



WIRC BULLETIN

Help Desk counter to Support Demonetization

Institute has appreciated the Government of India for its bold and path breaking decision to demonetize Rs. 1000 and Rs. 500 currency notes, in order to curb the menace of Black Money for the economic development of the Country in general and poor in particular. WIRC Chapters extended their support to the common man who is standing in long queues at banks, post offices and ATMs to deposit, exchange or withdraw his hard earned money by showing good gesture of filling in the cash withdrawal / exchange form, educate them about the new currency regime.



Ahmedabad Chapter - Uco Bank



Pimpri-Chinchwad-Akurdi Chapter



Navi Mumbai Chapter - PNB Kharghar



Solapur Chapter - SBI



Navi Mumbai Chapter - BOB Vashi

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WESTERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
 (Statutory Body under an Act of Parliament)

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Prof. Hasmukh Shah delivering lecture during CEP organised by Ahmedabad Chapter on 15th Nov. 2016



Adv. Shrinivas Kulkarni sharing the knowledge to the audience during CEP organised by Aurangabad Chapter on 25th November 2016



CMAs S. R. Pimple, R. G. Zawar & R. D. Khandalkar and M. R. Pandit during Seminar on Demonetization organised by Aurangabad Chapter.



Adv. Vijay AssudanI addressing the participants during CEP organised by Indore Dewas Chapter on 19th November 2016.



Ms. Renuka Joshi, CMA Pradnya Chandorkar, CMA R. K. Deodhar & CMA Prashant Yeole during Career Counselling Prog. organised by Nasik-Ojhar Chapter



View of students during Career Counselling Prog. organised by Nasik-Ojhar Chapter on 26th Nov. 2016 at Ashoka Education Foundation, Nasik



CMAs B.N. Sapkal, Vivek Bhalerao, Prof. K.D. Shara, Anil Jha & Sirish Mohite during Career Counselling organised by Navi Mumbai Chapter at Barns College



View of students during Career Counselling lecture organised by Navi Mumbai Chapter at Barns College, Panvel



CMA Abhishek Kumar Singh was felicitated by CMA Asit Ganguly during the CEP on "Impact of Demonetisation" organized by Navi Mumbai Chapter on 20th November '16



CMA Sandhya Nair, felicitating Mrs. Sangitha Guntain, during Career Counselling lecture organized by Pimpri Chinchwad Akurdi Chapter



Kendriya Vidyalaya Students present for Career Counselling held on 28th November 2016 organized by Pimpri-Chinchwad-Akurdi Chapter



CMA L D Pawar, RCM & Hon. Secretary, The ICAI - WIRC delivering lecture during CEP series organized by Pimpri-Chinchwad-Akurdi Chapter



CMA V S Datey delivering lecture during Workshop on GST organised by Pune Chapter.



CMAs Manubhai Desai & Amish Parmar addressing Press Meet organised by Surat-South Gujarat on 19th November 2016.



CMA Abhishek Kumar Singh delivering lecture during CEP organised by Surat-South Gujarat Chapter on 27th November 2016.

From the Desk of Chairman . . .



Dear Members and students,

Month of November was full of unprecedented events. Donald Trump won the Presidential election of USA on 8th November. His policies will have major national and international impact for number of years to come. On the same day, Our Prime Minister - Narendra Modiji announced demonetization of Rs.1000/- and Rs. 500/- currency notes with multiple objects. This is a major and very bold step having chain reactions in the Indian Economy over short and medium term. Our government is constantly reviewing the situation and taking all corrective steps to minimize the ill effect of Demonetization. Our institute has declared full support to the demonetization and has taken initiative at micro level to support the people and banks. Both these events have created lots of excitements amongst the experts as well as people at large. Aftershocks of these events will continue to be felt for quite a long period.

The Insolvency and Bankruptcy Board of India (IBBI) has recently notified three Regulations:

(i) Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016; (ii) Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations 2016; and (iii) Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations 2016.

Our Institute has incorporated a Section 8 Company to function as Insolvency Professional Agency (IPA) of the Institute under the provisions of the Insolvency and Bankruptcy Code 2016 and Rules and Regulations framed thereunder. Cost Accountants with minimum 15 years of post-qualification experience can get registered as Insolvency Professional as per the procedure laid down.

National Academy of Customs, Excise and Narcotics-apex Institute of Government of India, has in-principle, empanelled ICWAI Management Accounting Research Foundation (A Section 8 Company promoted by the Institute) as a Training Partner to impart training on GST to Government Employees across the country.

The willing members are requested to submit their on-line application as the Resource Person for GST Training. The identified Resource Person will be required to impart the Training on GST from the nearest Regional Council/Chapter. Let us contribute in imparting necessary Training on GST to a vast number of Government Employees and show our presence.

Meeting of GST Council which was scheduled to be held on 24th and 25th November was postponed to 2nd and 3rd December. However, the officers' committee of both

the Centre and states met on November 25 to finalise the three draft legislations - CGST, IGST and compensation law. - and thereafter placed them before the GST Council on December 2-3. Centre had circulated these legislations in the month of November.

Mr. Arun Jaitley in his briefing to the press, on the deliberations of the Council during 2nd and 3rd December, informed that certain provisions of the CGST and SGST draft law were discussed and that of IGST and Compensation law to be taken up in next meeting. On the issue of dual control, he has expressed the hope that consensus would emerge in next meeting.

The Central GST (CGST) will be framed based on the Model GST Law. The states will draft their State GST (SGST) based on the CGST with minor variations.

Four draft bills - Central GST, State GST, Integrated GST and State Compensation Law for revenue losses - will have to be passed by Parliament and state assemblies after the Council's approval.

Let us wait for two major events, RBI monetary policy on 7th December and Federal meeting on 14th December.

WIRC and Chapters have organized no. of programs on the current topic of GST and Monetization as well as many more topics of professional interest.

4 CEP programs on "Data Analytics and Role of CMAs in Financial Services", "Impact of Demonetisation", "Cybercrime Rok", and "Ind AS Convergence and Common Transition issues" were organized in November by WIRC and two more programs have been organized on 2nd and 3rd December.

Our institute has sent chapter wise list of Members whose membership fees are due. We request our members to refer the list and pay their overdue Membership fees, if any.

November-2016 was declared as CMA Career Counseling month by our Institute. WIRC had conducted seven Career Counseling lectures during the month. December, 2016 has been declared as Quiz Contest Month by our institute. Quiz Programmes will be conducted in Schools and Colleges during the month. So, let us all join in the efforts of increasing the students' strength under new syllabus, 2016.

I always feel excited to communicate with the Cost Accountants fraternity. But the communication is complete only when it is reciprocated from the other end either in words or in deeds. I wish a live participation from our members and students and therefore, I appeal, to all of you again and again, to come forward with articles, faculty support as well as participation in various programs organized by us at WIRC or chapters level.

I, on my behalf and on behalf of WIRC Council, wish all the best to our students for the December, 2016 exam.

With warm regards.

CMA Pradip H. Desai



A new Indian nation after demonetization!

CMA Dr. V. V. L. N. Sastry

Director, Firstcall India Investment Banking

The goal of the demonetization move in India is to make the economy stronger and eliminate the parallel cash economy which is unaccounted and untaxed. It should have positive long term consequences. Lower inflation, lower interest rates and a lower budget deficits are likely to be the long term positive macroeconomic effects of the demonetization move, which should stimulate economic growth and benefit businesses in the long run.

As the country undergoes the huge transformation from a cash dominant economy to a near cashless economy, this can impact the GDP negatively in the short term. Demonetization is expected to eliminate nearly 86% of the currency in circulation, creating a huge cash crunch in the economy. In a country where nearly 90% of transactions are carried out in cash, a bold move to transform the region into a cashless economy has created lull in the informal economy. The move is intended both to reduce untaxed black money and rampant corruption in the country, and to bring more accountability in cash-based informal industries.

The predictions on the part of GDP growth have picked up momentum. The GDP growth rate estimates are ranging from the wildest lowest estimate of 3.5 % to 6.5% on the higher side in the current financial year, compared with the previous year's 7.5 %.

The broad benefits of demonetization are as follows:

1. One of the greatest advantages of this move is that it is going to definitely influence the degenerate practices of corruption.
2. Individuals who are holding black money won't have the capacity to trade much as they would be in a dread of getting punished and arraigned by the powers.
3. Adversaries of the nation which are involved in fake currency and terrorism & psychological warfare won't have the capacity to proceed with it for a long while in any event.
4. The sneaking of arms and managing the terrorists & militants won't sustain further as the cash will be on record now.
5. The banking framework will improve as it will gradually head towards a cashless society. Cashless society will build credit access and financial consideration and inclusion.
6. The current white money of individuals will be known to the government and it will stay with banks so that it can be put on loans and advances, and interest can be produced from it, however loan costs would fall with a relating fall in Inflation.
7. Banking System will get a Philip, as more than Rs. 7-8 lakh crore base cash as new legitimate cash will enter the framework. Be that as it may, it should be seen how much cash really stays in the framework, on the off chance that the cash withdrawal limits are eased.
8. It will diminish the risk and cost of money handling as soft

cash is more secure than hard cash. It will likewise diminish government liability. Since each note is an obligation for the government, the old currency will get to be distinctly useless for those individuals, who pick not to unveil their income.

9. It is expected that about Rs. 5 lakh crore may go to the government as stifled RBI obligation, tax assessments and penalties. This sum is sufficient to deal with India's whole financial shortfall for one year or more.
10. It will likewise decrease tax evasion. Whatever cash will be deposited or exchanged, government will monitor it and authorities will be additionally careful during this period.
11. Dealings in this period in industrial sectors like jewellery and land / real estate will be on radar. Search and seizure exercises of the IT Department will likewise ascend to check such acts of malpractices associated with cash related activities.

The negative side of demonetization

1. Irrespective of which side of the debate one tends to lean towards, most Indians agree with the fact that the implementation of the policy is a logistical nightmare. New banknotes worth only a tenth of the withdrawn notes have been pumped back into the economy. That severely shrunk the economy, though a temporary phase. The liquidity squeeze caused by demonetisation will be negative across sectors with high level of cash transactions.
2. The companies with high level of debt will face more pressure and can face loan defaults.
3. For those who oppose this reform measure, the sudden invalidation of huge amounts of paper money is a source of pain and misery. It is also a threat to economic growth, in short: a political controversy which is part and parcel of India's democracy. However, it is a drastic interference into the lives of every single household.
4. Poor people belong to the informal sector. They are day labourers and farmworkers and they live hand-to-mouth. In case their meagre incomes allow, they hide the savings under the mattress and don't bring it to the bank. For them, demonetization is a catastrophe. However, the patience and forbearance of the poor people are remarkable.
5. It's a gigantic grey zone. For obvious reasons, no one knows the exact dimensions. Estimates put the black economy anywhere between 20% and 66% of India's national economy. Real estate, jewellery, retailing, restaurants, logistics, consumer durables, luxury brands, cement, retail and SME space will be facing short term instability.

Overall to conclude, in the New Year, there will be a new nation. Just like a movie, the demonetization too will find a clear ending. The results will follow. The short term vows may end. Long term benefits may emerge. People will speak. Then, at the latest, we will know the positive side of demonetization.



LEAN : A WAY TO SUCCESS IN BUSINESS

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In Today's business Era, Pricing War is inevitable due to the increased competition in the global market. Earlier equation of many manufacturers i.e. $\text{Cost} + \text{Desired Profit \%} = \text{Selling Price}$ has been changed to $\text{Selling Price} - \text{Cost} = \text{Profit}$. Selling Price is driven by market and hence desired profit is dependent on the cost and not on the Selling Price.

Many organizations have recognized the importance of lean management in reduction of waste and improvement of quality.

What is Lean ?

Lean is a systematic approach to identify and eliminate the waste through continuous improvement in flow of product at the pull of customer in pursuit of perfection.

Lean manufacturing is sometimes called the Toyota Production System (TPS) because Toyota Motor Company's Eiji Toyoda and Taiichui Ohno are given credit for its approach and innovation.

Waste is anything that happens to product that does not add value from customer's perspective. Products being stored, inspected or delayed products waiting in queues, and defective products do not add any value .

Wastes are

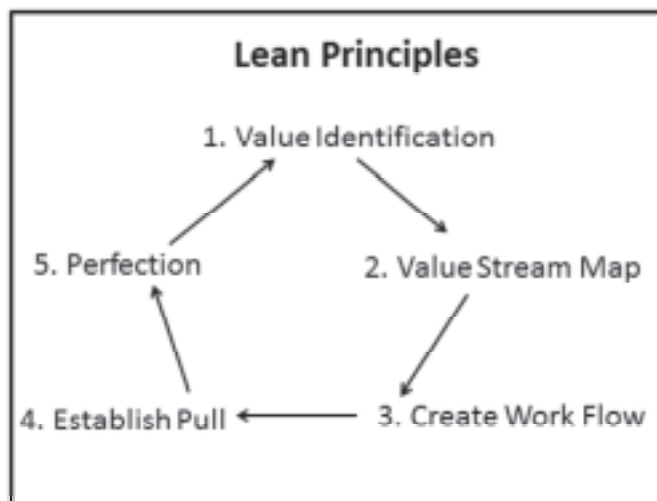
- **Over Production** : Producing more than customer order.
- **Queues** : Idle Time, Storage and waiting are wastes.
- **Transportation** : Unnecessary material movement between plants & work stations centres.
- **Inventory** : Holding unnecessary raw material, work-in-process, finished goods and operating Supplies
- **Motion** : Movement of Equipment or people
- **Over Processing** : Work performed on product that adds no value
- **Defective Product** : Customer Returns, Rework , Warranty Claims & Scrap.

Waste can be overcome by applying Lean Principles as follows

1. Determine Value Identification from the point of view of the end customer.
2. Identify each and every steps in the value stream for product and eliminating non value added steps.
3. Create Work Flow in a sequence so that product will flow smoothly towards end customer.
4. Establish Pull value from the next upstream activity
5. After all the above processes begin the process again and continue it till the state of perfection where perfect value is created with no waste.

Further, Key Lean Manufacturing Techniques like 5S , Single Minute Exchange of Dies, Kanban & Cellular Manufacturing help in reduction of wastes , improvements in production processes and quality as well.

Key benefits of using Techniques vizi) increase in organization efficiency , ii) offers improvements at an inexpensive cost , iii) increase in safety, iv) eliminates unnecessary inventory, v) simplifies material flow and management vi) Reduces



throughput time vii) Increase in Overall Productivity viii) Improved Quality and many more .

Top Ten Lean manufacturing companies in the world - 1) Toyota 2) Ford 3) John Deere 4) Parker Hannifin 5) Textron 6) Illinois Tool Works 7) Intel 8) Caterpillar Inc. 9) Kimberly-Clark Corporation 10) Nike (Ref. Manufacturing Gopal.com)

Lean Approach is not only useful to large Organisation but also to Small & Medium size Organization making them more competitive in the business environment. Ministry Of Micro, Small and Medium Enterprises, Government of India undertaking, conducts National Manufacturing Competitiveness Programme to promote growth oriented enterprise through 10 interventions like Lean manufacturing , design clinic and quality management systems. Main objective is to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing techniques like 5S System, Visual Control, Standard Operating Procedures (SOPs), Just in Time (JIT), KANBAN System, Cellular Layout, Value Stream Mapping, Poka Yoke, Single Minute Exchange of Dies (SMED) and Total Productive Maintenance. Many SMEs are benefited under these programmes. Below data has been published in 'MSME AT A Glance 2016' by Ministry Of Micro, Small and Medium Enterprises:

| | |
|----------------------------------|------------------------|
| Physical achievements | |
| During 2015-16 (upto 31.12.2015) | MSME benefitted - 670 |
| Till now (Since inception) | MSME benefitted - 3041 |

Conclusion: Lean approach is very much essential to sustain in competitive market. There are certain challenges before lean like long term commitment required from team members, difficulty involved with changing processes to implement lean and last but not least to build a learning culture in the organisation . These challenges can be overcome by involving all levels of management in the organisation for having systematic approach towards all business process.



Understanding the transitional provisions of GST

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The whole economy of the country is now witnessing a healthy momentum to embrace GST w.e.f 1st April 2017 the date from when the GST shall be applicable. The impact of GST on different industries are going to vary based on the nature of business and complexity of the operations. Undoubtedly the GST regime will smoothen the indirect tax procedures as it will subsume a number taxes and bring uniformity in the compliance procedures across the country.

The transitional phase however is very important. The existing taxable persons while migrating from the existing multiple tax laws to the GST regime have to take utmost care to protect their interests to the fullest without any violation of law.

The Chapter-XXV of the model GST law spells out various transitional provisions which must guide the taxable persons in the process of transition to GST. Let us discuss these provisions.

Sec. 141 :General Provisions

This provision is about the administration of GST. The officers under various indirect tax laws which are to be subsumed under GST shall be deemed to be the officers under GST law (CGST or SGST as the case may be).

Sec. 142: Migration of existing taxpayers to GST

The existing taxpayers registered under various laws such as excise, sales tax etc will be issued a provisional registration certificate for a period of six months from the date of issue. However they have to submit the prescribed documents/information to the GST authorities for getting the final registration certificate.

Sec. 143: Amount of CENVAT credit carried forward in a return to be allowed as input tax credit

A registered taxable person shall be eligible to take credit of the CENVAT Credit/VAT-ITC carried forward by them in the return furnished for the period ended with the day immediately preceding the appointed day.

This eligibility is subject to the condition that such impugned CENVAT Credit/VAT-ITC is admissible for credit both under provisions of the earlier law as well as eligible as input tax credit under GST.

Sec. 144:Un-availed CENVAT credit on capital goods, not carried forward in a return, to be allowed in certain situations

A registered taxable person shall be eligible to take un-availed CENVAT Credit against Capital goods not carried forward in the return furnished for the period ended with the day immediately preceding the appointed day.

This eligibility is subject to the condition that such impugned CENVAT Credit is admissible for credit both under provisions

of the earlier law as well as eligible as input tax credit under GST.

Sec. 145: Credit of eligible duties and taxes in respect of inputs held in stock to be allowed in certain situations

This transition provision is applicable to the taxable person who was not required to be registered under the earlier law or was a manufacturer of exempt goods under the earlier Central / State laws but became taxable under the GST Laws. Such persons must have been engaged in manufacture of goods exempt under the earlier law but taxable under GST laws. The taxes and duties paid against the inputs which are in stock as on the appointed day shall be eligible for input tax credit if these inputs are intended for use in manufacture of taxable goods under GST. Such inputs may be either raw materials, consumables, semi-finished goods, finished goods etc.

Sec. 146: Credit of eligible duties and taxes on inputs held in stock to be allowed to a taxable person switching over from composition scheme

This is applicable to those taxable persons who were under composite scheme as per the existing tax laws but are interested to switchover to regular scheme. The credit of eligible duties and taxes on inputs held in stock or the inputs forming part of the semi-finished or finished goods on the appointed day can be availed.

Sec. 147: Amount payable in the event of a taxable person switching over to composition scheme

This is applicable to those tax persons who are registered under existing tax laws and under regular scheme and interested to switch over to composition scheme under GST law. In case they have any unutilized credit, they cannot carry forward the same as under this scheme no input credit is available to the tax payers.

Hence they have to pay back the credit to the extent attributable to the goods held in stock. The payment shall be by way of debit in the electronic credit ledger or the electronic cash ledger. Any credit left over and above this will be lapsed.

Sec. 148: Exempted goods returned to the place of business on or after the appointed day

This provision is applicable to the cases where the goods were removed before the appointed day and returned to the place of business on or after the appointed day. Also such goods were exempt under earlier tax law but taxable under GST laws.

The buyer has to adhere to the time limits spelt out in this provision. No tax will be payable on these goods by the buyer if the goods are not sent to him before 6 months from the appointed day and the goods are returned by him to the place of business within 6 months from the appointed day. If the goods are returned beyond the aforesaid time limit, the person returning the goods shall have to pay tax on the goods.

Sec. 149: Duty paid goods returned to the place of business on or after the appointed day

This provision is applicable to the cases where the goods were removed before the appointed day and returned to the place of business on or after the appointed day. Also the duties/taxes were already paid under earlier tax laws.

Like Sec. 148, here the buyer has to keep in mind the time limits spelt out in this provision. No tax shall be payable on these goods by the buyer if the goods are not sent to him before 6 months from the appointed day and the goods are returned by him to the place of business within 6 months from the appointed day. If the goods are returned beyond the aforesaid time limit, the person returning the goods shall have to pay tax on the goods.

Sec. 150: Inputs removed for job work and returned on or after the appointed day

This provision is applicable to the situations where the inputs have been removed for job work before the appointed day but likely to be returned to the factory on or after the appointed day. No tax shall be payable if such inputs are returned to the said factory within six months from the appointed day. This time limit may further be extended by two months by the competent authority on sufficient cause being shown. If the goods are returned beyond the aforesaid time limit, tax shall have to be paid on the goods.

Sec. 151: Semi-finished goods removed for job work and returned on or after the appointed day

This provision is applicable to the situations where the semi-finished goods have been removed for job work before the appointed day but likely to be returned to the factory on or after the appointed day. No tax shall be payable if such goods are returned to the said factory within six months from the appointed day. This time limit may further be extended by two months by the competent authority on sufficient cause being shown. If the goods are returned beyond the aforesaid time limit, tax shall have to be paid on the goods.

Sec. 152: Finished goods removed for carrying out certain processes and returned on or after the appointed day

This provision is applicable to the situations where the finished goods have been removed for carrying out certain processes before the appointed day but likely to be returned to the factory on or after the appointed day. No tax shall be payable if such goods are returned to the said factory within six months from the appointed day. This time limit may further be extended by two months by the competent authority on sufficient cause being shown. If the goods are returned beyond the aforesaid time limit, tax shall have to be paid on the goods.

Sec. 153: Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract

This transition provision is applicable with respect to goods and / or services in respect of which there is either an upward or a downward revision of price under a contract which was entered into prior to the date of introduction of GST.

The revision in price may either be upward or downward. In both the cases supplementary invoices/debit note/credit note must be issued within a period of thirty days from such revision. In case of upward revision, the differential tax shall be paid in

accordance with GST laws. In case of downward revision, the tax liability shall be reduced as if an adjustment under GST law.

Sec. 154: Pending refund claims to be disposed of under earlier law

This provision is applicable to the refund claims / applications under the earlier laws. Such refunds shall be processed in terms of the provisions contained in the respective earlier laws. The refund if allowed shall accrue in cash under the relevant earlier law and shall not be credited to the electronic credit ledger or electronic cash ledger.

Sec. 155: Claim of input tax credit to be disposed of under the earlier law

This Section is applicable where any matter in respect of input tax credit is pending in an appeal or revision or review or reference under any of the earlier laws. Such cases shall be dealt with in accordance with the earlier laws. The outcome may either be allowance or disallowance of credit. If the credit is allowed, the refund will accrue in cash. If it is disallowed, the same will be recovered as an arrear of tax under the GST laws.

Sec. 156: Finalization of proceedings relating to output tax liability

This provision is applicable to the cases where any matter in respect of output tax / duty liabilities are pending in appeal, review, revision or reference proceedings under any of the earlier laws. In case the output tax becomes payable, the same shall be recovered as an arrear of tax under the GST law. The amount so recovered shall not be eligible as input tax credit under GST. On the other hand, if the outcome of the proceeding goes in favour of the taxable person, the refund shall accrue in cash under the provisions of the earlier law.

Sec. 157: Treatment of the amount recovered or refunded in pursuance of assessment or adjudication proceedings

This provision deals with the cases where any tax, interest, fine or penalty either becomes recoverable from or payable to a taxable person in pursuance of any assessment or adjudicating proceedings under the earlier law. In case any amount is recovered from the taxable person, the same shall be recovered as an arrear of tax and shall not be eligible as input tax credit under GST law. On the other hand, if any amount is allowed as refund the same shall accrue as a cash refund under the earlier tax law.

Sec. 158: Treatment of the amount recovered or refunded pursuant to revision of Returns

This provision deals with the cases where tax becomes payable or refundable by virtue of revision of returns under earlier laws. This may arise due to short payment of output tax liability, excess claim of input credit, excess payment of output tax liability, short claim of input credit etc. In case any amount is recoverable from the tax payers, the same will be recovered as arrears of tax under the relevant GST law (CGST or SGST as the case may be) and the same shall not be eligible as input tax credit. On the other hand where any amount is allowable as refund, the same will accrue as cash refund under the relevant earlier law.

Sec. 159: Treatment of long term construction / works contracts

This provision deals with the cases where goods or services are supplied/provided forming part of any long term construction contract or works contract. According to this provision, if a contract for a long term construction is entered into before the appointed day but supply of goods or provision of service is made after the appointed day, such supply of goods /services shall be subject to tax as per GST law.

Sec. 160: Progressive or periodic supply of goods or services

This provision deals with the cases where consideration has been received prior to the appointed day (advance) but supply of goods or services are to be made after the appointed day. Such cases are to be dealt with as per the earlier laws and taxes are to be paid as per the earlier laws.

Sec. 161: Treatment of retention payments

This provision deals with those cases where goods or services have been supplied/provided before the appointed day and taxes have been fully paid as per the earlier tax laws. However part of the consideration (in the nature of retention money) is to be received after the appointed day. In this case no tax is to be paid further under GST law.

Sec. 162: Credit distribution of service tax by ISD

This provision deals with the cases where the input service distributor receives services before the appointed day and such services are distributed after the appointed day. These services are eligible for distribution as credit under the GST law irrespective of the date of the receipt of invoices by the Input Service Distributor.

Section 17 of the GST law provides the manner in which the credit shall be distributed.

If the invoice is received by the Input Service Distributor before the date of applicability of GST, he can distribute the CENVAT Credit under the old law and carry forward this credit as CGST on the date of applicability of GST under section 143 of the GST law. If he distributes the credit after the appointed day, he can take it as CGST or IGST depending on the supply being intra state or inter-state respectively.

If the invoice is received by the Input Service Distributor on or after the appointed day, he can distribute the credit in the form of CGST or IGST depending on the supply being intra state or inter-state respectively. If the Input Service Distributor and the recipient of credit are located in two different states, then the input tax credit of both CGST and IGST shall be distributed as IGST. If the Input Service Distributor and the recipient of credit are located in the same state, then the input tax credit of both CGST and IGST will be distributed as CGST.

Sec. 162A: Tax paid on goods lying with agents to be allowed as credit

This provision deals with those cases where goods are lying with the agents as on the appointed date. The agent can avail the credit of the tax paid on these goods subject to fulfillment of the following conditions

- (i) the agent is a registered taxable person under this Act;
- (ii) both the principal and the agent declare the details of stock of goods lying with such agent on the date immediately preceding the appointed day in such form and manner and within such time as may be prescribed in this behalf;

- (iii) the invoices for such goods had been issued not earlier than twelve months immediately preceding the appointed day; and
- (iv) the principal has either reversed or not availed of the input tax credit in respect of such goods.

Sec. 162B: Tax paid on capital goods lying with agents to be allowed as credit

This provision deals with those cases where capital goods are lying with the agents as on the appointed date.

The agent shall be entitled to take credit of the tax paid on such capital goods subject to fulfillment of the following conditions:

- i) the agent is a registered taxable person under this Act;
- (ii) both the principal and the agent declare the details of the stock of capital goods lying with such agent on the date immediately preceding the appointed day in such form and manner and within such time as may be prescribed in this behalf;
- (iii) the invoices for such capital goods had been issued not earlier than twelve months immediately preceding the appointed day; and
- (iv) the principal has either not availed of the input tax credit in respect of such capital goods or, having availed of such credit, has reversed the said credit, to the extent availed of by him.

Sec 162C. Treatment of branch transfers

According to this provision, any amount of input tax credit reversed prior to the appointed day shall not be admissible as credit of input tax under GST Act.

Sec.162D: Goods sent on approval basis returned on or after the appointed day

This provision is applicable to the cases where the goods are sent on approval basis before the appointed day but returned by the buyer after the appointed day due to rejection or no approval. The buyer has to take care of the time limits spelt out in this provision. No tax will be payable on these goods by the buyer if the goods are not sent to him before 6 months from the appointed date and the goods are returned by him to seller within 6 months (may be extended by further two months) from the appointed date. If the goods are returned beyond the aforesaid time limit, the person returning the goods has to pay tax on the goods.

Sec.162E: Deduction of tax at source

In the existing excise and service tax laws, there is no concept of TDS. However in state VAT laws, TDS concept is there. In Service tax, Reverse Charge mechanism is there in respect of certain services. The section 37 of GST law deals with deduction of taxes at source in certain cases.

This transitional provision deals with the cases, where the supplier has sold any goods under the earlier law before the appointed date and TDS provision of GST law is applicable to such transaction. Also the supplier has issued the invoice before the appointed date but payment has been made after the appointed date. Under this provision no tax is to be deducted from the payment made to the supplier.

The transitional provisions codified in Section 141 to Section 162 of the Model GST law have covered various aspects of the transactions likely to take place during the transition phase. The taxable persons must thoroughly understand these provisions for their smooth transition from the existing tax laws to GST laws. ■



The Board Room Accountant

CMA R. Veeraraghavan, FCMA

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It is often said that it is the policy or a set of policies that make or break an enterprise sustenance / fail governance of public finance / short circuit charitable cause.

Policy and policies are a result of strategic thinking, which stems from realizing a holistic point of view emphasizing on Financing Model / Revenue potential / and viability to operate and generate in a given environment and in a foreseeable future.

Implementing these policies through continuous monitoring from drifting into risk zones and indulging in aversion, elimination of such risks, by revitalizing alternate strategies, are highly relevant from medium and long-term perspectives.

A Board is a right mix of persons specialized in operation, finance, human resource and other interest groups that moves the business, governance and charity forward.

A board room role for accountants stem from the fact that he is the handler of all financial information including quantitative data that correlates financial performance. He is the collector and presenter of such information as a part of decision support mechanism and moving beyond this he has the privilege of first strategic thinking experience than others.

More and More accountants are displaying skills that a board room requires In the area of financial management, compliances, project financing, operational paradigms that in recognition of skills an accountant invariably occupies the position of strategic thinker in every board and policy making forums.

An Accountant to enable himself In this regard need to be conversant with the business environment, policy perspectives of the government, operational feasibility of the process of business, system and procedures in place and its adequacy, the market current and emerging in the global scenario, product and service profitability, capital adequacy, funds flow strength, efficiency weak spots and global dimensions of opportunities to diversify in related and unrelated fields.

The numbers he commands should just be simplistic, yet speak volumes to strategic thinking, that is how big data is handled for board room.

The position of accountants as financial professionals has further expanded and moved towards business partnering and the responsibilities and opportunities are tremendous depending on the risk taking appetite in the individual.

While accounting profession is under threat of technology,

accountants who handle technology at ease and have sound fundamentals to run business governance perspectives, are calling the shots everywhere.

Accounting institutes, PAOs, need to tweak the syllabus and training to make accountants specialist in their core domain-Accounting and finance, as well as domain of management and strategy. Text book approach may not work for long, there should be alternative mechanism of engaging experts and delivering live business debates in order to transmit skills to students. Accountants, majority of them are cozy, for earning money by certifying, which is bad thinking for the profession and accountants should move out of this nostalgia.

CMA Career Counselling Month

November-2016 has been declared as CMA Career Counselling Month by the Institute. WIRC has conducted Career Counselling lecture at the following Kendriya Vidyalayaduring the month.

| Date | Place | Faculty |
|------------|------------|-------------------------|
| 09-11-2016 | Mankhurd | CMA V V L N Sastry |
| 12-11-2016 | Thane | CMA Shailaja Balamurali |
| 16-11-2016 | Panvel | CMA Vivek Bhalerao |
| 19-11-2016 | Colaba | CMA M.S. Chandani |
| 24-11-2016 | Kanjurmarg | CMA Shailaja Balamurali |

In addition to this WIRC had also conducted Career Counselling at following Commerce colleges.

| Date | Place | Faculty |
|------------|--------------------------|-------------------------|
| 26-11-2016 | SIES College Sion | CMA Shailaja Balamurali |
| 29-11-2016 | Raheja College Santacruz | CMA M.S. Chandani |

Large number of students attended the Programme. WIRC distributed the leaflet and brochures of the CMA course and also collected the feedback from the students.



Analysis of important definition and Input tax credit provisions of Model GST Law Nov. 2016

By **CMA Rajendra Rathi**

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Now CBEC has kept revised MGSTL on their website officially on 25.11.2016 considering all suggestions of trade and industries.

I have tried to summaries following important definitions and ITC provisions to understand impact of changes on industry and preparedness tips for GST implementations.

Capital Goods means value of which capitalise in books of accounts of the person claiming the credit used or intended to be used in the course of furtherance of business.

Input means goods other than capital goods used or intended to be used by supplier in the course of furtherance of business.

Input services means any service used by supplier in the course of furtherance of business

From above definitions followings are clear

- (a) Procured item booked in asset register will be booked under CG category for credit purpose
- (b) CG Credit can be claimed by the person in whose books item is capitalised. It seems credit based on receipt of goods by consignee will not be allowed unless same is capitalised in books of consignee.
- (c) Use of input/input service by supplier is must and supplier means person supplying goods and services. It means nexus of use of input/input services with each supplier for furtherance of business is must.
- (d) Further above each definition to be read with ITC condition for taking credit and exclusion provision provided by way of blocked credit.
- (e) Now ITC has two important provisions.
 - (i) Section 16 Eligibility and condition for taking input tax credit
 - (ii) Section 17 Apportionment of credit and blocked credit

Apportionment of credit means credit is allowed to the extent used for taxable supply including zero rated and for business purpose only.

Blocked credit means exclusion given earlier with input/CG/ Input services definition itself has been brought by way of block credit head thru ITC section where credit is not allowed for

- (i) Motor vehicles, food, out door, health & health insurance, membership of club, rent a cab, life insurance and LTA etc.
- (ii) Works contract services for construction of immovable property other than plant & machinery
- (iii) Goods services received for construction of immovable property other than P&M
- (iv) Goods services used for personal consumption
- (v) Goods disposed by way of gift or free samples

Impact of above changes can be summarised as under.

Positive

1. Now tariff heading restriction is no more hence items received under 73,94 or other than 82,84,85,90 capitalised in books will be eligible for credit under CG category subject to ITC condition.
2. 100% credit will be allowed in year of receipt of capital goods except pipeline and telecom tower
3. Goods/services used for construction of plant and machinery will now be eligible.
4. Capital goods used outside factory such as pipe, Air conditioner, Furniture, Fixtures, Office equipment used other additional place of business shown in registration certificate will be eligible for credit.
5. Credit of Services such as group personal accident policy, may be allowed as this services consider as obligatory for employer under law.
6. ISD distribution, removal of "non-taxable value" from aggregate turnover may be beneficial.

Negative

1. Credit is allowed to the person in whose books items is being capitalised means ownership condition is applicable for CG credit eligibility.
2. Works contract service used for laying of pipeline so far as relating to construction of civil structure will not be eligible.
3. Motor vehicles as defined under clause 28 of section 2 of motor vehicle act 1988 are not eligible for credit.
4. Goods used for construction of immovable property like tank may not be eligible for credit.
5. Credit in respect of consignment received in lot/installment can be taken only on receipt of last lot/installments which is currently being allowed at month end for whatever quantity received
6. Non-construction input services such Architects' services, Consulting Engineers, Interior Designers, Legal fees, etc, received for construction of building or other civil structure will not be eligible in view of section 17 (4) (d) of MGSTL.
7. Negative list of services reduced to 5 services as per schedule III instead of presently 17 services need to be examined as fresh from eligibility aspects.
8. Service tax credit can be availed on receipt of services means, credit cannot be available in case of advances.
9. Effectively less than a year will be available for credit in certain cases/invoices received at the year end in view of Section 16(4) of MGSTL.

Above analysis is based on MGSTL released in public domain. CMA Professional can continue regular knowledge sharing awareness session for better understanding of ITC provision for smooth implementation of GST with optimizing tax planning by timely preparedness of GST enable system in all segments.



Need for Reconciliation Between Financial Profits and Costing Profits

CMA Rajesh Kapadia

Every month, CMA Department works out Productwise Profitability and Plantwise Profitability. As Profits as per Costing Records is usually different than Profits as per Financial Records, CMA Department reconciles Profits as per Costing Records with Profits as per Financial Records and after such Reconciliation of both these Profits, Productwise Profits and Plantwise Profits so worked out are submitted to the Management as part of MIS Reports.

Reasons for Difference between Profits as per Financial Records and Profits as per Costing Records.

Some of the reasons which give rise to difference between Profits as per Costing Records and Profits as per Financial Records are mentioned below:

- 1) Say, Union Wage Settlement is due from 01.01.2015. But the negotiation between Union and Management continuous till June-2015 and final agreement is given effect in June, 2015 and arrears from January-2015 to March-2015 is paid with salary for July-2015.

In Financial Records, arrears for the period January - 2015 to March-2015 gets booked as Employee Cost for F.Y. 2015-16.

In Cost Records, arrears for the period January - 2015 to March-2015 becomes an item of Reconciliation for F.Y. 2015-16 as it does not pertain to F.Y. 2015-16.

- 2) Certain Products of the Company are manufactured by Outside Party on Job Work Basis. Company pays Conversion Charges (Rs / MT)

Contract for Job Work Charges expires on 31.12.2014. However, Revised Job Work Contract becomes effective on 01.07.2015 with restropective effect from 01.01.2015.

Incremental Job Work Charges from 01.01.2015 to 30.06.2015 are booked in Financial Books of Accounts in the month of July-2015 as Job Work Charges for F.Y.2015-16.

However, in Costing Records, Incremental Job Work Charges from 01.01.2015 to 31.03.2015 becomes an item of Reconciliation as it does not pertain to F.Y.2015-16.

- 3) Dividend Income Received

In Financial Records, it is shown as Income, but in Costing Records, it is shown as Item of Reconciliation.

- 4) Valuation of Finished Products

In Financial Records, it is shown at Lower of Cost or

Market Price.

In Costing Records, it is shown at Cost.

- 5) Any Demurrage Paid or Penalty Paid

In Financial Records, these get booked as demurrage charges paid or penalty paid.

In Costing Records, these get reflected as Reconciliation Items.

In View of Reasons for Differences mentioned above, the results obtained from the cost and financial accounts differ. The CMA Department furnishes various data to assist the management in decision making. It is essential that such data should be correct. For this reason and also in order to prove correctness of the figures posted in the two sets of accounts, there is a need to reconcile the figures as shown in the Costing Records with those shown in the Financial Records.

Such a reconciliation is done at regular intervals, at least once in a month. The figure of profit either as per Costing Records or as per Financial Records is taken as the starting point of the reconciliation.

For example, if the profit shown in the Costing Records is taken first and the amounts that give rise to differences are added or subtracted from it, the resultant figure should agree with the profit as shown as Financial Records.

In Illustration of Such Reconciliation:

| | | |
|------|--|--|
| | Profits as per Costing Records as on 31.03.2016 | |
| Add | Dividend Income Received in F.Y. 2015-16 | |
| Add | Over Valuation of Finished Products as per Financial Records | |
| Less | Arrears of Employee Cost from Jan-2015 to March-2015 | |
| Less | Incremental Job Work Charges from Jan-2015 to March-2015 | |
| Less | Demurrage Charges | |
| Less | Penalty Paid | |
| | Profits as per Financial Records as on 31.03.2016 | |



Green Bonds - A game changer in raising finance for Green Projects

*CMA (Dr.) S. K. Gupta & **Ms. Megha Agrawal

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**Consultant, Grant Thornton India as author

A bond is a debt instrument with which an entity raises money from investors. The issuer of a green bond publicly states that capital is being raised to fund 'green' projects, which typically include those relating to renewable energy, emission reductions and so on. Green bonds are like any other debt instrument but the funds raised from such bond sale are used exclusively for renewable energy projects. There is no common definition of "green" bonds and market practice has been for issuers to choose their own definition. The general idea is that the proceeds from the issue of these types of debt instruments will be used either to fund projects which have a discernible, positive environmental impact, often in the renewable energy sector, or be used to invest in generally ethically sound business lines or assets, such as green residential mortgages or low-emission vehicles. 'Green bonds' are an attractive mechanism for organizations to raise capital for sustainable projects. These bonds can be raised by not only financial institutions, but also by any private sector or public sector organization. The global green bond market is growing rapidly which is a result of the interest from a varied debt investors.

An issuer can "label" its bonds as green on the basis of its own criteria or with reference to 'Green Principles' developed by the International Capital Markets Association. The GBP have four components: proceeds should be used for projects which meet certain criteria, providing clear, quantifiable environmentally sustainable benefits; the issuer should have a process for evaluating the eligibility of the projects using the proceeds; the proceeds should be appropriately tracked by the issuer in a manner which links back to its green projects; and the issuer should report at least annually on the use it has made of its proceeds. It is then up to investors to do the necessary due diligence to determine whether they agree with that green label on the basis of information disclosed by the issuer, which may include independent analysis given by third parties.

Emergence of Green Bonds

The first green bond was issued in 2007 and was initially characterized as a niche product pioneered by a handful of development banks. The "Climate Awareness Bond" was issued by the European Investment Bank (EIB) in 2007, followed by the World Bank issuing a "Green Bond" in 2008. Between 2007 and 2012, governments began to join international organizations and issue their own green bonds and the market reached \$10 billion by mid-2012. The global green bond market is growing

rapidly. The rise of green bonds has been exponential over recent years rising from \$1.2 bn in 2011 to an expected \$70 bn in 2015. The green bonds are emerging as the game changer for raising sustainable finance. Forecasts for 2016 are bold and optimistic. Moody's Investor Services expects financing for green bonds to rise to \$50 billion. HSBC bank predicts between \$55 billion and \$80 billion of issues in 2016.

Unlocking the full potential of Green bonds

Green bonds are vital for the future of a sustainable economy, but not everything labelled 'green' fulfills its promise. There must be robust standards to ensure that people get what they expect. Vigorous, credible, fully-developed and widely-accepted industry standards for green bonds are urgently needed to ensure that the market thrives and the sustainable economy grows. Only a bond for which the issuer can demonstrate measurable environmental benefits, certified by an independent party according to such widely-accepted, fully developed standards, should qualify as a green bond. Bonds which do not meet these standards could undermine the credibility of the entire green bond market.

The lack of standard definitions of what makes a bond 'green' has led to uncertainty over whether all green bonds really are 'green'. Issuers face reputational risk and potential accusations of 'green wash'. Green washing occurs when a bond's proceeds are used to fund projects with little or no positive environmental impact. Green bonds can also enhance an issuer's reputation. Issuing a green bond is an effective way for an organization to demonstrate its green credentials by showing its commitment to the environment and improving its own environmental performance. The process of issuing and managing the proceeds of a green bond can improve awareness within the organization of the issuer's sustainability goals.

Green bonds are currently moving toward the predictability that investors want. They have already passed through what we term the "incubation" and "early adopter" phases, and are currently in the "excitement" phase. Their use is expanding rapidly, but awareness is still limited and several questions about standards remain unresolved. Governments, banks, and others can help speed green bonds' movement into the mainstream by establishing clearer certification and ratings systems, issuing more of them, and educating the public about their financial and environmental benefits.

To enter the mainstream, the green bond market will need to foster an increased awareness of what green bonds are and why they are an easy and beneficial investment. This could be achieved by offering green bonds to investors as part of a regular investment portfolio, building out green finance curricula in schools, or offering green bond education to people who are directly involved with fixed income investments. Financial service providers, colleges and universities, and others all can play a role.

Greening India's Financial market

The Government of India has embarked on an ambitious target of building 175 gigawatts of renewable energy capacity by year 2022, from just over 30 gigawatts now. This ambitious target needs ambitious investments. It is estimated that this leap towards renewable energy will require funding of US\$200 billion. Green bond funding is crucial for India to achieve its green goals. Green bonds are becoming an increasingly attractive mechanism for both private and public sector organizations to raise capital for projects, assets or other activities that benefit the economy, environment and society. With the Indian government and private sector increasingly focusing on renewable energy projects, the demand for such funds is expected to rise over time.

Currently, most renewable projects are financed by bank commercial loans at 11-12 per cent interest per annum. The Indian banking sector is currently going through a balance sheet adjustment; banks are unlikely to be able to expand their balance sheets to be able to finance the additional requirements of the renewable sector. Green bonds may be able to fill this gap.

Indian companies are beginning to embrace green finance to fund environmentally friendly projects, as they heed calls from Prime Minister Narendra Modi to boost renewable energy in one of the world's worst polluting nations and tap rising investor demand. Various organizations in India viz. Yes Bank, EXIM Bank, IDBI, IREDA, Axis bank, CLP Wind Farms, ReNew Power Ventures, Hero Future Energies, Motherson Sumi and Greenco Investment company, and NTPC have raised funds for green infrastructure projects through Green bonds

Gearing up for Green bonds

In January 2016, Securities Exchange Board of India (SEBI) rolled out a path breaking concept paper defining the guidelines for issuance and listing of Green Bonds, as increasing number of financial and banking institutions in India have shown interest in launching green bonds to mobilise resources to support wide range of projects related to renewable energy and climate change adaptation and mitigation.

The scope of improvement in Indian green bond market is expanding rapidly. What is needed is the policy

initiatives supplemented with tax benefits, interest subsidies and capital relief to the issuers as well as investors. Some of the key actionable steps would be changing Insurance Regulatory and Development Authority norms for size of investment for insurance companies, creating mandates for provident funds to invest in infrastructure and environmentally sustainable projects, increasing the priority sector lending limit for bank loans under solar energy from a meager Rs.15 crore, standardizing the definition of green to be able to target government efforts in the direction, and mobilizing retail savings by way of tax exemption on the lines of Section 80CCF.

Green bonds are a game changer in financing of sustainability projects. Green bonds are a low carbon economy driver. Investors are progressively looking at decarbonizing their investment portfolio. As investments in green bonds grow, quality of life and health will improve ultimately leaving the world a much better place. ■

CEP Report

WIRC organised CEP on "Data Analytics and Role of CMAs in Financial Services" on 11th November 2016 at WIRC Office. CMA Umesh Karne (Director at ARMAAN Business Avenues LLP, Mumbai) was the speaker for the programme.

WIRC organised CEP on "Impact of Demonetization" on 18th November 2016 at WIRC Office. CMA Abhishek Kumar Singh, India Government Mint, Mumbai was the speaker for the programme.

WIRC had organised CEP on "Cybercrime Rok" on 26th November 2016 at WIRC Office. Mr. Shailesh Jaria, Cybercrime Rok Team was the speaker for the programme. CMA Kailash Gandhi, Chairman CEP Committee, was present on the occasion.

WIRC also organised CEP on "Ind AS Convergence and Common Transition issues" on 27th November 2016 at Thane SMFC. Mr. Sachin Khopre - Sr. Manager, Reliance Industries Ltd was the speaker for the programme. CMA Debasish Mitra, CEP Convener Thane SMFC was present on the occasion.

Programmes were well attended by members in Practice and Industry.

Pune Central CEP Study Circle

| | |
|----------------|---|
| Topic | : "Understanding Draft GST Law" |
| Speaker | : CMA V. S. Datey. |
| Date | : 17th December 2016 |
| Time | : 5.00 p.m. to 8.00 p.m. |
| Venue | : Brihan Maharashtra College of Commerce, Shivaji Nagar, Pune |



Legal Maxim (Continued)

CMA N. P. Viswanathan

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- **alien** : One relating, belonging or owing allegiance to another country or Government
- **alienatio rei prefertur juri accrescendi** : The law favours the alienation rather than the accumulation of property.
- **alienation in mortmain** : The alienation of land to any corporation
- **alieno solo** : In the land of another
- **alio intuitu** : With a motive other than the ostensible and proper one
- **aliquis non debet esse judex in propria causa, quia non potest esse judex et pars** : A person ought not to be judge in his own cause, because he cannot act as judge and party
- **aliter** : Otherwise
- **aliud est celare - aliud tacere** : Silence is not equivalent to concealment. But active concealment is equivalent to a positive statement that the fact does not exist, and is a deceit.
- **aliud est distinctio, aliud separatio** : Distinction is one thing, separation is another
- **aliud est possidere, aliud esse in possessione** : It is one thing to possess, another to be in possession
- **aliud est vendere, aliud vendenti consentire** : To sell is one thing, to consent to sell is another
- **aliunde** : From elsewhere, from another source; from another place or person
- **allegans contraria non est audiendus** : He who makes statement mutually inconsistent is not to be listened to; A man shall not be permitted "blow hot and cold".
- **allegans suam turpitudinem non est audiendus**: A person alleging his own infamy is not to be heard
- **alter ego** : One's second self
- **alterum tantum** : As much more
- **ambiguitas verborum latens verificatione suppletur nam quod ex facto oritur ambiguum verificatione facti tollitur** : A latent ambiguity in the words of a written instrument may be explained by evidence; for it arose on evidence extrinsic to the instrument and it may, therefore, be removed by other similar evidence.
- **ambiguitas verborum patens nulla verificatione excluditur**: A patent ambiguity in the words of a written instrument cannot be cleared up by evidence extrinsic to the instrument.
- **ambulatoria est voluntas defuncti usque ad vitae supremum exitum** : The will of a deceased person is ambulatory until the latest moment of life.
- **amicus curiae** : A friend of the Court; a distinguished adviser, not a party to the case. The Supreme Court may hear any person who is not a party to the case where the nature and importance of the question before the court would require the assistance of such person
- **amour propre** : Self esteem.
- **animo testandi** : For the purpose of attesting. The act attesting must be done animo attestandi i.e., for the purpose of attesting and that the attesting witness had seen the executant signing the deed; in other words, if a person puts his signature for some other purpose, i.e., to satisfy that he a scribe or an identifier or a Registering Officer, he cannot be shown as an attesting witness.
- **animus** : Intention
- **animus cancellandi** : The intention of cancelling
- **animus dedicandi** : The intention of dedication
- **animus et factum** : The combination of the intention with the act
- **animus manendi** : The intention of remaining which is material for the purpose of ascertaining a person's domicile
- **animus possidendi** : The intention to possess and exclude others is necessary to acquisition of title by adverse possession
- **animus quo** : The intention with which
- **antedate** : To date back
- **apices juris non sunt jura** : Legal principles must not be carried to their most extreme consequences, regardless of equity and good sense.
- **appertain** : To belong to by right, association or fitness; as laws that appertain to commerce
- **arbitrium** : Power of decision
- **arbitrium est iudicium boniviri, secundum aequum et bonum** : An award is a judgment.

(Courtesy : CBDT, D of R, M of F, GoI)



Hedge Accounting as per IND-AS

Rahul Magan

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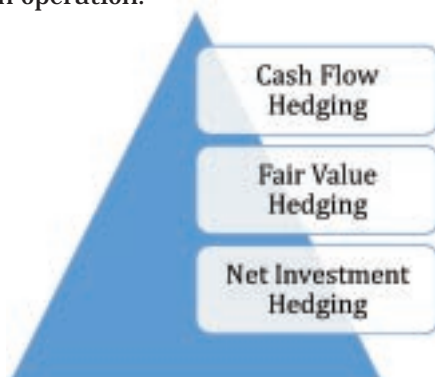
Purpose of the Article: Hedge accounting is a method of accounting where entries for the ownership of a security and the opposing hedge are treated as one. Hedge accounting attempts to reduce the volatility created by the repeated adjustment of a financial instrument's value, known as marking to market. As per IND-AS Hedge Accounting is done via Indian Accounting Standard IND-AS 109 which covers all sorts of Derivatives Instruments.

Sitting today Corporates across India are taking 3 types of hedges like Cash Flow Hedges, Fair Value Hedges also known as Balance Sheet Hedges and Net Investment Hedging.

Cash Flow Hedging : Cash Flow Hedging is done to protect Cash Flow positions of the Company from change in the exchange rate fluctuation. Take an example - Indian IT Industry is generating \$ 150 Billion of Foreign Currency Revenue where by majority of the cost is in INR however receivables is in Foreign Currency henceforth they are doing Cash Flow Hedging to protect their Foreign Currency Receivables from change in exchange rates.

Fair Value Hedging : Fair Value Hedging is the hedging of exposures of all Foreign Currency Receivables and Payables in your books which are subject to revaluation and subject to hit either credit and debit side of P&L. Fair Value Hedging is done either in Offshore Treasury Centres like New York, London, Singapore, Australia (Melbourne, Sydney), Tokyo, Hong Kong, Dubai, Philippines and Malta Financial Centre or local currency books.

Net Investment Hedging : Hedge accounting of the foreign currency risk arising from a net investment in a foreign operation will apply only when the net assets of that foreign operation are included in the financial statements. The item being hedged with respect to the foreign currency risk arising from the net investment in a foreign operation may be an amount of net assets equal to or less than the carrying amount of the net assets of the foreign operation.



The new hedge accounting model under Ind AS 109 Financial Instruments will allow entities to reduce profit or loss and balance sheet volatility by applying hedge accounting in more circumstances. The change in accounting treatment is expected to prompt some companies to review their risk management activities which may have been previously restricted for the purpose of hedge accounting.

Currently, Indian accounting standards do not have a comprehensive framework for derivative instruments and hedge accounting. The current accounting for forward exchange contracts used to hedge existing balance sheet exposures is governed by AS 11 the Effects of Changes in Foreign Exchange Rates. Entities were also allowed to manage volatility in profit and loss by optionally adopting hedge accounting described in AS 30 Financial Instruments: Recognition and Measurement.

Going forward, for entities that transition to IndAS, hedge accounting will be done as prescribed by Ind AS 109. The new model will more closely align an entity's hedge accounting with its risk management, resulting in more useful information for users of financial statements. The requirements are less rules-based than before and allow companies more opportunities to mitigate earnings volatility.

Key aspects of Hedge Accounting : Every Hedge Accounting is having 2 aspects where by one is Exposure and other is Derivatives.

Exposures could be Foreign Currency Receivables, Foreign Currency Payables, Inter Company Accounts Receivables, External Commercial Borrowings (ECB) loans, Foreign Currency Cash or respective. Well out of the same Foreign Currency Receivables, Inter Company Settlements as well as ECB loans qualifies for Cash Flow as well as Fair Value Hedging in the books of Corporates.

Derivatives used to hedge aforesaid exposures could be Plain Vanilla Forwards Contracts which are further divided into 3 parts - Short Term Forwards Contracts, Medium Term Forwards Contracts or Long Term Forwards Contracts. Options Derivatives which are further divided into Plain Vanilla Options Derivatives , Options Payoffs Strategies like Range Forwards(Exporters), Range Forwards (Importers), Seagull (Exporters), Seagull (Importers), Bullish Call Spread, Bearish Call Spread, Bull Put Spread, Bear Put Spread , Digital Options, Knock in Knock Out Options and respective.

IND-AS (AS 109) - Hedging using Options Derivatives : Under the new standard, the accounting treatment of option contracts designated as hedging instruments would be less volatile in profit or loss. The new requirements apply to a variety of vanilla and

structured option contracts including those that hedge commodity price risk, interest rate risk and foreign exchange risk.

The fair value of an option consists of the intrinsic value and the time value. When using option contracts for hedging, only the intrinsic value is used for offsetting the fair value changes attributable to the hedged risk. Entities may designate an option as a hedging instrument in its entirety, or may separate the time value and designate only the intrinsic value. There is no change to this approach.

However, under AS 30, the change in time value was recognized in profit or loss either way -

(I) if the option was designated in its entirety, there was greater ineffectiveness resulting in a failed prospective assessment test with possible discontinuation of hedge accounting

(II) If only the intrinsic value was designated, the time value would be accounted for at fair value through profit or loss, resulting in volatility in profit or loss.

What has changed in IND-AS?

Ind AS 109 does not change how an option is designated in a hedge relationship i.e., in its entirety or just the intrinsic value. However, the new standard requires the change in the time value of an option, which can be volatile, to be recognised initially in other comprehensive income (OCI) with subsequent recognition as a basis adjustment or in profit or loss on a more predictable basis (e.g. amortised over the life of the hedge or recognised as a single amount when the hedged item affects profit or loss).

Hedge Effectiveness Testing: -United States and International accounting standards require testing "hedge effectiveness" by measuring the alignment of the change in fair value of the two components comprising a hedge:

1. The hedged item, and
2. The hedging instrument.

A hedge is effective from an accounting perspective if and when the change in fair value of (1) and (2) are closely aligned. Otherwise, gains or losses reported for the hedge accounting election could be disallowed, with the ineffectiveness having a potentially significant impact on earnings.

Types of positions that may require hedge effectiveness testing

Categorizing a hedge can be important for determining the appropriate accounting treatment. Types of hedges and examples of each include:-

Cash flow hedges

- Interest rate swap to transform floating debt to fixed debt
- Forward-starting swap to fix the interest rate on future debt
- FX forward to lock in USD-equivalent cash from foreign revenues
- FX collar to limit risk outside a band on foreign-denominated payments

- Commodity future (or swap) to lock in price of inputs to production
- Commodity options to reduce volatility of future sales

Fair value hedges

- Interest rate swap to transform fixed to floating new debt
- Interest rate swap to transform fixed to floating extant debt (late hedge)
- Commodity futures to unlock price of firmly committed fixed-price purchases (effectively hedging fair value of existing inventory)

Hedge Accounting under IND-AS:

Hedge accounting relationships would no longer have to meet the 80-125% offset criteria previously required for prospective and retrospective effectiveness testing. Instead an entity would need to demonstrate that an 'economic relationship' exists between the hedged item and hedging instrument on a prospective basis.

This will reduce the burden of complying with the hedge accounting requirements. Under Ind AS 109, provided the economic relationship is present at the beginning of each hedged period, come the end of the period, actual hedge ineffectiveness is measured regardless of the amount. For example, if the hedge happens to be only 60% effective, then that is the effectiveness recorded (unlike previously where no hedge accounting would be applied because it falls outside the 80-125% range). This change could result in more hedging relationships qualifying for hedge accounting, especially when combined with other changes to the requirements.

The changes introduced in Ind AS 109 should be well understood by not only the accounting function but also those responsible for risk management. Risk management policies should be reviewed in light of these changes and their effect on longer term risk management decisions considered. Furthermore, they should be considered as part of any planning and decisions around risk management, treasury and accounting systems.

Allowing hedge accounting for risk components in nonfinancial items will increase the scope for applying hedge accounting. However, greater judgement needs to be exercised when hedging risk components that are not contractually specified.

Analysis to demonstrate that the hedged risk component is separately identifiable and reliably measurable will be necessary. Once these criteria are satisfied, the next hurdle will be to demonstrate that the hedge is expected to meet the hedge effectiveness requirements, although these are less restrictive under the new model.

Author View : On Paper Hedge Accounting seems very fancy under IND-AS however is always very convenient to have Hedge Accounting as per IFRS as it covers majority of the exposures along with Hedge Accounting support to variety of Derivatives Instruments. CA members are advised to read IFRS guidelines comprehensively before going for IND-AS in their books. ■

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
NAVI MUMBAI CHAPTER

is glad to announce

FULL DAY SEMINAR ON GST

on Saturday, the 17th December 2016

Speakers :

CMA B. M. Sharma, Past President ICAI

CMA Ashok Nawal, Chairman Taxation Committee, ICAI

Venue:

Navi Mumbai Sports Association

Sec 1-A, Vashi, Navi Mumbai 400 703

For Further details :

Please Check Website : www.nmcca.in

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

WESTERN INDIA REGIONAL COUNCIL

CONTINUING EDUCATION PROGRAMME

Topic : GST Revised Model Law and Implementation
 Date : Saturday, 10th December 2016
 Time : 4.00 p.m. to 7.00 p.m.
 Venue : WIRC Office Hall, Rohit Chambers, Janmabhomi Marg, Fort, Mumbai 400 001
 Speakers : CMA Harshad Deshpande, RCM & CMA Laxman Pawar, RCM
 Fees : Rs.200/-

Programme Schedule

| Time | Topic |
|------------------------|--|
| 4.00 p.m. to 5.15 p.m. | Discussion on Revised Model GST Law and impact thereof by CMA Harshad Deshpande, RCM |
| 5.15 p.m. to 5.30 p.m. | Tea Break |
| 5.30 p.m. to 6.45 p.m. | GST Implementation by CMA Laxman Pawar, RCM, |
| 6.45 p.m. to 7.00 p.m. | Question Answer session |

(2 CEP Credit hours will be provided)

We have limited seats and it will be on first come first basis.

For Registration :

Send email to WIRC: wirc.admin@icmai.in

Or Message (Name & M/ship No.) P. D. Enquiry Mobile : 88281 77346



Rising LIBOR – Hedging Cost of Chinese Companies

Rahul Magan

Contact: +91- 98992 42978 • E-mail: rahulmagan8@gmail.com

Today we are living in very exciting times when Bond Traders keep guessing whether Federal Reserve would rise rates or not. Last Friday we saw biggest drop in the US Stock markets where by Traders lost the hope of having risen in the rates by Federal Reserve and subsequently UST yields started rising as Traders expecting Volatility in UST Trading.

Rise or no rise LIBOR is inching up. LIBOR is London Interbank Offered Rates. It is the rate at which one bank would go for unsecured funding to other Bank. Sitting today LIBOR is published in 5 Currencies and 15 Denominations which is ON, Spot, Tom, 1 Day till 1 Years. As Libor is getting rising so is the cost of Receivables, Payables, Loans specially Syndicated Funding, Leveraged Buyouts, Structured Debt in the books of Corporates who are not yet hedged.

According to a Research published immediately during the period of LIBOR Scandal where by all US, European Banks played key role. LIBOR served as key benchmark for \$ 1700 Trillion of Derivatives across the Globe. As a Trader you can very well estimate the Mark to Market in the books of Banks if Libor would move by 1 Bps.

As per the research available in the markets Chinese Companies are having \$ 685 Billion of Foreign Currency Debt in their books and majority of the portion of the debt is unhedged. Sitting today 6 Months Libor trading at .84% and if Fed would raise the rates then it would move up say 1% or would be 1.25%. Such actions by Fed would create lots of Carry opportunities for Carry Currencies like Australian Dollar, Indian Rupee, Japanese Yen, Singapore Dollar and Indonesian Rupiah.

In this article we are quoting 6 Months Libor as this is used for pricing of all Interest Rate Swaps specially G7 Currencies like Principal Only Swaps (POS), Coupon Only Swaps (COS) and Cross Currency Interest Rate Swaps (CCIRS).

In this article we are taking a case as How Chinese Companies can hedge their \$ liability in the books say 5 Years tenor?? We are also assuming that \$ Liability is of \$ 1 Billion in the books which Chinese Company would like to convert in Yuan. In nutshell we are converting \$ Liability into Yuan Liability henceforth such types of Swaps often termed as "Reverse Dollarization Swaps " in Interest Rate Derivatives Markets. Assuming Liability is taken at L+120 Bps from UBS Singapore as External Commercial Borrowings (ECB).

Sitting today which is 12th Sep 2016 Yuan is trading at 6.68 and 5 Years Forward Premium is Trading at 52 Bps

so effectively you would be having 5 Years Outright Rate as 7.20/ \$.

Step 1 : Chinese Company would hand over \$ 1 Billion to local subsidiary of UBS Singapore which is UBS Shanghai at cost of 52 Bps per year. Which means every year Chinese Company would pay 52 Bps or equivalent % to UBS Shanghai on the amount \$ 1 Billion * 6.68 = Yuan 6.68 Billion.

Total Interest payment would be 52 Bps/6.68 = 7.78%. This way Chinese Company would pass FX Volatility of the Principal of \$ 1 Billion to UBS Shanghai.

Step 2 : This step Chinese Company would cover their Interest Rate Exposures as they are exposed to LIBOR. They would enter Coupon Only Swaps with UBS Singapore whereby they would pay fixed rate which is 1.26%. In this if LIBOR would move up or down Chinese Company obligation is 1.26% + 1.20% (Spread) = 2.46%. We should note that Interest still to be payable in \$ terms.

Combination of both Step 1 as well as Step 2 is known as Cross Currency Swaps or Full Swaps where by Chinese Company would be able to hedge their \$ Liability into Yuan liability also known as Reverse Dollarization Swaps.

As we understand that Libor is inching up so would be the cost henceforth all Corporates across Asia are advised to hedge their Interest Rate exposures.

OBITUARY



CMA Ashiwini Gupta (M/38873), Krishak Bharati Co. Operative Limited (A Fertilizer Manufacturing Unit), left for his heavenly abode on 16th October 2016 at the age of 51 years.

May his family have the courage and strength to overcome the loss and may the departed soul rest in peace.

CHAPTER NEWS

AHMEDABAD

Help Desk Counter at UCO Bank

Chapter has started help desk to facilitate common people for filling form for exchange of currency note and cash deposition at UCO Bank, Ellisbridge, Ahmedabad branch on 17/11/2016.

CEP Program on 15/11/2016: Chapter has organized CEP on 15/11/2016 on "Impact on Indian Economy due to demonetization High denomination currency". CMA Vinod Savaliya, Chairman of Chapter has welcomed speakers and members. CMA Ashwin Dalwadi, Chairman of PD committee welcomed Prof. Hasmukh Shah and CMA Pradip Tulsian by offering bouquet and memento. Senior Prof. Hasmukh Shah explained effect on Indian Economy in coming year and CMA Pradip Tulsian explained about various Income Tax section, where it will effect. There is also inter-action with the members for clubbing of Income.

AURANGABAD

Workshop on "Recent Trends in Cyber Laws & Security".

Chapter conducted Seminar on "Recent Trends in Cyber Laws & Security" on 25th November, 2016, Adv. Shrinivas Kulkarni (High Court -Aurangabad) was the speaker. Adv. Kulkarni explained about the various increasing trends in Cybercrimes due to digitalization along with the provisions of laws. CMA Bisheshwar Sen, the Chairman of Aurangabad Chapter welcomed the Hon. Speaker. CMA Girija Sankar Swaro, Secretary of the Chapter proposed vote of thanks.

The program was attended by various Industrialist, Senior Corporate Managers, CMA members of Aurangabad Chapter, Professors from Aurangabad Colleges like S.B., Deogiri and Vivekanand College and from JES College of Jalna, Moreshwar College of Bhokardan, M.S.S. College of Ambad along with other respected dignitaries.

Panel discussion - Demontisation

A panel constituted by the Chapter discussed the issue of demonetization and its impact on Indian Economy. CMA Suresh Pimple, CMA Khandalkar, AGM IDBI Bank and CMA Rajendra Zanvar were on panel. CMA M.R. Pandit co-ordinated the discussions.

CMA Pandit initiated the discussion describing the back ground and raised the matter that how black money is created in economy and how the life of citizens is ill affected by the menace of black money.

The current discontent on non-availability of notes for day to day life is causing hardship to the ordinary people, causing discontent against the decision in society.

Leaving the popular feelings on either side the panel is required to discuss the short term and long term impact of the decision on the Indian economy. The panel discuss that in very short term the impact on economy is negative. The wheel of the progress has come to standstill as ordinary people are not able to make the small transactions also and therefor small/medium and service industry are not in a position to work as there is no cash to pay their vendors, workers and other expenditures.

Banks are flooded with deposits on which they will incur loss being idle money with them. Interest rates may come down but

demand from consumer getting suppressed. People on interest earning like pensioners will have tough time to fulfil their needs. However, it was noted that Government and banks are taking action to reduce hardships and position is getting relaxed with every passing day.

However, in long run the economy will prosper as cheap capital will be available to businesses from bank and also from market. This will increase demand and employment. Black money even if not fully curtailed but will be sizeable reduced as black money is not fully in cash but in other assets also. However, the Government taking other slews of measures like Real Estate Regulatory Authority bill, Benami Property bill etc. which will further reduce the black money.

USA has prospered after demonetization after 1969. However, Soviet Union failed in 1991 and broken into 17 nations. UK in 2nd World war demonetized its currency to counterfeit enemy attempt of counterfeit currency. Many other small economies have also tried this and failed. But looking into size of our country at the most we can say Government has taken risk and hopefully good things will happen. The Audience raised many questions and they were appropriately replied by the experts. The audience included the professionals, students, professors and industry managers.

CMA Sen, Chairman, Aurangabad Chapter concluded the discussion and Secretary CMA Swaro expressed the vote of thanks. Chapter office bearers CMA Rane and CMA Bhangale, CMA/CS A.R. Joshi were present and participated in the discussions.

BHOPAL

A seminar on Ind AS was conducted by Bhopal Chapter of Cost Accountants at Hotel Rajhans Regent, Bhopal on 23.10.2016. CMA B L Saboo, CFO of NHDC Ltd inaugurated the seminar and elaborated the practical challenges faced by the Indian companies in the process of implementing Ind ASs. CMA RanjanSatpathy, Deputy Manager (Finance), NHDC Ltd was the other key speaker at the seminar. CMA Satpathy made comparative presentation of the Indian GAAP and the Ind ASs with practical examples. In the beginning CMA Laxmikant Vijayvargiya, the Chairman of the Chapter welcomed the Guests and emphasized the need to update the knowledge on Ind ASs. CMA Yogesh Chourasia, the Secretary of the Chapter delivered the vote of thanks.

Bhopal Chapter's support to the Demonetization move

The Demonetization move by the Honorable prime minister has been welcomed by our Institute and in order to show solidarity with the common people standing in queues for depositing and exchanging their old Rs 500 and Rs 1000 notes, Bhopal Chapter of Cost Accountants had made arrangements for distribution of pens and water bottles to the people at various banks. The team led by CMA Ritesh Sharma, the senior faculty of the Chapter visited the Jawahar Chowk branch of State Bank of India and Union Bank of India on 17.11.2016 and distributed pens and water bottles to the people standing in the queues before the cash counter.

INDORE-DEWAS

In order to continuously update members on current issues and keeping in view the interest of professionals, Chapter organised

a CEP on 19th November 2016 on "Demonetization of Currency & its impact". CMA Vineet Chopra, Chairman of the Chapter welcomed the participants and introduced the speaker CMA Vijay Assudani, High Court and Supreme Court Lawyer. The speaker highlighted the legal provisions of Income tax, RBI and its impact on demonetization of currency on economy, common-man and business. The program was quite interactive and interesting. Also, on the same day, second topic of discussions was held on 'Registration and Returns under GST'. CMA Vineet Chopra was the discussion leader, discussions were illustrative and interactive. Program was well attended and appreciated by the participants. CMA S N Mundra felicitated the speakers and CMA Niranjana Shastri proposed the vote of thanks.

KALYAN-AMBERNATH

Help Desk for Smooth Switch over to New Currency

Chapter constituted Help Desk to provide following services to citizens for smoothswitch over new currency notes.

1. Arranged for Xerox copies of forms for exchange of currency notes.
2. Educated students for guiding public in the area of Chapter and other residential and nearby banking areas.
3. Done Counselling to the citizens feeling depressed and helpless.
4. Gave timely information to public about dispensing of cash at different locations
5. Helped and guided public to fill in Forms for exchange of currency notes.

Managing Committee, Faculty, Staff, and students have participated wholeheartedly in organizing help desk to guide citizens and to show solidarity with the Government

Career Counselling Programme

On 12/11/2016 Chapter visited Friends Commerce Classes, Ulhasnagar for delivering lecture on prospects of joining CMA course for undergraduate students. CMA Gopichand B. Shamnani, Managing Committee Member delivered lecture informing students about Foundation, Intermediate and Final levels of the course. He informed the students about introduction of new syllabus 2016 w.e.f from 1st August 2016. He also informed students about employment opportunities in Govt. and Private sector after completing the CMA Course. Mr. Raju P.C. Executive Secretary of Chapter gave details for getting admission to the course.

NASHIK

Career Counselling Programme

Chapter had organised Career Counselling Programme on 26th November. 2016 at Ashoka Education Foundation, Nasik. The speaker was CMA Pradnya Chandorkar, Chairperson of Nasik Ojhar Chapter and CMA R.K. Deodhar Vice Chairman of Nasik Ojhar Chapter.

CMA Pradnya Chandorkar gave details of our Institute as well as information about New Syllabus to the students. CMA R.K. Deodhar explained not only about the CMA Course but also the information about the moral aspects in order to pursue the desired professional course. The feedback of the students was very well. The programme was coordinated by CMA Prashant Yeole, Secretary, Nasik-Ojhar Chapter.

NAVI MUMBAI

CEP on Impact of Demonetisation

On 20th November'16, Chapter conducted CEP on a very relevant and hot topic of "Impact of Demonetisation". CMA Abhishek Kumar Singh from India Government Mint, Mumbai spoke on the said topic. There was a very good interactive session with the audience. He explained in detail what is monetisation, demonetisation, re-monetisation and withdrawal. The impact of the 8th November 2016 announcement was also lucidly explained. The audience very much appreciated his talk.

CMA Vivek Bhalerao (Chairman - PD committee) introduced the speaker, and vote of thanks were proposed by CMA L. Prakash (Chairman). CMA Asit Ganguly, Vice Chairman, and CMA Anil Jha, Secretary felicitated the speaker

Career Counselling at Barns College, Panvel

On 26th November 2016 Chapter conducted, a Career counselling session for more than 100 Commerce Students of Barns College, Panvel. CMA Vivek Bhalerao gave a power point presentation to the Students on the lines provided by the Head Quarters. The students patiently heard and were very happy to note that a Professional Degree can be had at a very low cost. They were informed that the CMA Profession is well accepted in all types of Industries. Also, with CMA Qualification one can independently start as Practising Cost Accountant who can carry out practice in the field of statutory areas like Cost Audit as well as non statutory areas like Management Consulting. The faculties were interested too.

CMA B N Sapkal & CMA Sirish Mohite also addressed the Students highlighting the importance of having a CMA Qualification. especially in the Current scenario. CMA Anil Jha interacted with the Students for collecting their Names, Contact Details and also their feedback on the Counselling Session. Prof (Ms) K.D. Shara of Barns College provided the much needed support.

Help Desks near Banks to Help Common Man

Chapter had opened help desks in association with Ramsheth Thakur College, Kharghar and K. B. Patil College, Vashi to help common man who is facing hardship due to demonetization of 500/1000 currency notes.,

The helpdesks operated near the following banks:

- 1) Indian Overseas Bank, Sanpada
- 2) Bank of Baroda, Vashi
- 3) Bank of India, Kharghar
- 4) Punjab National Bank, Kharghar
- 5) Vijaya Bank, Vashi

The helpdesks catered to the burning needs of the people like guiding them on the rules of demonetization, filling up exchange forms / pay-in-slips, providing water / biscuits etc. Many people expressed their gratitude and pleasure over working of these helpdesks. The Bank Managers have also appreciated the efforts.

Special Thanks to CMA L. Prakash, (Chairman of the Chapter), CMA Anil Jha (Secretary of the Chapter), CMA Vivek Bhalerao (Ex Chairman of the Chapter), Prin K.G. Tapase, Prof Anjali Paulastye (both from Ramsheth Thakur College), Prof D. T. Shinde (K.B. Patil College). They all were instrumental in opening the help desks.

PIMPRI-CHINCHWAD-AKURDI

Seminar on GST -Implementation held on 12th, 19th & 26th November 2016

Chapter conducted series of CEP's on GST -Implementation from 12-Nov-2016 to 26-Nov-2016, every Saturday at CMA Bhawan, Pimpri, Pune.

12th November 2016: CMA Ashish Deshmukh, Chairman gave welcome speech and felicitated speaker CMA L D Pawar, RCM & Hon. Secretary of WIRC of ICAI and CMA Pradeep Deshpande.

CMA L D Pawar in his speech started with important steps for GST Implementation. In this session he explained how to do provisional registration under GST and what requisite steps to be followed both at MVAT and GST site.

Other topics discussed as below -

1. Migration of existing tax payers to GST,
2. E-enrolment Plan
3. FAQ for enrolment on GST migration etc.

Question-Answer session was conducted during the session. Many members have cleared their doubts regarding new registration under GST. Session was well interactive. The seminar was attended by members in practice, members from industries, professionals in large numbers. CMA Mahindra Bhombe, Vice-Chairman gave a vote of Thanks.

19th November 2016: CMA L D Pawar, RCM & Hon. Secretary of WIRC of ICAI, CMA Pradeep Deshpande and CMA Mahindra Bhombe were the faculties for this session.

CMA L D Pawar in continuation with the session focused on understanding the basic concepts of GST. He also explained about documents required at the time of registration under GST. He explained about new portal www.gst.gov.in for migration of existing tax payers. All faculties were discussed on various issues with the audience during the session. Member in practice, industries, professions were satisfied for this session. The program was ended with vote of thanks.

26th November 2016 : CMA Pradeep Deshpande explained about changes in revised model GST law published by government on 26-Nov-2016.

CMA L D Pawar in his session covered following topics -

- Impact Analysis & Strategy
- Stock Verification
- Carry forward of Cenvat /Set off Balances
- Invoicing under GST
- Master data correction and updation in IT system

All participants have requested for continuation of CEP series on Implementation of GST. The program ended with vote of thanks.

Help Desk for demonetization

The Institute of Cost Accountants of India congratulates Hon'ble Prime Minister of India, Shri Narendra Modi for his bold and path breaking decision to demonetize Rs.1000 and Rs.500 currency notes, in order to curb the menace of Black Money for the economic development of the Country in general and poor in particular. The Institute assures that the resolve of the current Government against corruption, black money and counterfeit notes will go a long way in cleansing the Nation's economic system.

Chapter has opened help desk center at bank premises to help the common man who is standing in long queues at banks to deposit, exchange or withdraw his hard earned money by showing good gesture of filling in the cash withdrawal / exchange form, educate them about the new currency regime.

Managing Committee Members, Faculty, Staff and Students have participated in this venture. This event was running under the guidance of CMA Ashish Deshmukh, Chairman - PCA Chapter. All members have fulfilled their social responsibility during the undertakings. All peoples as well as staff from banks have satisfied for the support given by the members of PCA Chapter.

CMA Career Counselling Month - November 2016

CMA Kaushik Banerjee, Secretary, The Institute of Cost Accountants of India has declared November-2016 as CMA Career Counselling Month which is an opportunity for Regions, Chapters and CMASC to educate and aware the students in particular and society at large about CMA Profession, CMA Curriculum, the role CMAs play, and the contributions CMAs offer towards socio-economic development to fulfill the dream mission of 'Make in India'.

In view of this, Chapter has conducted Career Counselling program on 28th November 2016 at Kendriya Vidyalaya, Khadki, Pune for 11th and 12th commerce students. The program started with video clip about CMA Career. CMA Sandhya Nair has delivered lecture informing students about Foundation, Intermediate and Final levels of the course. She informed the students about introduction of new syllabus 2016 w.e.f. from 1st August 2016. She also informed students about employment opportunities in Govt. and Private sector after completing the CMA Course. Mrs. Sangitha Gutain - Principal of Kendriya Vidyalaya was so inspired for the career counselling program conducted for their students and she assured us to continue this in future also. There are 50-60 students present for the program

PUNE

Students' Day Programme

Chapter celebrated on 16th October 2016 as Students' Day at Auditorium Hall, PVG;s College of Engineering and Technology, Pune.

Continuing the tradition of inviting Ex-servicemen or related persons, the Chapter invited Mrs. Anuradha Gore, heroic mother of Late Captain Vinayak Gore, Principal (Retd), R N Podar School, Mumbai as the Chief Guest & Dr. Pusha Ranade, Principal, Shri Siddhivinayak Mahila Mahavidyalay Pune was the Guest of Honor for this event.

Guest of Honors Dr. Pusha Ranade explained the challenges in the current education system and also explained the changes required to be done in the same. In her Chief Guest Speech, Anuradha Gore Madam explained various aspects of Siyachen and Indian Army. She also explained about the surgical strike by Indian Army. She also narrated her various experiences during the motivational programs in various schools, colleges and other institutions. The speech was so inspiring that audience gave her standing ovation after the speech.

CMA Chaitanya Mohrir, explained the Scholarship/ Loan Scheme introduced by ICAI Pune Chapter. After that Scholarship and prizes to successful students were distributed at the hands of Chief Guest, Guests of Honour and other

dignitaries to the prize winners. After this, Cake cutting ceremony was performed for the successful students.

At the end Vice Chairman proposed vote of thanks. Students' representatives Mr. Gurunath Torangi and Miss Sayali Patil did the comparing of the entire programme.

The prize distribution ceremony was followed by the variety entertainment program by the students. Everyone applauded the mind blowing performances of the students. The program ended with National Anthem.

"Workshop on GST" : Chapter organized 2 sessions on 'Workshop on GST' in the month of October 2016 & November 2016 with an overwhelming response from members in practice & industry and various working professionals. More than 90 participants attended the programs. Faculties for the sessions: CMA V.S. Datey; CMA Dr. S. R. Bhargave; CMA Nikhil Kolhapure & CMA Rahul Chincholkar.

The trainers included varied practitioners & a mix of marvellous experience, and different age groups, in the field of Indirect Taxation which gave the participants a deep knowledge sharing & multidirectional views on the model GST law & regulation.

CMA V. S. Datey covered background & overview of GST and constitutional amendment, and other topics.

CMA Dr. S. R. Bhargave covered taxable event, supply of goods/ services, exemption & composition schemes, Place & time of supply, Input Tax Credit, and other topics.

Basic procedures with respect to registration, payments, refunds, demands, adjudications, appeals & other applicable rules were briefly covered by CMA Nikhil Kolhapure and topics on Returns, assessments, Audit, E-commerce & other applicable rules were covered by CMA Rahul Chincholkar. Impact on Economy, How to get ready for GST and numerous practical questions of the attendees were discussed in the concluding session by the faculties. The workshop was one of the unique kind of sessions that covered the Model GST laws in various steps throughout the period of 6 lectures & 5 lectures in the month of October 2016 & November 2016 respectively with 3 hours per lecture. The overall feedback from the participants was 'Excellent' and insisted on conducting more such sessions.

Members Meet : Chapter had organized Members Meet on 19th November 2016. This meet was organized mainly to appraise the members about the recent activities done by the Chapter. In the welcome speech, Chairman of the Chapter gave the details about the admission statistics for the current session and various initiatives being taken by the chapter to improve the admissions. He also informed members about the starting of new coaching facility for Foundation Students at Shri Sidhivinayak College. Vice Chairman of the Chapter explained about the Scholarship Scheme and scholarships given to the students. CMA Anant Dhavale then requested Past President CMA D. V. Joshi to give a brief about CMA Bhawan Pune. He explained the entire history right from purchase of Land till the High Court Order permitting the start of construction work. He also explained that necessary documents for financial assistance and other requirements have been sent to HQ and very soon the construction activity will be started by the selected contractor. Managing Committee members of Pune Chapter, Past Chairman of ICAI Pune Chapter, CMA Rasamoy Chakraborty and other members attended the meet.

SOLAPUR

Chapter have opened Help Desk in the premises of State Bank of India, Balives Branch, Solapur with the permission of Bank since 15th Nov., 2016 to 18th Nov., 2016. It is the main branch and holds currency chest of SBI in Solapur District. We are trying to fulfill our duty to walk shoulder to shoulder with Government and to extend the professional expertise for reshaping the economy in order to make India a perfect destination for Business, investors & Industry and also to build a cleaner environment for the future generations.

CMA N. K. Alwal, Chairman, CMA Srinivas Diddi, Vice Chairman, CMA Raghunath Kshirsagar, Secretary, CMA Murali Iyengar, Treasurer, CMA Amol Kshirsagar, CMA Shivraj Chikkali, CMA N.D. Dontul and Shri S. S. Budhalkar, Co-ordinator, Solapur Chapter have actively participated to make this event successful.

All CMA members, Staff, and students of Chapter have helped the public and customers of the bank in the following manner:

1. Filling up the Currency exchange form.
2. Guiding the Customer for taking Xerox copies of Aadhar card / pan card.
3. Filling up the Deposit slip form.
4. Educating the public regarding demonetization.
5. Counseling the Public and giving information about other nearby banking locations.
6. Educating the Students for guiding citizens in their surrounding area.

Regional Manager, Chief Manager and other officials of SBI, and common peoples, customers have appreciated us for helping the people through Help Desk and also expressed their thanks for this service rendered by us.

SURAT-SOUTH GUJARAT

Press Meet : As per the Guidelines by the President of the institute, CMA Manas Kumar Thakur, Chapter organized a Press Meet with local Media (newspapers & TV Channel) on 19/11/2016 at Chapter's Conference Hall at 4:00 pm. 10 press Reporters and photographers attended the Press Meet. CMA Manubhai Desai, Chairman of the Chapter and CMA Amish Parmar, Treasurer of the Chapter represented from the Chapter's side and gave message of our institute on Demonetization and assured on behalf of all CMAs to walk shoulder to shoulder with government of India and extend the professional expertise for reshaping the economy. There was a live interaction between the press members & the office bearers of the chapter. The Newspapers & local TV Channel gave wide coverage of the press meet.

CEP on "Is It Demonetization?-Impact & Issues"

A CEP on "IS IT Demonetization?-Impact & Issues" was organized by Chapter on 27/11/2016 at Chapter's Office. CMA Abhishek Kumar Singh, India Government Mint, Mumbai, was invited as a Faculty for the CEP. CMA Abhishek Kumar Singh dealt in details about the Topic and firmly believed that it is not full demonetization but remonetisation of Rs 500 currency monetization of Rs 2000 and demonetization of Rs 1000 currency. He in his lucid and simple language dealt with in details, the impact & issues on common people economy at large and impact on taxation and capital market. Members from service and practice, including Final Course students participated actively in the CEP Programme. Vote of thanks was offered by CMA J T Parmar, Secretary of the Chapter.

CMA Career Counselling Month

View of the Career Guidance lecture conducted by WIRC at various Kendriya Vidyalayas & Commerce Colleges in Mumbai



Kendriya Vidyalaya Colaba - CMA M. S. Chandani



Kendriya Vidyalaya Colaba



Kendriya Vidyalaya Kanjurmarg -
CMA Shailaja Balamurali



Kendriya Vidyalaya Kanjurmarg



Kendriya Vidyalaya Kolshet, Thane -
CMA Shailaja Balamurali



Kendriya Vidyalaya Kolshet, Thane



Kendriya Vidyalaya Mankhurd - CMA V. V. L. N. Sastry



Kendriya Vidyalaya Mankhurd



Kendriya Vidyalaya Panvel - CMA Vivek Bhalerao



Kendriya Vidyalaya Panvel



Raheja College of Commerce, Santacruz -
CMA M. S. Chandani



Raheja College of Commerce, Santacruz



SIES College of Commerce, Sion - CMA Shailaja Balamurali





CMA N. S. Acharya felicitating CMA Umesh Karne during CEP organised by WIRC on 11th Nov. 2016. Also seen CMA Kailash Gandhi, Chairman, CEP Committee, WIRC.



CMA P.D. Dani felicitating CMA Abhishek Kumar Singh during CEP organised by WIRC on 18th November 2016



Mr. Shailesh Jaria being felicitated by CMA V. B. Prabhudesai during CEP organised by WIRC on 26th November 2016 at Borivli SMFC. Also seen CMA Kailash Gandhi, Chairman CEP Committee, WIRC.



CMA Ravindra Joshi felicitating Mr. Sachin Khopre during CEP organised by WIRC on 27th November 2016 at Thane SMFC.



CMA Laxmikant Vijayvargiya, Chairman of Bhopal Chapter welcoming the delegates during seminar on Ind AS organised by Bhopal Chapter on 23rd October 2016



View of audience during seminar on Ind AS organised by Bhopal Chapter on 23rd October 2016

To



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