, precisely deals with corporate organizations' role in environmental management. Modern society is organizational society and corporate organizations are the major pollutants of the global environment. Therefore, it is their challenges how to make the globe more environment-friendly.

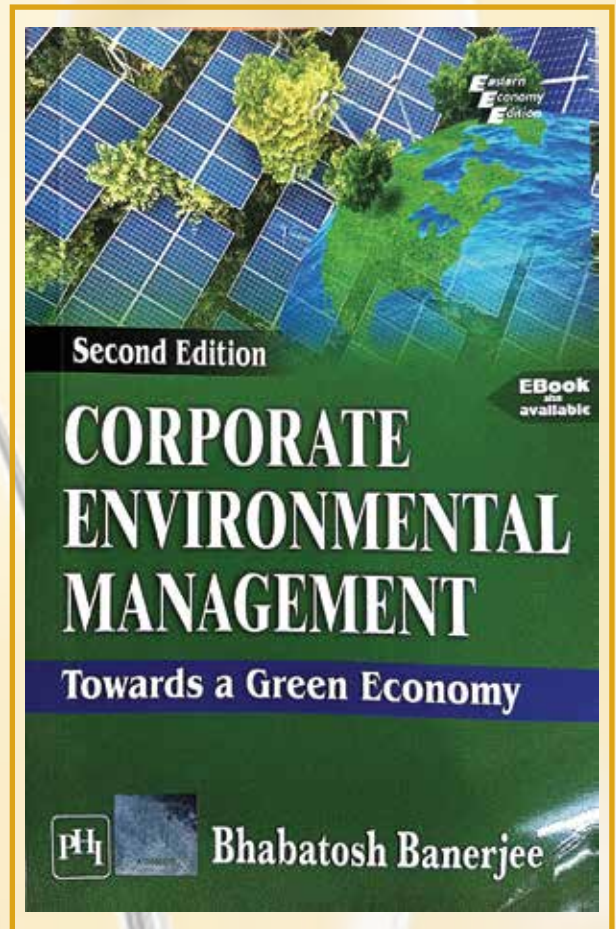
The author explains the importance of environmental management in the context of sustainable economic development and then gives an overview of problems, issues and the hence of corporate environmental management and deals with corporate environmental challenges and the responses thereof in relation to the atmosphere, land and water bodies, and the effects of biotechnology. The challenges arising from other stakeholders also find a reasonable discussion (ch. 2).

The author then explains the need for and effects of environmental regulations in India (ch. 3). All the international developments including Climate Summit (COP27 held in 2022) are covered along with their impact on national governments who are members of the UNO. The Climate Change and its devastating impact throughout the world and the possible remedial measures find a reasonable space (ch. 4).

Conceptually, the chapters on Corporate Environmental Management for Sustainable Development (ch. 5) and Accounting and Reporting of Corporate Environmental Management (ch. 6) are very rich in content and analysis. New Case studies ITC (2022) and ESG Reporting of SAIL (2021-2022) indicate a new direction to the environmental reporting. They are internationally competitive.

The newly designed chapter 7 discusses *some emerging topics*, such as, Green Economy and Green Accounting, Carbon Accounting and Carbon Credit Trading in India, and Global Warming and Climate Change. This thoroughly revised and enlarged edition is now a complete text-cum-reference book on environment management. Accordingly, as an International Educator, Dr. Banerjee has suggested two course outlines in the Appendix, one for undergraduate students, and the other for post-graduate students, providing an opportunity to the educational institutions for sensitizing the young minds to make them worthy citizens of the world.

Over all, the book highlights two positive outlooks. One, environment-friendly performances are more socially and



economically beneficial even at the micro level. Second, voluntary disclosure of environmental issues get positive responses even from the commercial stakeholders. The coverage of the book is highly satisfactory in a complex subject like this. The presentation is simple, lucid and straightforward. I strongly recommend this book for all those who are concerned with Environment Management.

**Reviewed by:**

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# BOOK REVIEW

**Book Name** : HANDBOOK ON SECRETARIAL AUDIT

**Authors** : CS Usha Ganapathy Subramanian, CS A Sekar and Dr. Ranjith Krishnan

**Published by** : Taxmann Publications Pvt. Ltd.

**Pages** : 300

**Price** : ₹745/-

A handbook on Secretarial Audit co-authored by CS Usha Ganapathy Subramanian, CS A Sekar and Dr. Ranjith Krishnan has been published by Taxmann in the last week of October 2023.

This Handbook on Secretarial Audit is a comprehensive guide to Secretarial Audit mandated under the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as also to voluntary Secretarial Audit engagements.

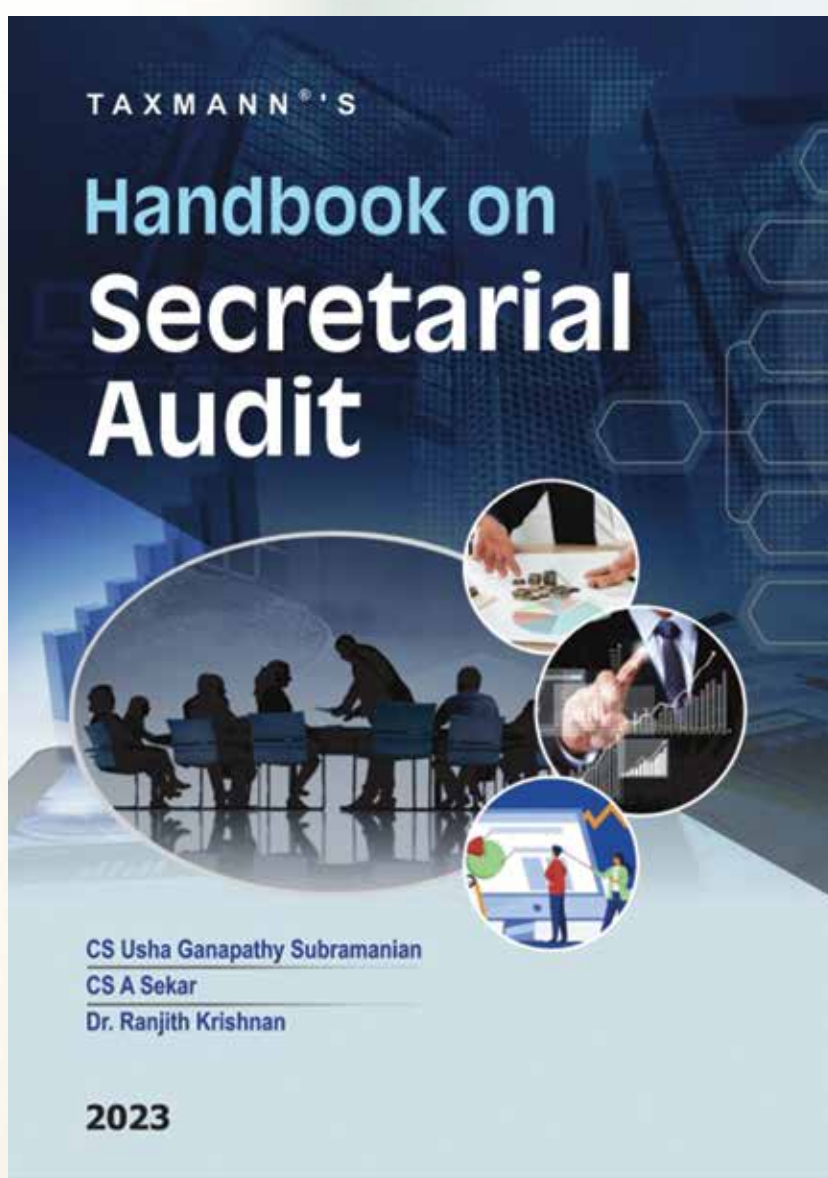
The authors of this book have meticulously researched various aspects of Secretarial Audit and have provided a practical overview on a platter which caters to the requirements of many professional queries not only of the Secretarial Auditors, but also KMPs and members of the Board.

## **Brief evaluation of Chapters in the book**

The book is divided into 9 chapters. First Chapter being the introductory chapter gives a broad overview on the need for the assurance on compliance, framework of assurance on compliance, Definition of Secretarial Audit, mandatory requirements of Secretarial Audit under companies Act, 2013 and LODR, voluntary adoption of Secretarial Audit, Due Diligence and persons

qualified to perform Secretarial Audit.

The second chapter takes us through aspects like overview of the various audits under the Companies Act, 2013, nature and scope of Secretarial Audit, powers of the auditor and appointment, qualifications and independence



of the Secretarial Auditor.

Chapter 3 highlights the various stages in a Secretarial Audit assignment starting with the acceptance of audit engagements, important factors to be considered in planning and performing the audit, documentations relating to Secretarial Audit, determination of materiality, evaluation of audit evidence and drafting and submission of Secretarial Audit report.

In the fourth chapter, the authors have explained the importance of understanding the nature of businesses carried on by the entities and the environment in which it operates. They have emphasised on the necessity to do a preliminary review of the charter documents, regulatory filings, internal control systems in vogue as also the extent to which the Secretarial Auditor can rely on the work of Statutory Auditors.

Chapter 5 is in two parts - In Part-1 the authors deal with compilation of information for the current file and the matters to be verified with respect to the Companies Act, 2013 and in Part-2 they have dealt with the significant aspects to be covered with respect to SEBI regulations and Securities Laws, FDI, ODI and ECB under FEMA regulations. Provisions of statute/laws specifically applicable to the company and adequacy and effectiveness of systems in place to ensure compliance with laws generally applicable to the company have also been covered in a succinct manner.

The sixth chapter is devoted to the Secretarial Auditor's responsibility in respect of Fraud. The authors, have, while elaborating the provisions under the Companies Act, 2013 which fixes responsibility on the statutory Financial Auditor, Cost Auditor and the Secretarial Auditor when it comes to matter of Fraud, underscored the approach to be adopted by the Secretarial Auditor considering the facts and circumstances encountered by him during the course of Secretarial Audit.

Chapter 7 is in fact an extension of Chapter 3 and deals in greater detail how audit evidence is evaluated and based on such evaluation what is the process adopted for the formation of opinion which goes in the final Secretarial Audit report. The consideration of materiality in this process and the generally accepted auditing practices have also been covered. Of particular interest in this chapter is the extent to which a Secretarial Auditor may rely on Management representation letters and the circumstances in which Management representation letters are required. The authors have in this chapter brought out the distinction between modified opinion, unmodified opinion and

disclaimer of opinion.

Chapter 8 concentrates on how quality control is ensured in a Secretarial Audit. The authors, here, have referred to the components necessary for establishing quality in the functioning of the audit firm, various internal quality control aspects and maintenance of quality client interactions in the Secretarial Audit process.

While travelling through Chapter 9 one can find that the authors have made an attempt to connect the peninsular triangle of Strategy-Governance-Sustainability.

### **How this Handbook on Secretarial Audit will be useful for CMAs?**

Many of the CMAs are at the helm of affairs as a KMP in the corporate world both in public and private sectors and quite a few CMAs are at the forefront to advise the management of any entity on the pursuit of sustainable strategy. The potential for CMAs to enter into multi-disciplinary practice is evolving. Secretarial Audit is an important component in the governance process and completes the inter-connect in the peninsular triangle of Strategy-Governance-Sustainability.

I consider this practical handbook on Secretarial Audit to be a welcome addition in the library of a CMA. I compliment the efforts taken by authors CS Usha Ganapathy Subramanian, CS A Sekar and Dr. Ranjith Krishnan to provide a multi-disciplinary dimension to the subject which deserves whole hearted appreciation of the potential of Secretarial Audit to take sustainability to greater heights!

### **Reviewed by:**

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# INTERVIEW



## CMA G Srinivasan

Director (Finance)

South Eastern Coalfields Ltd. (SECL), Chattisgarh

**S**hri G Srinivasan has taken charge as Director (Finance) in South Eastern Coalfields Ltd on 12.08.2022. He is a Commerce Graduate from Madras University and an Associate Member of Institute of Cost Accountants of India. He has wide experience of more than 35 years in Finance Discipline in Coal Mining Industry and has served in various capacities in WCL, SECL and CIL. During his tenure at Coal India and subsidiaries, he has worked at Mines, Areas, Subsidiary Corporate Offices and CIL Corporate Office. He has handled various assignments such as Corporate Treasury Management, Direct and Indirect Taxation Matters, Corporate Accounts, Cost and Budget, Sales Account and other finance functions. He played a vital role in GST Implementation in SECL. He took a lead role and ensured successful implementation of ERP/SAP FICO Module in WCL and in all the Six subsidiaries of CIL in the Second Phase of ERP/SAP implementation.

**Q1. What are the significant achievements of South Eastern Coalfields Ltd (SECL) one of the largest coal producing subsidiaries of Coal India Ltd, towards meeting energy requirements of India that deserves mention in the last one year?**

**Ans.** SECL which is the second largest coal producing Company of CIL achieved a coal production of 167.01 Million Tonnes during the Financial Year 2022-23 which is around 24% of the total production of Coal India Ltd.

The coal supplies to the power sectors during the financial year 2022-23 was 139.73 Million Tonnes which is 7.73% growth over the previous year.

SECL achieved all time CAPEX performance of ₹ 4852.15 Crore during the FY 2022-23 registering a phenomenal growth of 66% over the previous years. The Gevra project of SECL became the first mine of India to produce and dispatch over 50 Million Tonnes of coal.

SECL contributed highest ever payment to Central &

State Exchequer in last three years.

**Q2. As a Director Finance of SECL, what is the biggest challenge ahead of you that you hope to accomplish before you finish this role?**

**Ans.** As Director (Finance) of SECL, my main priority and focus will be on;

- i. Maximization of profit,
- ii. Achievement of CAPEX of Rs. 5100.00 crores during FY 2023-24, which is essential for the expansion projects of the company.
- iii. Cost reduction in Underground and Opencast Mines,
- iv. Improvement of Departmental Capacity Utilization of machines,
- v. Improvement in the Internal Controls with ERP enabled techniques.
- vi. Adopting Best Practices of the Industry.

**Q3. SECL achieves key financial milestone in PM-Gatishakti Rail corridor Project in Chhattisgarh. What is your outlook on the same?**

**Ans.** CERL Phase-II which is a joint venture subsidiary of SECL achieved financial closure with Central Bank of India with a total loan exposure of ₹ 1349.00 Crore. The project is to be completed by Dec'2026 and will connect the Rail line from Dharamjayagarh and Uрга. By the time CERL & CEWRL Projects get completed, the total coal evacuation facility from Kharsia to Pendra will be in place with 350 kms Rail line. This will support the growth in the dispatches from Raigarh and Korba coalfields.

**Q4. A few words on the forthcoming projects of SECL towards socio-economic and environmental advancement of Chhattisgarh.**

**Ans.** In the Socio-economic and environmental front, SECL is in the forefront with various environmental and protection activities. The Company has planted 8.14 lacs saplings during 2022-23 and around 3 crores saplings already planted since inception, minimizing pollution, and ensuring clean environment as a mission of SECL and in this respect, the Govt. of India initiatives of implementing the First Mile Connectivity (FMC) projects are already underway and three (03) FMC projects have already been commissioned and four (04) FMC projects will be completed by 2023-24, with a total Capex infusion of ₹ 1720 Crores.

Also, various other environmental awareness programmes, and other activities essential for the environmental monitoring is being undertaken. The concept of eco-park in Korba Area will be a reality within a span of two years.

**Q5. Green move by SECL through developing 600 MW rooftop and ground mounted solar power projects. How beneficial it can prove towards achieving “Net Zero Energy” goal?**

**Ans.** SECL is committed to achieve “Net Zero Energy” goal. As a part of this plan, renewable energy Solar projects are under implementation with 1.5 MW floating solar project, 100 MW solar projects and Roof Top Solar power projects at all offices of SECL situated across M.P and Chhattisgarh. We are also committed to complete the installation of 40 MW ground mounted project during the current year.

**Q6. Which innovative, cost effective and environment friendly initiatives are there in your pipeline for the next couple of years?**

**Ans.** SECL being a major labour intensive industry, the labour cost contributes to more than 60% and being in the nature of the fixed cost.

However, our Company is going towards technological advancement in the operational areas. With the introduction of Continuous Miners in underground mines, Surface Miner technology in opencast mines and Longwall and High-wall mining technologies will not only eradicate the blasting requirements but also contribute to major savings in the loss incurred in operation of underground mines. The Company is committed to implementation of 30 continuous miners in the next couple of years.

**Q7. What are the various ways your organization can integrate with our Institute for diverse avenues in professional development matters?**

**Ans.** SECL employing a majority of CMA graduates in finance discipline always contributes to the advancement and updation of Managerial skills and academic orientation of our executives. In this process, various programmes are being regularly sponsored at the Company level with The Institute of Cost Accountants of India.

Taking this forward, I would request the Institute to pursue with CIL for exploring the possibility of induction of CMA students for the mandatory training program of 15 months in our industry, as a part of the curriculum.

**Q8. Parting advice for our CMA students**

**Ans.** I will advise our CMA students to keep the focus area of their studies as cost of the product. The key areas of their competency to be developed should be Cost Audit and Management Audit, where they should be in a position to guide the management. For this purpose, they should enhance their skills in the technical and operational areas. My best wishes to all the CMAs Aspiring Students. **MA**

# SEBI REFORMS - ESG RELATED REQUIREMENTS FOR MUTUAL FUNDS



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## Introduction

Over the past few years, the significance of ESG risks as well as economic and financial impact of climate change by investors, particularly institutional investors has grown manifold. ESG schemes are increasingly getting launched around the world. A mirror effect is also happening in India, with many ESG funds have been launched. ESG investing is catching up and getting mainstream.

## ESG AUM in India

The following table shows the ESG AUM in India over the past five years<sup>1</sup>:

Year	ESG Funds Assets Under Management (Rs. Cr.)
2019	2703
2020	9411
2021	12369
2022	10741
2023	10635

ESG funds in India are still at a nascent stage though 10 out of the 13 ESG funds launched in India have happened over the past three years<sup>2</sup>, indicating an increase in interest in investors and consequent rise in offerings by mutual funds.

## SEBI and ESG disclosures – adoption of a holistic approach

SEBI, after taking into account the recommendations of the ESG Advisory Committee and pursuant to public consultations, amended the provisions of the SEBI (Mutual Funds) Regulations, 1996 on June 27, 2023 to, inter-alia, specify that the funds under environmental, social and governance (ESG) schemes shall be invested in the manner as specified by SEBI from time to time. Accordingly, in July 2023, SEBI brought ESG related

<sup>1</sup> Source: Morningstar, August 2023 <https://www.morningstar.in/posts/74907/esg-funds-lose-their-sheen.aspx>

<sup>2</sup> <https://www.bqprime.com/business/esg-mutual-funds-in-india-are-having-a-reality-check>

## Abstract

*The world of investment is seeing a proliferation of ESG fund schemes. In India too while there have not been too many schemes, the interest in the same is increasing. With avenues to invest in ESG products increasing, by way of schemes, there is a necessity that standardization be infused into the same as well as transparency. SEBI, the regulator that has always been at the forefront of reform, has adopted a holistic approach in framing ESG related regulation. The last piece in the ESG regulation puzzle was disclosures and standardization in relation to ESG schemes, which has been recently brought in by SEBI. This article elucidates the reform.*

requirements for mutual funds.

Accordingly, to gear up the issuer and other stakeholders, SEBI has brought in multiple reforms on the ESG front over the past year, like the

- ⦿ Business Responsibility and Sustainability reporting,
- ⦿ BRSR Core reporting,
- ⦿ Green bond framework,
- ⦿ Blue, Yellow and Transition bonds, and
- ⦿ Dos and Don'ts on Greenwashing.

Thus, a holistic approach has been adopted by SEBI in this matter, so as to benefit all stakeholders.

SEBI has mandated the top 1,000 listed companies (by market capitalization) to make ESG disclosures as per the Business Responsibility and Sustainability Reporting (BRSR) on a mandatory basis from FY 2022-23. SEBI thought fit to introduce measures to address the risks of greenwashing, to be undertaken by both companies and Mutual Funds. ESG disclosures need to be robust made by Mutual Fund (MF) schemes and so as to mitigating the potential risk of greenwashing and mis-selling. This is an aspect that regulators around the world are combating now. In the face of random disclosures and jargon filled documents, there is a need to make disclosures more standardized and also align with global best practices. India and the US have been at the forefront of transparency – the December 2020 study by morning star rates India as the no.1 market in the world as far as the disclosure and transparency scorecard is concerned<sup>3</sup>. A large part of credit is due to SEBI for this achievement. Continuing the same verve, SEBI adopted a participative and consultative approach to formulate disclosures for ESG funds also.

<sup>3</sup> <https://www.morningstar.com/funds/global-disclosure-practices-how-markets-around-world-stack-up>



## Constitution of ESG Advisory Committee by SEBI

SEBI, in May 2022, constituted the ESG Advisory Committee (EAC Committee) to recommend streamlining the regulatory framework for ESG Disclosures, ESG Ratings and ESG Investing. The Committee had representatives from companies, investors, rating providers, Mutual Funds, industry associations and other stakeholders. The EAC submitted its report in February 2023, giving recommendations in the areas of ESG Disclosures, ESG Ratings and ESG Investing. SEBI, after taking into account the report of the committee, placed a consultation paper on its website on ESG Disclosures, ESG Ratings and ESG Investing. On ESG Disclosures and matters relating to Mutual Funds, the following were the topics on which views were sought:

- ⊙ *Enhanced Stewardship Reporting for ESG schemes*
- ⊙ *Mitigation of risks of mis-selling and greenwashing*
- ⊙ *Classification of ESG schemes*
- ⊙ *Annual Fund Manager Commentary*

## SEBI stipulations – ESG schemes

Based on the recommendations of the EAC, public consultation and internal deliberations, SEBI made the amendments to the Mutual Fund Regulations specifying that the funds under ESG schemes shall be invested in the manner as specified by SEBI from time to time. Drawing powers from that amendment, SEBI has, vide circular dated July 20, 2023 stated that any scheme under the ESG category shall be launched with one of the following strategies:

- ⊙ *exclusions, Excluding securities based on certain ESG related activities, business practices, or business segments*
- ⊙ *integration, Explicitly consider ESG related factors that are material to the risk and return of the investment*
- ⊙ *best-in-class and positive screening, Aim to invest in companies and issuers that perform better than peers on one or more performance metrics related to ESG matters*
- ⊙ *impact investing Seek to generate a positive, measurable social or environmental impact alongside a financial return and how the Fund Manager intends to achieve the impact objective*
- ⊙ *sustainable objectives Aim to invest in sectors, industries, or companies that are expected to benefit from long-term macro or structural ESG-related trends*
- ⊙ *transition or transition related investments Aim to invest in companies and issuers that support/facilitate environmental transition and just transition*

SEBI believes that these measures will:

- ⊙ *facilitate green financing*
- ⊙ *have a thrust on enhanced disclosures and*
- ⊙ *mitigate greenwashing*

## Measures taken by SEBI to address green washing and misselling in ESG funds

SEBI has also introduced the following measures, for mutual funds, in order to address the risk of mis-selling and greenwashing, to enhance stewardship reporting requirements and to promote ESG investing:

- a. *Mandating ESG schemes to invest at least 65% of the Assets Under management (AUM) in listed entities, where assurance on BRSR Core is undertaken.*
- b. *Mandating third party assurance and certification by Board of AMCs on compliance with objective of the ESG scheme.*
- c. *Mandating enhanced disclosures on voting decisions with specific focus on environmental, social and governance factors.*
- d. *Mandating disclosure of fund manager commentary and case studies which inter-alia highlight how the ESG strategy is applied on the fund / investments.*
- e. *Introducing a new scheme category, enabling the launch of multiple schemes on ESG related factors.*
- f. *Stipulating that schemes clearly disclose the name of the ESG strategy in the name of the concerned ESG fund.*

## Minimum investment limit

ESG schemes have to invest at least 65% of Assets Under Management (AUM) in listed entities, where assurance on the BRSR is undertaken, as specified by SEBI. However, the balance AUM of the scheme can be invested in companies having BRSR disclosures. This requirement will be applicable from October 1, 2024.

## Voting and ESG

In order to enhance transparency on votes cast by ESG schemes, SEBI has stated that AMCs will have to categorically disclose whether the resolution has or has not been supported due to any environmental, social or governance reasons. These enhanced voting disclosures will be applicable from April 1, 2024.

In a nutshell, the applicability of the various SEBI stipulations is given in the following table:

Reform	Applicability
Disclosure of scheme strategy, scores on securities	Immediate
Certification by the Board of AMCs	for FY 2022-23, by December 31, 2023, thereafter yearly in Annual Reports
Independent reasonable assurance regarding compliance of ESG scheme's portfolio with the strategy and objective of the scheme	'comply or explain' by December 31, 2023, thereafter yearly in Annual Reports
Enhanced Voting disclosures	From April 1, 2024
Annual Fund Manager commentary on ESG strategy	from FY 2023-24

## Conclusion

SEBI has been a pioneer when it comes to approaching the ESG maze holistically and addressing all the issues relating to ESG investing. The measures taken by SEBI will go a long way in ensuring ESG funds in India do not suffer from problems that commonly afflict them like mis-selling, greenwashing, lack of transparency etc. This credibility will also give a fillip to ESG investing in India. **MA**



# DICTUMS FROM KAUTILYA'S ARTHASHASTRA FOR DIGITAL TRANSFORMATION OF TREASURY AND DIGITREASURERS



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*Verses of Chanakya in Kautilya's Arthashastra contain classical Indian knowledge and wisdom on matters of finance, wealth, and treasury management. This brief paper has examined seven of those verses which are relevant and can be adopted for corporate treasury functions and digital transformation thereof. The author has briefly examined major imperatives for digital transformation of corporate treasury functions in the light of Kautilya's dictums and provided his views on what all digital technologies can be adopted and applied for this purpose.*

## Synopsis

*Digital transformation of treasury functions cannot be left behind when rest of the business operations across all industry sectors are being digitalised and transformed at an overwhelming speed. Banking and financial services sector is the largest beneficiary of FinTech which has direct bearings on treasury operations of any business entity.*

## Chanakya's Seven Dictums for Treasury

**T**reasury is synonymously known as 'Kosa' in Sanskrit, the origin of all Indian languages. This word is used both in narrow and wider connotations as *Artha*, money and wealth, and place of storing wealth also. One can acquire classical Indian knowledge and wisdom on wealth and financial management from the treatise of Vishnu Gupta or Chanakya, the legendary statesman and *Vedagyani* master

**Image Sources:** <https://www.euromoney.com/article/287ww2et2dv2x3r27b2f4/treasury/bank-strategies-crucial-to-corporate-digital-transformation>;  
<https://www.euromoney.com/article/287ww2et2dv2x3r27b2f4/treasury/bank-strategies-crucial-to-corporate-digital-transformation>

strategist. During the second century AD he authored in his illustrious pen name the 'Kaytilya's Arthashastra'. In one of the verses<sup>1a</sup> he wrote that, "From wealth comes the power of the Government (Danda)". Artha means wealth and Danda in wider sense means control, and/or law enforcement machinery. The actual period of its authorship is yet to be confirmed.

In those days of kings and kingdoms enormity of an emperor's power, over other monarchs of even distant neighbourhoods, used to be determined by emissivity of quantum of his wealth and army. Chanakya super emphasised the importance of treasury management<sup>1b</sup> and "... cautioned the king that he should always keep the army and treasury under his own control." Another important dictum of Chanakya<sup>1c</sup> was "All (state) activities depend first on the Treasury. Therefore, a King shall devote his best attention to it." One of Chanakya's critical pearls of wisdoms<sup>1d</sup> amongst many, contained the axiom that money begets money, i. e., appropriate capital allocation is important for further generation of wealth. He wrote that, "Just as elephants are needed to catch elephants, so does one need wealth to capture more wealth."

The source of wealth of a king like in present era used to be *rajasya* or king's levy collected from *prajas* or subjects, i. e., the ruled community. Chanakya's advice on matters of collecting levy<sup>1e</sup> was very simple. He wrote in the said *Arthashastra* that, "... Just as one does not collect unripe fruits, he (King) shall avoid taking wealth that is not due because that will make the people angry and spoil the very sources of revenue." This piece of advice, in the ultimate sense, cautioned the monarch not to resort to unfair means while collecting revenue from subjects.

Chanakya also advised to remain prepared with saved wealth for withstanding any crisis and cautioned for maintaining secrecy about such savings. His related dictum<sup>1f</sup> states that, "As a provision against calamities, a substantial Treasury shall be built on a border of the country .... so that none save the king may know its location." All corporate houses have experienced the importance of this pearl of wisdom during and post the crisis period of Covid 19 Pandemic. In present day context the matter of secrecy tantamount to be the practice that such savings is to be maintained in safest, secured and liquid investments. Moreover, none, except the CEO should have any authority to encash such investments in dreadful period for overcoming crisis. One last quote<sup>1g</sup> from the *Arthashastra* of extreme relevance for this paper is "If receipts and expenditure are properly looked after the king will not find himself in financial difficulties."

## Objective

If the context of a kingdom is replaced by a business

entity, every dictum of Chanakya continues to be relevant even today. Those would in most likelihood remain equally relevant in centuries to come. This is because emerging business ecosystem would continue to unfold newer versions of critical challenges and success factors. Therefore, the first objective of this paper is to set the context by understanding the major tasks and challenges of treasury operations in contemporary business environment. This will help fortify new measures for abiding by Chanakya's dictums that would facilitates discharging Treasures' duties and responsibilities more effectively and efficiently.

Thereafter the imperatives of digital transformation (DT) of treasury operations would be discussed in the backdrop of what all are globally happening on matters of adoption and applications of digital technologies to enable treasurers to meet challenges of future. When the world is moving ahead with DT across all functions and industry sectors treasury operations cannot be left behind. Else progress of business would be retarded. At the end the author has provided his own views on applications of different digital technologies for DT of different treasury functions considering Chanakya's dictums. The ultimate objective is to transform future Treasurers to DigiTreasurers so that they can effectively contribute for growth and sustainable prosperity of their respective organisations.

## Treasurers' Functions and Challenges.

Two of the major drivers for progress of human civilisation are innovations and wealth a part of which as per Kautilya must also be allocated for creation of further wealth. The global financial crisis inflicted by Covid 19 Pandemic has once again reinforced the axiom that 'Profit is not a dirty word and Cash is the King'. One of the aforesaid dictums of Chanakya also got revalidated that provisions of money should be carefully preserved to fight during days of calamities. Such provisions can be generated by any business unit out profit only. But the question is how to determine the quantum of funds that should be set aside and how the same is to be dynamically changed with passage of time, movements in volume of business and changing dimension of risks and impacts thereof. Again, the same must be invested in income yielding financial assets with optimised return instead of keeping idle.

The pandemic has convincingly highlighted mission strategic importance of treasury operations like in good old days the king used to have a *Kosadhakshya* or trusted custodian and transaction manager for wealth and money in addition to a finance minister equivalent of CFO of a business entity. The need for effectively discharging their specific functions would continue to enhance with emergence of time shrouded with more and more VUCAs,

fear of unknown and unprecedentedness making it to VUCAFU. For performing all these tasks, besides their own superior business insights and value aggregation capability, they must be provided with advanced digital tools and facilities for predictive analyses and forecasting.

Treasurers' operating domain is also getting extended to the global arena as more and more entities are getting into cross-border transactions in terms of business operations, investments, borrowings, and other matters of transnationalism. The author could not trace any writing of Chanakya about cross-kingdom trading with variations in values of goods and services.

A treasurer now manages exposures to multiple currencies

across countries with the objective of minimising costs and losses due to volatilities in currency exchange rate movements and cost for hedging risks. These activities involve extensive study of foreign exchange markets including behaviour in movements of and volatilities in forex rates. For ascertaining these she/he needs to frequently study periodical trends and patterns and perform predictive analyses. For this again they must be equipped with cognitive ability based digital tools. The following graphic depicts three separate groups of treasury functions viz., Finance Risk Management, Cash Management and Funding Management from a corporate Treasurer's perspective.

### Major Functions of Treasury Managers



Source:

<https://www.technofunc.com/index.php/functional-skills/treasury-management/item/treasury-management-functions>

Treasurers are also increasingly being involved in credit risk analyses of customers and advise sales and marketing team to decide with informed judgement on financial exposures by extending unsecured credits to customers. On the other hand, they have a critical role to play by paying every vendor on time which goes a long way in corporate brand and image building. Therefore, striking a critical balance for liquidity management simultaneously with investment of surplus funds with optimised returns are parts of day-to-day life of any Treasurer.

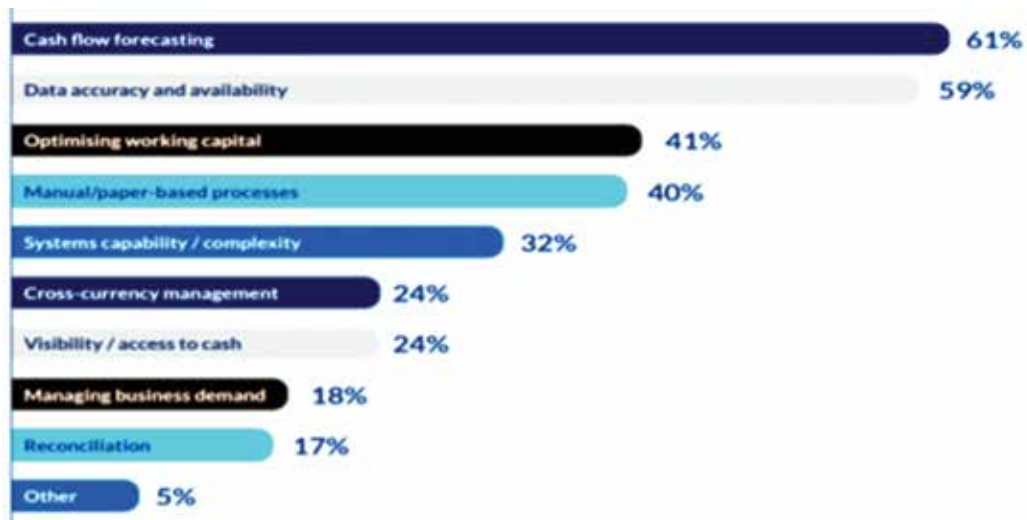
Scott Lambert, MD and Asstt. Treasurer of Cigna once said that, *“Treasury has evolved over the last five years from being largely perceived as a back-office support function to an integral value-added support function to an integrated value-added aspect of the business.”* No wonder that some Treasurers and their team members have the aspiration to

become a profit centre manager and contribute towards the ROI of the company instead of continuing to operate as a cost centre and branded as a group of parasites along with team members.

### Major Challenges of Treasurers

In the light of above narratives, highlighting the mission critical importance of treasury operations, it would be useful to know some of the major research-based findings of J P Morgan as published in Euro Finance, 2020. Those observations, albeit a little dated, would remain valid and relevant when reviewed in the present-day context. The following chart indicate responses against a question, involving specific operational tasks, in which treasurers were asked to select three major challenges which are of topmost importance in their functions:

## Survey Results on Challenges of Treasurers



Source:

[https://www.jpmorgan.com/content/dam/jpm/treasury-services/documents/Digital-Transformation-of-Treasury\\_FINAL.pdf](https://www.jpmorgan.com/content/dam/jpm/treasury-services/documents/Digital-Transformation-of-Treasury_FINAL.pdf)

Numbers are more than one hundred because each respondent has more than one choice. Readers would agree that most of the issues covered in line items of the above graphics can also be linked with the aforesaid seven major dictums in Kautilya's Arthashastra. According to JP Morgan's interpretation<sup>2</sup> the replies statistically charted in the above graphic indicate that, "With digital technologies so vital to modern treasury practice, treasurers regard data accuracy and availability as one of their two most important challenges. Nearly 60% cite it, ahead of traditional treasury tasks such as optimising working capital and currency management." The challenge that was prioritised by 61% of respondents as the foremost one is cash flow forecasting for which again importance of accuracy of relevant data and digital tools need not be overemphasised.

## Timeline for Technology Transforming Treasury Practices



Source:

[https://www.jpmorgan.com/content/dam/jpm/treasury-services/documents/Digital-Transformation-of-Treasury\\_FINAL.pdf](https://www.jpmorgan.com/content/dam/jpm/treasury-services/documents/Digital-Transformation-of-Treasury_FINAL.pdf)

The above chart summarises the responses against a question involving the extent of importance of Artificial Intelligence and Machine Learning in treasury operations. The numbers at the bottom indicate respective sizes of respondents'

companies in terms of turnover. Readers will observe that 25% and 39% of respondents, from companies with USD < 2 Bln. turnover, are of the view that technologies would transform treasury practices within 3-5 years and 5-10 years respectively. Total of these two counts is 64% predicting a timeline of the year 2030. Replies on the same point from respondents of companies with > USD 50 Bln. turnover, are 15% and 62% respectively. Therefore, viewpoints of treasurers of companies surveyed by J P Morgan across different sizes range from 64% to 77%.

About 21% to 32% of treasurers from balance companies are also of the view that digital technologies would be beneficial but not transformative. Thus, the broader conclusion is that about 85% to 90% of respondents are of the view that AI and ML would be a part of Treasurers' life within next five to ten years. This scenario of Europe will not be much different if similar surveys are conducted in other developed and developing countries of the world and India.

It would be relevant to note the following specific comments recoded by the J P Morgan<sup>2</sup> in the said report *“One application could be ML in bank reconciliation, where the goal would be to learn from manual allocations resulting from failed transactions. Companies such as Cisco and Porsche have also investigated the current market – though the latter’s Ratheiser, who is especially interested in applicability in cash flow forecasting, reports that the models it reviewed were not “totally sufficient”. Fluor’s Yoder believes overuse of the term ‘AI’ has led to confusion, however. “What I am seeing in treasury are cognitive technologies and machine learning.”*

These quoted views are of 2020. The present author has reasons to believe that data science, applications of tools for analytics, and predictive study from the stable of cognitive technologies have further advanced. Digital solution designers must have perfected further in designing tools that can effectively be used for the specific purposes of day-to-day treasury operations. Moreover, such tools are flexible enough for customisation to meet specific requirements befitting individual nature of business and organisations across industry sectors. Therefore, the extent of scepticism amongst Treasurers, that persisted several years before, must have reduced by now, and any future survey, if conducted, would yield much more convincing results about utilities and purposefulness of digital transformation of treasury operations.

### Imperatives for DT of Treasury Operations

Jim Robn, one of the greatest business philosophers, said that *“You are not paid for the hour, you are paid for the value you bring to the hour.”* The treasurer and her/his team members are no exception to this mantra to be followed by all professionals. They deal with the most valuable assets of business entities every hour and day. Their actions and

initiatives must ensure appropriate flow of the lifeline called financial liquidity for business operations at present and remain ever prepared for future through proactive measures. They themselves also aspire to generate value additions out of their own functions and contribute for profit and profitability of the organisation. This would help them erase the tag of parasites in a cost centre. Last but not the least they have to follow all the dictums of Chanakya for risk aversions, wealth generation, safe custodianship, risk aversions, growth, and sustainability.

The biggest question is what are the key drivers for such value they can generate for their own function? Most probably that value can be generated by minimisation of value destruction, i.e., minimisation of costs of financial management like bank changes, optimisation of costs of borrowings through smart and innovative financing decisions. They can also improve their team's efficiency and effectiveness in management of exposures to foreign currency exchange risks and costs for hedging the same. For achieving all these digital technology-based computing and tools for analytics would be of immense help. The same have briefly been narrated in a subsequent section.

In the immediately following section the author has briefly narrated that every organisation, irrespective of size and nature of operations, in banking and financial services sector across the world have digitally transformed themselves. Corporate treasurers interact and conduct transactions on a daily basis with those organisations for short and long term financing, and management of liquidity, loan covenants and regulatory compliances, non-fund based facilities like Letter of Credits, Bank Guarantees, etc., and dealings on foreign currencies. Such operations are conducted, particularly by large corporates, through integrated computing facilities. One of the drivers, therefore, for digital transformation of corporate treasury operations is to cope/match with the adoption of digital technologies by their counterparts in banking sector.

Last but not the least is the ever-increasing threats from cybercriminals and their own innovative applications of advanced digital technology-based tools for hacking and spawning malwares. Corporate treasury operations, their dealing terminals and computing systems must have to be further strengthened, insulated, and protected for ensuring data privacy, security, and safety. This is a mission critical imperative both from the perspectives of stakeholders, regulatory and legal compliances, and obviating possibilities of huge losses due to ransom payments post attack by hacktivists. Digital transformation of treasury operations is, therefore, also necessary for management of such risks besides facilitating operations and value additions to corporate profit and profitability.

### Digital Transformation of Banking Operations

Treasurers of contemporary Industry 4.0 era must not forget

that banking and financial services industry across the world have earnestly adopted digital technologies and transformed their systems and processes for conducting business operations and service deliveries. Digital technologies, devices like IoTs, robots and robotic process automation, and other innovative solutions specifically developed for financial sector have radically transformed banking sector both in forms and substance. This new phenomenon in the technology space is known as FinTech revolution,

A substantive part of this new phenomenon is being reckoned as ‘Neo Banking’ in which organisations without any licence for banking are complementing and supplementation banking operations in collaboration with traditional bankers. Erstwhile brick and mortar banks have also launched initiatives to digitally transform operations by either in-house adoption and innovative applications of technologies or by taking helps from startups through hackathons, acquisitions etc. Readers would get a big picture of digital transformation of banking operations from a research-based paper<sup>3</sup> of this author jointly with Deepankar Roy. This paper brings out digital transformation of banking operations in the following five major ways, as described in table 11.2 of the paper:

- ⊙ Digital Growth Strategies,
- ⊙ Commitment for and Adoption of Digital Technologies,
- ⊙ Application of Digital Technologies in Banking

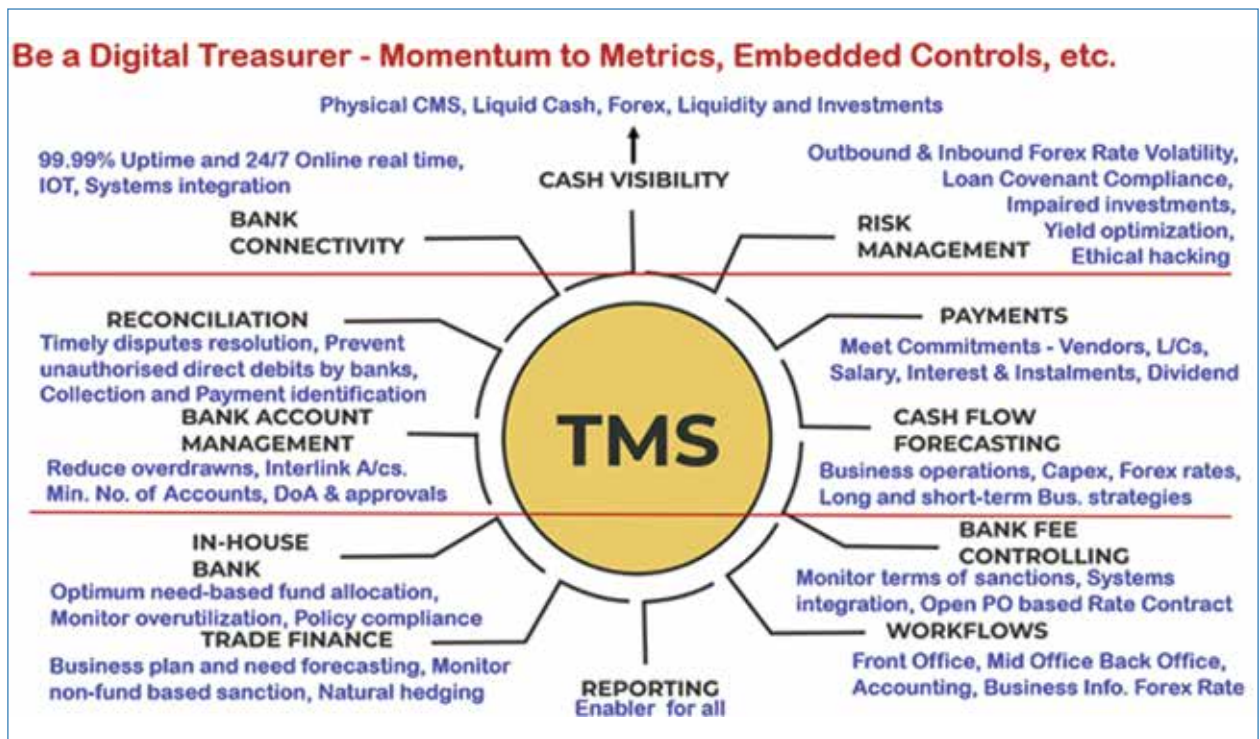
Operations,

- ⊙ Changes in Organisation Structure, and
- ⊙ Digital Ecosystem

There is no need for overemphasising the role of treasurers and importance of hardcore treasury function specifically for banking organisations. Wide adoption and large-scale applications of digital technologies have also transformed treasury of operations of banking institutions with whom corporate treasurers collaborate days in days out. Therefore, digital transformation of banking operations by itself is a driver for digital transformation for corporate treasury functions.

### DT for Momentum to Metric of a DigiTreasurer

In this era of advanced digital technologies and their overwhelming applications for smart solutions building it would not be an exaggeration to call a new age treasurer as the ‘DigiTreasurer because she/he and team members now function or would soon start functioning powered by smart digital tools and platforms. If one has to co-populate using word narratives different treasury functions along with Treasury Management System (TMS) to be built with the help of digital technologies a large space would be required. The author has resorted to the following graphics to minimise that space:



Source of the Graphic with words in black font:

<https://www.nomentia.com/blog/benefits-of-a-centralized-and-digitalized-treasury-management>

In the above graphic brief narratives in blue colour fonts have been inserted by the author to indicate the purposes, functions and KRAs to be handled by each arm of the Treasury Management System (TMS). Such arms must be taken up for digital transformation, and effective management through defining frameworks with purposeful Metrics and KRA-wise KPIs to be achieved and monitored using smart digital tools. The overriding objective is to get a reasonably overarching picture of a DigiTreasurer's functional domain.

### Digital Technologies, Platforms and Computing Tools

Keeping in view the above, the following is a broad summary of technology platforms, tools, and advanced ERPs systems to be adopted and applied for digital transformation of treasury operations. Adoption and application of specific items would depend upon the nature and geographical expanse of business, volume of operations, number of customers, operating requirements, and specific/differentiating nature and dimensions stakeholders' interests to be managed. Various arms of treasury operations have suitably been clubbed to avoid repetition and save space keeping in view similarities in the nature of technologies, platforms and tools to be adopted and applied.

- ⊙ **Cashflow Forecasting, Liquidity Management, Cash Visibility and Yield Optimisation on Investments:** Cognitive Technology based Tools, viz., AI, ML, Data Analytics, Data Visualization, Integration of Advanced ERP Systems, AI enabled Portals for Forecasting, Operations Planning, Budgeting and Monitoring,
- ⊙ **Forex Management, Treasury Risks Management, Loan Covenant and Regulatory Compliance:** Blockchain with advanced Smart Contracts, Digital Wallets, Cognitive Technology Tools like AI, ML, DL, BDA, Ethical Hacking, digitally enabled Forensic Tools, Scripted DoA, Tools for online real time unique transactions alarms, advanced access controls, etc.

### Bibliography and Weblibliography

All the quoted websites have been accessed during September and October and November 2023.

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  - b. Book 8, Chapter 2, Verse 4,
  - c. Book 2, Chapter 8, Verse 1 and 2
  - d. Book 9, Chapter 4, Verse 27
  - e. Book 5, Chapter 2, Verse 70
  - f. Book 2, Chapter 5, Verse 4
  - g. Book 5, Chapter 3, Verse 45
2. [https://www.jpmmorgan.com/content/dam/jpm/treasury-services/documents/Digital-Transformation-of-Treasury\\_FINAL.pdf](https://www.jpmmorgan.com/content/dam/jpm/treasury-services/documents/Digital-Transformation-of-Treasury_FINAL.pdf)
3. Paritosh Bau and Deepankar Roy, *Digital Transformation of Banking Institutions, Chapter 11 of Indian Banking and Finance Report, 2021, Edited by Partha Ray, Arindam Bandopadhyay and Sanjay Basu, Published jointly by National Institute of Bank Management Pune and Sage, pp 163 to178.*  
[https://www.google.co.in/books/edition/India\\_Banking\\_and\\_Finance\\_Report\\_2021/ux5vEAAAQBAJ?hl=en&gbpv=1&printsec=frontcover](https://www.google.co.in/books/edition/India_Banking_and_Finance_Report_2021/ux5vEAAAQBAJ?hl=en&gbpv=1&printsec=frontcover)

- ⊙ **Trade Finance, Collections, Payments, and In-house Banking:** CBDC, Blockchain Platform(s), integration with third-party Platforms, Tokenisation, DeFi, Web3, Digital Wallets, Cognitive Tools, including Natural Language Processing (NLP), Robotic Process Automation (RPA), Workflow and Document Management Systems, Advanced ERP Systems, etc.
- ⊙ **Treasury Cost Optimisation and Reconciliations:** Suitable adoption and capability building selectively using the above tools depending upon the areas of operations for which cost optimizations are to be achieved and reconciliations are to be performed and disputed transactions to be settled.

The decision for digital transformation would also depend upon cost-benefit analysis and resultant impact on profit and profitability of the concerned organisation. However, exception to this monetary value-oriented consideration must be exercised in matters of risks management for which any compromise and open risk exposure policy are best advised to be avoided.

### Conclusion

The subject is vast and shrouded with several dynamic market factors which treasurers must have to study, predict and pre-empt to ensure smooth functioning and minimisation of costs and losses. Prima facie one can conclude that digital transformation of treasury functions would certainly help improving efficiency, effectiveness, and multiply value additions to corporate profit and profitability. However, the subject calls for more empirical industry collaborated research and experimentations by corporates based on findings. The author would be happy to contribute for this cause so that future research work of scholars can help industry for the ultimate growth and prosperity of any country. MA



# THE “NATIONAL” STORY WITH AN INTERNATIONAL AWARD

## - A TURNAROUND SUCCESS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

### Abstract

*The Article is on a Turnaround Success case study under IBC Code 2016. The enactment of Insolvency and Bankruptcy Code, 2016 (IBC) paved the way ease of exit for entrepreneurs. IBC was enacted on May 28, 2016 with the primary purpose of maximization of value of assets, availability of credit, promoting entrepreneurship and balancing the interest of all stakeholders.*



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The 1991 reforms by the Government of India allowed for the ease of entry into the Indian market for entrepreneurs by removing the Government interferences and, led to the overall betterment of the Indian economy in all parameters. While this change allowed entry, Indian economy still struggled with the problem of exit. The enactment of Insolvency and Bankruptcy Code, 2016 (IBC) paved the way ease of exit for entrepreneurs.

IBC was enacted on May 28, 2016 with the primary purpose of maximization of value of assets, availability of credit, promoting entrepreneurship and balancing the interest of all stakeholders. While it was not revolutionary in the procedure it proposed, its true game changing feature was the consolidation of existing laws for reconstruction, providing aggressive and strict timelines and changing the primary focus of laws from a debtor in control model to a creditor in control model.

Under the IBC, an application can be filed by a financial creditor under section 7, operational creditor under section 9 and by a business (under IBC these businesses are referred to as “corporate debtor/s”) themselves under section 10 with a time limit of fourteen (14) days for the National Company Law Tribunal (NCLT) to admit the application. The order for admission of application marks the commencement the Corporate Insolvency Resolution Process (CIRP) for a corporate debtor. The date of such order is called the insolvency commencement date and on this date a moratorium under section 14 is put in place to avoid the erosion in the value of assets and an Insolvency Professional is appointed as an Interim Resolution Professional (IRP). The

IRP has a primary duty of invitation of claims, verification of the said claims and constituting the Committee of Creditors (CoC) all within a period of thirty (30) days of the insolvency commencement date. The CoC in turn appoints the IRP as a Resolution Professional (RP) or appoints a new RP to manage the CIRP. Accordingly, the process is carried out with the purpose to keep the corporate debtor as a going concern and complete the CIRP within 180 days (As per the orders of Supreme Court this timeline is more of direction than a mandate. Thus, on the completion of 180 days, CIRP can lead to two possible outcomes:

1. A resolution plan can be received by a resolution applicant, which will be voted on by the CoC. The resolution plan will stand approved by the CoC if 66 per cent voting share are in favour of the approval. Thereafter, the assent of the NCLT is sought on the resolution plan. Should the NCLT determine that the resolution plan is in compliance with section 31(1), it shall be approved thus, ending the CIRP and allowing the corporate debtor to start afresh with a clean slate. or;
2. An order for liquidation of the corporate debtor under section 34 is filed after the assent of the CoC and a Liquidator is appointed. Even so, the first attempt is to keep and sell the corporate debtor as a going concern and only on failure of such measures shall the corporate debtor be sold on a piecemeal basis to maximise the value of assets.

Here are some key dates and the model timelines as prescribed under IBC:

Description of Activity	Expected to complete within: (number of days after "T" as per model timeline)	Actually completed on: (number of days after "T" - actual completion)
Insolvency Commencement Date	T	
Public announcement inviting claims.		3
List of Creditors to be filed to IBBI		21
Report certifying the constitution of CoC to be filed with NCLT		23
Notice for 1st CoC		25
New GST Registration		30
1st meeting of the CoC		30
Resolution to appoint RP by the CoC		30
Appointment of valuer		47
RP to form an opinion on preferential and other transactions		75
Submission of IM to CoC		54
Publish Form G		75
Submission of EoI by Potential Resolution applicant		90
Final List of RAs by RP		115
Issue of RFRP, including Evaluation Matrix and IM		105
Receipt of Resolution Plans (after negotiation and 1 revision allowed)		135
Submission of CoC approved Resolution Plan to AA under Regulation 39(4)		165

The question that festers is how does such a complex process of running a business as a going concern, especially a business which has failed to thrive before, gets resolved in only 180 days? The answer is perhaps efforts of RP, his team and all the stakeholders', a little bit of good luck and of course the alignment of all stars. Regardless, of the reasons, the outcome however, of the case that the present author is about to share with the readers is one of success for him personally, for the IBC as an economic law and at the macro level to the Indian market. In this article the author shares his experience in resolving a corporate debtor within 180 days.

### CASE STUDY – NATIONAL STEEL AND AGRO INDUSTRIES LIMITED

National Steel and Agro Industries Limited (NSAIL) the corporate debtor was a public limited company and a 'Fortune 500' listed company in India. Primarily known for its flat steel products, NSAIL also had an agriculture vertical. NSAIL's insolvency commencement date was April 11, 2022 wherein the author was appointed as the Interim Resolution

Professional (and later the Resolution Professional). He appointed his support entity (IBBI registered IPE Mis. Decode Resolvency International Private Limited) and took charge by deploying a dedicated team with local presence (at-site in Indore) as well as resources deployed at NSAIL's head office (in Mumbai).

Within 45 days, the corporate debtor reversed its negative EBITDA and started showing signs of revival. Apart from the job work, the corporate debtor also manufactured goods for other customers either directly through sale mechanisms or through job work with other parties to maximize production. On April 11, 2022, insolvency commencement date, the plant was operational but with skeletal leadership and lack of efficient/skilled management. In a first, the RP decided to promote a Senior Vice President to the Board while also appointing him as the designated Factory Occupier. This proved extremely effective in raising the employee morale, improving productivity and establishing rapport with all employees. It also ensured that there was accountability and responsibility within the organization. Further, to infuse confidence among

all stakeholders, meetings were organized with vendors, clients, KMPs, HR, and all department heads. Strained relationships were mended if they were in the corporate debtor's interests while new relationships were forged when required. The appointment of trained and seasoned personnel with the right network in the steel industry was deemed crucial to this process and measures were swiftly taken.

The impact of short-term measures undertaken was immediate and tangible. The corporate debtor reversed its downward trending EBITDA from negative INR 15 crore in March 2022, to positive EBITDA of INR 20 crore within 60 days. These numbers further improved by 330 per cent (3.3x) within the first 90 days. By the completion of around 100 days, NSAIL had recorded an EBITDA of INR 53 crore and PBT of INR 14 crore. Other medium term measures (3-9 months) were implemented that resulted in a direct impact on the bottom line. The cost of goods sold reduced by 4 per cent in a period of 8 months and the EBITDA margins increased from -2 per cent in April 2022 to 12 per cent in January 2023. The overall production increased by

about 58 per cent during the resolution tenure and the current assets position increased from INR 24 crore to about INR166 crore during this period as well.

These numbers were achieved even though there was a sudden change in Government policy wherein the export duty for the corporate debtor's products was increased from 0 to 15 per cent in May 2022 (within the first 45 days of the resolution tenure). To put the impact of this policy change in perspective, exports declined by more than 50 percent YoY and by July 2022, India had become a net importer of steel instead of an net exporter. The prices of products produced by the corporate debtor fell by around 30 per cent. Companies undergoing insolvency proceedings usually require interim financing due to the credit cycles and status of vendor relationships. The corporate debtor was successfully run as a going concern at close to 100 per cent capacity without any such interim finance.

In addition to the same, resolution team prioritized creation of an informative video providing virtual tour of the corporate debtor undergoing CIRP. The video is linked here: <https://www.youtube.com/watch?v=mkz-GcQD7w&feature=youtu.be>

It is recommended that such informative videos that include text overlays, flows/journeys and asset overviews should be prepared. When it comes to IBC and its first goal to maximize value of a stressed asset, it is important to be a great sales person! When pictures say a thousand words, a video can show a million pictures.

As a result of these efforts the RP could receive the Expression of Interests from seven (7) large prospective investors in bidding for the investment in the corporate debtor. A prescribed process was followed under the regulations of the IBC Code and one out of these seven was selected to submit the final resolution plan.

By the 179th day,(one day earlier than the statutory deadline) a Resolution Plan submitted by, a wholly owned subsidiary of the JSW Group and India's largest manufacturer in the corporate debtors' industry- an INR 2000 crore conglomerate, had been tabled and approved by the committee of creditors. The total plan value was about ~INR 620 crore; equivalent to 180 per cent of the corporate debtor's liquidation value. By ensuring that the corporate debtor operated at close to 100 per cent capacity throughout the duration of CIRP facilitated maximization of value for the stakeholders with payments to the secured creditors, unsecured creditors as well as all the employees and workmen in an equitable and fair manner.

Here is a summary of the steps and actions undertaken over the course of the CIRP by the RP :

- ⊙ Deployment of an 8-person Interim Management Team
- ⊙ Taking control of the management of the corporate debtor and conducting Board meeting and AGM

- ⊙ Appointment of Internal Auditors and periodical review of the reports
- ⊙ Revamping security protocols/systems
- ⊙ Asset preservation activities such as tagging, tracing, regular physical verification, timely renewal of insurance, maintenance and planned shutdowns to avoid any wear and tear, renewals of expiring trademarks, analyzing value of intangible assets, identifying the gaps in the IT framework and data
- ⊙ Claim receipt and verification
- ⊙ Revising purchase and sales policies towards improving credit cycles and maximizing proceeds from sale of goods
- ⊙ Using an e-auction platform for sale of products to increase transparency and thus, maximise the value of asset.
- ⊙ Creation, modification and adherence of various SOPs with buy-in and ownership from relevant functional heads and departments
- ⊙ Minimize inventory holding cost by liquidating all sellable products in a timely manner.
- ⊙ Systems for monitoring production and dispatch through daily MIS and variance analysis
- ⊙ Maintaining and monitoring the costing records of the corporate debtor by putting in place a robust process to understand product-wise profitability.
- ⊙ Dedicated legal and compliance officers made an integral part of the Interim Management.
- ⊙ Efforts for recovery of dues by utilizing aging concepts and using different strategies based on the amount receivable and contextual analysis of the party from whom recovery is anticipated.
- ⊙ Liaising with the Government/regulatory authorities with effective negotiation skills and deputation of resources with the necessary skill set to achieve a beneficial outcome.
- ⊙ Revamping the structure and conducting a buyer-on boarding process with sale strategies designed to increase competition and maximize sale proceeds.
- ⊙ A concurrent audit system to monitor production and cashflows.
- ⊙ Since the HR was weak and additional support and training was imparted to the HR team on a constant/regular basis. Various incentive programs were re instituted to increase engagement and morale.
- ⊙ Purchasing: The vendor selection, RFQ and negotiation policies were revised. Payment terms were re-negotiated. Vendors that had stopped supplying to the company were also approached with a clear communication that all of their dues are protected and shall be paid in full.

- ⊙ Plant hygiene, cleanliness, beautification efforts were undertaken and successfully completed.
- ⊙ Safety was given a priority and necessary training and communication was imparted in this regard.
- ⊙ Quality of products has been improved and the rejection rate from the customers has decreased significantly.
- ⊙ All cultural activities and celebrations for the well-being of employees and laborers have continued.
- ⊙ Regular feedback and surveys have been conducted with every single person on the company's payroll.
- ⊙ Preparing information memorandum for the prospective investors
- ⊙ Due diligence and section 29A compliance of the resolution applicants
- ⊙ Negotiation and finality with the selected resolution applicant
- ⊙ Smooth handover of the corporate debtor to the successful resolution applicant
- ⊙ Communication with SEBI and stock exchanges

### AVOIDING AVOIDANCE

An RP under the law is required to report "avoidance transactions" if he determines any such transaction has taken place in the preceding months (such as preferential, undervalued, fraudulent, extortionate). The RP identified one such transaction where a payment was made to a related party of the corporate debtor. Under the provisions of the law, the RP/ Liquidator, as the case may be, shall file an application seeking directions from the NCLT when such a transaction had adversely affected the corporate debtor thereby leading to its insolvency. As per the law, NCLT has the power to reverse such a transaction. However, this requires significant time, resources and causes a delay in the CIRP. Since the reversal of the transaction was the best-case scenario, the RP preferred to initiate dialogue between the corporate debtor's promoters and the related party involved. These efforts, with crucial support and cooperation from the erstwhile management/promoters, culminated in the entire payment that was made to the related party being reversed in favour of NSAIL. This also once again proved the need for soft skills such as conflict management, negotiation, teambuilding, human capital, stakeholder communication and behavioural psychology. Skills that cannot be prescribed or taught must come from experience and from a resolution-driven mindset.

### RESOLUTION PLAN SPECIFICS

No CIRP can be successful without the resolution plan and the resolution plan proposed was a successful

one as well. While simultaneously introducing better practices and systems in the company, the RP focused on the culture and working environment throughout CIRP. The presence of a high-functioning team has been noticed and remarked positively upon by the CoC as well as the successful resolution applicant. The RP team also utilized the time period between CoC approval and NCLT approval by coordinating in various areas to facilitate a smooth and quick transition. Here are some salient points of this resolution plan:

- ⊙ Total plan value: ~INR 620 crore representing a total recovery to the creditors committee at a value representing 180 per cent of the Company's liquidation value.
- ⊙ Commitment to infuse additional capital of ~INR 24 crore for short-term use to de-bottleneck capital expenditure
- ⊙ Payment of all insolvency process costs in full and in priority
- ⊙ Payment to all operational creditors is higher than what such creditors may have realized in case the company was liquidated/dissolved; further, to support MSMEs and other operational creditors, the payments to such creditors was proposed in priority to the secured financial creditors.
- ⊙ Plan contains information regarding how the affairs of the company shall be managed after approval from the adjudicating authorities; this is required to ensure there is continuity and prospects of maintaining going concern status in the long-term.
- ⊙ Existing issued, subscribed and paid-up equity share capital of the company will be entirely reduced without any consideration
- ⊙ The company shall be merged with the subsidiary after delisting, capital reduction, loan conversions and extinguishing public shareholding in the enterprise.
- ⊙ A clean slate -all financial liabilities written off in full by virtue of the order from the adjudicating authority approving the plan.
- ⊙ The entire plan was implemented within 30 days from the date of approval from the adjudicating authority.
- ⊙ Avoidance transactions are eligible to be continued in parallel with benefits, if any, accruing to the financial creditors for any such recoveries for the first two (2) years
- ⊙ A specific statement has been inserted in the plan that states that the plan is unconditional in nature, that the source of funds is defined (JSW Group) and that the plan shall not be modified after approval from the adjudicating authority.

## GLOBAL RECOGNITION AND AWARD FOR THIS TURNAROUND CASE:

The above turnaround transaction was selected by the global forum Turnaround Management Association (TMA) USA, under the category of the Mid-size Transaction Turnaround Award for the year 2023. The author (RP) was invited to receive this award personally at TMA Annual Conference held at San Francisco USA on October 5, 2023 in front of 300 international participants. This was the only Indian transaction which received the award and only second in last 50 years in the history of this prestigious association.

## CONCLUSION

There is a perception of inordinate delays in IBC. However, the entire NSAIL CIRP was conducted as per

the model timeline. Most of the concerns with respect to the success of IBC revolve around the fact that it takes “too long.” However, how should one determine what timeframe is considered as “too long?” IBC has an aggressive time line and thus, in comparison to the same many cases are not completed as per the prescribed timeline. In 2015, prior to the introduction of IBC, the average time for resolution stood at 4.3 years and by 2019, within three years of the introduction of IBC, the average time stood at 1.6 years.

It is important to appreciate all the stakeholders who assisted in the timely completion of the CIRP, the 1100+ employees/workmen having different backgrounds, identities, experiences and perspectives, the Interim Management for setting and taking a leadership role and the erstwhile promoters and directors

for cooperation the process itself and all other stakeholders, big or small also the hard work and the mindset of the RP team at M/s Decode Resolvency International Pvt. Ltd. (<https://www.linkedin.com/company/decoderesolvency/mycompany/>) in their management of another wise exceptionally complex process.

Insolvency is a truly challenging but a rewarding profession and a great alternative career for anyone interested in making efforts for a hard project. This profession will take all the skills you have, old and new, but deliver you the satisfaction of working towards a bigger goal towards Indian economy. CMAs are in fact ideally suited for this profession of turnaround and restructuring practice due to their exposure to the industry and its operations. **MA**

## CONGRATULATIONS



Congratulations to CMA DUSHYANT C DAVE on receiving the Mid-size Turnaround Transaction Award from Turnaround Management Association USA at TMA Annual Conference at San Francisco on 5th October, 2023 for the year 2023 relating to an Indian Company resolution under IBC Code. Turnaround Management Association USA is a Global forum for Turnaround & Restructuring Industry.

We wish CMA DUSHYANT C DAVE the very best for his future endeavors.

# TOMORROW'S ACCOUNTANT: MORE PERTINENT, STRATEGIC AND CREATIVE THAN EVER

## ACCOUNTANTS' STORY TILL NOW

What comes to our minds when we think about accounting as a function: Reconciliation, booking entries, meeting various deadlines, answering questions of regulators, auditors, tax authorities and banks. All and all a lot of hard work required to tell businesses about their monthly, quarterly and annual performance. While most business managers focus more on increasing the revenue, they have a fair idea about their net margins and the accounting function only helps in providing the actual profit/loss number to the last rupee based on the books of accounts. Most of the old school accountants would be familiar with typical accounting department where accountants would be focused on reconciling hundreds of differences with various banks. For organizations having branches inter-branch reconciliation with head office is yet another exercise to complete before even beginning to close the main books of accounts. If the entity accounted for is a listed entity, quarterly results are yet another milestone. And last but not the least, handling statutory audit queries and getting the books duly closed and signed off without any qualification from statutory auditor are significant tasks. All these activities come with various deadlines mandated by exchanges, regulators and laws. The accounting shop needs to work hard from one deadline to the another as the deliverables and deadlines swishes by. Businesses may have good and bad times, but the accounting shop has almost the same amount of work round the year and the achievements are rarely as appreciated as the achievements of sales and marketing team.

## TWIST IN THE TALE

Due to globalization most of the global businesses started adopting global reporting and disclosure standards. Additionally, the advent of GST led to incremental efforts on the part of the accounting departments. Industry tried to grapple with the increasing expectations from the accountants till finally acknowledging the importance and criticality of the accounting function. Specialized knowledge as well as more automated tools running on a cleaner data set was clearly a need of the hour. As easy as it seems to be, scale however was an essential prerequisite.

Bigger business houses which had the scale could look at evaluating various tools that offered accounting and taxation features to enrich the basic invoice level data



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with required accounting journals and tax rates with return forms getting auto completed and requiring the accountants to merely review the accuracy of the automated output. Smaller businesses and startups are however on a different landscape whereby running a separate accounts department is a luxury their revenue cannot afford. This led to emergence of accounting back offices offering advantages like qualified and experienced accounting staff and good accounting software. The accountant's role however saw a paradigm shift from, scrambling to get the non-standard data in standard format, remembering various requirements of accounting standards and tax laws to, raising examples of non-standard data with business/clients and providing data classification requirements as required by standards and laws to the technology partners for building the required applications. Instances of manual efforts in an accounting back office would impact the cost of services by way of overtime and also may lead to errors which may impact the business reputation. Hence the emphasis needs to shift from manual effort to making the strategic application more useful by eliminating need for manual edits. Accountants are required to have a good understanding of their strategic tools and inherent limitations of their base business data. Examples of non-standard client data need to be dealt with by way of a client influence in order to get the data in desired standard format or by utilising some creative and tactical solutions like excel user tools. Accountants who can utilize creative ideas to bridge the gap between client data formats and the application requirements using any of the digital tools will command premium in modern days. Thus, by being more data driven and technology focused, the accountants will certainly manage to stay pertinent, strategic and creative as well. **MA**

# PERCEPTIONAL ANALYSIS ON THE INPUT TAX CREDIT UNDER THE GOODS AND SERVICES TAX

## Abstract

*Input tax credit is the most vital facet of the present Indian goods and services tax regime. It was introduced with the objective of flawless tax credit framework by removing cascading effect of taxes and to create India as a common national market (1). Despite the passage of a half-decade of the GST implementation in the country, there are still numerous issues with input tax credit (ITC). The present study was carried out for the purpose of examining tax facilitators' perceptions of the perceived attributes of the ITC in order to arrive at certain pertinent suggestions. The study used a simple random sampling procedure to select the 111 sample respondents and their responses were gathered using a well-designed questionnaire. The data gathered was analysed by a one-way ANOVA statistical method and the study revealed that the perceptions of tax facilitators about the perceived attributes of input tax credit, are not significantly different.*

## INTRODUCTION

Value addition is the foundation of ITC scheme under GST, where businesses can claim credit of tax paid on purchases and set off such tax against the tax liability of sales. It ensures that transactions will not be subject to double taxation. The purpose of ITC is to neutralise the effect of taxes and avoid the cascading effect, which ultimately makes the goods or services more expensive for the end customer. It also encourages the free flow of goods and services within the economy and restricts unnecessary blockage of the taxes paid at previous stages. The reference to the concept of ITC can be traced to the 1977 report of the indirect taxation inquiry committee<sup>[2]</sup> under the chairmanship of former RBI Governor L.K. Jha, which actually laid the foundation of the concept of input tax credit. The committee suggested taking time-bound action on cascading effects by extending the application of existing procedures for the relief of input



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taxation and finally moving towards value-added taxation at the manufacturing level. The introduction of modified value-added tax (MODVAT) was an attempt to remove the problem of cascading effects. Former Finance Minister V.P. Singh introduced the MODVAT scheme under central excise through the Budget of 1986–1987.<sup>[3]</sup> The credit for the payment of excise duty on manufactured goods was available in the 38 Chapters of the Central Excise Tariff. The MODVAT was further streamlined in the Union Budget of 2000–2001. The new single rate scheme called CENVAT was introduced by Former Finance Minister Yashwant Sinha.<sup>[4]</sup> The CENVAT scheme was further modified in July, 2001 and 2004.<sup>[5]</sup> CENVAT was the predecessor of input tax credit scheme in present day GST as far as central levies are concerned. During the erstwhile regime of sales tax, the problems of cascading effects of tax were there due to multiple taxes such as turnover tax, special additional tax (SAT), surcharge, additional surcharge. Value added tax (VAT) was introduced in 2005 to minimise the cascading

impact to some extent. However, problems remained due to constitutional limitation not to levy tax on manufacturing of goods and provision of services and cross availability of credit on taxes paid to the Central Government. The taxation under the GST regime is the same as under the erstwhile VAT, where a registered person will get the credit (setoff) of taxes paid on purchases while making payment of tax on outward supply. The input tax credit remains a crucial foundation as the GST regime reaches its sixth year of operation. The numerous procedures of the law heavily rely on tax facilitators like tax practitioners and accountants. Hence, it is important to measure their perceptions of the tax facilitators on the ITC mechanism under GST.

### LITERATURE REVIEW

A review of the available literature on the ITC under the GST is undertaken to gain knowledge and assess its effectiveness in the present tax scenario.

**Babu (2015):** The effect of GST rates on various goods and services in India and the consumers' perception towards them are examined in the paper. The author concludes that it is a major reform that will simplify the indirect tax structure, reduce inflation, increase revenue and improve the ease of doing business in India. **Bindal et al. (2018)** studied the customer perception of input tax credit in GST with respect to the Alwar region. The problems and difficulties faced by the businessman are identified using primary and secondary data. The authors also recommended certain suggestions to improve awareness of ITC. The study by **Barhate (2017)** presents an analytical study of the awareness and perceptions of traders in rural areas towards GST. The author highlighted the potential impact of GST as a significant tax reform and the challenges faced by small traders in rural areas due to a lack of information and orientation. **Ramkumar (2018)** studied the perceptions of consumers towards GST. A micro-economic approach is considered to analyse income and spending ability. The paper by **Ameen (2020)** analyses consumer awareness and the perception of GST in Chennai city restaurants. The author revealed that almost every sector of the Indian economy is affected, including the FMCG industry, due to the enactment of GST.

### RESEARCH GAP

Various research studies on the perception of the GST, particularly on consumer views of the GST, have been undertaken in India according to the review of the literature. The efficiency of input tax credit under the GST has not been assessed from the point of view of tax facilitators. This is identified as a research gap in the available literature. As pillars of GST compliance, tax facilitators' perceptions about the usefulness of the ITC have the utmost significance.

### RESEARCH PROBLEM AND OBJECTIVES

As input tax credit is at the heart of the GST, its ease, simplicity and efficiency not only improve compliance but also greatly increase Government revenue. In this context,

the present study was conducted to analyze tax facilitators' perceptions about perceived input tax credit attributes, with the following objectives: -

- ⊙ to understand the concept of input tax credit under the GST law
- ⊙ to outline legal framework under the GST law
- ⊙ to analyse tax facilitators' perceptions about perceived input tax credit attributes.

### SIGNIFICANCE OF THE STUDY

Tax payers and tax facilitators have been facing many difficulties and problems while performing tax compliance under the GST law since its inception. Besides, the Government and policymakers have constantly taken many measures to make it easy and tax-friendly. Tax facilitators being the pillars of the GST compliance system, their perceptions can prove valuable to policymakers for the effectiveness and implementation of GST and also be useful to boost its compliance efficiency and transparency. Similarly, these can also pave the way for policymakers to come up with changes to make the GST law more vibrant and compliance-friendly.

### RESEARCH METHODOLOGY

The present study is an experimental one based on the primary and secondary data sources. The primary data was collected using a structured questionnaire issued to 111 sample respondents selected by random sampling who are practicing in the Nashik District under the jurisdiction of the GST Commissionerate, Nashik. The data gathered from the respondents was analysed by the IBM SPSS software in order to have results for descriptive and inferential statistics to test the hypotheses framed for the study.

### HYPOTHESES OF THE STUDY

To assess the level of agreement among the sample respondents on the input tax credit under the GST, the following null and alternative hypotheses are being developed on the basis of the research problem identified through the literature review:

**H0:** There is no considerable difference among the tax facilitators' perceptions about perceived input tax credit attributes:-

- a. Simple and tax-friendly
- b. Eliminates the cascading effects
- c. Beneficial to the business fraternity
- d. Restrictive eligibility criteria
- e. Acceptable blocking in certain cases.

**H1:** There is a considerable difference among the tax facilitators' perceptions about perceived input tax credit attributes:-

- a. Simple and tax-friendly



- b. Eliminates the cascading effects
- c. Beneficial to the business fraternity
- d. Restrictive eligibility criteria
- e. Acceptable blocking in certain cases.

### DISCUSSION AND INTERPRETATION

The discussion and interpretation of this study are segmented into three parts. The first part deals with the theoretical framework of input tax credit; in the second part, analysis and interpretation of data are made to test hypotheses and the last part deals with findings and suggestions, limitations of the study and an overall conclusion.

#### Theoretical Framework of Input Tax Credit (ITC):

Chapter V of CGST Act, 2017 contains the provisions relating to ITC. A registered person is eligible to take credit on inward supplies which are used or intended to be used in the course of or furtherance of his business. ITC credit availed would be credited to e-credit ledger and can be used for the payment of tax. The credit is available subject to fulfilment of following conditions as laid down under the Act<sup>[6]</sup>:-

- ⊙ A valid copy of tax paying documents such as tax invoice, debit note or bill of entry is with the recipient.
- ⊙ The details of such tax paid document are furnished by the supplier in his GSTR-1 and communicated to the recipient in GSTR-2B.
- ⊙ The recipient has received the goods or services.
- ⊙ The details of ITC related to the supply have not been restricted and have been communicated to the registered person under section 38.
- ⊙ The tax charged by the supplier must be paid to Govt. in cash or eligible ITC
- ⊙ Return under section 39 vide GSTR-3B is filed by the recipient.

**Restrictions on availment of ITC:** ITC is subject to the restrictions such as-

- ⊙ Where supply is made in lots or instalments, credit would be available upon receipt of the last lot/ instalment.
- ⊙ A recipient is required to reverse the ITC in the event of non-payment of consideration to the supplier within 180 days.
- ⊙ Tax paid can be either claimed as credit or can be capitalised in the value of asset to claim depreciation.
- ⊙ Availability of credit is subject to availment of ITC before 30<sup>th</sup> November of subsequent year or furnishing of annual return for the said year whichever is earlier.

**Blocked Credit:** Though the GST law was introduced with the intention to remove the cascading effect of taxes and facilitate free flow of ITC, credit on certain supplies

is blocked under the GST law. <sup>[7]</sup>The list of such blocked credit is as under-

- ⊙ Motor vehicle for transportation of passengers having approved seating capacity of 13 persons including driver. However, credit is available when used for further supply of such motor vehicle or for carrying of passengers or teaching driving of such motor vehicle.
- ⊙ Vessels and aircraft. However, credit is eligible when used for further supply of such vessels or aircraft, or carrying of passengers, or providing training on navigating such vessels or flying such aircraft or for shipping of goods.
- ⊙ Services of general insurance, servicing, repairs and maintenance related to motor vehicle, vessels and aircraft subject to allowance in certain circumstances.
- ⊙ Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft, life insurance and health insurance. However, credit is available when they are used for providing similar services membership of a club, health and fitness centre and travel benefits extended to employees on vacation. Credit can be claimed if an employer is legally required to provide such supplies to its employees.
- ⊙ Works contract services when supplied for construction of an immovable property subject to allowance in certain circumstances.
- ⊙ Goods or services or both received by a taxable person for construction of an immovable property.
- ⊙ Tax has been paid on supplies under composition scheme.
- ⊙ Supplies received by a non-resident taxable person except on goods imported by him.
- ⊙ Supplies received by a taxable person, which are used or intended to be used for activities relating to his obligations under CSR under section 135 of the Companies Act, 2013 (18 of 2013).
- ⊙ Supplies used for personal consumption.
- ⊙ Goods lost, stolen, destroyed, written off /disposed of by way of gift or free samples;
- ⊙ Any tax paid in accordance with the provisions of sections 74(frauds) 129 and 130.

#### Analysis and Interpretation of data

The study examines the perceptions of tax facilitators (dependent variable) such as tax practitioners, accounting practitioners, business owners and other professionals about perceived ITC attributes (independent variables) by administering well-structured questionnaire with a 5-point Likert scale from strongly agree to strongly disagree. The data so collected through questionnaire were analysed and interpreted as under:

TABLE 1. DESCRIPTIVE STATISTICS FOR THE PERCEPTIONS ABOUT PERCEIVED ITC ATTRIBUTES.

		<i>Simple and tax-friendly</i>	<i>Eliminates cascading effects</i>	<i>Beneficial to the business fraternity</i>	<i>Restrictive eligibility criteria</i>	<i>Acceptance of blocking</i>
N	Valid	111	111	111	111	111
	Missing	0	0	0	0	0
Mean		3.53	3.59	4.05	3.74	3.43
Std. Deviation		0.952	0.909	0.802	0.828	1.092
Skewness		-1.058	-0.555	-1.051	-0.846	-0.634
Std. Error of Skewness		0.229	0.229	0.229	0.229	0.229
Kurtosis		0.927	0.096	2.406	1.273	-0.175
Std. Error of Kurtosis		0.455	0.455	0.455	0.455	0.455
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

Table 1 indicates the descriptive statistics for the tax facilitators' perceptions about perceived ITC attributes. By observing the descriptive statistics, it is evident that the mean and standard deviation for the perceived ITC attributes range from 3.43 to 4.05 and 0.802 to 1.092, respectively, with corresponding negative values of skewness and kurtosis being 0.455. Hence, a one-way ANOVA was used to test the hypothesis at a 5 per cent level of significance.

TABLE 2: GROUP STATISTICS: PERCEPTIONS ABOUT PERCEIVED ITC ATTRIBUTES

<i>Sr. No</i>	<i>ITC attributes</i>	<i>Group of Respondents</i>	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error</i>
1	Simple and tax-friendly	Tax practitioners	42	3.38	0.962	0.148
		Accounting practitioners	14	3.64	1.082	0.289
		Business owners	8	2.88	0.991	0.35
		Others	47	3.74	0.846	0.123
		Total	111	3.53	0.952	0.09
2	Eliminates cascading effects	Tax practitioners	42	3.67	0.816	0.126
		Accounting practitioners	14	3.43	0.756	0.202
		Business owners	8	3.25	1.282	0.453
		Others	47	3.62	0.968	0.141
		TOTAL	111	3.59	0.909	0.086
3	Beneficial to the business fraternity	Tax practitioners	42	3.88	0.832	0.128
		Accounting practitioners	14	4.57	0.514	0.137
		Business owners	8	3.75	0.463	0.164
		Others	47	4.09	0.830	0.121
		TOTAL	111	4.05	0.802	0.076
4	Restrictive eligibility criteria	Tax practitioners	42	3.74	0.857	0.132
		Accounting practitioners	14	3.64	0.745	0.199
		Business owners	8	3.63	0.916	0.324
		Others	47	3.79	0.832	0.121
		TOTAL	111	3.74	0.828	0.079
5	Acceptance of blocking	Tax practitioners	42	3.4	1.149	0.177
		Accounting practitioners	14	3.07	0.829	0.221
		Business owners	8	3.25	1.282	0.453
		Others	47	3.6	1.077	0.157
		Total	111	3.43	1.092	0.104

Table 2 shows the group statistics of tax facilitators' perceptions about the ITC attributes. Examining the mean value of scores of perceived ITC attributes reveals that a group of other tax facilitators have very positive perceptions of the perceived ITC attributes: that ITC is simple and tax-friendly (3.74), has restrictive eligibility criteria (3.79), and has acceptable blocking in certain cases (3.60), followed by the other tax facilitator groups. As compared to other groups of tax facilitators, tax practitioners, and accounting practitioners, they have almost favourable perceptions about the perceived ITC attributes, such as that it eliminates cascading effects (3.62) and is beneficial to the business community (4.57), respectively.

TABLE 3: TEST OF HOMOGENEITY OF VARIANCES

	<i>Levenes' Statistics</i>	<i>df1</i>	<i>df2</i>	<i>Sig.</i>
Perceptions about perceived Input Tax Credit attributes	3.734	3	107	0.101

Table 3 indicates the Levenes' test statistics homogeneity of group variances at 0.05 levels of significance for the tax facilitators' perceptions about perceived ITC attributes. The Levenes' p value of 0.101 is more than the 0.05 level of significance then the group variances are not significantly different from each other. Thus, the four samples come from population with the same variance. Therefore, it is necessary to test the null hypothesis with equal sample variances.

TABLE 4: ONE-WAY ANOVA RESULTS

	<i>ITC attributes</i>	<i>Source</i>	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	Simple and tax-friendly	Between Groups	6.709	3	2.236	2.575	0.058
		Within Groups	92.93	107	0.869		
		Total	99.64	110			
2	Eliminates cascading effects	Between Groups	1.569	3	0.523	0.630	0.60
		Within Groups	89.368	107	0.835		
		Total	90.937	110			
3	Beneficial to the business fraternity	Between Groups	5.782	3	1.927	3.170	0.03
		Within Groups	64.993	107	0.607		
		Total	70.775	110			
4	Restrictive eligibility criteria	Between Groups	0.343	3	0.114	0.160	0.92
		Within Groups	75.081	107	0.702		
		Total	75.423	110			
5	Acceptance of blocking	Between Groups	3.376	3	1.125	0.940	0.42
		Within Groups	127.87	107	1.195		
		Total	131.24	110			

Table 4 shows the test results of a one-way ANOVA on the tax facilitators' perceptions about perceived ITC attributes. By examining the p values and related F values of the perceived ITC attributes, the null and alternate hypotheses were tested as follows:

1. As a null hypothesis, there is no substantial difference among the tax facilitators' perceptions about perceived ITC attributes, such as that it is simple and tax-friendly, eliminates cascading effects, has restrictive eligibility criteria and has acceptance of its blocking, which is accepted because their p values of 0.058, 0.60, 0.92, and 0.42, respectively, are more than the 0.05 level of significance.

2. As an alternative hypothesis, there is a significant difference among the tax facilitators' perceptions about perceived ITC attributes, out of which ITC is beneficial to the business fraternity, and this hypothesis is accepted since its p value of 0.03 is less than the 0.05 level of significance.

### FINDINGS AND SUGGESTIONS

**Findings:** After having the theoretical framework of ITC, a review of existing literature, and testing and understanding of the data, the following outcomes were drawn:

1. Input tax credit still has room to be made simple

and tax-friendly.

2. The input tax credit is still not able to entirely eliminate cascading effects since it lacks seamlessness in its process of availment.
3. Although the input tax credit is beneficial to the business fraternity, the eligibility criteria for the availment of its benefits are very restrictive.
4. The blocking of the input tax credit is one of the important grey areas to be addressed and it is to be restricted to personal consumption of goods and services.
5. During the personal conversation, many tax facilitators emphasised that they were still facing difficulties and issues while providing benefits of input tax credit to their clients under the GST.

**Suggestions:** The following suggestions are made to the Government and lawmakers, including the GST Council:

1. Simplify the provisions in the legal framework of the ITC in such a manner that every registered taxpayer can avail its benefits with the minimum assistance.
2. Minimise and liberalise the conditions required for claiming and utilising the ITC.
3. ITC blocking should be restricted to the personal consumption of goods and services.
4. A seamless ITC, which is the main motive of the GST, should be ensured in every supply chain of goods and services.
5. Restrictions on the utilisation of ITC should be rationalised in such a way that GST revenue can be increased.

### OVERALL CONCLUSION

The perceptions of tax facilitators about the perceived attributes of input tax credits have been statistically analysed and it is evident that the addition of numerous conditions for claiming input tax credits, as well as restrictions on specific goods and services, has not yet fully achieved the goal of minimizing the cascading effects of taxes behind the Goods and Services Tax implementation. As a result, simplifying the input tax credit may be conceivable in order to increase Government revenue. In order to enable the tax facilitators to comprehend and efficiently execute the input tax credit in the interests of both the Government and taxpayers, it is suggested that the Government must simplify the input tax credit system with a commitment to minimum government and maximum governance.

### LIMITATIONS OF THE STUDY

The study was limited to a sample size selected from the Nashik District. The researcher expected higher response rates; but, respondents from more regions could not be

**As input tax credit is at the heart of the GST, its ease, simplicity and efficiency not only improve compliance but also greatly increase Government revenue**

reached due to time and effort constraints. Nevertheless, by using the appropriate sample size and the necessary efforts undertaken to ensure the reliability of data and draw obvious inferences for the study, the results of similar research with the same or a large sample size may differ depending on location and response rate. **MA**

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# IMPACT OF BEHAVIOURAL ASPECTS ON STOCK MARKET INVESTING

## Abstract

*The stock market is a complex and dynamic financial ecosystem where investors make decisions based on a combination of rational analysis and behavioural factors. This article explores the profound impact of behavioural aspects on stock market investing, focusing on key psychological biases that shape investment decisions. We delve into the implications of these biases on market performance, as well as strategies to mitigate their negative effects. By understanding the interplay between human psychology and financial markets, investors can make more informed decisions and navigate the stock market with greater success.*

## INTRODUCTION

The stock market is a microcosm of human behaviour. It is a place where millions of investors, driven by a myriad of emotions and psychological biases, buy and sell securities every day. While traditional finance theory assumes that investors are rational beings who make decisions based on careful analysis of all available information, the reality is far more complex. Behavioural aspects play a significant role in influencing investment decisions, often leading to market fluctuations, mispricing, and irrational behaviour.

This article explores the impact of behavioural aspects on stock market investing, focusing on five key psychological biases: overconfidence, herding behaviour, loss aversion, confirmation bias and availability bias. We will examine how these biases manifest in investors' actions and how they can affect market dynamics and overall performance. Additionally, we will discuss strategies to mitigate the negative effects of these biases and enhance investors' decision-making processes.

## OVERCONFIDENCE BIAS

Overconfidence bias is a pervasive cognitive bias that leads individuals to overestimate their knowledge, abilities and predictive prowess. In the context of stock market investing, overconfident investors tend to believe that they are more skilled and informed than they actually are. They often exhibit the following behaviours:



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- i. **Excessive trading:** Overconfident investors frequently engage in excessive trading, believing that their judgments are superior to others. They may buy and sell stocks more frequently than necessary, incurring transaction costs and potential taxes.
- ii. **Disregard for risk:** Overconfident investors may underestimate the risks associated with their investments. They often fail to conduct thorough due diligence, leading to potential losses when unforeseen risks materialize.
- iii. **Lack of diversification:** Overconfident investors may concentrate their portfolios in a few high-risk stocks, rather than diversifying across different asset classes. This lack of diversification increases exposure to idiosyncratic risk.

## Impact on market performance

The impact of overconfidence on the stock market is multifaceted. Overconfident investors can contribute

to excessive market volatility, as their frequent trading can lead to rapid price fluctuations. Moreover, when overconfident investors face losses, they may be more prone to panic selling, exacerbating market downturns.

### Case Study: The dot-com bubble

The late 1990s saw the emergence of the dot-com bubble, a speculative frenzy in which investors poured money into internet-related stocks with little regard for fundamentals. Many investors were overconfident in their belief that the internet would revolutionize business, and they ignored warning signs of overvaluation. When the bubble burst in 2000, massive losses followed, illustrating the destructive potential of overconfidence in the stock market.

### Mitigation strategies

To mitigate the negative impact of overconfidence bias, investors can consider the following strategies:

- i. **Maintain a long-term perspective:** Focus on the fundamentals of your investments and avoid making impulsive decisions based on short-term market fluctuations.
- ii. **Seek diverse opinions:** Encourage constructive criticism and engage with individuals who hold different perspectives on investments. This can help challenge overconfidence.
- iii. **Use a systematic approach:** Implement an investment strategy with predefined rules to reduce impulsive decision-making.

### HERDING BEHAVIOUR

Herding behaviour occurs when investors follow the crowd rather than conducting independent research and analysis. It is driven by the fear of missing out (FOMO) and the desire to conform to prevailing trends. Herding behaviour can manifest in the following ways:

- i. **Follower mentality:** Herding investors tend to blindly follow the actions of others without critically assessing the underlying reasons for those actions. This can result in a lack of independent decision-making.
- ii. **Amplification of trends:** Herding behaviour can amplify market trends, leading to the formation of bubbles and subsequent crashes. When a large number of investors rush into a particular asset class, prices can become disconnected from their intrinsic values.
- iii. **Groupthink:** In herding scenarios, groupthink often emerges, where investors share a consensus belief that may not be rooted in rational analysis. This can lead to irrational exuberance or panic.

### Impact on market performance

Herding behaviour can have a significant impact on market performance. When investors follow the crowd, asset prices can become detached from their underlying fundamentals, leading to bubbles or crashes. In a bubble, prices are driven higher by the influx of investors, creating a situation where assets are overvalued. When the bubble bursts, panic selling can lead to a rapid and severe price decline.

### Case Study: The housing bubble and financial crisis (2008)

The housing bubble that preceded the 2008 financial crisis is a classic example of herding behaviour in action. During the mid-2000s, housing prices skyrocketed as investors flocked to the real estate market. The prevailing belief was that housing prices would continue to rise indefinitely. However, this herding mentality led to unsustainable price levels, and when the bubble burst, it triggered a global financial crisis.

### Mitigation strategies

To mitigate the negative impact of herding behaviour, investors can consider the following strategies:

- i. **Conduct independent research:** Base investment decisions on thorough analysis of asset fundamentals rather than blindly following market trends.
- ii. **Avoid impulsive actions:** Refrain from making hasty investment decisions driven by FOMO or fear. Maintain a disciplined approach to investing.
- iii. **Diversify your portfolio:** Diversification can help reduce the impact of herding behaviour, as it spreads risk across different asset classes.

### LOSS AVERSION

Loss aversion is a cognitive bias that leads individuals to fear losses more than they value equivalent gains. In the context of stock market investing, loss-averse investors tend to exhibit the following behaviours:

- i. **Holding on to losing positions:** Loss-averse investors often hold on to losing positions for too long in the hope of breaking even. They may avoid selling even when it is clear that the investment is unlikely to recover.
- ii. **Risk aversion:** Loss aversion can lead to excessive risk aversion, causing investors to avoid potentially profitable investments due to their fear of losses.
- iii. **Missed opportunities:** Loss-averse investors may miss out on opportunities for gain because they are unwilling to take on any perceived risk.

### Impact on market performance

Loss aversion can lead to suboptimal portfolio performance. When investors hold on to losing positions for too long, their capital remains tied up in unproductive assets, limiting their ability to pursue more profitable opportunities. Additionally, loss-averse behaviour can contribute to market inefficiencies, as investors may irrationally cling to underperforming assets.

### Case Study: The “sunk cost fallacy”

The sunk cost fallacy is a manifestation of loss aversion. It occurs when investors continue to invest in a losing position because they have already invested a significant amount of time or money into it. This behaviour can lead to further losses, as investors refuse to cut their losses and move on to more promising opportunities.

### Mitigation strategies

To mitigate the negative impact of loss aversion bias, investors can consider the following strategies:

- i. **Set clear stop-loss limits:** Establish pre-determined exit points for each investment to limit potential losses.
- ii. **Diversify your portfolio:** Diversification can help spread risk and reduce the impact of individual losses on the overall portfolio.
- iii. **Maintain a long-term perspective:** Focus on the long-term goals of your investment strategy and avoid making decisions solely based on short-term fluctuations.

### CONFIRMATION BIAS

Confirmation bias is the tendency to seek information that confirms one’s existing beliefs and to ignore or dismiss information that contradicts those beliefs. In the context of stock market investing, confirmation bias can lead to the following behaviours:

- i. **Selective information gathering:** Investors affected by confirmation bias tend to seek out news, analysis, and opinions that align with their preconceived notions about an investment.
- ii. **Ignoring warning signs:** Confirmation bias can lead investors to ignore warning signs or red flags that suggest a change in investment strategy may be necessary.
- iii. **Resistance to contradictory information:** Investors may resist accepting contradictory information, even when it is supported by credible sources, because it challenges their existing beliefs.

### Impact on market performance

Confirmation bias can contribute to market inefficiencies

and distort the pricing of assets. When investors selectively gather information that confirms their views, they may ignore important data that could influence their investment decisions. This can lead to mispricing and market bubbles, as investors collectively reinforce each other’s biases.

### Case Study: The Bitcoin Mania (Late 2017)

The late 2017 Bitcoin rally is an example of confirmation bias in action. Many investors were convinced that Bitcoin’s price would continue to rise indefinitely, and they selectively sought out information and opinions that supported this view. As a result, Bitcoin prices reached unsustainable levels, only to crash dramatically in early 2018.

### Mitigation Strategies

To mitigate the negative impact of confirmation bias, investors can consider the following strategies:

- i. **Actively seek out contradictory information:** Make an effort to explore opposing viewpoints and seek out information that challenges your existing beliefs.
- ii. **Keep a trading journal:** Document your investment decisions and the reasoning behind them to promote self-awareness and identify potential biases.
- iii. **Consult diverse sources:** Gather information and analysis from a variety of sources with different perspectives to avoid falling into a confirmation bias trap.

### AVAILABILITY BIAS

Availability bias is a cognitive bias that occurs when individuals give greater weight to information that is readily available to them. In the context of stock market investing, this bias can lead to the following behaviours:

- i. **Overreacting to recent events:** Investors may place excessive emphasis on recent news or events, believing that they are more relevant to their investment decisions than they actually are.
- ii. **Neglecting long-term trends:** Availability bias can lead investors to focus on short-term data while neglecting long-term trends and fundamentals.
- iii. **Sensationalism:** Investors may be drawn to sensational news and narratives, which can cloud their judgment and lead to impulsive decisions.

### Impact on market performance

Availability bias can lead to short-term market volatility and overreactions to news and events. Investors who succumb to this bias may make impulsive decisions based on the latest headlines, causing asset prices to fluctuate more than justified by fundamental factors.

### Case Study: The flash crash (2010)

The flash crash of May 6, 2010, is an example of how availability bias can lead to extreme market volatility. During this event, U.S. stock markets experienced a sudden and severe decline, followed by a rapid recovery. The crash was partly attributed to high-frequency trading algorithms reacting to the sudden availability of negative news.

### Mitigation strategies

To mitigate the negative impact of availability bias, investors can consider the following strategies:

- i. **Focus on fundamentals:** Base investment decisions on long-term trends and fundamental analysis rather than short-term news and events.
- ii. **Implement a systematic approach:** Develop a disciplined investment strategy with predefined rules to reduce impulsive decision-making.
- iii. **Diversify your portfolio:** A diversified portfolio can help mitigate the impact of short-term fluctuations caused by availability bias.

### CONCLUSION

The impact of behavioural aspects on stock market investing cannot be overstated. Psychological biases such as overconfidence, herding behaviour, loss aversion, confirmation bias and availability bias have profound effects on individual and collective investment decisions. These biases can lead to market fluctuations, mispricing, and irrational behaviour that defy traditional finance theories.

Recognizing and mitigating these biases is crucial for investors aiming to make informed decisions and navigate the stock market with greater success. By understanding the interplay between human psychology and financial markets, investors can develop strategies to counteract these biases and make more rational investment decisions. Furthermore, policymakers, regulators, and market participants should be aware of the role of behavioural aspects in stock market dynamics to implement measures that promote market stability and prevent extreme volatility.

In conclusion, investors should strive to strike a balance between rational analysis and emotional impulses to achieve long-term financial success in the stock market. Acknowledging and addressing behavioural biases is an essential step toward becoming a more effective and successful investor. MA

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# FACTORS INFLUENCING CUSTOMER SATISFACTION IN ONLINE SHOPPING: AN EMPIRICAL STUDY ON SILIGURI METROPOLITAN YOUTH

## Abstract

*In online shopping, customers cannot evaluate goods and services based on smell, touch and feel. Hence, it is not so easy to satisfy the customers with an online shopping platform compared to traditional shopping.*

*This study analyses the responses of 266 online shoppers by SPSS (Statistical Package for Social Sciences) to understand customer satisfaction in online shopping. Exploratory Factor Analysis (EFA) shows that information quality, shopping experience, website quality and delivery times are influencing customers' satisfaction in online shopping. With the help of AMOS, the impact of stated online shopping parameters in customer satisfaction is examined. The study finds that among these online shopping factors; delivery time affects customer satisfaction the most in online shopping. The shopping experience, information quality and website quality is also affecting customer satisfaction in online shopping.*



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## INTRODUCTION

Growth in online shopping infrastructure and high internet penetration rates boost online shopping in India. As per the IAMAI-Kantar ICUBE 2020Report, the number of Indian internet users in 2020 was around 622 million and is expected to grow by 45 per cent over the next five years to 900 million in 2025. A report published by *Statista.com* reveals that in India, the business-to-consumer (B2C) e-commerce market size was around US\$ 30 billion in 2019 and is expected to grow to US\$ 96 billion in 2024.

The above statistical figures indicate an increase in the size of Internet users, online buyers and the online e-commerce market. However, it is a matter of academic and business research to ensure customer satisfaction in

online shopping.

## REVIEW OF LITERATURE AND DEVELOPMENT OF HYPOTHESIS

### Customer satisfaction

*Lee et al.* (2008) observed that customer satisfaction helps to establish a long-term relationship between the customer and their purchase intention. A study done by *Bai et al.* (2008) on tourism products revealed that satisfaction plays a vital role in increasing the purchase intention of online products in an online environment.

### Information Quality

The quality of information affects the rational buying decisions of customers in online shopping. *DeLone &*

McLean (2003) show that accuracy, completeness, relevance, content requirements and timeliness are essential determinants of information quality.

Fung & Lee (1999) found that customer satisfaction in online shopping platforms is influenced by web seller’s website’s interface design and information quality. Therefore, the study hypothesizes that:

*H<sub>1</sub>: The quality of information affects customer satisfaction in online shopping.*

shopping experience

Liu et al. (2008) found that customer shopping experience affects their satisfaction in online shopping. It has been observed by Liang & Huang (1998) that customers with high expertise in shopping are more likely to continue shopping.

Thus, the study hypothesizes that:

*H<sub>2</sub>: The shopping experience affects customer satisfaction in online shopping.*

**Website Quality**

Lin (2007) stated that in online shopping, the overall capabilities of a website system are known as system quality, which gives customers a sense of friendliness while using the website. DeLone and McLean (2004) observed that the use of e-commerce websites and the business’s overall sales and market valuation could be increased through a sound system quality. Therefore, the study hypothesizes that:

*H<sub>3</sub>: Website quality affects customer satisfaction in online shopping.*

**Delivery Time**

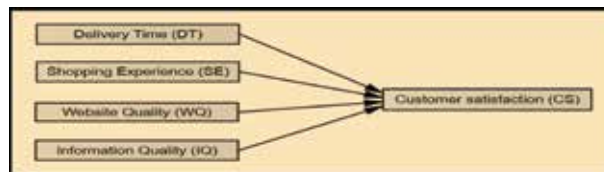
Ahn et al. (2004) found that timely and reliable delivery of goods and services leads to increased customer satisfaction; therefore, online sellers must deliver the customer order products and services within the expected delivery time to improve their satisfaction with online shopping. Similarly, in online shopping, Grewal et al. (2004) advocated the importance of timely delivery of products. Hence, the study hypothesizes that:

*H<sub>3</sub>: Delivery time affects customer satisfaction in online shopping.*

**PROPOSED RESEARCH MODEL**

The proposed research model of customer satisfaction in online shopping (see Figure 1) explains that the customer satisfaction (CS) is influenced by the online dimension, namely delivery time (DT), shopping experience (SE), website quality (WQ), and information quality (IQ).

FIGURE1: PROPOSED RESEARCH MODEL



**DEVELOPMENT OF MEASUREMENTS FOR CONSTRUCTS**

The study designed a structured questionnaire to measure online shopping dimensions. For instance, the study adopts four items from Ahn et al. (2004) and three items from Sabiote et al. (2012) to assess information quality and website quality, respectively. Likewise, customer satisfaction is measured with four items adopted from Hsu et al. (2006) and Chiu et al. (2009). The study measures the delivery time with the help of three items taken from Lee & Joshi (2007) and Ahn et al. (2004). Similarly, shopping experience is measured by three questions taken from Khalifa & Liu (2007). In accordance with current research needs, all items have been partially modified. Five-point Likert scale is used to measure the all the items.

**DATA COLLECTION**

Study collected primary data (with the help of a structured questionnaire using snowball sampling method) from college and university-going students (confined to the Siliguri metropolis of West Bengal, India) who purchase goods and avail services from online shopping platforms.

**EXPLORATORY FACTOR ANALYSIS (EFA)**

The various statistical test under EFA, such as KMO and Bartlett’s Test, Rotated Component Matrix, and Total Variance Explained, are discussed below:

**KMO and Bartlett’s Test**

The calculated KMO value is 0.894 (see Table 1) (which is > 0.50) allowing the researcher to proceed with factor analysis to derive the underlying constructs of customers’ satisfaction in online shopping platforms.

TABLE 1 :KMO AND BARTLETT’S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.894
Bartlett’s Test of Sphericity	Approx. Chi-Square	3020.144
	df	136
	Sig.	.000

Source: Primary Data

The Bartlett’s Test of Sphericity (see Table 1) is significant ( $p < 0.05$ ) indicating the existence of correlation in some of the online shopping variables of customer satisfaction in online shopping.

**Rotated Component Matrix**

The study runs EFA using PCA (principal component analysis) and Varimax rotation with Kaiser Normalization to explore the various underlying online shopping dimensions influencing customer satisfaction in online shopping platforms.

**TABLE 2 : ROTATED COMPONENT MATRIX**

Items	Components				
	1	2	3	4	5
CS1	.713				
CS2	.736				
CS3	.820				
CS4	.811				
IQ1		.847			
IQ2		.789			
IQ3		.844			
IQ4		.798			
SE1			.732		

SE2			.868		
SE3			.866		
WQ1				.714	
WQ2				.778	
WQ3				.842	
DT1					.810
DT2					.856
DT3					.705

Source: Primary Data

The rotated component matrix states that customer satisfaction (CS), information quality (IQ), shopping experience (SE), website quality (WQ) and delivery time (DT) are the primary components of customer satisfaction in online shopping platforms.

**Total Variance Explained**

The EFA helps the study identify five factors (see Table 3). Among them, customer satisfaction (CS) and information quality (IQ) explain 17.821 per cent and 17.737 per cent of the variation, respectively.

**TABLE 3 : TOTAL VARIANCE EXPLAINED**

Factors	Items	Factor Loadings	% of Variance Explained	Cumulative % of Variance Explained
Customer satisfaction (CS)	CS1	.713	17.821	17.821
	CS2	.736		
	CS3	.820		
	CS4	.811		
Information Quality (IQ)	IQ1	.847	17.737	35.558
	IQ2	.789		
	IQ3	.844		
	IQ4	.798		
Shopping Experience (SE)	SE1	.732	14.554	50.112
	SE2	.868		
	SE3	.866		
Website Quality (WQ)	WQ1	.714	14.031	64.143
	WQ2	.778		
	WQ3	.842		
Delivery Time (DT)	DT1	.810	13.715	77.858
	DT2	.856		
	DT3	.705		

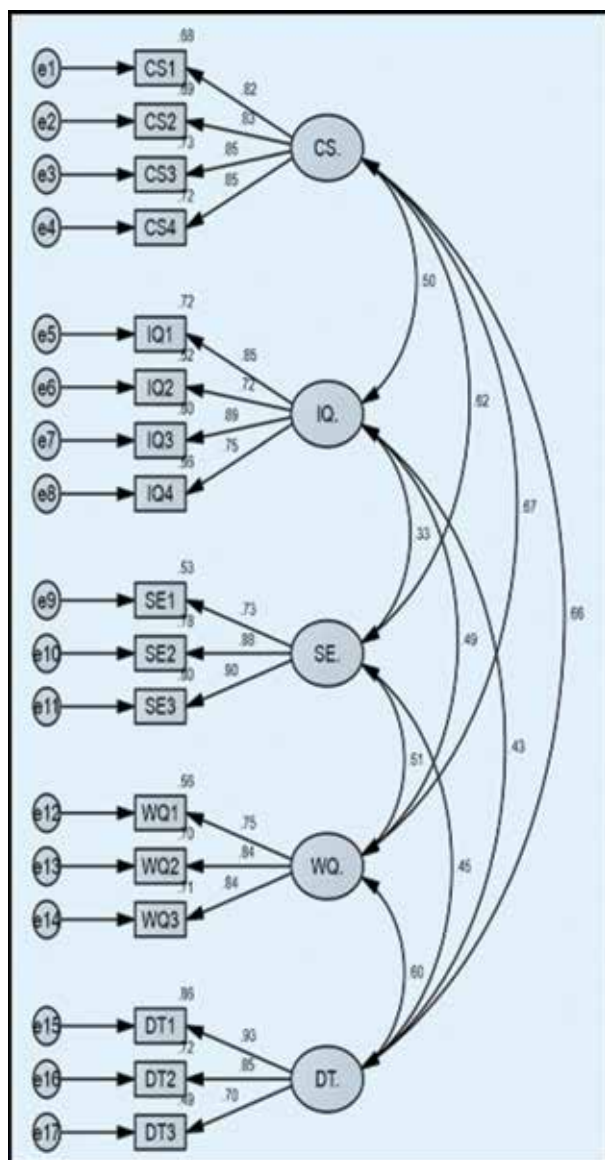
Source: Based on Primary Data

Similarly, the shopping experience (SE), website quality (WQ) and delivery time (DT) factors contributed to 14.554, 14.031 and 13.715 variations, respectively, in the total variation. Overall, these factors explain 77.858 per cent of the variation in customer satisfaction in online shopping (see Table 3) platforms.

**Measurement Model of Customer Satisfaction**

In structural equation modelling (SEM), the measurement model shows the relationship between latent variables and their measurements.

FIGURE 2: MEASUREMENT MODEL OF CUSTOMER SATISFACTION IN ONLINE SHOPPING



Source: Primary Data.

Figure 2 explains that customer satisfaction (CS) and

information quality (IQ) have four-four measurement items, respectively. There are three-three measurement items for delivery time (DT), shopping experience (SE) and website quality (WQ), respectively.

**Reliability of Online Shopping Dimensions**

The Cronbach alpha ( $\alpha$ ) value (see Table 4) is between 0.846 and 0.904 indicating the establishment of the construct reliability (Taber, 2018).

TABLE 4 : RELIABILITY TEST

Factors	Items	Standardized Regression Weights	Cronbach Alpha ( $\alpha$ ) Value	Composite Reliability (CR.)
Customer Satisfaction (CS)	CS1	.825	0.904	0.905
	CS2	.831		
	CS3	.852		
	CS4	.846		
Information Quality (IQ)	IQ1	.847	0.878	0.881
	IQ2	.722		
	IQ3	.894		
	IQ4	.751		
Shopping Experience (SE)	SE1	.728	0.870	0.877
	SE2	.885		
	SE3	.895		
Website Quality (WQ)	WQ1	.749	0.846	0.850
	WQ2	.836		
	WQ3	.840		
Delivery Time (DT)	DT1	.925	0.860	0.867
	DT2	.847		
	DT3	.700		

Source: Primary Data

The calculated value of composite reliability (CR) of online shopping dimension is falling between 0.850 to 0.905, established the internal consistency in the construct (Hair et al., 2011).

**Validity of Online Shopping Dimensions**

Table 5 indicates that AVE (average variance explained) value of the constructs ranges from 0.650 to 0.705, establishing the Converstant validity (Hair et al., 2011).

TABLE 5 : CONSTRUCT VALIDITY

Constructs	AVE	WQ.	CS.	IQ.	SE.	DT.
WQ.	0.655	<b>0.809</b>				
CS.	0.703	0.666	<b>0.839</b>			
IQ.	0.650	0.491	0.495	<b>0.807</b>		
SE.	0.705	0.514	0.619	0.330	<b>0.839</b>	
DT.	0.688	0.600	0.664	0.428	0.453	<b>0.829</b>

Source: Based on Primary Data.

According to *Fornell and Larcker* criterion (1981), each latent variable's square root of AVE (see the diagonal value in Table 5) must be greater than the other correlation values among the latent variables. The calculated value of the square root of AVE in each latent variable is higher than the other correlation value in the variable establishing the Discriminant validity.

**Fit Indices of Customer Satisfaction Model**

In this study, the fit index of the measurement and structural model (here, customer satisfaction in the online shopping model) is evaluated through absolute fit measures, incremental fit index and parsimony fit index.

The calculated value of the various fit indices [Goodness-of-Fit Index (GFI) = 0.906 (Kline, 2005); Root Mean Square Error of Approximation (RMSEA) = 0.069 (*MacCallum et al.* 1996); Root Mean Square Residual (RMR) = 0.066 (Steiger, 2007); Standardized Root Mean Square Residual (SRMR) = 0.0512 (*Diamantopoulos & Sigauw*, 2000) and Normed Chi-square ( $\chi^2/df$ ) = 2.264 (*Marsh & Hocevar*, 1985)] falling under the absolute fit measure is within the recommended level i.e. establishing the absolute fit measure of the model.

Comparative Fit Index (CFI) of said model is 0.953, specifying the establishment of incremental fit indices (West et al., 2012).

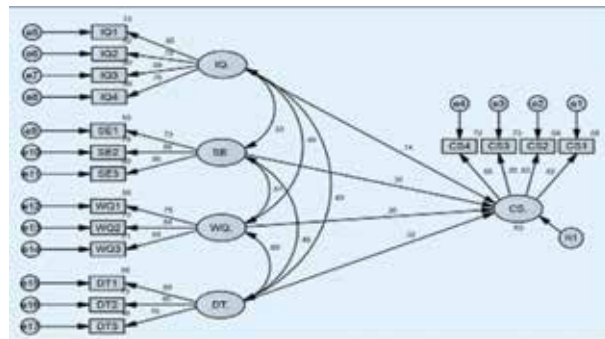
Adjusted Goodness-of-Fit Index (AGFI) of said model is 0.868 which is very close to the acceptable range of the Parsimony Fit Index (Tabachnick et al., 2007).

**Structural Model of Customer Satisfaction**

The study developed the structural model using AMOS

of Structural Equation Modelling (SEM).

FIGURE 3: STRUCTURAL MODEL OF CUSTOMER SATISFACTION IN ONLINE SHOPPING.



Source: Primary Data.

Figure 3 states that customer satisfaction (CS) in online shopping is influenced by four vital online shopping parameters, delivery time (DT), shopping experience (SE), website quality (WQ), and information quality (IQ). In addition, the squared multiple correlations ( $R^2$ ) of customer satisfaction in online shopping is 0.63 indicates that the proposed model of customer satisfaction in online shopping explains the Variance of 63 per cent with the help of taken online shopping parameters in this study.

**Testing of Hypothesis**

The research hypothesis is tested with the help of Analysis of Moment Structures (AMOS) to examine the impact of online shopping dimensions on customer satisfaction in online shopping. Table 6 reveals the statistical results of the proposed research hypothesis produced by AMOS.

TABLE 6 : TESTING OF HYPOTHESIS

Hypothesis	Hypothesized Path	Standardized Parameter Estimate	Standard Error	t - Value	p-Value	Decision
H <sub>1</sub>	IQ ----> CS	0.135	0.055	2.372	0.018*	Accepted
H <sub>2</sub>	SE ----> CS	0.299	0.067	4.891	***	Accepted
H <sub>3</sub>	WQ ----> CS	0.256	0.082	3.469	***	Accepted
H <sub>4</sub>	DT ---->CS	0.317	0.054	4.851	***	Accepted

Source: Primary Data

The hypothesis testing results are as follows:

- ⊙ Impact of information quality on customer satisfaction in online shopping is positive and significant ( $b = 0.135, t = 2.372, p < 0.05$ ), supports the study's hypothesis H<sub>1</sub>.
- ⊙ Influence of the shopping experience on customer satisfaction in online shopping is positive and significant ( $b = 0.299, t = 4.891, p < 0.001$ ), supports the study's hypothesis H<sub>2</sub>.
- ⊙ Consequence of the website quality on customer satisfaction in online shopping is positive and significant ( $b = 0.256, t = 3.469, p < 0.001$ ), supports

the study's hypothesis H<sub>3</sub>.

- ⊙ The effect of the delivery time on customer satisfaction in online shopping is positive and significant ( $b = 0.317, t = 4.851, p < 0.001$ ), supports the study's hypothesis H<sub>4</sub>.

**MAJOR RESEARCH FINDINGS**

The study finding suggest that delivery time significantly (H<sub>4</sub>) influences customer satisfaction in online shopping (see Table 6) as compared to other online parameters taken in the study. Moreover, the study revealed that customer shopping experience (H<sub>2</sub>) (i.e. customers familiar with the


## Customer satisfaction helps to establish a long-term relationship between the customer and their purchase intention

online shopping environment), online vendors' website quality ( $H_3$ ) (i.e. security and navigation) and information quality ( $H_1$ ) (i.e. product and service descriptions) have significant influence on customers' satisfaction (see Table 6) in online shopping.

### LIMITATIONS OF RESEARCH

This study's geographical area is confined to only one metropolitan city and respondents to only young online shoppers to understand the customers' satisfaction in online shopping platforms.

### CONCLUSION

Online shopping is becoming an essential part of everyone's life. However, satisfying the customer in the online shopping platform is challenging compared to the traditional (offline) marketplace. It is suggested that online sellers must deliver goods and services on time, display complete product information (including product descriptions, visuals and videos) and must design their online shopping site customer friendly to enhance customer satisfaction in online shopping. 

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# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

[www.icmai.in](http://www.icmai.in)

## AGRICULTURE COST MANAGEMENT BOARD

### INVITING RESEARCH ARTICLES/CASE STUDIES FOR CMA AGRI BULLETIN - DECEMBER 2023 ISSUE

The Institute of Cost Accountants of India has constituted **Agriculture Cost Management Board** for the purpose of evolving ways and means of augmenting the farmer's income. The Institute looks forward in extending support to the Government initiatives by way of preparing concept papers and research monographs on Agricultural Costing & Pricing, conducting awareness programmes, courses and discussion sessions on pan India basis to come out with an advisory on the steps to be taken in order to achieve the objectives set by the Government in this regard and supporting the farmers as well. Publication of 'CMA Agri Bulletin' in a regular interval is an initiative of this Board to encourage the researchers to write research based articles and case studies on various areas of Agriculture Cost Management with a view to 'Educating, Empowering, Enhancing and Enriching' the farmers.

**CMA Agri Bulletin: December 2023 Issue, Vol. 3, No. 1**

**Theme:**

### **Cost Management Models in Agri Business**

**Sub-themes (not limited to):**

- ◎ **Value Chain Analysis:** Explore cost management strategies along the entire agricultural value chain, from production and processing to distribution and marketing. Investigate how optimizing costs at each stage can enhance overall profitability and sustainability.
- ◎ **Technology Integration:** Examine how emerging technologies such as precision agriculture, IoT (Internet of Things) and data analytics can be leveraged to optimize cost management in agri-business. Discuss case studies and best practices in implementing these technologies effectively.
- ◎ **Risk Mitigation and Insurance:** Explore cost management strategies related to risk in agri-business. Discuss the role of insurance, hedging and other risk mitigation tools in protecting against unforeseen events such as crop failures, extreme weather and market fluctuations.

We are inviting research articles and case studies on the above-mentioned theme latest by:

**15<sup>th</sup> November 2023 at [agriculture@icmai.in](mailto:agriculture@icmai.in)**

**CMA Harshad Shamkant Deshpande**  
**Chairman**  
**Agriculture Cost Management Board**

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

# Down The Memory Lane

November, 2013



CMA S. C. Mohanty, President with Central Council members of the Institute presenting a Memento to Prof. Lakshman R Watawala, President of The Institute of Certified Management Accountants of Sri Lanka, on his arrival at the Institute's Headquarters in Kolkata.

Release of the Knowledge paper 'Doors to Shores – The Logic Issues' by the dignitaries on 08th November, 2013 at Taj Bengal, Kolkata. Event organized jointly by ASSOCHAM and The Institute of Cost Accountants of India.



November, 2003



The visit of Chinese delegation to ICWAI.

Seen from left, David Liu Weihua, Chandra Wadhwa, Chen Yugui, Dr. K.L. Jaisingh, President, ICWAI, Li Shuang, Ni Pengxiang, A.P. Kar, Director (Technical) and S.C. Gupta, Deputy Director.

Shri Rabin Deb (third from left), Chief Government Whip, West Bengal, legislative Assembly inaugurates the programme on Management Audit and Performance Optimisation at Peerless Inn.

Seen from left, Swapan Dey, Director of Studies and Bibhabananda Majumdar, Vice-President, ICWAI.





# Down The Memory Lane

November, 1993



Participants and Faculties of DR & T-ICWAI programme- Financial Management and Management Accounting held at New Delhi on 15-26 November.



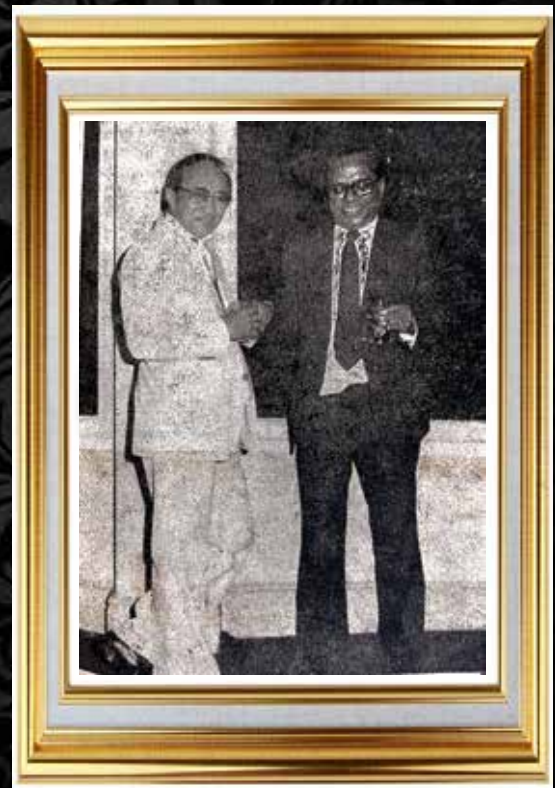
Shri Dhanik Lal Mondal, Governor, Haryana, inaugurating the Northern India Regional Conference at Chandigarh Chapter.

November, 1983



Shri R.G. Mahendra, Managing Director, N.C. D. C. Ltd. inaugurating the Symposium on "Project Planning-Lessons from the Past" on Nov-20, 1973 at Ranchi.

November, 1973



Shri N.K. Bose (right), the new President of CAPA with the outgoing CAPA President Mr. Eduardo M. Villanueva.

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

# NEWS FROM THE INSTITUTE

## EASTERN INDIA REGIONAL COUNCIL

### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BHUBANESWAR CHAPTER

With reference to the communication received from Ministry of Corporate Affairs, Govt. of India and subsequent communication received from the Institute to celebrate annual Swachhata Hi Sewa drive (SHS) during the period from 15th Sept-02nd October 2023, the employees of the Chapter undertook Cleanliness drive in the Chapter premises and adjacent areas on 29.09.2023 and 30.09.2023 and also took pledge through the online link as provided. To commemorate the Swachhata Hi Seva Pakhwada and as matter of recognition for the contribution of Housekeeping workers to keep a healthy environment, the Chapter felicitated its engaged Housekeeping workers on 01.10.2023. CMA Surya Narayan Tripathy, Chairman and CMA Sarat Kumar Behera, Vice Chairman of the Chapter felicitated them in the presence of CMA Uttam Kumar Nayak, Chairman, ICMAI-EIRC, CMA Ramesh Chandra Patra, Secretary, CMA Barada Prasan Nayak, Chairman, PD Committee, CMA Avinash Kotni, Chairman, CC & SFC, CMA Satya Sundar Mahasuar, Member of MC, CMA Subhasish Sahoo, Member of MC of the Chapter and Officials of the Chapter.

The Chapter organised a Practitioners Meet at CMA Bhawan on 5th October, 2023 on the theme “Artificial Intelligence: A Boon or Bane – Fundamental and Generative AI”. CMA Subhasish Chakraborty, Vice Chairman, ICMAI-EIRC delivered a detailed talk on the topic as the resource person. CMA Surya Narayan Tripathy, Chairman of the Chapter delivered welcome address, CMA Sarat Kumar Behera, Vice Chairman of the Chapter delivered keynote address, CMA Barada Prasan Nayak, Chairman, PD Committee of the Chapter facilitated the entire programme and CMA Ramesh Chandra Patra, Secretary of the Chapter addressed on the occasion and also proposed a formal vote of thanks.

The Inaugural ceremony of fourth Batch of Certificate in Accounting Technician (CAT) Course under Directorate General Resettlement, Department of Ex-Servicemen Welfare, Ministry of Defence, and Govt. of India was organised by the Directorate of CAT, ICMAI at the Chapter premises, on 06.10.2023. Col. Rahul V Kondalkar, Administrative Commandant, Military Station, Bhubaneswar inaugurated and graced as Chief Guest. Others who graced the occasion were CMA Bibhuti Bhushan Nayak, Vice President, ICMAI, CMA Chittaranjan Chattopadhyay, Council Member, ICMAI, CMA T C A Srinivasa Prasad, Council Member, ICMAI, CMA Avijit Goswami, Council Member, ICMAI, CMA Manoj Kumar Anand, Council Member, ICMAI, CMA Navneet Kumar Jain, Council Member, ICMAI, CMA Vinayaranjan P, Council Member, ICMAI, CMA Uttam Kumar Nayak,

Chairman, ICMAI-EIRC, and Other Regional Council Members, CMA Surya Narayan Tripathy, Chairman & Other Managing Committee Members of ICMAI-Bhubaneswar Chapter, CMA (Dr.) Kaushik Banerjee, Secretary, ICMAI, CMA Arup Sankar Bagchi, Sr. Director (Studies) and CMA Arnab Chakraborty, Director (Finance), ICMAI.

Eastern Region Chapters Meet was organized by the Institute of Cost Accountants of India (ICMAI) Regional Council and Chapters Coordination Committee & Eastern India Regional Council and hosted by Bhubaneswar Chapter at the Chapter premises on 06.10.2023. CMA Bibhuti Bhushan Nayak, Vice President, ICMAI, CMA Vinayaranjan P., Chairman, Regional Council & Chapters Coordination Committee, CMA Chittaranjan Chattopadhyay, Council Member, ICMAI, CMA T C A Srinivasa Prasad, Council Member, ICMAI, CMA Avijit Goswami, Council Member, ICMAI, CMA Manoj Kumar Anand, Council Member, ICMAI, CMA Navneet Kumar Jain, Council Member, ICMAI, CMA Uttam Kumar Nayak, Chairman, ICMAI-EIRC and Other Regional Council Members, CMA (Dr.) Kaushik Banerjee, Secretary, ICMAI, CMA Arup Sankar Bagchi, Sr. Director (Studies) and CMA Arnab Chakraborty, Director (Finance), ICMAI graced the function and addressed the gathering. The meeting started with the Anthem of the Institute. CMA Bibhuti Bhushan Nayak, Vice President, ICMAI inaugurated the meet and highlighted the various reforms in departments being undertaken by the Institute and various road maps for future to be taken care in consultation with Regions and Chapters. CMA Uttam Kumar Nayak, Chairman, ICMAI-EIRC delivered the welcome address and CMA Vinayaranjan P, Chairman, RC & CC Committee delivered the keynote address. CMA (Dr.) Kaushik Banerjee, Secretary, ICMAI extended a formal vote of thanks on the conclusion of the inaugural session. CMA Arup Sankar Bagchi, Sr Director (Studies) and Secretary, RC & CC Committee facilitated the programme. CMA Arnab Chakraborty, Director (Finance), ICMAI highlighted the various schemes and compliances of the Institute. CMA Arup Sankar Bagchi requested the Chapter representatives to present their views/suggestions/opinions for the betterment of the Institute as a whole in an Interactive session. Accordingly, all the Chapter representatives of the Eastern Region came forward and suggested various measures for the betterment of the Chapters and CMA profession as a whole. At the end of the meeting CMA Arup Sankar Bagchi, Sr. Director (Studies) summed up the proceedings. On this occasion, all Council Members, Regional Council Members, Chapter representatives and Senior Officials of the Institute were felicitated by the Chapter.

To highlight the series of activities such as CAT Inauguration, Eastern Region Chapters Meet and Evening Talk on Inventory valuation by Cost Accountants under Income Tax Act- Emerging Opportunities, the Chapter organized a Press meet at its premises on 6th October, 2023.



CMA Bibhuti Bhushan Nayak, Vice President, ICAI, CMA Chittaranjan Chattopadhyay, CMA T C A Srinivasa Prasad, CMA Avijit Goswami, CMA Manoj Kumar Anand, Council Members, ICAI, CMA Navneet Kumar Jain, Council Member, ICAI, CMA Vinayaranjan P, Council Member, ICAI and CMA Surya Narayan Tripathy, Chairman, ICAI, Bhubaneswar Chapter highlighted various recent developments of the Institute and the CMA profession.

An evening talk on “Inventory Valuation by Cost Accountants under Income Tax Act - Emerging opportunities” was organized by the Chapter on 06.10.2023. Shri Mora Bhupal Reddy, IRS, Principal Chief Commissioner, Income Tax, Odisha inaugurated and addressed as Chief Guest. CMA Navneet Kumar Jain, Council Member and Chairman, Public Relations Committee & Co-operative Development Board, ICAI spoke on the topic as resource person. CMA Surya Narayan Tripathy, Chairman of the Chapter delivered the welcome address. CMA Sarat Kumar Behera, Vice Chairman of the Chapter delivered the keynote address. CMA Barada Prasan Nayak, Chairman, PD Committee facilitated the entire programme and CMA Ramesh Chandra Patra, Secretary of the Chapter proposed a formal vote of thanks.

Three members of ICAI- Bhubaneswar Chapter who have newly been elected to the Regional Council and Council of the Institute for the term 2023-27 namely CMA Bibhuti Bhushan Nayak, Vice President, ICAI, CMA Uttam Kumar Nayak, Chairman, ICAI-EIRC and CMA Damodara Mishra, Treasurer, ICAI-EIRC were felicitated by the Chapter.

A Twelve Days Pre- Placement Orientation Programme

for June,2023 term qualified Cost Accountants was inaugurated at the Chapter premises by CMA Uttam Kumar Nayak, Chairman, ICAI-EIRC. CMA Damodara Mishra, Treasurer, ICAI-EIRC, CMA Surya Narayan Tripathy, Chairman, CMA Sarat Kumar Behera, Vice Chairman, CMA Barada Prasan Nayak, Chairman, PD Committee and CMA Avinash Kotnai, Chairman, Career Counseling & Students Facilitation Committee of the ICAI-Bhubaneswar Chapter were present at the function. All the dignitaries congratulated, addressed and blessed the June, 2023 qualified Cost Accountants.

A Campus interview for engagement of qualified accounts trainee by NALCO was held at the Chapter premises on 16th October, 2023.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA SOUTH ODISHA CHAPTER**



The Chapter conducted Annual Members' and Students' Meet 2023 on 20.09.2023 at Biju Patnaik Sanskruti Bhawan, Berhampur. CMA Pravakar Mohanty, Past President, ICAI graced the occasion as Chief Guest. CMA Niranjan Mishra, Past Council Member, ICAI and Mr. Deelip Kumar Mishra, internationally renowned life coach & Ex-Navy Engineer, graced as guests of honour along with the dignitaries CMA Dharmendra Kumar Padhy, Chairman of the Chapter and CMA Narasingha Chandra Kar, Secretary of the Chapter who shared the dais. CMA Dharmendra Kumar Padhy, welcomed the guests and the gathering and spoke on the developments and brief history of the Chapter. CMA Pravakar Mohanty spoke on professionals' requirements towards corporate excellences and good work

## INSTITUTE NEWS

environment. CMA Niranjan Mishra, former CCM, ICAI spoke on various measures taken by the Institute towards development of the profession and advised the students to become knowledge-based professionals. Students were awarded prizes and certificates for their performance in different competitions. CMA Narasingha Chandra Kar, Secretary of the Chapter, spoke on the past history of the Chapter. In the post lunch session Mr. Deelip Kumar Mishra, conducted soft skill programme for students and members to develop their skills. A cultural programme was performed by the students of the Chapter and session concluded with the National Anthem.

## SOUTHERN INDIA REGIONAL COUNCIL



SIRC of ICAI observed the Swachhata Hi Seva drive (SHS) 2023 at its premises on 30.09.2023.

The Pre-Placement Orientation Programme (PPOP) for qualified CMAs of June 2023 term was conducted at SIRC premises from 11.10.2023 to 21.10.2023. Around 135 students participated and benefited from this PPOP. Forenoon and Afternoon sessions were conducted by resource persons with real – world experience in the subject matter, who came from the industry. The Pre campus Orientation program concluded with a valedictory function on 21.10.23.

A Professional Development Programme on the topic “Cyber Security & Forensic Audit – Latest Developments & Current Issues” was held on 13.10.2023 at SIRC Premises. The Chief Guest was Dr. R. K. Raghavan, IPS, Former Director, and CBI & Former Indian High Commissioner to CYPRUS. The other speaker was CA R. Vittal Raj, Former International Vice President, ISACA, IL, USA; Former Director, International Board of ISACA, IL, USA; Member, RBI Cyber Security Standing Committee.

Another Professional Development Programme on the topic “Inventory Valuation – Recent Developments & Way Forward” was held on 19.10.2023 at SIRC Premises. The resource person was CA K. Hariharan, Technical Expert Cost & Management Accounting.

A Memorandum of Understanding was signed on

26.10.2023 between The Institute of Cost Accountants of India – Southern India Regional Council and Presidency College, Chennai



## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA VISAKHAPATNAM CHAPTER



The Chapter organized a motivational training session for students on 01.10.2023 at its premises with Sri Acharya Ajit Kumar Teacher & Founder Chairman of, VDM-INDIA ON THE MOVE (NGO) as the key speaker. Chairman of the Chapter, CMA P B Krishnamachary, Vice-Chairman CMA U Lakshmana Rao, Members and students were present at the programme.

The Chapter organized another such professional development meet on “Export of Goods and Shipping Documents Through Postal Network” on 21.10.2023 at its premises with Sri Rahul R U.P.S.C 2020, Sr. Supdt. of

## INSTITUTE NEWS

Post Office, Visakhapatnam as the speaker, Chairman of the Chapter CMA P B Krishmachary, Vice Chairman CMA U Lakshmana Rao, Secretary CMA Ramalinga Reddy G., Treasurer CMA M Himabindu and Members and students were present at the meet.



### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA TRIVANDRUM CHAPTER

The Chapter celebrated Gandhi Jayanthi on 2nd October 2023 at its premises. The function was inaugurated by CMA Pranav Jayan, Treasurer, and ICAI-Trivandrum Chapter. CMA Prasanth Kumar M S, MC Member of the Chapter, other Members of the Chapter, Faculties, students & Staff participated in the function and offered floral tribute to Mahatma Gandhiji and took Swachhata Pledge as a part of Swachhata Hi Seva 2023.



Swachhata Pledge in connection with SHS 2023 and remembering Mahatma Gandhi, Father of the Nation on 02nd October 2023 at ICAI Trivandrum Chapter



### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA BENGALURU CHAPTER

The Chapter organized a Professional Development Programme on 12.10.2023 on the subject "Internal Audit Programme for P2P" at its premises. CMA TCA Srinivasa



Prasad, Council Member of ICAI, CMA Devarajulu B, Chairman BCCA, CMA Abhijeet S Jain, Secretary BCCA, CMA Rajesh Devi Reddy, Treasurer & PD Chairman BCCA, CMA Girish K, and Treasurer SIRC were the speakers of the programme.

Practitioners' Forum Programme on "India's New Data Protection Law" - an Overview - Challenges & Opportunities" was held at the Chapter premises on 23.09.2023.

CMA Subbarayudu T, CMA Devarajulu B, Chairman BCCA, CMA Abhijeet S Jain Secretary BCCA, CMA Rajesh Devi Reddy Treasurer & PD Chairman BCCA, CMA Santosh Kalburgi , PF Chairman were the key speakers at the programme.

As part of the Swachhata Hi Sewa (SHS) Drive, Swachhata Pledge was taken and cleanliness drive was observed on 02.10.2023 at the Chapter premises and surroundings. CMA Devarajulu B Chairman BCCA, CMA Girish Kambadarya SIRC Treasurer, CMA Abhijeet S Jain Secretary BCCA, CMA Rajesh Devi Reddy Treasurer & PD Chairman BCCA attended the programme.

Inauguration of the Pre-Placement Orientation Training Programme & Social media awareness (connecting to Job requirement) programme were organized by the Chapter at its premises on 10.10.2023 and 20.10.2023 respectively with CMA Subrat Kumar Das, BEL as the chief guest. CMA N R Kaushik deal with Financial Modeling by CMA Devarajulu B Chairman BCCA, CMA Subrat Kumar Das, BEL, Director Finance, CMA Girish K, Treasurer SIRC, CMA N R Kaushik, and Former Chairman BCCA were the key speakers.



Pre-orientation training programmes on different themes were organized by the Chapter on different dates of October 2023 with eminent speakers addressing the participants.

A Southern India Regional level talent show for budding professionals was organized on 07.10.2023 where at CMA Divya Abhishek, Chairperson SIRC was the chief guest.

At a meeting with Sri K N Rajanna, Minister for Co-Operation, Govt. of Karnataka on 20 October '23, the Chapter submitted representation letter for inclusion of Cost Accountants in Karnataka Societies Registration Act for audit and CMA Devarajulu B, Chairman-BCCA and CMA Santhosh Kalburgi MC Member attended the meeting.

### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA COIMBATORE CHAPTER

The Chapter conducted a Regional level Students Conference for the CMA students as well as other Arts & Science College students on 7th October 2023 at Hindusthan College of Arts & Science, Coimbatore. Students from Bangaluru Cochin and Trichy Chapters and many other Arts & Science Colleges in and around Coimbatore participated in the event. CMA (Dr.) R. Maheswaran, Chairman, Coimbatore Chapter welcomed the gathering and introduced the theme of the conference. Chief Guest, CMA Divya Abishek, Chairperson SIRC and guest of honour Dr. A. Ponnusamy, Principal, Hindusthan College of Arts & Science, Coimbatore inaugurated the programme by lighting the lamp, followed by a special address to the students. Eminent professionals across different disciplines acted as Judges to select the best participant of all the eight events like Paper presentation, Best manager, Business Quiz etc. CA K. Ravi, CFO, Roots Group of Companies distributed the prizes and mementoes to the winners and also to the best performers in CMA exams held during June & December, 2022. Members of the Management Committee, fellow members and the students totaling around 600 participated.

The Chapter organised a PD program on 18th October 2023 to give an update to members about the new amendments to Income Tax Act relating to inventory valuation in Cost Accounting practice. CA (Dr.) Gopal Krishna Raju, Practicing Chartered Accountant, Chennai was the Chief Guest and main speaker at the session. Council Member CMA TCA Srinivasa Prasad was the guest of honour. Coimbatore Chapter Chairman CMA (Dr.) R. Maheswaran extended a warm welcome to the gathering. CMA Surendar Kumar S, MC Member introduced the speaker and guest of honour. CA Dr. Gopal Krishna Raju in his address elaborated the Income Tax Act requirements. Management Committee members, fellow members and students totaling around 40 people participated. The

programme concluded with vote of thanks by Chapter Secretary, CMA U. Surya Prakash followed by National Anthem.

For the benefit of CMA students, the Chapter organized a knowledge camp at Kothagiri, Nilgiris on 14th and 15th October, 2023. The two-day camp has given better opportunity for students to interact with each other on various aspects of socio-economic activities. Management Committee members, few members and Office Incharge of the Chapter have accompanied the students to take part in the knowledge camp. Chairman of the chapter CMA (Dr.) R. Maheswaran delivered the welcome address and explained different management models behind the conduct of a mega event like Cosma Fest 2023 conference organized on 07th October, 2023. Dr. T.S. Mohanraj, fitness trainer & health consultant was the special invitee to give a physical fitness coaching to the students on simple yoga, breathing exercises, laughter therapy and much more information on life style management.

Students of CMA from Foundation, Inter & final totaling 80 joined the camp. The programme was found to be very interesting. The participants enjoyed the beauty of Nilgiris Mountain along with various interactive and practical sessions which would help in improving their health.



### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA DINDIGUL CHAPTER

The Chapter organised a Professional Development Meeting on 07/10/2023 at Dindigul. CMA B Sangaiah, Vice Chairman of the Chapter delivered the welcome

address. Chief Guest, CMA TCA Srinivasa Prasad, Council Member, ICAI, Kolkata, delivered special address. CMA T K Jaganathan Practicing Cost Accountant spoke about cost records and inventory valuation report. CMA D Kalaichelvan Chairman, Dindigul Chapter proposed the vote of thanks. Mr. R Gnanasekaran Managing Trustee, Om Shree Rudran Trust, Dindigul announced that CMA Foundation course fee will be paid by the Trust for fifty Government school students every year who will secure top five marks in class 12 in Dindigul District.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
MADURAI CHAPTER



A career awareness programme was organized by the SPIC Nagar Higher Secondary School, Tuticorin for 10th and Higher secondary commerce students in two sessions. The event was held on 05-10-2023. Sri L Babu Radhakrishnan, Head Master presided over the function. CMA S Kumararajan, Member-Academic Committee of the Chapter participated in the event and addressed the students about CMA courses, opportunities, the procedural aspects of joining the courses including CAT, the syllabus etc. CA Amutha, ROCC, Virudhunagar also participated and spoke about CAT and ACCA. There were about 100 participants from commerce stream.

The Chapter organized a professional development program on 28.10.2023 at Chapter Office premises on the topic 'Information Technology in the Banking Sector'.

CMA A. Arumugam welcomed the audience. CMA (Dr.) M. Govindarajan introduced the Speaker Shri A.S.G. Mohanraj, Chief Manager (IT), Syndicate Bank (retired) and Faculty to Manipal Global Education, Bengaluru. In his speech he narrated the development of financial system from the erstwhile barter system to the present banking system. He also discussed the various software development used by banks and emphasized the digital banking in India which will be the future of our country. The speaker answered the queries raised by the participants. He conducted a quiz program using 'mentimeter' software. The audience actively participated in the quiz programs. He gave prizes to the successful participants. CMA P. Mahalakshmi proposed the vote of thanks.



WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
SURAT SOUTH GUJARAT CHAPTER

CMA Box Cricket Carnival was organized by the Chapter on 2nd September 2023. CMA Ashvin Ambaliya MC MEMBER co-ordinated whole cricket carnival. CMA Nanty N. Shah RCM-WIRC Treasurer, CMA Bharat Savani Chairman, CMA Kishor Vaghela Secretary, and CMA Mahesh Bhalala MC Member also joined the carnival.

The Chapter hosted a dynamic CEP & workshop on 9th September 2023 on the theme "Hands On SAP." The workshop featured CMA Darshan Patel, a renowned industry Member, as the keynote speaker. CMA Mahesh Bhalala & CMA Vipin Patel MC Member felicitated CMA Darshan Patel. Over 50 students were in attendance, benefiting greatly from the insightful session.

CMA Surat Members meet with Family was organized on 10th September 2023.

The Chapter organized Industry Visit at Adani Port & Adani Wilmar Pvt Ltd, on 14th September 2023. CMA Nanty N. Shah RCM-WIRC Treasurer, CMA Bharat Savani Chairman, CMA Kishor Vaghela Secretary, CMA K C Gupta & CMA Mahesh Bhalala, CMA Vipin Patel MC Member along with around 45 students went to the Adani Port and factory and experienced the manufacturing and



packaging of the products. Adani authorities addressed the students and explained them about health benefits and precautions needed for consuming and storing food products. Around 45 students took the benefit of the session.

The Chapter hosted a dynamic CEP & workshop on 21st September 2023 on the theme “Practical Aspects of Costing In Corporate.” CMA Deepali Lakdawala Treasurer of the Chapter, and renowned Practicing Cost Accountant, was the keynote speaker. CMA Dharmesh Jivani Member of the Chapter felicitated CMA Deepali Lakdawala Speaker. Over 50 Members and students were in attendance, benefiting greatly from the insightful session.

The Chapter hosted a Press Meet for releasing the Inter-Final (June 2023) results at the Chapter campus, on 26th September 2023. CMA Nanty N. Shah RCM WIRC Treasurer, CMA Bharat Savani, Chairman, CMA Keval Shah Vice Chairman, CMA Kishor Vaghela Secretary, CMA Deepali Lakdawala Treasurer, CMA Mahesh Bhalala and CMA Ashvin Ambaliya, MC Member Joined the meet.

The Chapter hosted President’s Felicitation Programme & Prize Distribution Function on 22/10/2023 at the Chapter’s Campus. CMA Ashwin G. Dalwadi President - ICMAI, CMA Mihir Vyas WIRC Secretary & CMA Nanty N. Shah WIRC Treasurer graced the occasion. CMA Manubhai K Desai (Former Chairman), CMA (Dr.) Heena S Oza (Former Chairperson), CMA Satya Nartayan Mundra (Former Chairman), CMA Brijesh Mali (Former Chairman)

also graced the occasion. CMA Bharat Savani Chairman of the chapter welcomed all the dignitaries. CMA Keval Shah (Vice Chairman) handled the whole programme with energy. CMA Kishor Vaghela (Secretary) gave an introduction and welcomed the president. CMA Deepali Lakdawala (Treasurer) gave an introduction about WIRC Secretary CMA Mihir Vyas. CMA Ashwin G. Dalwadi, CMA Bharat Savani and all Managing Committee Members felicitated CMA Mihir Vyas & CMA Nanty N. Shah. The programme was attended by around 150 Inter-Final passed students of Dec -2022 & June 2023 examinations and June 23 Foundation passed students who were felicitated by the President and other dignitaries. CMA Kishor Vaghela (Secretary) proposed a formal Vote of Thanks.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
AURANGABAD CHAPTER



The Chapter organized a One-day Workshop on ‘Cost Audit and Assurance Standards’ on 17th October, 2023 at the Training Hall of the Chapter premises. Senior Practicing Cost & Management Accountant, Aurangabad, CMA Pravin Mohani was the speaker. Managing committee member CMA Parag Rane welcomed all the members and introduced the speaker. CMA Jayant Galande felicitated the speaker. CMA Pravin Mohani explained in detail the Cost Audit and Assurance Standards CAAS-101, CAAS-102, CAAS-103 & CAAS-104. He further pointed out that as per the direction of Ministry of Corporate Affairs; the Board has developed 15 more Cost Audit & Assurance Standards, which have been sent to MCA for approval. CMA Parag Rane coordinated the programme and proposed a vote of thanks. Chapter Chairman CMA Rajesh Deshmukh, senior



members CMA M. R. Pandits, CMA S.R. Pimple were present on this occasion.

The Chapter organized a CEP on “Exploring the Professional avenues available for CMAs under Companies Act Including Independent Director Roles” on 7th October, 2023 at the Training Hall of the Chapter premises. Practicing Company Secretary CS. P.C. Agrawal was the speaker. CMA CS (Dr.) Sanvedi Rane welcomed all the members and introduced the speaker. CMA Rajesh Deshmukh felicitated the speaker. The programme started with the address by the Chairman of Aurangabad Chapter, CMA Rajesh Deshmukh. He welcomed the speaker and felicitated him. CMA CS (Dr.) Sanvedi Rane, Chairman of Professional Development Committee introduced the speaker. CS PC Agrawal explained in detail about the various opportunities for CMAs under the Companies Act and opportunities as Independent Directors for CMAs. CMA Salman Pathan Vice Chairman of the Chapter proposed the vote of thanks. Treasurer CMA Pravin Mohani MC Member CMA Parag Rane CMA Suresh Pimple, CMA Aniket Late, CMA Akash Waghmare and CMA Sachin Gosavi were all present at the programme.



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
NAVI MUMBAI CHAPTER



The Chapter in association with Konkan Railway Corporation Ltd (KRCL), conducted a programme on



“Income Tax Audit and Recent Changes”, at the Conference Hall, Konkan Railway Executive Club, Navi Mumbai on 3rd September 2023. The Chief Guest was CMA Rajesh Bhadang, Director Finance, and KRCL. The programme commenced with CMA Vivek Bhalerao, RCM welcoming the chief guest and CMA B. N. Sapkal, Chairman of the Chapter welcoming the speaker CA Sagar Balu Kharat. The speaker deliberated on various provisions and their implications in detail along with CMA Manoj Panda. A large number of professionals attended the programme and the audience listened with rapt attention. The Chief Guest emphasised the need for conducting more such interactive programmes for the professionals thereby enriching their knowledge to meet industry expectations. The lucid presentation came to an end with the vote of thanks proposed by CMA Arup Bagui, Secretary and PD Committee Chairman of the Chapter.

The Chapter conducted a webinar on “Life Cycle Portfolio Management and NPS” on 15th October 2023, on the occasion of the Chapter formation day. CMA Arup Bagui, Secretary and Chairman of PD Committee of the Chapter welcomed the speaker Mr. Praveen Singh, CA CFA, General Manager of National Pension System Trust. CMA Vaidyanathan Iyer, Immediate past Chairman of the Chapter, briefed the activities of the Chapter. Mr. Praveen Singh highlighted the importance of preparation of portfolio of an individual based on age, earnings, appetite of risk, short term vs long term investment, inflationary impact, compounding impact in investment. He further emphasized the need to balance between high risk vs low risk investment, liquidity of investment for emergency personal needs etc.

The Chapter Managing Committee members assembled at KB Patil College and conducted a webinar to meet the students and members of the chapter for detailed interaction with them on the occasion of 16th anniversary of the Chapter Formation day, wherein CMA Vivek Bhalerao, was the chief guest and CMA Debasish Mitra was the special Guest. CMA B N Sapkal, Chairman of the Chapter proposed the vote of thanks.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
PUNE CHAPTER



The Chapter conducted the mandatory 7 Days Industry Oriented Training Programme for Final Students (Oral & Postal) for December 2023 examination by physical mode at the Chapter premises. CMA Bhawan, Karvenagar premises. The training programme was held on seven Sundays starting from 1st October 2023 to 19th November 2023.

CMA Nikhil Agarwal earlier welcomed the faculty and students.

The Chapter observed the Swachh Bharat Abhiyaan on 1st October 2023 at its premises. CMA Himanshu Dave, Member, CMA Amey Tikale, Chairman, Students Co-ordination Committee of the chapter, CMA Nikhil Agarwal, Managing Committee Member of the Chapter, Mr. Jaydeep Manedeshmukh, Student Representative of the Chapter, CMA Amit Shahane faculty member, staff and large number of students of the Chapter participated in the programme.

To bring together a diverse group of artists, patrons and art enthusiastic members and students of the Chapter held a meeting for the first Cultural program on 14th October 2023. The first Documentary Session on “Legends of the Business” was of Padmavibhushan Shri Ratan Tata on 1st October 2023. CMA Amey Tikale Chairman, Students Co-ordination Committee, CMA Himanshu Dave, CMA Nikhil Agarwal MC Members, Mr. Jaydeep Manedeshmukh, student representative of the Chapter and a large number of students were present at the programme.

The Chapter conducted 11 days Pre-Placement Orientation Programme from 10th October 2023 to 20th October 2023 for newly qualified CMAs. CMA Himanshu Dave welcomed the participants on offline inaugural session.

To enhance the morale of the successful students of June 2023 Examination and to give recognition to their commendable achievements, the Chapter arranged Student’s Day 2023 on 14th October 2023 at CMA Bhawan Auditorium of the Chapter premises. The programme began



with Goddess Saraswatipujan, lighting of the lamp by the Chief Guest & dignitaries and singing of Institute’s Anthem. Mr. Amit Ghaisas (Managing Director, Yash Prabha Group) was the chief guest. Dr. Ashok Agrawal (Principal, Kaveri College of Arts, Science and Commerce, Pune) was the guest of honour. CMA Neeraj Joshi, CCM, ICAI and CMA Chaitanya Mohrir, Chairman WIRC ICAI was also present at the programme. CMA Amey Tikale, Chairman, Student Co-ordination Committee, ICAI Pune Chapter welcomed the Chief Guest, dignitaries, students, parents and all participants of the programme. CMA Shrikant Ippalpalli, Secretary of the Chapter introduced the chief guest. CMA Nagesh Bhagane Chairman ICAI-Pune Chapter felicitated the chief guest Mr. Amit Ghaisas and guest of honour Dr. Ashok Agrawal. CMA Amey Tikale Chairman, Student Co-ordination Committee, ICAI Pune Chapter felicitated CMA Neeraj Joshi, CCM, ICAI and CMA Himanshu Dave felicitated CMA Chaitanya Mohrir, Chairman WIRC ICAI. CMA Nagesh Bhagane, Chairman of the Chapter presented an overview of various programs conducted by the Chapter for students, facilities available for students in Pune Chapter like library facility, classroom reading facility, availability of computer lab to students for their mock test practice etc. Other than these facilities he mentioned that the Chapter organises various sports tournaments, students day program, blood donation camp, tree plantation drive, PCCA Art Circle etc. for the development of students. He appealed to all students to participate in every programme of the Chapter.

CMA Chaitanya Mohrir, Chairman WIRC congratulated the successful students. In his conversation with the participants he was satisfied with the students' preference to work in India. He also appealed to the students to participate in the students convention and provide feedback for improvement. CMA Neeraj Joshi, CCM, ICMAI insisted final pass-out students to take a membership and told them the importance of taking a membership and also explained the importance of taking the admission for oral course, keep on learning, think on participation in the institutes management process. He told the students about changes in the Syllabus, International Campus procedure in the future, Overseas Chapters, to improve English speaking, and also advised the students to visit the Chapter for any issues. Dr. Ashok Agrawal (Principal, Kaveri College of Arts, Science and Commerce, Pune) guest of honor on the occasion congratulated the students and their parents also for the success. He also explained the importance of the role of CMAs in the corporate and education sectors, and the importance of optimum utilization of human resources; Mr. Amit Ghaisas (Managing Director, Yash Prabha Group) chief guest congratulated the successful students. CMA Amey Tikale, Chairman, Students Co-ordination Committee of the Chapter explained the Scholarship & Loan scheme of ICMAI-Pune Chapter for Inter & Final Students. On this occasion the Managing committee of ICMAI-Pune Chapter also felicitated the Staff of ICMAI-Pune Chapter for their valuable contribution for the development of the Chapter. A Vote of Thanks was proposed by CMA Himanshu Dave.

The Chapter conducted a Pre-Placement Orientation Program for newly qualified CMAs (June 2023 exam) from 10th October to 20th October 2023 at its premises. CMA (Dr.) D. V. Joshi, former President of ICMAI, CMA Chaitanya Mohrir, Chairman WIRC ICMAI, CMA Nagesh Bhagane, Chairman, ICMAI-Pune Chapter, CMA Rahul Chincholkar, Chairman PD Committee, CMA Himanshu Dave MC Member of ICMAI-Pune Chapter were present. CMA Rahul Chincholkar, Chairman PD Committee, introduced the guests to the participants. CMA Nagesh Bhagane, Chairman; ICMAI-Pune Chapter welcomed and felicitated CMA (Dr.) D.V. Joshi, former President of ICMAI and CMA Chaitanya Mohrir, Chairman WIRC. He also congratulated newly qualified CMAs (June 2023 exam) and offered his best wishes for success in the campus placement. CMA Chaitanya Mohrir, Chairman WIRC-ICMAI congratulated all participants. He guided the participants for the campus placement. CMA (Dr.) D.V. Joshi, former President of ICMAI, described how PPOP helps one for being capable for campus placement interview. He also explained how this subject based CMA Course is powerful than MBA. Two participants shared their experience for getting knowledge in costing, scope for

CMAs etc. in the PPOP session. After that the certificate distribution and felicitation function was held. The vote of thanks was proposed by CMA Himanshu Dave. He also advised the participants to encourage others to choose the CMA course and to stay in touch with the Institute.

### THE INSTITUTE OF COST ACCOUNTANTS OF INDIA INDORE-DEWAS CHAPTER

The Chapter conducted a cleanliness drive under the "Swachhta hi Sewa Campaign" on the theme of HSS 2023 "Garbage Free India" on Gandhi Jayanti day on 2nd October 2023. Members & CMA Students of Indore -Dewas Chapter participated in the campaign. They cleaned the Chapter premises, its surrounding areas and motivated everyone to maintain the cleanliness. The whole campaign was conducted under the guidance of CMA Yash Vagrecha and CMA Rajat Gupta. Chapter Chairman CMA Rahul Jain and Hon. Secretary CMA Pankaj Raizada expressed gratitude to all members and students for their active participation.

Inauguration of 5th batch of CAT course under DGR for Defence personnel's took place on 11th October 23 at Indore. This course was conducted in collaboration with the Directorate General of Rehabilitation of Servicemen of Army, Navy and Air Force (Department of Ex-Servicemen Welfare), Ministry of Defence, Government of India to provide training in the financial sector to the armed forces servicemen who are going to retire in the near future. After completing this course, they will be able to get employment opportunities at many places after retirement. The programme was inaugurated by Colonel KS Sirohi, District Sainik Welfare Officer, Indore. The welcome speech was given by Chapter Chairman CMA Rahul Jain. The programme was moderated by Mr. Varun Joshi, Senior Officer of the Institute. The Vote of Thanks was proposed by Chapter Secretary CMA Pankaj Raizada., Treasurer of the Western Regional Council of the Institute, CMA Nanty Nalinkumar Shah, Indore Dewas Chapter Managing Committee members & Course faculties were also present. This course has been started at eight places across India, of which Indore is the only center in Madhya Pradesh. In the current batch, 30 participants are being trained in Indore Dewas Chapter, which includes 4 from Army, 14 from Navy and 12 from Air Force.

Indore-Dewas Chapter organized a motivation lecture on "How to prepare for exam" for Final, Intermediate, Foundation level students by CMA PD Modh from Ahmedabad on 12-Septemeber 2023 at the Chapter Premises. The programme was also attended by CMA Rahul Jain, Chapter Chairman & CMA Yash Vagrecha Chairman Oral Coaching.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA  
AHMEDABAD CHAPTER**

The Chapter organized a Press Meet on 26th Sept'23 in connection with the results of the June'23 exam Intermediate and Final. Reporters from leading electronic media and print media attended the press meet. Chairman, CMA Uttam Bhandari, Secretary, CMA Bhaumik Gajjar, Jt. Secretary, Treasurer and Oral Coaching Committee Chairman, CMA Mitesh Prajapati addressed the electronic media and print media. The media also took interviews of Rank Holder students of Final & Intermediate.

The chapter organized 12 days pre-placement orientation program for June'23 qualified CMAs from 11th Oct'23 to 21st Oct'23. In an inaugural function of the orientation program on 11th Oct'23, CMA Bhadrash Mehta was the chief guest. CMA Mitesh Prajapati, Jt. Secretary, Treasurer and Chairman Oral Coaching Committee welcomed all dignitaries & gave detailed schedule and brief about the Orientation Program. CMA Nikunj Shah, Vice Chairman of Chapter and Chairman of Training & Placement Committee introduced Chief Guest and welcomed by offering memento and bouquet. CMA Bhadrash Mehta, Chief Guest gave an inspirational speech to the participants and information about the importance of CMAs in the corporate world. The

vote of thanks proposed by Secretary of Chapter, CMA Bhaumik Gajjar. A valedictory session of the Orientation Program was organized on 21st Oct'23. Chairman CMA Uttam Bhandari, Jt. Secretary, Treasurer & Chairman of Oral Coaching Committee CMA Mitesh Prajapati, CMA Bhavesh Ramchandani, Chairman Editorial Committee, CMA Malhar Dalwadi, Chairman PD Committee, CMA R B Kothari-Member & CMA H C Shah-Member were present in the valedictory session. CMA Suresh Johar was the Chief Guest of valedictory session. The participants were felicitated with a "Certificate of Participation" by the dignitaries. CMA Bhavesh Ramchandani, Chairman of Editorial Committee proposed vote of thanks.

ICMAI Ahmedabad Chapter organized Member's meet and felicitation function on 28th October, 2023, at Ahmedabad. President CMA Ashwin G. Dalwadi, Vice President CMA Bibhuti Bhushan Nayak, WIRC Chairman CMA Chaitanya Mohrir, Chairman of Ahmedabad Chapter CMA Uttam Bhandari & Vice Chairman of Ahmedabad Chapter, CMA Nikunj Shah were the dignitaries on dais. Chapter Chairman CMA Uttam Bhandari gave inaugural speech, introduction of dignitaries on dais. Vice President CMA Bibhuti Bhushan Nayak & WIRC Chairman CMA Chaitanya Mohrir gave occasional speech and shared their views and memories with President, ICMAI. President CMA Ashwin G. Dalwadi also shared the memories with Ahmedabad chapter, unwavering support and guidance throughout their journey from the senior members and their peers who have been a great source of support. All the past chairman of Chapter shared their views and memories by video presentation. CMA Uttam Bhandari felicitated the President, CMA Ashwin G. Dalwadi by offering memento and bouquet. He also felicitated Vice President CMA Bibhuti Bhushan Nayak by offering memento and bouquet. CMA Nikunj Shah, Vice Chairman felicitated the Chairman, WIRC CMA Chaitanya Mohrir. President CMA Ashwin G. Dalwadi also felicitated all the past chairman of Chapter by offering mementoes. CMA Nikunj Shah, Vice Chairman of Chapter proposed Vote of Thanks to the gathering.



## Direct &amp; Indirect Tax Updates - October 2023

## DIRECT TAXES

- Notification No. 86/2023 Dated 4<sup>th</sup> October 2023:** 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, 'District Mineral Foundation Trust' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under section 9(B) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (10 of 2015) as a 'class of Authority', in respect of the following specified income arising to that Authority: (a) Contribution by lease Holder to DMF as per the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 (b) Interest received from lease holders for late payment (c) Any Penalty charged to lease holder (d) Income from Interest on fund available under DMF (e) Interest received on Saving Bank Accounts and (f) Interest received on Excess Fund invested in Term Deposit.

This notification shall be effective subject to the conditions that each of the District Mineral Foundation Trust (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. 87/2023 Dated 6<sup>th</sup> October 2023:** 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, 'Dental Council of India, New Delhi' (PAN AAAJD0821E), a body constituted by the Central Government, in respect of the following specified income arising to that body: a) Fees and Subscriptions b) Income from Royalty & Publications c) Grant and Subsidies from Government d) Interest Income from bank. This notification shall be effective subject to the conditions that Dental Council of India, New Delhi: (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. 88/2023 Dated 10<sup>th</sup> October 2023:** In exercise of the powers conferred by clause (vii) of sub-section (1), clause (c) subsection (5) and sub-section (6A) of section 139A read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, (hereinafter referred

to as the principal rules) in rule 114B, (a) in the second proviso, for the words "Provided further that any person", the words "Provided further that any person, not being a company or a firm," shall be substituted; (b) after second proviso, the following proviso shall be inserted: Provided also that a foreign company who, (i) does not have any income chargeable to tax in India; and (ii) does not have a permanent account number.

- Notification No. 89/2023 Dated 16<sup>th</sup> October 2023:** In exercise of the powers conferred by sub-section (6) of section 195 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 37BB, (a) in sub-rule (3), after clause (i), the following clause shall be inserted, namely:- "(ia) the remittance is made by a Unit of an International Financial Services Centre referred to in subsection (1A) of section 80LA. (b) in sub-rule (4), in clause (i), after the words and brackets "Principal Director General of Income-tax (Systems)", the words and brackets "or the Director General of Income-tax (Systems)" shall be inserted.
- Notification No. 90/2023 Dated 19<sup>th</sup> October 2023:** In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Punjab Dental Council, Mohali' (PAN: AAAJP0976C), a Council constituted by the Government of Punjab, in respect of the specified income arising to that council: a) Receipt of Registration/Renewal received from Doctors b) Interest income on accumulated surplus in the shape of F.D.R.s. This notification shall be effective subject to the conditions that Punjab Dental Council, Mohali: (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. 91/2023 Dated 19<sup>th</sup> October 2023:** In exercise of the powers conferred by sub-section (5) of section 10A read with sub-section (8) of section 10AA and section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct taxes hereby makes the rules further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962 (hereinafter referred to as principal rules), after rule 16CC, the following rule shall be inserted, namely: "16D" Form of report for claiming deduction under section 10AA: The report of an accountant which is required to be furnished by the assessee, under sub-section (8)

of section 10AA read with sub-section (5) of section 10A shall be in Form No. 56F. In the principal rules, in rule 130, (a) in sub-rule (1), the figures and letter“16D”, shall be omitted (b) in sub-rule (2), the figures and letter“56F”, shall be omitted.

- **Notification No. 92/2023 Dated 26<sup>th</sup> October 2023:** 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, ‘West Bengal Pollution Control Board’ (PAN: AAALW0078B), a Board established by the State Government of West Bengal, in respect of the following income arising to that Board: (a) fees which includes: (i). consent fees or no objection certificate fees, (ii). analysis fees, (iii). authorisation fees, (iv). public hearing fees, (v). fees received for processing by State Environmental Impact Assessment Authority, (vi). fees collected for training conducted by the Environmental Training Institute of the Board, (vii). fees received under the Right to Information Act, 2005 (22 of 2005) and appeal fees, (viii). tender fees, and (ix). cess appeal fees.  
Reimbursement of the following:-(i). cess, and (ii). expenses received from the Central Pollution Control Board towards National Air Monitoring Program, the Monitoring of Indian National Aquatic resources and like schemes. (c) sale of books relating to environmental law, regulations, important judicial orders and environmental issues where no profit element is involved and the activity is not commercial in nature; (d) pollution cost or forfeiture of bank guarantee due to non-compliance; (e) miscellaneous income including sale of old or scrap items, and other matters relating thereto, where no profit element is involved; and (f) interest on bank deposits, and on loans and advances given to staff. The provisions of this notification shall be effective subject to the conditions that West Bengal Pollution Control Board (a) shall not engage in any commercial activity (b) activities and the nature of the specified income remain unchanged throughout the financial years and (c) shall file returns 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. 93/2023 Dated 26<sup>th</sup> October 2023:** 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, ‘Telangana Building and Other Construction Workers Welfare Board’, (PAN AAEAT9368D), a board established by the Government of Telangana, in respect of the specified income arising to that board: (a) Cess received (b) Registration and renewal fee collection from the Building and other construction workers and (c) Interest received on bank deposits.

This notification shall be effective subject to the con-

ditions that Telangana Building and Other Construction Workers Welfare Board, (a) shall not engage in any commercial activity (b) activities and the nature of the specified income shall remain unchanged throughout the financial year 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. 94/2023 Dated 31<sup>st</sup> October 2023:** In exercise of the powers by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the rules further to amend the Income-tax Rules, 1962:
  - (1) Specified income chargeable u/s 115BBI, included in 13, to be taxed @ 30% (Sl. No 7 of Schedule 115BBI) (2) Aggregate income to be taxed at normal rates (13-14-15-16) (including income other than specified income under section 115BBI).
- **Circular No.17/2023 Dated 9<sup>th</sup> October 2023:** Order under section 119 of the Income-tax Act, 1961. It is hereby stated that for the purposes of providing details in (i) Form No. 10B in the Annexure, in row 41 ; and (ii) Form No. 10BB in the Annexure, in row 28, for the assessment year 2023-24: (a) the aforesaid details (that is, of persons making substantial contribution) may be given with respect to those persons whose total contribution during the previous year exceeds fifty thousand rupees (b) details of relatives of such person, as referred to In (a) above may be provided, if available (c) details of concerns in which such person, as referred to in (a) above, has substantial interest may be provided, if available.
- **Circular No.18/2023 Dated 20<sup>th</sup> October 2023:** On consideration of difficulties arising to the taxpayers and other stakeholders in timely filing of report of accountant required to be filed under clause (8) of section 10AA read with clause (5) of section 10A of the Income -tax Act, 1961 on account of notification of relevant Form 56F on 19.10.2023 and with a view to avoid genuine hardship to such cases, the Central Board of Direct Taxes, in exercise of its powers under 119(2)(b) of the Income Tax Act, 1961 , hereby extends the due date of filing of report of the accountant as required to be filed under clause (8) of section 10AA read with clause (5) of section 10A of the Act, for Assessment Year 2023- 24 from the specified date under section 44AB to 31<sup>st</sup> of December, 2023.
- **Circular No.19/2023 Dated 23<sup>rd</sup> October 2023:** Condonation of delay under section 119(2)(b) of the Income-tax Act, 1961 in filing of Form No. 10-IC for Assessment Year 2021-22.

## INDIRECT TAXES

### GST

- **NOTIFICATION No. 52/2023 Central Tax Dated 26<sup>th</sup> October 2023:** In the Central Goods and Ser-

vices Tax Rules, 2017 (hereinafter referred to as the said rules), rule 28 shall be renumbered as sub-rule (1) and after the sub-rule as so renumbered, the following sub-rule shall be inserted, namely:“(2) Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person, by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered, or the actual consideration, whichever is higher.”In the said rules, in rule 142, in sub-rule (3), for the words “proper officer shall issue an order”, the words “proper officer shall issue an intimation” shall be substituted.

- **Circular No. 202/2023 Dated 27<sup>th</sup> October 2023:** Clarification relating to export of services – sub-clause (iv) of the Section 2 (6) of the IGST Act 2017.
- **Circular No. 203/2023 Dated 27<sup>th</sup> October 2023:** Clarification regarding determination of place of supply in various cases.
- **Circular No. 204/2023 Dated 27<sup>th</sup> October 2023:** Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST.
- **Circular No. 205/2023 Dated 31<sup>st</sup> October 2023:** Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the GST Council in its 52nd meeting held on 7th October, 2023.
- **Circular No. 206/2023 Dated 31<sup>st</sup> October 2023:** Clarifications regarding applicability of GST on certain services.

### CENTRAL EXCISE

- **Notification No. 34/2023-Central Excise Dated 17<sup>th</sup> October 2023:** In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise, dated the 19th July, 2022. In the said notification, in the Table, (i) against S. No. 1, for the entry in column (4), the entry “Rs. 9050 per tonne” shall be substituted; (ii) against S. No. 2, for the entry in column (4), the entry “Rs. 1 per litre” shall be substituted
- **Notification No. 35/2023-Central Excise Dated 17<sup>th</sup> October 2023:** In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of 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. 04/2022-Central Excise, dated the 30th June, 2022. In the said notification, in the Table, (i) against S.No.2, for the entry in column (4), the entry “Rs.4 per litre” shall be substituted

- **Notification No. 36/2023 - Central Excise Dated 31<sup>st</sup> October 2023:** Seeks to amend No. 18/2022-Central Excise, dated the 19th July, 2022 to increase the Special Additional Excise Duty on production of Petroleum Crude and reduce the Special Additional Excise Duty on export of ATF.
- **Notification No. 37/2023 - Central Excise Dated 31<sup>st</sup> October 2023:** Seeks to further amend No. 04/2022-Central Excise, dated the 30th June, 2022, to reduce the Special Additional Excise Duty on export of Diesel.

### CUSTOMS

- **Notification No. 58/2023-Customs Dated 9<sup>th</sup> October 2023:** Seeks to amend notification no. 152/2009-Customs, dated 31.12.2009 in order to implement Bilateral Safeguard measure on imports of “Ferro Molybdenum” from the Republic of Korea under India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017 on the basis of DGTR recommendation.
- **Notification No. 59/2023-Customs Dated 13<sup>th</sup> October 2023:** Seeks to amend notification No. 55/2022-Customs, dated 31.10.2022, in order to extend the currently applicable export duty of 20% on Parboiled rice up to 31.03.2024.
- **Notification No. 60/2023-Customs Dated 19<sup>th</sup> October 2023:** Seeks to amend notification no. 50/2017-Customs in order to implement recommendations made by the GST Council during its 52nd Meeting with respect to GST rates on goods.
- **Notification No. 61/2023-Customs Dated 28<sup>th</sup> October 2023:** Seeks to rescind notification No. 48/2023-Customs dated 19.08.2023.
- **Notification No. 62/2023-Customs Dated 28<sup>th</sup> October 2023:** Seeks to amend notification No. 27/2011-Customs, dated the 1st March, 2011, in order to exempt currently applicable export duty on exports of Onions w.e.f. 29.10.2023.
- **Circular No. 25/2023 Customs Dated 25<sup>th</sup> October 2023:** Amendment in Circular No 11/2013 dated 06.03.2013 for inclusion of Surat, under jurisdiction of Commissioner of Customs, Ahmedabad.
- **Circular No. 26/2023 Customs Dated 26<sup>th</sup> October 2023:** Revised All Industry Rates of Duty Drawback.

**Sources:** [incometax.gov.in](http://incometax.gov.in), [cbic.gov.in](http://cbic.gov.in)

# Benevolent Fund

## FOR THE MEMBERS OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CMA Bhawan, 12 Sudder Street, Kolkata - 700016

### OBJECTIVE

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

### LIFE MEMBERSHIP FEE

Onetime payment of ₹7500/-

### BENEFITS

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

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

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

To apply for life membership or for further details please visit

<https://icmai.in/External/Home.aspx#>





**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

**TIME TABLE & PROGRAMME- DECEMBER 2023**

**FOUNDATION COURSE EXAMINATION**

(Multiple Choice Questions through offline OMR based from Centre)

Day & Date	Foundation Course Examination Syllabus-2016	
	Time 10.00 A.M. to 12.00 Noon. Paper – 1 & 2 (200 Marks)	Time 2.00 P.M. to 4.00 P.M. Paper – 3 & 4 (200 Marks)
Sunday, 17 <sup>th</sup> December, 2023	<b>Paper – 1 :</b> Fundamentals of Economics & Management (100 Marks 50 Multiple Choice Questions)	<b>Paper – 3 :</b> Fundamentals of Laws & Ethics (100 Marks 50 Multiple Choice Questions)
	<b>Paper – 2 :</b> Fundamentals of Accounting (100 Marks 50 Multiple Choice Questions)	<b>Paper – 4 :</b> Fundamentals of Business Mathematics & Statistics (100 Marks 50 Multiple Choice Questions)
	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 Noon. Paper – 1 & 2 (200 Marks)	Time 2.00 P.M. to 4.00 P.M. Paper – 3 & 4 (200 Marks)
	<b>Paper – 1 :</b> Fundamentals of Business Laws and Business Communication (100 Marks 50 Multiple Choice Questions)	<b>Paper – 3 :</b> Fundamentals of Business Mathematics and Statistics (100 Marks 50 Multiple Choice Questions)
	<b>Paper – 2 :</b> Fundamentals of Financial and Cost Accounting (100 Marks 50 Multiple Choice Questions)	<b>Paper – 4 :</b> Fundamentals of Business Economics and Management (100 Marks 50 Multiple Choice Questions)

**The Institute has decided to conduct December 2023 Foundation Examination through offline OMR centre based.**

Examination Fees

Foundation Course Examination	Inland Candidate	₹1200/-
		Overseas Candidate

- Application Forms for Foundation Examination has to be filled up through online and fees will be accepted through online mode (including Payfee Module of IDBI Bank).
- STUDENTS FROM OVERSEAS HAVE TO APPLY OFFLINE AND SEND DD ALONG WITH THE FORM.
- (a) Students can login to the website [www.icmai.in](http://www.icmai.in) and apply online through payment gateway by using Credit/Debit card or Net banking.  
(b) Students can also pay their requisite fee through pay-fee module of IDBI Bank.
- Last date for receipt of Examination Application Forms is 17<sup>th</sup> October, 2023. There will be no extension in the last date of receipt of examination application forms for December 2023 examination.**
- The Foundation Examination will be conducted in M.C.Q Mode through offline OMR based from Centre.**
- Each paper will carry 100 marks 50 Multiple Choice Questions (Each Question will carry 2 Marks). Each session will have a total of 100 Multiple Choice Questions of 200 marks.
- All Candidates/students are to appear in the Foundation examination through offline OMR centre based.
- A candidate/student who is completing all conditions for appearing in the examination as per Regulations will only be allowed to appear for the examination.
- There is no negative marking.
- Detailed instructions will be provided along with Admit Card.
- Examination Centres: Adipur-Kachchh (Gujarat), Agartala, Agra, Ahmedabad, Akurdi, Allahabad, Angul Talcher, Asansol, Aurangabad, Bangalore, Bankura, Baroda, Berhampur – Ganjam (Odisha), Bharuch Ankleshwar, Bhilai, Bhillwara, Bhopal, Bewar City(Rajasthan), Bhubaneswar, Bilaspur, Bikaner (Rajasthan), Bokaro, Calicut, Chandigarh, Chennai, Coimbatore, Cuttack, Dindigul, Dehradun, Delhi, Dhanbad, Duliajan (Assam), Durgapur, Ernakulam, Erode, Faridabad, Gaya, Ghaziabad, Guntur, Gurgaon, Guwahati, Haridwar, Hazaribagh, Hosur, Howrah, Hyderabad, Indore, Jaipur, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kalyan, Kannur, Kanpur, Kanchipuram, Kolhapur, Kolkata, Kollam, Kota, Kottakkal (Malappuram), Kottayam, Lucknow, Ludhiana, Madurai, Mangalore, Meerut, Mumbai, Mysore, Nagpur, Naihati, Nasik, Nellore, Neyveli, Noida, Palakkad, Palghar, Panaji (Goa), Patiala, Patna, Pondicherry, Port Blair, Pune, Raipur, Rajahmundry, Ranchi, Rourkela, Salem, Sambalpur, Serampore, Shillong, Shimla, Siliguri, Singrauli (Vindhyanagar), Solapur, Srinagar, Surat, Thrissur, Tiruchirapalli, Tirunelveli, Tirupati, Trivandrum, Udaipur, Vapi, Vashi, Vellore, Vijayawada, Visakhapatnam and Overseas Centres at Bahrain, Dubai and Muscat.
- Date of publication of result: To be announced in due course.**

\* The Candidates/students are advised to keep regularly in touch with the website of the Institute for further notifications and announcements relating to Foundation Examination of December 2023 and in case of any query or clarification can e-mail us at- [exam.helpdesk@icmai.in](mailto:exam.helpdesk@icmai.in)

CMA Dr. Kaushik Banerjee  
Secretary



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