



WIRC BULLETIN

Hearty Congratulations !

Our New President
(2016-2017)



CMA Manas Kumar Thakur

Our New Vice-President
(2016-2017)



CMA Sanjay Gupta

OFFICE BEARERS OF WIRC OF ICAI FOR THE YEAR 2016-17



CMA Pradip Harilal Desai
Chairman



CMA Kailash R. Gandhi
Vice-Chairman



CMA Laxman D. Pawar
Hon. Secretary



CMA Shriram N. Mahankaliwar
Treasurer

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

Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.

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Glimpses of 284th Council Meeting held at Mumbai on 24th July 2016 for Election of New Office Bearers for the year 2016-17



CMA P V Bhattad, Immediate Past President ICAI congratulating CMA Pradip H. Desai, newly elected Chairman along with the team of WIRC Council Members



CMA Pradip H. Desai, newly elected Chairman being felicitated by CMA Debasish Mitra, outgoing Chairman



CMA Kailash Gandhi, newly elected Vice-Chairman being felicitated by CMA Debasish Mitra, outgoing Chairman



CMA Laxman D. Pawar, newly elected Hon. Secretary being felicitated by CMA Debasish Mitra, outgoing Chairman



CMA Shriram Mahankaliwar, newly elected Treasurer being felicitated by CMA Debasish Mitra, outgoing Chairman



Council Meeting in progress under the Chairmanship of CMA Pradip H. Desai



New Office Bearers of 2016-17 alongwith the CCMs and RCMs



New Office Bearers of 2016-17

From the Desk of Outgoing Chairman



Respected Members,

On 24th July 2016, I handed over the responsibility of WIRC to CMA Pradip Desai, one of our senior and respected Council Members. As informed in my last communication, WIRC is slowly and steadily coming out with flying colours during last two years, in many areas of profession development and I am confident that in near future WIRC and our profession will reach new heights and will continue to serve the Industry and society at large in all respect, with better vision and with more energy.

I believe that serving the Institute is not only serving the profession, but also serving the nation. I am sure that new Council under the leadership of CMA Pradip Desai will work positively towards that direction. I appeal to all of you to co-operate with him for fulfilling our dream to make our Institute as one of the best professional Institutes in India.

I have been bestowed with the responsibility of "Students, Members & Chapters Co-ordination Committee" and will also be associated with the Professional Development of the WIRC for 2016-17.

My appeal to all of you to :

- share your professional knowledge, experience among members and students on regular basis.
- contribute good resourcefull articles, case studies in WIRC Bulletin for next generation professionals.
- contribute positively to increase the visibility of our profession and Institute in society.

Lastly, thanks to all of you, for your kind co-operation for professional development of WIRC during my tenure.

With warm regards

CMA Debasish Mitra

Regional Council Member-WIRC

Two Days Seminar on 'Train the Trainers - on GST'

organised by Taxation Committee of ICAI
on Monday, 22nd & Tuesday 23rd August 2016
at Hotel VITS, International Airport Zone,
Andheri (E), Mumbai

Fees : Rs. 3,000/- only for CMAs.

For details please visit : www.icmai-wirc.in
Six CEP Credit Hours will be provided.

From the Desk of Chairman



Dear Members and Students,

It is my great pleasure to communicate to you as Chairman of Western India Regional Council for the first time. I am very much thankful to one and all and to the Regional Council of WIRC in particular for the confidence expressed by unanimously electing me as Chairman of WIRC for the year 2016-17. I feel happy to accept the baton as a Chairman from CMA Debasish Mitra in second year.

The Council and members have entrusted me a responsibility to lead the region and profession in positive direction. My work has been smoothened by my predecessor CMA Debasish Mitra by providing me a comfortable platform for the growth.

I also congratulate CMA Kailash Gandhi, CMA L.D.Pawar and CMA Shriram Mahankaliwar for being elected unanimously as Vice-Chairman, Secretary and Treasurer in WIRC. I am also confident to get full support from CMA Debasish Mitra, CMA Harshad Deshpande and CMA Neeraj Joshi other Regional Council members in WIRC and Central Council members of WIRC CMA P. V. Bhattad, CMA Amit Apte and CMA Ashok Nawal. I, on behalf of WIRC team, assure all of you to create more opportunities for our members and students.

I, on my behalf and on behalf of WIRC, convey hearty congratulations to CMA Manas Thakur -President and CMA Sanjay Gupta - Vice President of our Institute for the year 2016-17. I am confident that they will escalate our Institute and our profession to the new height under their able leadership. WIRC Team will extend full co-operation to them.

WIRC Team is committed to serve-

- 1) the members by providing more opportunities and competence,
- 2) the students by providing excellent coaching facilities, and
- 3) the profession by having visibility of profession, transparency and good governance.

It shall be our endeavour to increase the students' and members' strength - i.e. backbone of our Institute. We will extend our support and also seek support from all the chapters of WIRC in our commitments.

I appeal to the member/non-member Cost Accountants to contribute-

- 1) Articles in WIRC Bulletin,
- 2) in sharing your knowledge in programs/seminars in the areas of your domain, and

- 3) in providing placement opportunities in your organization for the job aspirants' students and members.

Ministry of Finance, Govt. of India has launched "Income Declaration Scheme 2016" under the leadership of our Hon. Prime Minister Shri Narendra Modiji. The last date for filing statement for the undisclosed income under the scheme is 30th September 2016. We shall conduct the programs and have advised our Chapters to conduct the programs in association with Income Tax authorities for creating awareness about the scheme. I request all of you to educate the people about the scheme. The FAQs in the matter are also available on the website of the Government. This will increase our visibility & justify our role in Direct Tax area.

In the month of July 2016, following programs were conducted for the benefits of our members.

1. CEP on 15th July 2016 at WIRC Office: "Role of CMAs in Present Scenario - with respect to Project Finance & Restructuring of Loans" by Mr. K.C. Jani, (Ex-ED - IDBI Bank)
2. CEP on 23d July 2016 at Thane SMFC : "Decoding the Model GST Law Key features of the draft Model GST Law" by CMA Ashok Nawal, Central Council Member
3. CEP on 23d July 2016 at Thane SMFC : " Amendment in the Companies (Cost Records & Audit) Rules, 2016" by CMA Harshad Deshpande - RCM of ICAI

We have started Oral Coaching Classes at Oral Coaching centers in Mumbai on 11th July 2016. WIRC Oral Coaching admissions are better than last semester. We will put exhaustive steps to increase the students' strength in next session.

Mumbai, being commercial capital of India, has its own importance in the economy of our country. WIRC will keep eyes on international, national, regional and professional events. We have formed Task force - Members in Industry and task force - State Government Representation to take care of these events.

We will focus on various programs and seminars to update about the developments and to promote our role in the new areas and building our skills in those areas as well as in the existing compliance and non-compliance areas like Cost Audit, GST, Bank Audits - Stock and Con-current Audit, Co-operative Audit, Internal Audit and so on. We understand that Members in service are much more in percentage over practicing Cost Accountants and it may be even more if consider Non-member Cost Accountants. We shall try to attract and attach those members in the region with our Institute.

I wish all the members, students and their family members "Happy Independence Day."

With warm regards,

CMA Pradip H. Desai



Application of Cost Accounting Principles to ascertain operating cost of Effluent Treatment Plant

CMA Rajesh Kapadia

In any company, effluent is usually generated by Its Filtered Water Plant, Demineralised Water Plant, Cooling Water Plant, Process Plant etc.

Any company usually has its own Effluent Treatment Plant to process the effluent generated by Filtered Water Plant, Demineralised Water Plant, Cooling Water Plant, Process Plant etc.

It is imperative for the CMA Department to ascertain the operating cost of Effluent generated by Filtered Water Plant, Demineralised Water Plant, Cooling Water Plant, Process Plant to allocate / apportion this operating cost to Filtered Water Plant, Demineralised Water Plant, Cooling Water Plant, Process Plant etc as well as to monitor, control & reduce operating cost of Effluent Treatment Plant.

This cost can be ascertained by preparing Cost Sheet as exhibited in Annexure-I

Following Cost Accounting Principles should be followed at the time of Preparation of Cost Sheet.

- (1) Monthly Report by Effluent Treatment Plant

Every Month Effluent Treatment Plant submits its monthly report to CMA Department in which following data are

mentioned.

Cost Centrewise Qty of Effluent Generated & Treated
Particulars of Chemicals Consumed by Effluent Treatment Plant

Electricity (Kwh) Used

- (2) Quantity & Value of Chemicals Consumed

Quantity of Chemicals will be available in the Monthly Effluent Treatment Plant Report.

There will be separate accounts code for Chemicals used for Effluent Treatment Plant. Value for these Chemicals can be picked up from amount appearing against these accounts codes.

- (3) Cost of Electricity

Usually Electrical Department submits Monthly Report to CMA Department showing Cost Centrewise Consumption of Electricity in which Electricity Consumption for Effluent Treatment Plant will be mentioned separately.

Same electricity units will also be mentioned in Monthly Report for Effluent Treatment Plant.

Electrical Department quantifies Cost Centrewise Consumption of Electricity either through actual Meter Reading or through Technical Estimates.

Here CMA Department can advise the management to put up Meters to exactly quantify Cost Centrewise Consumption of Electricity.

For Value of Electricity, usually CMA Department prepares one working sheet showing sourcewise electricity units & value & its weighted average rate.

So, this weighted average rate of electricity will appear in the Effluent Treatment Plant Cost Sheet.

(4) Cost of Employees

There will be some operators who only look after Effluent Treatment Plant. Their salary will be directly allocated.

Salary of Supervisory Staff, Executives who look after Effluent Treatment Plant as well as some other Utilities also will be apportioned to Effluent Treatment Plant on the basis of Technical Estimates of Time Spent.

Similarly, salary of Maintenance Staff who look after Effluent Treatment Plant as well as other Utilities will be apportioned between Effluent Treatment Plant & other Utilities on the basis of Technical Estimates.

(5) Consumable Stores

The CMA Department will allot separate Cost Centre for Effluent Treatment Plant.

All Consumable Stores issued to this Cost Center will appear in Cost Sheet as Consumable Stores.

(6) Repaires & Maintenance

Any Repaires & Maintenance carried out for Effluent

Treatment Plant during the month will be booked against Cost Centre of Effluent Treatment Plant and will appear in Cost Sheet of Effluent Treatment Plant as Repaires & Maintenance.

(7) Insurance

It will be available from Insurance Section. They have the records of Sum Insured for all Cost Centres & Premium Payable / Paid for all Cost Centres.

(8) Depreciation

It will be available from Central Accounting Section as that section maintains Fixed Asset Register.

For expenditure mentioned in (4) to (6) above, CMA Department should ensure that there is no incorrect booking of expenses against Cost Centre of Effluent Treatment Plant i.e. expenses pertaining to other Cost Centres should not be booked against Cost Centre of Effluent Treatment Plant.

For expenditure mentioned in (5) & (6) above, if expenditure in any given month is substantially high as compared to expenditure incurred in previous months then CMA Department should discuss the same with Head of Effluent Treatment Plant & if during such discussion, if it is found that it pertains to some other Cost Centres and that it is wrongly booked against the Cost Centre of Effluent Treatment Plant then necessary corrections should be made both in Financial Accounts & in Cost Accounts.

When the above mentioned Cost Accounting Principles are followed for preparation of Cost Sheet of Effluent Treatment Plant, it will result in ascertainment of operating cost of Effluent Treatment Plant with reliability & exactness.

Annexure-I : Cooling Water Cost Sheet for the Month of...

	Unit	Qty.	Variable Cost		Fixed Cost		Total Cost		
			Rate	Total Rs.	Rate	Total Rs. Lacs	Rate	Total Rs. Lacs	%
Quantity of Effluents Processed	Klt								
Cost Particulars :									
(I) Chemicals :									
1 Poly Electrolyte	Kg								0%
2 Sodium Hypochloride	Ltr								0%
3 Alum	Kg								0%
(II) Electricity	Kwh								0%
(III) Salaries & Wages									0%
(IV) Cons. Stores									0%
(V) Repairs & Maint.									0%
(VI) Depreciation									0%
(VII) Insurance									0%
Total Cost									100%
Cost/Unit									

Effluent Processed For :	As per Tech.est klt/day	%	Actual Qty klt/month
Process plant work			
Cooling Water Blowdown			
DM Plant Regeneration			
Boiler			
Raw Water Filter Backwash			
Other Use			
(Sanitary Waste, Floor Washing & Other Use)			



Freedom to EOU/STP/EHTP/BTP Units for ease of doing Business as a key initiative of Make In India

By CMA Ashok B. Nawal

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CBEC needs to be congratulated and also to be appreciated for bringing radical change in the operations of the EOU/EHTP/STP/BTP Units. Hon'ble Prime Minister of India will be very happy for such initiatives taken by CBEC appreciating the difficulties faced by EOU/EHTP/STP/BTP Units and created conducive & trust based environment which will initiate lot of FDI to support "Make in India" movement.

In the last month as a part of Ease of Doing Business action plan, Warehousing Provisions for goods were substantially simplified but still EOU/EHTP/STP/BTP Units were not being given the preferential treatment even though they bring good amount of Foreign Exchange also create employment which was explained to Chairman CBEC & Mr. Sandeep Kumar, Commissioner of Customs, CBEC and also submitted detailed alternatives for ease of doing business for EOU/EHTP/STP/BTP Units.

Within 15 days, CBEC has issued the notification no 44/2016-Cus dated 29th July 2016 and detailed circular no 35/2016-Cus dated 29th July 2016 not only dispensing "**Bonding and Manufacture in Bonded Premises requirement**" but also made procedural simplifications with 100% trust and totally avoiding interface with the Excise & Custom Officials but ensuring record based strict accounting of duty free material and monitoring input & output norms. Date of freedom is announced as 13th August 2016 i.e. 2 days ahead of independence day of India.

A. Impact of the amendments

Notification No. 52/2003-Cus dated 31.03.2003 has been amended so as to delicense the EOU/EHTP/STP/BTP units as bonded warehouse under Customs Act, 1962 with effect from 13th August, 2016.

In short, the EOU/EHTP/STP/BTP units need not to have bonded warehouse license under Section 58 and permission Section 65 of Customs Act, 1962. In effect these units need not to comply with various warehousing provisions.

The Warehoused Goods (Removal) Regulations, 2016, The Warehouse (Custody and Handling of Goods) Regulations, 2016 and Public Warehouse Licensing Regulations, 2016 will no longer be applicable.

Following warehousing provisions need not to be complied by EOU/EHTP/STP/BTP units:

1. No need for application to Principal Commissioner for private bonded warehouse under Section 58 & permission under 65 of Customs Act, 1962.
2. No need to provide various undertakings to Principal Commissioner

3. No need to appoint warehouse keeper and obtain digital signature of such person
4. No need to provide all insurance risk policy to Principal Commissioner
5. No need for registration as EOU/EHTP/STP/BTP at Port.
6. No need to obtain warehouse code from jurisdictional Customs officer
7. Bill Entry for Home Consumption will be required at the clearance from Port of Import instead of Bill of Entry for warehousing.
8. No re-warehousing is required to be done by these units after 13th August 2016.
9. No permission is required to be obtained for supply of goods from one unit to other.
10. No inspection of seal/goods by proper officer.
11. No need to file ex-bond bill of entry at the time of removal of goods from premises of EOU/EHTP/STP/BTP units.

B. Records to be maintained:

1. Such units need to maintain records of receipt, storage, processing and removal of goods imported by such units under Notification 52/2003 Cus. as per new formats prescribed in the Circular 35/2016 Cus dated 29th July 2016.
2. The records to be maintained in digital format as per the details contained in the Form A provided in circular 35/2016 Cus dated 29th July, 2016.
3. The records of goods received on or after 13th August 2016 shall be maintained as per Form A. The information regarding the stock of goods lying with the unit need to be integrated into the digital record prescribed under this circular.
4. Further, details of goods (inputs, packing material, spares, consumables, components etc) of processing is completed or cleared from the unit need not to be incorporated in the digital records. Data relating to capital goods which are already cleared need not be updated in the digital records
5. All units are required to enter data accurately and immediately upon the goods being received in or removed from the unit. The digital records should be kept updated, accurate, complete and available at the unit at all times for verification by the proper officer, whenever required.
6. The records cannot be maintained in the excel format since it is mandate to keep the records in

digital form. The software for maintenance of digital records must incorporate the feature of audit trail which means a secure, computer generated, time-stamped electronic record that allows for reconstruction of the course of events relating to the creation, modification, or deletion of an electronic record and includes actions at the record or system level, such as, attempts to access the system or delete or modify a record.

C. Procedure for Import:

1. The Units shall continue to obtain / furnish a Procurement Certificate at the Customs Station at the time of import or pre-authenticated procurement certificates, as applicable to them;
2. Upon receipt of goods in the unit, a copy of the relevant bill of entry shall be provided to the jurisdictional office;
3. The jurisdictional office shall reconcile the imports with procurement certificates.

D. Procedure for Inter-unit transfer of Capital Goods and manufactured goods:

1. Prior intimation to given to the jurisdictional Central excise officer.
2. Any procurement by one unit from another should be supported by a procurement certificate or pre-authenticated procurement certificates, as applicable;
3. The supply of the goods from one unit to another shall be based upon the usual commercial documents, such as, invoice & delivery challan;

Upon receipt of goods, copies of documents shall be provided to the jurisdictional office of the sending and receiving unit by way of intimation;

E. Monthly Return:

A digital copy of Form A, containing transactions for the month, shall be provided to the proper officer, by the 10th day of subsequent month in a CD or Pen drive, as convenient to the unit. Freedom has been

given to make suitable addition compilation of the related information considering the requirement of the unit.

It is expected that similar amendment in notification and procedures to be made in Notification 22/2003 CE dated 31.03.2003 for procurement of Indigenous goods or there may be a possibility to reside the said notification which would be in line with model GST Law.

While rejoicing we give below the list of work to be done immediately,

- a) Completion of the Bond register and reconciliation thereof.
- b) Verification of the duty free indigenous & imported capital goods as on 13th August 2016 reconciling with the Bond Register and carry forward the same for the record keeping requirement mentioned in point B above and monthly returns.
- c) Reconciliation of Job Work challan & stock lying the job worker as on 13th August 2016 and carry forward the same in the for the record keeping requirement mentioned in point B above and monthly returns.
- d) Verification of the stocks of duty free imported & indigenous raw material, consumable as on 13th August 2016 and carry forward the same for the record keeping requirement mentioned in point B above and monthly returns.
- e) If input & output norms are not fixed or all items are not covered under prescribed SION (Standard Input & Output Norms) then suitable application for fixation / modification of SION.
- f) Monitoring of actual consumption with Input & Output norms and payment of duties in case of adverse variance / excess consumption.
- g) Upgradation of existing software system to comply with the above requirement especially maintaining Bill of entry wise & Item wise consumption & stock of each material.

All EOU/EHTP/STP/BTP Units needs to gear-up to really enjoy the process of liberalization and the fruits of ease of doing business.

Inauguration of WIRC Oral Coaching Classes on Monday, 11th July 2016

Name of the Coaching Centre	Name of the Person
Sydenham College, Churchgate	CMA Abhishek Kumar Singh
N. M. College, Vile Parle West	CMA Akshay Shah
St. Francis Institute of Management & Research, Borivali	CMA Ashwin Solanki
R. J. College, Ghatkopar West	CMA Kedar Ghosh
Mulund College of Commerce, Mulund West	CMA Subodha Mavlankar
Thane SMF Center	CMA Deepak Ukidave



Highlights of Model GST Law

By CMA Vineet Chopra

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With the passage of the Constitution (122nd Amendment Bill) 2014, in Rajya Sabha on 3rd August 2016, Goods and Service Tax (GST) will now be a reality. Although, considerable work is still to be done and it has to get through from the Parliament and various State Legislatures before it is finally rolled out, yet, it is likely to be made applicable with effect from 1st April 2017. GST Council will be set up comprising of representatives of Union and States which will decide various key issues like taxation structure, exemptions, threshold limits, dispute redressal mechanism, etc. While the impact of GST is difficult to quantify without knowing the rate of GST but broadly speaking, those sectors who are currently paying higher rate of tax than probable standard rate of GST i.e. 17 - 19% will be benefitted and vice versa. Nevertheless, it is considered to be the biggest Indirect tax reform in India after independence that will result in a single indirect tax for the whole nation and will eliminate tax on tax effect, bring uniformity, simplicity and eventually higher GDP growth. At the same time, tax base is likely to be widened due to large coverage of tax payers and lower threshold limits.

The Empowered Committee of State Finance Ministers released Model GST Law in public domain on 14th June 2016 which consist of draft of

- The Goods and Service Tax Act, 2016
- The Integrated Goods and Service Tax Act, 2016 (IGST)
- GST Valuation (Determination of the Value of Supply of Goods and Services) Rules, 2016

Salient features of Model GST Law are as under

1. Proposed GST is a **destination based** tax as against the current system of origin based tax. It extends to the whole of India. Most of the indirect taxes like Central Excise duty, Additional Excise duty, Additional Customs duty, Special Additional duty of Customs, Service tax, Purchase tax, Sales tax, VAT, Entry tax, Entertainment tax, Luxury tax, Octroi, taxes on lottery, gambling, etc. shall get subsumed in GST with few exceptions.
2. **Administration:** It will be a dual GST structure, Central GST (CGST) to be levied by Centre and State GST (SGST) by States on all transactions within the State. In case of Inter-State supply, the Centre would levy and collect IGST. However, basic features such as chargeability, taxable event, valuation, basis of classification will be uniform across the country. For CGST and IGST, CBEC will be the administrative authority and for SGST the State commercial tax departments. Both these authorities will have concurrent jurisdiction.
3. **Classification** of goods is to be based on Harmonised System of Nomenclature (HSN).
4. **GST rates:** A three tier rate structure is proposed, standard rate, lower rate for essential items and higher rate for demerit luxury items. **Exports** of goods and services would be zero rated.
5. **Supply:** All forms of supply covered in the definition 'Supply' such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration in course of business and import of services of goods and services even without consideration and even not in course of business. Various deemed supplies are also covered such as gifts, value of business promotional schemes, transactions between principal and agent, supply of any branded services, etc.
6. **Goods** defined as all kind of movable property (not intangible) other than actionable claim and money. **Services**, means anything other than goods including intangible property and actionable claim except money. Separate provisions provided to determine the transaction to be 'inter-state' or 'intra-state' and place of supply for goods and services.
7. **Taxable** event will be time of supply of goods or services and tax liability generally on supplier on forward charge basis. However, in the prescribed matters tax liability will be on recipient under reverse charge mechanism. **Point of taxation** (POT) is prescribed based on events like, removal, receipts, availability of goods by recipient, issue of invoice, receipt of payment, entry in books, completion of service, etc.
8. **Value of** taxable supply will be the actual value of transaction including all expenses in relation to supply like packing, commission, taxes, duties (except CGST, SGST, IGST), subsidies, etc and also includes amount incurred by recipient but to be paid by supplier and not included in price. In case of '**Related party transactions**' or non-availability of transaction value, GST Valuation Rules will be applicable
9. **Place** of supply varies based on delivery, installation of goods, movement or non-movement of goods, location of recipient, supplier of services, place of provisions of services, etc.
10. **Threshold:** Registration to be obtained in the State from where taxable goods or services are supplied, if aggregate turnover (of taxable and non-taxable supplies) exceeds Rs. 9 Lakhs in a financial year and for North Eastern States Rs. 4 Lakhs. Specified categories referred in Schedule III have to obtain registration irrespective of the threshold. Any person supplying goods or services liable to GST shall be a

taxable person if the aggregate turnover exceeds Rs. 10 Lakhs in a financial year and for North Eastern states Rs. 5 Lakhs

11. **IT system:** All tax payer services like registrations, Returns, payments, etc. would be available to the taxpayers online. Payment of tax, interest, penalty or any amount through internet banking, debit / credit card, NEFT, RTGS or any othermode and amount shall be credited in electronic cash ledger.
12. **Composition levy** scheme subject to prescribed conditions at prescribed rates for the registered taxable person whose supply is within the state and aggregate turnover doesn't exceed Rs. 50 Lakhs.
13. **Rating:** GST compliance rating system is introduced based on record of compliance of taxable person under GST.
14. **Input tax Credit(ITC):** Credit of input taxes paid at each stage will be available in the subsequent stage of value addition. ITC of the Inputs held in stock or inputs contained in semi-finished or finished goods held in stock can be taken within one year of prescribed dates. In other cases, Input tax Credit cannot be taken in respect of any invoice after the filing of Return for the month of September following the end of the financial year to which such invoice pertains or filing of the annual return, whichever is earlier. Credit of Input tax can be utilised only on discharge of self-assessed tax liability and on furnishing of valid Returns. Amount of Credit of Input tax will be credited in prescribed electronic ledger.
15. **Utilisation of Input tax Credit :**
 - a. CGST to be utilised first towards payment of CGST and remaining amount towards payment of IGST. (ITC of CGST cannot be utilised for payment of SGST)
 - b. SGST to be utilised first towards payment of SGST and remaining amount towards payment of IGST. (ITC of SGST cannot be utilised for payment of CGST)
 - c. IGST to be utilised first towards payment of IGST and remaining amount towards payment of CGST and then in payment of SGST.

ITC allowed even if inputs are directly sent to job worker provided inputs are received back within one hundred and eighty days (for capital goods - two years) after completion of job work.
16. The Commissioner may, by special order and subject to prescribed conditions allow movement of goods for **Job work** without payment of tax. Goods to be brought back after completion of job work within specified period.
17. **TCS** on online sale of goods or services. **E-commerce** operator to collect tax at source, at the time of credit or at the time of payment; whichever is earlier.
18. **TDS:** Central or State Government may mandate their departments or Local authorities or Government agencies to deduct tax at 1% on payment or credit to the supplier of taxable goods or services where total value of supply under the contract exceeds Rs. 10 Lakhs and deductor to issue a TDS certificate

within 5 days of crediting the amount so deducted, failing which deductor liable to pay a late fee of Rs. 100 per day (not exceeding Rs. 5,000)

19. **Refund** can be claimed within a period of two years from relevant date. In case of payment made under protest limitation of two years not applicable.
20. For welfare of consumers a '**Consumer Welfare Fund**' is to be established.
21. **Returns for different intervals :** Monthly Return, Quarterly Return by taxpayers opting for composition scheme, TDS Return for month in which deductions made, Monthly Return by input service distributor, First Return, Annual Return, Final Return on cancellation of registration.
22. **Migration:** Existing tax payers will migrate to GST by a provisional registration valid for a period of 6 months and will get final registration on furnishing necessary information.
23. **Advance ruling** mechanism is also proposed, authority for Advance Ruling to be located in each State and Ruling can be obtained on prescribed matters or questions.
24. **Assessment** Mechanism of self-assessment by taxable person and provisional assessment or assessment by the authorities.
25. **Audit:**
 - a. **Regular Audit:** Every registered taxable person having turnover beyond a threshold has to get his accounts audited by CMA or CA.
 - b. **Tax authorities** may by general or specific order undertake audit of business transactions of any taxable person.
 - c. **Special Audit** can also be directed to be done by the nominated CMA or CA if authorities opine that the value is not correctly declared or credit is not within normal limits. ■

Congratulations !!!



CMA SUMEET BAHADUR, a fellow member of our Institute and the owner & Director of Electronic & Power Control Co., 93, Industrial Estate, Bhilai, Chhattisgarh, received an award in the category MSME units for training the Highest number of apprentice in the Industry. The award was awarded by Hon'ble Minister Mr. Rajiv Pratap Rudy, Ministry of Skill Development & Entrepreneurship, Govt of India on 16th, July 2016 at award function held at Pragati Maidan New Delhi.

This is matter of pride for our Institute & CMA fraternity as this adds brand value to our profession.



Pricing Strategy : A Tool for Successful Business

CMA Vinod Shete

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Pricing is a vital element in any organization's marketing strategy. It is a flexible tool used by organizations to achieve their objectives. The pricing of product or service is a key element in determining the profitability of the business.

However, it is not always to easy to get it right. If the price is too high demand will reduce and it may the chance of out of the market. While price is too low and sales volume may not generate enough revenue to cover the costs turn into losses.

Why is it Important?

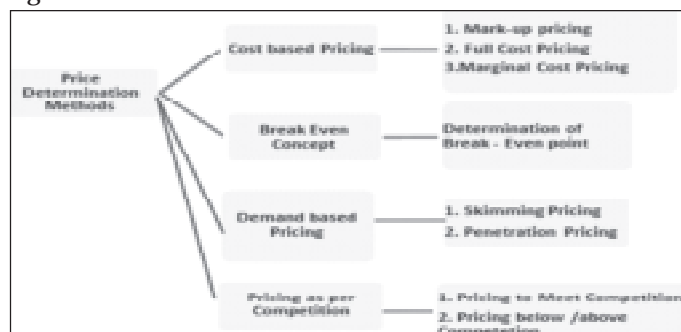
Pricing is a key determinant in the decision making process customers use to purchase a product or service

- It is important to establish how much your target market will pay for your product or service.
- Shows you how sensitive your customers are to changes in price.

As the price of a product depends on different elements and changes constantly, thus the pricing should be dynamic so that it can bear the changes over duration. The important factor in pricing is the deciding the cost of the product, strategy for marketing & its expenses related to distribution, advertisement expenses or any kind of price variation in the market. Nonetheless, if there is change in all the variable then generally the pricing of the product may vary accordingly.

There are four major methods for price determination, viz (1) Cost based pricing, (2) Break-Even Concept (3) Demand based pricing and 4) Pricing related to market. Price setting is influenced by market conditions. The pricing methods involves the decisions related to which the products will be made available at a particular price, may be different price will be charged for the same product as per different market. Mostly pricing methods changes as per marketing conditions and also with changes in economic scenarios.

Methods of price determination are illustrated in the fig. 1.



Pricing Methods

1. Cost based Pricing The following approaches are commonly used under cost based pricing.

(a) Mark-up Pricing : In mark-up pricing the selling price of the product is fixed by adding a particular margin or mark up to its cost. Generally, distributive trade and marketing firms, who do not have any manufacturing of their own, prefer this method. The slower the turnaround of the product, the larger is the mark-up and vice-versa.

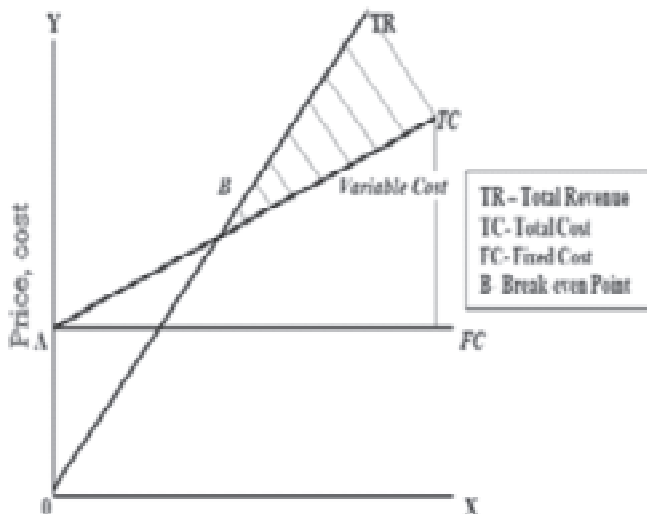
(b) Full Cost Pricing : Full Cost pricing is the pricing method is widely used in manufacturing companies. It is based on the estimated unit cost of the product with the normal level of production and sales. A profit margin is added to this unit cost. This method uses standard costing techniques and works out the variable cost and fixed costs involved in manufacturing, selling and administering the product. The selling price of the product is decided by adding the required margin towards profit to such total costs. It is very advantageous as long as the market absorbs the production at the determined price, the firm is assured of its profits. While major drawback of this method is it does not take cognizance of the demand factors at all; it simply assumes price to be a function of cost alone. In a competitive market, where demand for the firm's product at the determined price cannot be taken for granted, this method becomes ineffective. Secondly, absorption cost pricing is not a dynamic method. When a firm sticks to the policy of full cost pricing on each unit of sale, it loses the opportunity of trying other pricing alternatives and benefiting from them. Also, the firm practising this method become complacent in productivity and cost management.

(c) Marginal Cost Pricing : Marginal cost pricing takes cost and demand into consideration while fixing the price. It aims at maximise contribution towards fixed cost. It gives flexibility to recover the fixed cost depending on market condition. It also gives flexibility in recovering a large portion of cost from certain segment and small portion from some other segment. However, marginal cost pricing is very useful under competitive market conditions and a number of products / product lines are more. The main disadvantage is that it is useful only in the short run and only under specific circumstances while in highly capital-intensive industries, selling on a marginal cost basis may bring additional problem if the difference between the marginal cost price and full cost price will be very large.

2. Break Even Analysis : It shows that producing and selling a certain volume of any product, certain fixed costs and certain variable costs are incurred and as the volume is increased or decreased, the variable costs go up or down while fixed costs usually remain the same. At a particular level of volume the total of the variable and fixed costs incurred and exactly equal to

the total revenues, result is NO profit and NO loss situation. Whereas revenues exceed the costs, profits are earned and at the other level, losses are incurred. When more units of the break-even level are produced and sold at the given price, the profits go up. The graph in below fig shows the break-even concept. Many firms use the break-even concept in their pricing methods. It is very useful for not only for price fixation but also to determine the level of production which is required for achieving the desired profits.

Following fig shows: Break Even Concept



3. Demand based on Pricing: - The following approaches are commonly used under demand based on pricing
- (a) Skimming Pricing : Setting a high price for a new product to skim maximum revenues from the target market. This method literally skims the market in the first instance through high price and then settles down for a lower price. This method is especially useful in the pricing of new products of luxury. It also helps the firm to get the feel of the demand of the product and then make appropriate changes in the pricing strategy.
- b) Penetration Pricing: As opposed to the skimming pricing, Setting a low price for a new product in order to attract a large number of customer. Its very useful to gain foothold in highly competitive market. The main objective is to attain market share or market penetration. This method is quite useful in pricing of new products under specific circumstances. For illustration, when the new product is capable of bringing large volume of sales, but is not a luxury item and there is no price insensitive segment backing it, the firm can choose the penetration pricing and make large-size sales at reasonable price before competitors. Penetration pricing in such cases will help the firm have a good coverage of the market and keep competition out for quite some time. A large number of south-Asian firms have used this strategy to enter foreign markets. The problem with this strategy is that it often heralds a price war within the industry which could in turn, prove fatal to all firm's profit.

(c) Pricing as Per Competition : Marketers will choose a brand image and desired market share as per competitive reaction. Pricing for meeting the competition, it is necessary for the market planner to know what the rival firm is charging. Level of competitive pricing enables the firm to price above, below, or at par and such a decision is easier in many cases.

Discounts are commonly used under Pricing according to market Competition. Discounts viz. Trade Discount is a kind of functional discount and Seller quotes price less discount, Cash Discount encourage to pay early than normal credit period, Quantity Discount for bulk and large purchases and Seasonal Discount is for slack season which helps better use of production facilities. While Premium Pricing is used by a firm that has heterogeneity of demand for substitute products with joint economies of scale. e.g. home appliances like Washing Machine. There are different models available with different features, like few with additional feature of hot water flow or washing adjustments for different types of cloths etc. and another without additional features. These types are substitute of each other and also it satisfies customer's needs. This strategy is also used in retail marketing where a merchandise may be offered at a higher price in a premium store and at a lower market price in a relatively low image store catering to the mass market.

Conclusion

Pricing is a strategic activity. Biggest challenges before the Marketing professionals in today's world is to design an optimum pricing strategy which takes care of both customer's satisfaction and organisational goals. The price which will be charged for the product and the procedure through which it would reach to the customer furthermore while deciding the price of product; the important things to consider are manufacturing cost of the product, promotion cost and amount incurred on distribution channels. All the pricing methods are related to the different circumstances and type of industry. By increasing the price of the product, the demand of the product will be lessened and lesser distribution points will be required. On the other hand, the product USP can be such that maximum concentration is on creating brand cognisance hence better pricing for a product. Finally, the overall pricing methods can result in dynamic modelling based on customer feedback for improving a product and the same can be launched as the upgraded product. In order to arrive at the most acceptable price level, the marketer needs the information on customers, competition, and the firm's cost structure. Marketing will play significant role in deciding pricing strategy. Pricing strategy is a vital tool helps in achieving organisational goals of profit maximization by high sales volume, attaining higher market share and higher number of satisfied customers as well.

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INDIA Skills a Mission with Vision

TRAINING IS COSTLY BUT NOT TO TRAIN IS STILL COSTLIER

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World has realised that skilled human resource is the biggest asset for any economy. The Govt of India has a mission under the ministry of Skill Development and Entrepreneurship to provide our economy with the desired skill sets so that there is gainful employment and even the deprived masses with no resources get basic skills through Vocational Training Providers as they provide the skilled man power for the Industry and Service Sector.

There are various schemes provided by the Ministry for skill development with great opportunities for the training providers in different trades.

Our industries will again reach the desired level of economies of scale with Cost effective Manpower required for the job. In management terms we say right man for the right job.

Today we are facing recessionary cycle with global competition .Even economic measures like imposing antidumping duty on imports will not help unless and until our cost structure is cost effective. Skill development will reduce the wastages in Industry and in long term save the cost elements where by the productivity will enhance and multi skill functioning will bring back economies of scale as we as cost accounts are aware of concept of Cost, Volumes & Profit.

Mission India skills will not only provide employment but will also create entrepreneurs for fresh startup as promoted by Govt of India. Many new Entrepreneur's will emerge in MSME who will contribute in the development of economy and create new job opportunities for the youth for gainful employment.

India has the biggest human resource asset .this will translate our economy into a success story in years to come.

The scheme of Skill Development will help employment not only in urban areas but also in rural area at the village level. Employment in rural area's will be more cost effective and this will bring down the migration rate from rural area's to urban area's.

This will be a WIN -WIN situation for the service provider's as well as for the Industry and the skilled man power and the Government.

Government of India - Skill Development

Functions of the Directorate General

Introduction to DGE & T

The Directorate General of Employment & Training

(DGE&T) in Ministry of Labour is the apex organisation for development and coordination at National level for the programmes relating to vocational training including Women's Vocational Training and Employment Services. Employment service is operated through a countrywide network of Employment Exchanges. Industrial Training Institutes are under the administrative and financial control of State Governments or Union Territory Administrations. DGE&T also operates Vocational Training Schemes in some of the specialised areas through field institutes under its direct control. Development of these programmes at national level, particularly in the area concerning common policies, common standards and procedures, training of instructors and trade testing is the responsibility of the DGE&T. But, day-to-day administration of employment Exchanges and Industrial Training Institutes rests with the State Governments/ Union Territories Administrations. Distribution of responsibilities between Central Govt., State Govts and Industry has been shown in the table Tasks and Responsibilities.

Major functions of the DGE&T are:

- To frame overall policies, norms, and standards for vocational training.
- To diversify, update and expand training facilities in terms of craftsmen and crafts instructors' training.
- To organise and conduct specialised training and research at the specially established training Institutes.
- To implement, regulate and increase the scope of training of apprentices under the Apprentices Act, 1961.
- To organise vocational training programmes for women.
- To provide vocational guidance and employment counselling.
- assist scheduled castes/scheduled tribes and persons with disabilities by enhancing their capabilities for wage employment and self employment.
- To conduct regular training programmes for Employment Officers and develop staff training material for use by the Employment Service personnel.
- To collect and disseminate information concerning employment and unemployment and prescribe uniform reporting procedures.

Evolution of DGE & T

The Directorate General of Resettlement and Employment (DGR & E) now known as Directorate General of Employment and Training (DGE & T) was set up in July 1945 for the purpose of resettling demobilised Defence service personnel and discharged War Workers in civil life. After Independence, the Directorate was also called upon to handle work relating to displaced persons from Pakistan. Subsequently, the scope of the Directorate was extended to cover employment services to all categories of job seekers in early 1948, and the training services to all civilians in 1950. In pursuance of the recommendations of the Training and Employment Service committee (Shiva Rao Committee set up in 1952) the day-to-day administrative control of the Employment Exchanges and Industrial Training Institutes (ITIs) was transferred to the State Governments/Union Territory Administrations with effect from 1.11.1956. Cost sharing by the Centre with the State Governments to the extent of 60% of the cost of the organisation was continued upto 31-03-1969 after which the scheme was discontinued based on the decision taken by the National Development Council in May, 1968. Thus full financial responsibility for Manpower and Employment Schemes and the Craftsmen Training Scheme (Industrial Training Institutes) was transferred to the State Governments/Union Territory Administrations with effect from 01-04-1969. With each successive Five Year Plan there had been considerable expansion of the activities of the Employment Service and Training Service in the Centre and the States.

Skill Development Initiative Scheme (SDIS)

Introduction

Government of India, Ministry of Labour & Employment launched a Modular Employable Skills (MES) under Skill Development Initiative (SDI) Scheme through Directorate General of Employment & Training in May 2007. Under this scheme, training to earlier school leavers and existing workers specially in a unorganised sector are to be trained for employable skills. In close consultation with industries/State Governments and expertise the scheme has been operationalized since 2007. A majority of Indian workforce does not possess marketable skills which is an impediment in getting decent employment and improving their economic condition. While India has large young population, only 5% of the Indian labour force in the age group of 20-24 years has obtained vocational skills through formal means whereas the percentage in industrialized countries varies between 60 % and 96%. About 63% of the school students drop out at different stages before reaching Class X. Only about 2.5 million vocational training seats are available in the country whereas about 12.8 million persons enter the labour market every year. Even out of these training places, very few are available for early school dropouts. This signifies that a large number of school drop outs do not have access to skill development for improving their employability. The educational entry requirements and long duration of courses of the formal training system are some of the impediments for a person of low educational attainment to acquire skills for his livelihood. Further, the largest share of new jobs in India is likely to come from the unorganized sector that employs up to 93 per cent of the

national workforce, but most of the training programmes cater to the needs of the organized sector.

Objective of the Scheme are :

- To provide vocational training to school leavers, existing workers, ITI graduates, etc. to improve their employability by optimally utilizing the infrastructure available in Government, private institutions and the Industry. Existing skills of the persons can also be tested and certified under this scheme.
- To build capacity in the area of development of competency standards, course curricula, learning material and assessment standards in the country.
- Priority will be given to covering those above the age of 14 years who have been or withdrawn as child labour to enable them to learn employable skills in order to get gainful employment.

Key features of the Scheme :

- The Skill Development Initiative Scheme is 100 % centrally sponsored scheme.
- Demand driven Short term training courses based on Modular Employable Skills decided in consultation with Industry.
- Central Government facilitates and promotes training while State Governments, private sector and industry provide training to the persons.
- Optimum utilisation of existing infrastructure available to make training cost effective.
- Courses are available for persons having completed 5th standard and onwards.
- Testing of skills of trainees by independent assessing bodies, including industry organizations such as FICCI, CII, etc. which do not involve in training delivery, to ensure an impartial assessment by the employer itself.
- Flexible delivery mechanism (part time, weekends, full time).
- Different levels of programmes (Foundation level as well as skill up gradation) to meet demands of various target groups
- Training is provided by registered Vocational Training Providers (VTPs) under the Govt., Private Sector and Industrial establishments.
- Testing of skills of an individual acquired informally in competency and issue of certificate on qualifying it successfully.
- The certification by NCVT which is recognised nationally and internationally for gainful employment.
- During XI Plan period (2007-2012), against an approved outlay of Rs.550 crore, an amount of Rs.407 crore was spent and 13.67 lakh persons were trained or directly tested under the scheme. Cabinet Committee on Skill Development has approved the continuation of SDIS for XII Plan period with certain changes on 13.08.2013.
- Existing skills of the persons can also be tested and certified under this scheme.
- The on-line implementation of the SDI Scheme through the Web-Portal has been launched since 1st January, 2012.

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Vocational Training Providers (VTPs)

- The training under SDI scheme will be provided by various VTPs under Central Government, State Governments, Public and Private Sector and Industrial establishments. VTPs will provide counselling & vocational guidance, training facilities as per norms, impart good quality training, post training support to trainees in getting employment, maintain data base on trainees trained and the outcome of the training. They will track the trainees for three years or till they get gainfully employed. VTP will also be required to have close networking with the industry for immediate placement of the trainees. They will also maintain accounts, ensure proper utilisation of funds and submit reports and utilisation certificates as per prescribed schedule. They will follow various instructions issued by the committees or any other authority from time to time. All VTPs should have necessary powers to collect the training fee from trainees. They should utilise fee collected and funds received from DGET for meeting various expenses for imparting training and providing post training support services. They should also have powers to reimburse training fee to successful trainees out of funds received from DGET.

Thus schemes promoted by Government in providing gainful employment opportunities and development of entrepreneurship will add value to our economy which will result in more cost effective utilisation of skilful resources and expanding the global markets for India. ■



"Excel" – A Multi-Tool

By CMA Prashant Lele

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A Multi-Tool is a portable, versatile, easy to use tool that combines several individual functions in a single unit. It helps you to do different things with the use of single tool that has a versatility of different tools combined together. It can be used as a scissor, forceps, knife, nail cutter, screw driver, needle and so on. "Microsoft's Excel" is such a Multi-Tool, which gives variety of options to the user in order to perform her/ his tasks at work more efficiently and effectively.

Excel has varied functionalities right from a Simple data storage utility to the high end business intelligence (BI) instrument. It's the professional, using Excel who decides how to use it to its benefit. In today's highly competitive scenario, playing with huge data and converting it in to useful information is the key to quickly analyze different business functions and take Informed Decisions. Right from the maintenance of proper records to the preparation of presentations for a board meeting, Excel is used everywhere. My boss says, to be a Finance Professional, if you don't know Excel, you are illiterate. Excel offers a flexibility which most ERPs can't.

Frankly speaking, Excel and Computer is a never splitting bond and Computer without excel is just unimaginable. Especially people like us who play with numbers are extremely dependent and we hardly use any other software on our computers than Excel. Still lot of people have unnecessary fear regarding Excel and apart from doing basic calculations, they don't use the Excel to its fullest. I am trying to put in front of you an honest effort to make the use of Excel easy and Help my professional colleagues to understand and get familiarize with the lot of exciting features that Excel offers and make use of them in our day to day work. To save time, improve efficiency, smartly analyze data, prepare graphs and charts, and most importantly, build a database that can be used for multidimensional Analysis and Informed Decisions.

Our goal is to create Effective and Efficient Solutions using Microsoft Excel Functionalities. Effective solution accomplishes the stated goal. Effective and Efficient solution accomplishes the goal with the minimum number of resources and have the accomplished goal have the ability to adapt to future changes. So let's get started with a brief history of Microsoft Excel.

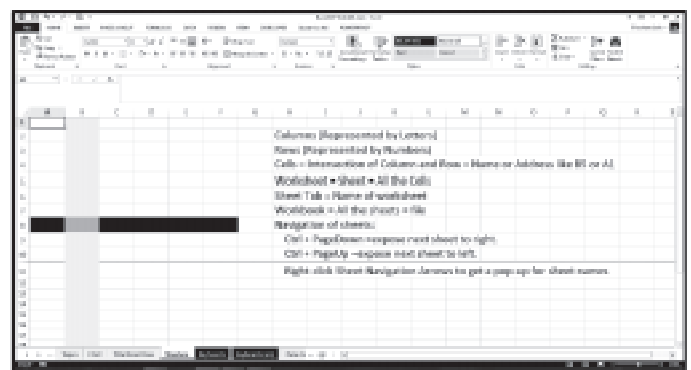
Excel is a Spreadsheet software owned by Microsoft Corporation, first launched in September 1985. Before that an application called "Lotus 1-2-3" was popular under spreadsheets category. But shortly Excel established its hold on both Windows and Mac operating systems and became inseparable part of the computer systems. There are number of versions of MS Excel. Latest version is Excel Professional 2016.

Your Computer must have Professional Excel 2016 for PC. It can be purchased online through following 3 channels.

- i. Excel 2016 Stand Alone program
http://www.microsoftstore.com/store/msusa/en_US/pdp/Excel-2016/productID.323021400
 - ii. Office 2016 Professional
<https://products.office.com/en-us/professional>
 - iii. Office 365 ProPlus
<https://products.office.com/en-us/business/compare-more-office-365-for-business-plans>
- What exactly Excel is:- It is a spreadsheet software made up of grids of rows and columns. Intersections of rows and columns are called as cells which hold all the data in excel worksheets. In simple language it's a huge calculator. But it has lots of other functionalities apart from doing simple calculations.
 - It can do mathematical and logical calculations, alpha-numeric data can be processed, it has graphs, charts, tables, dashboards, pivot tables, logical computations, etc. etc. etc.
 - A gist of all or a real use of excel is storing and managing huge amounts of data. There is no limits on uses of data management and its need. It performs two broad functions viz. 1) Make Calculations, 2) Data Analysis.
 - Calculations such as numeric, logical and text calculations. Data analysis means to convert raw data in to useful information for decision makers.

We use excel for wide variety of tasks. This software is just like mesmerizing ocean. As we will go in deep, we will discover lot of new things. We are going to find lot of things from cells to graphics. Let's have an introduction of the excel first, after that we will slowly try to find out what all amazing things hidden in this ocean. Let's find, let's learn, let's Excel.

Structure of Excel

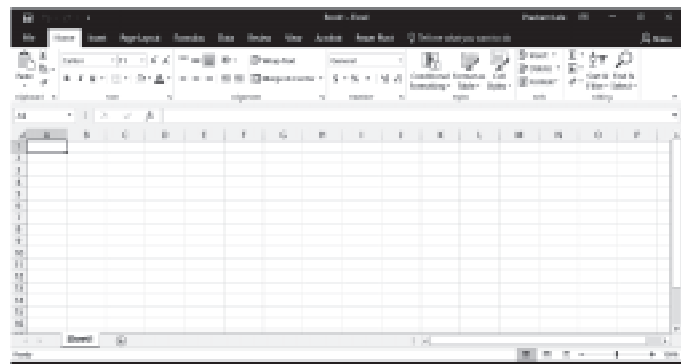


Just like, we see to our plate first in a dining hall, or on the dashboard of a car while driving, whenever you open a new software, your eyes go to the home screen or available buttons or icons. So let us get ourselves familiar with the face of Excel.

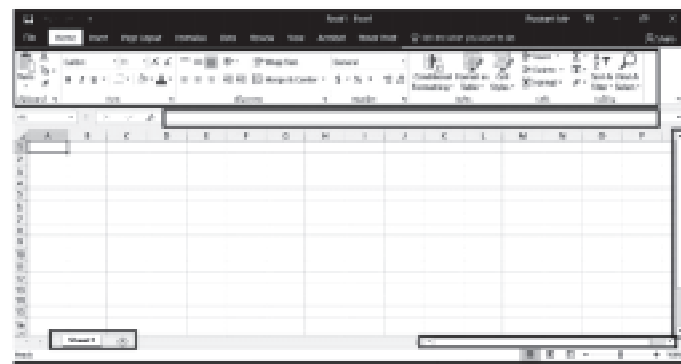
Excel application user interface contains various screens, toolbars and menus.



A single worksheet contains 1048576 rows and 16384 columns

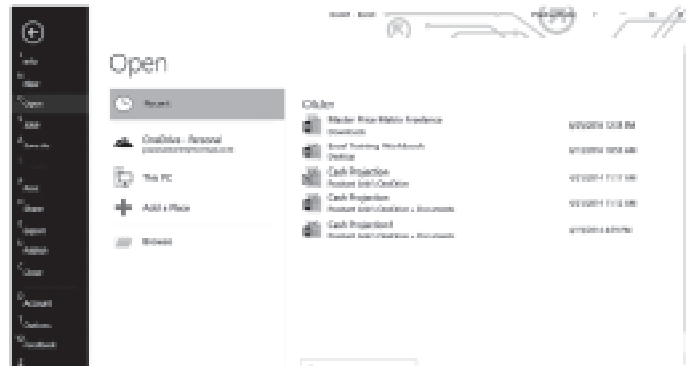


The Excel application window has the elements shown in the image below

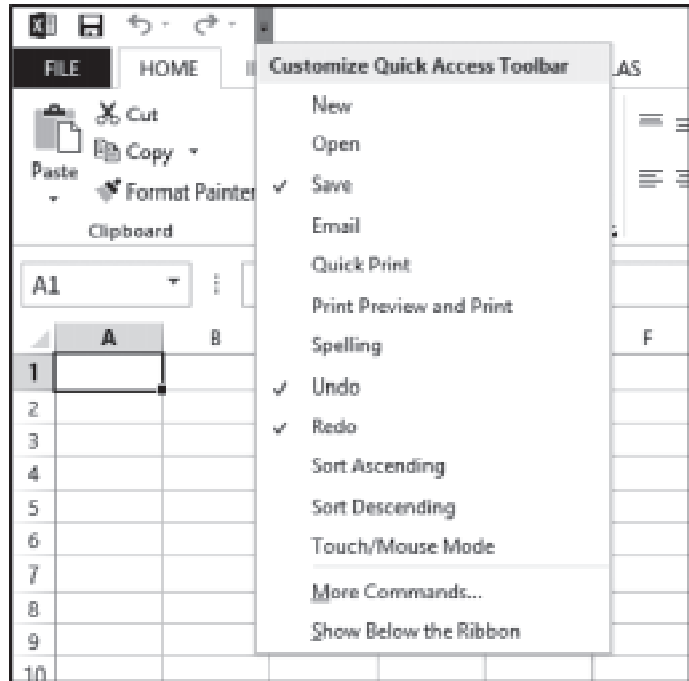


1. Title Bar
2. Quick access toolbar
3. Menu Tabs
4. Ribbon
5. Formula Bar
6. Vertical & Horizontal Scrollbars
7. Sheet Tabs, etc.

Back Stage View is used to create, open, share & save workbooks. Back Stage view can be accessed by clicking "File" Menu Tab on home screen.



Quick Access Toolbar (QAT) stores commonly used shortcuts for regularly used Excel features.



Just below QAT, there is a bar with different buttons and icons from left to right. This is called ribbon. In this ribbon, there are different Tabs at upper side like File, Home, Insert, Page Layout, Formulas, Data, Review, View, Developer, Power Pivot, etc. After clicking any one tab, buttons under that tab are displayed on the remaining part of the ribbon. By default, "Home" tab is selected when you open the workbook.

Below ribbon, there is a formula bar, which shows the contents of the selected cell. Below formula bar, there is main work area of the worksheet which is 70% comprised of Cells. As discussed earlier, Cells are the intersections of Rows and Columns. Numbers (1 to 1048576) represents rows and Alphabets or Letters (A to XFD) represent columns. Each cell has unique address made up of combination of row and column ID. Like first Cell in Column "C" will have address as "C1", etc.

Keyboard Shortcuts are efficient because they help you accomplish task quickly.

Ctrl Keyboards are keys that you HOLD together.

- Ctrl + Down Arrow - jumps to the bottom of the "Current Region", which means it jumps to the last cell that has data, right before the first empty cell.

- Ctrl + Shift + Arrow - Highlight Column (Current Region)
- Ctrl + Backspace - Jump back to active Cell.
- Ctrl + 1 - Format Cells Dialogue box, etc.

Alt Keyboards are keys that you hit in succession

- Alt, N, V - Pivot Table
- Alt, P, S, P - Page setup
- Alt, D, F, F - Apply filter, etc.

Data analysis and business intelligence terms.

- Data Analysis - Convert raw data in to useful information for decision makers.
- Business Intelligence - Convert Raw Data into Useful/ Actionable Information (often times in the form of a Dashboard) for Decision Makers in a Business Situation
- Raw Data - data in its smallest form that allows Excel Data Analysis features and Excel data analysis techniques to work
- Proper Data Set = Proper Table Format = Field Names in first row and Records in rows
- Clean Raw Data = Fix unusable raw data so that it can be used to perform data analysis. Eg. Remove unwanted characters, split data, join data, etc.
- Transform Data Sets = Fix unusable data set so that it can be used to perform data analysis. Eg. Filter, combine, merge or append data sets
- Import Data = import data from external sources (single or multiple sources) into Excel or Power Pivot's Data Model or Power BI Desktop.

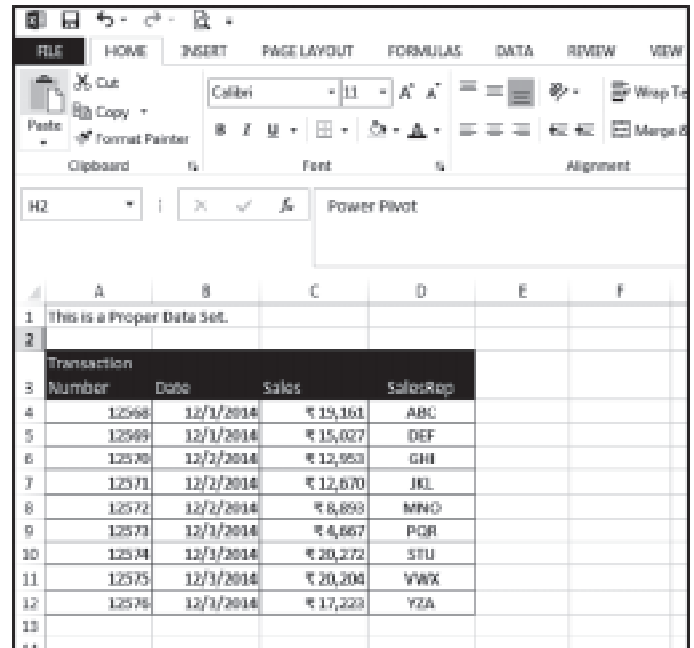
Optimally, the import will allow refreshes so that when source data changes the report output resulting from the import action will update reflecting the changes in the source data.

- Goal of Data Analysis and Business Intelligence - Create useful, updateable, actionable information for decision makers.

Excel Proper Data Sets, Data Types and Excel Table Feature

Definition of Proper Tata Sets

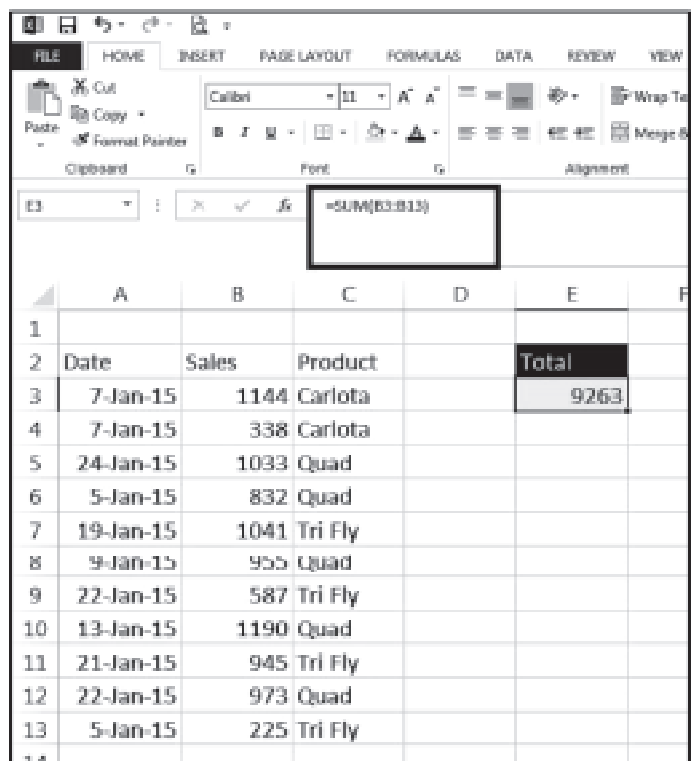
- Field names in first row.
- Records in subsequent rows.
- Empty Cells or Excel row or column headers must surround the data set.
- Excel Features like Sorting, filtering, advance filter, Pivot Tables, etc. do not work properly unless raw data is stored in a Proper Data Set.
- Proper data sets can be of 2 types Viz. 1) with primary key and 2) without primary key.
- Using Pivot Table feature, we can create a Proper data set with a Primary key (Unique list of products or elements.)



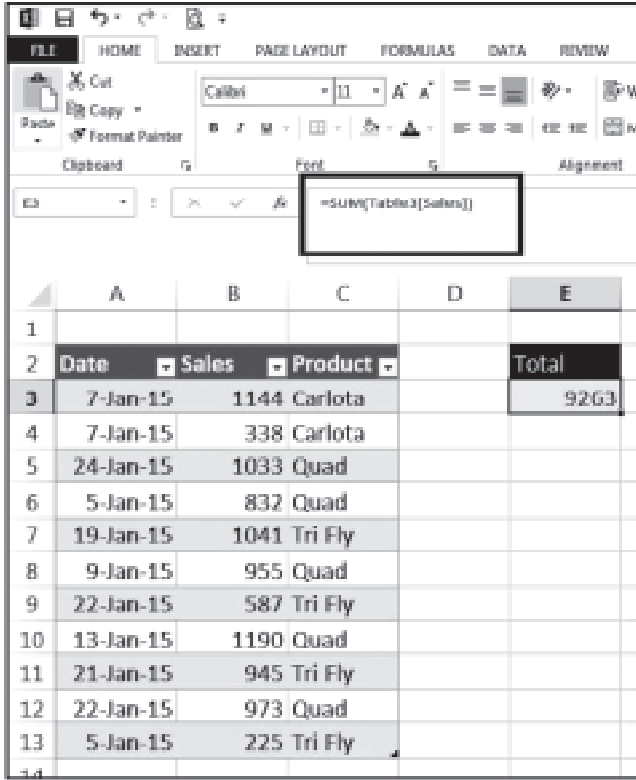
Excel Table Feature

- Excel Table feature is very useful tool to efficiently store, manage and analyze your data.
- Excel Table has dynamic ranges, Any formula, Chart, PivotTable and other Excel features will update automatically when you add/delete new records or field.
- Its very easy to format table than formatting a Range.

Below is a Normal Range of records, which is also a proper data set. If you put formula of Sum of Sales Column and then add the row below row number 13, It will not be added to the formula automatically and you will need to manually update the Sum Range in your Sum formula as formula is covering only Cells B3 to B13.



On the contrary if this data is converted in to Excel Table (which can be done through key board short Ctrl+T), your Sum formula will be Auto-Updated if any new record is added to the bottom of the list. Also notice the change in Sum Formula Nomenclature. Its now referring the to the column "Sales" in Excel table "Table3". You can also give name to your table through design tab. Here name of the table is "Table3"



Data types in Excel

Data types in Excel	Default Alignment	Example
Text	Left	Excel
Numbers	Right	
Logical (TRUE or FALSE)	Center and All CAPS	FALSE
Errors	Center	#DIV/0!
Empty Cells		

Why Default alignment is important?

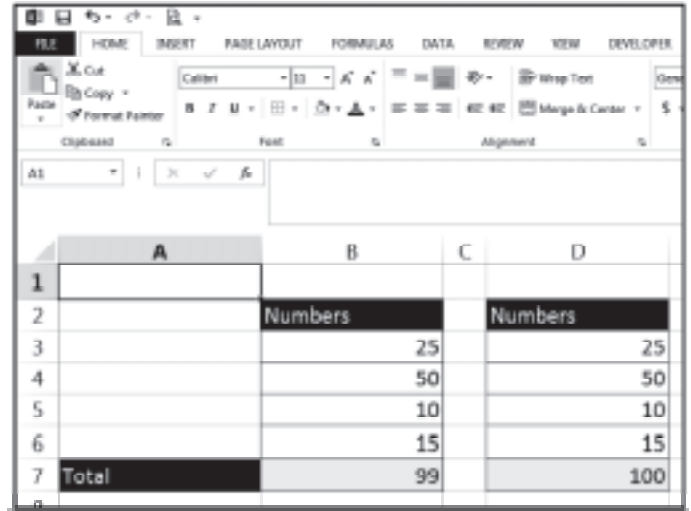
Default alignment gives a visual cue to the user of what type of data it is. It helps to track errors.

- Important rule for entering data:- Don't change alignment, always keep default alignment.

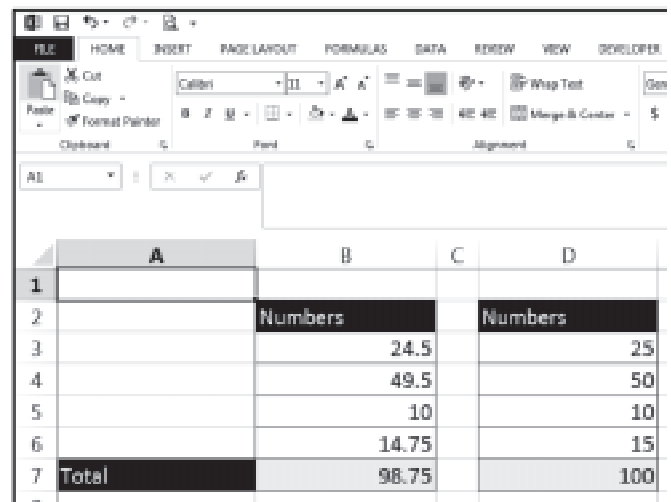
Number formatting is a pretense.

- Number Formatting can display numbers on the surface of the cells that can be different than the underlying numbers that sit in the cells.
- Formulas make their calculation on the actual numbers in the cells, not the numbers that are displayed on the surface of the cells.
- Number Formatting is a Façade. What you see is not always what is in the cell.
- Applying General Number Formatting wipes away all Number Formatting.

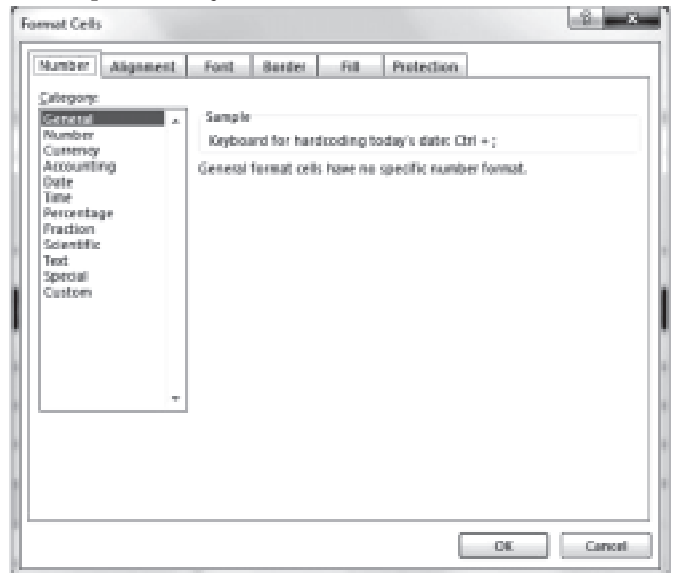
Have a look at two sets of numbers given below. Numbers in the list seem same but their respective totals are different.



Actual numbers sitting in to the cells can be seen if you change the number formatting to "General". Applying General formatting, wipes away all number formatting from the cells.



You can use custom number formatting through "Format Cells" option. (Key Board for Format Cells - Ctrl+1)



Custom number formatting adds options to show numbers in different ways. For example, Date 1st April 2016 can be shown in following different ways.

Actual Number inside Cell	Applied Number format	Number shown on the face of the cell
42461	dd-mmm-yyyy	01-04-2016
42461	dd-mmm	01-Apr
42461	mmmm-yyyy	Apr-2016
42461	dd-mmm-yyyy	01-Apr-2016
42461	dd-mm-yy	01-04-16

As discussed earlier, formulas work on the actual number inside the cell and not on face of the cell. Dates are also represented by underling numbers. 42461 is number of days since Dec 31 1889 for 1st April 2016.

Serial Numbers allow us to do Date Math		
Date	Number Under Number Formatting	
1/1/1900		1
2/1/1900		2
4/9/2013		41521

Style Formatting allows you to present information in effective and attractive way.

Style formatting includes features like

- Bold
- Fill Color
- Font Color
- Borders & Shadings
- Font Size
- Font Type
- Cell Styles
- Word Wrap, etc.

Unformatted				
Account	Jan	Feb	Mar	Apr
Net Sales	\$ 5,689.00	\$ 2,569.00	\$ 6,587.00	\$ 8,700.00
Operating Expenses	1,801.15	2,099.15	4,100.30	4,245.00
Administrating Expenses	537.80	513.80	1,617.40	1,740.00
Other	253.35	385.35	869.30	1,305.00
Total Expenses	2,592.30	2,998.30	6,587.00	7,290.00
Net Income	\$ 3,096.70	\$ (429.30)	\$ -	\$ 1,410.00
Formatted				
Account	Jan	Feb	Mar	Apr
Net Sales	\$5,689.00	\$2,569.00	\$6,587.00	\$8,700.00
Operating Expenses	1,801.15	2,099.15	4,100.30	4,245.00
Administrating Expenses	537.80	513.80	1,617.40	1,740.00
Other	253.35	385.35	869.30	1,305.00
Total Expenses	2,592.30	2,998.30	6,587.00	7,290.00
Net Income	\$3,096.70	-\$429.30	\$0.00	\$1,410.00

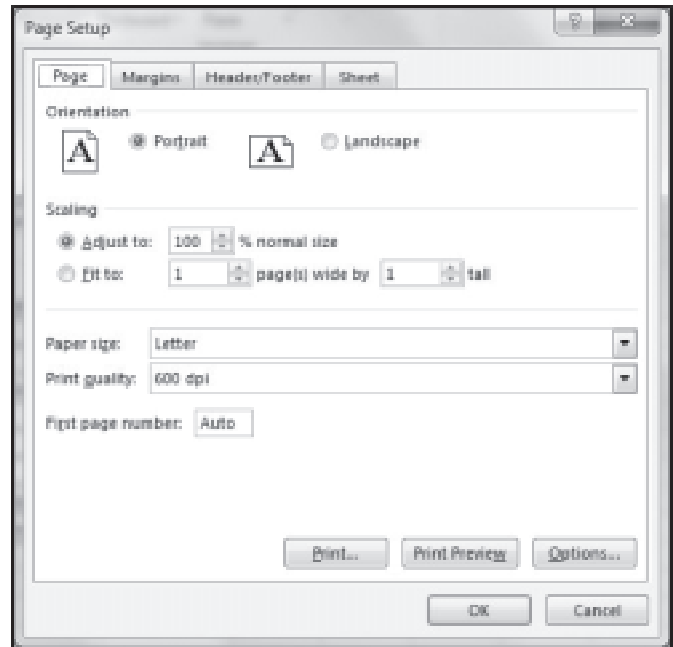
Guidelines for Style Formatting

- Use the minimum amount of resources to effectively deliver the message.
- Be consistent
- All numbers should have same number of digits or decimals.
- Units must be indicated with either number formatting or labels.

Page Set up allows you to print information in an effective way.

Page Set up Dialogue Box

- Page Tab
 - Orientation
 - Scaling
 - Fit to
 - Paper Settings
- " Margins Tab
 - Set margins on edge of each page
- " Header / Footer Tab
 - Preview
 - Built-In
 - Custom Header / Footer
- Sheet Tab
 - Set Print Area
 - Columns to be repeat at left.
 - Rows to be repeat at top.



Friends, what we discussed so far is introduction to the Excel with its basic features. We have to go a long way. In subsequent articles, we will learn about

- Formulas, Formula Types, Formula Elements & Functions
- Data Analysis & Business Intelligence: Sort, Filter, PivotTable, Power Query and Power Pivot.
- Cell References Defined Names Table Formula Nomenclature
- Array Formulas, Conditional Calculations with Excel Formulas AND & OR Criteria
- Recording & Editing Macros and basic level VBA programming.



Do Dividends increase Company Value?

CMA Manohar V. Dansingani,

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"Do you know the only thing that gives me pleasure? It's to see my dividends coming in."

– John D. Rockefeller

Introduction

In Part I of "Does Dividend Matter", we studied the theory put forward by Franco Modigliani & Merton H. Miller, that the value of the firm was unaffected by its capital structure & its dividend policy. All that mattered was:

- Earning Power or Net Operating Income (NOI), &
 - Overall Cost of Capital, which would depend on Risk
- However, there is another school of thought, which asserts that dividend policy does affect valuation, & this is the focus of the current article.

Brief Note on Valuation

Suppose you own a bond with an infinite life, which pays interest of 100/ p.a. & the market yield on similar investments is 10%. How much would you be willing to pay for this bond?

$100/.10 = 1,000/$ correct?

If the market price is lower, you would be willing to buy, if it is higher, you would be a seller.

For shares, there are two types of returns, dividend & capital gains. The market price of a share depends on the performance of the company. It can be reasonably argued that the price today is the present value of all expected cash flow streams in the form of dividends, over the infinite life of the company.

Assumptions: infinite life, stable &/or predictable dividend payouts, known & stable discount rate or cost of capital. This, in a nutshell, is the Dividend Discount Model.

Graham & Dodd Model

Benjamin Graham & David Dodd considered dividend payout as an essential requirement for an increase in market price of the share.

Their model indicated that the market price of shares will increase when a company declares a dividend & they opined that **Dividend per Share (D) was three times more powerful in defining share price movements, than Earning per Share (E)**

$$P = m \cdot (D + E/3)$$

Where: P = market price per share
 m = multiplier
 D = Dividend per share
 E = Earning per share

Since $E = D + R$ (Earning = Dividend Paid + Retained Earning),

this model gives 4 times the weightage to dividend payouts, than it does to retained earnings

Limitations

This theory is rather subjective

The multiplier, m is another bone of contention, as is the formula itself

Walter Model

Prof. James E. Walter believed that in the long run, share prices reflect the sum total of expected dividend streams. Retained earnings thus, were important to the extent that they affected future dividend payouts.

Walter's Formula

$$P = \frac{D}{K_e} + \frac{(r/K_e)(E-D)}{K_e}$$

Where, P = Market Price per share
 D = Dividend per share
 r = Rate of return on investment of the firm
 K_e = Cost of Equity
 E = Earnings per share

It is apparent from this formula that

- * Share price is inversely proportional to the cost of equity. If cost of equity increases, the price per share should decrease
- * Higher the return earned by the firm on its investments, higher will be the market price. This is simple logic.
- * Higher the Retained Earnings (E-D), higher will be the price. Higher retained earnings imply higher growth, thereby leading to higher dividend payouts in the future, ergo, higher price today.

A company which destroys value, viz. $r < K_e$, should not retain any earnings, making 100% payout

Conversely, a company which is value creating, where $r > K_e$, should not make any dividend payments.

Limitations

The assumptions of no external financing, no taxes, no transaction costs & constant r & k_e , are its main weaknesses.

¹ The reader is requested to read about the U.K. Consols, which were perpetual bonds, redeemable at the option of the Government. The first of these was issued in 1752 & the last of the outstanding bonds were finally redeemed on 5th July 2015. The British participation in the Napoleonic Wars (1792-1815) was also funded by consols.

² In our entire discussion, the Market Price is the intrinsic or expected price, based on formulae. Actual market price may be entirely different.

Example of Walter Model

Company A

EPS	15 rupees
Ke	10%
r	14%

Since $r > Ke$, the company should retain 100% earnings

E	15
D	0
E-D (15-0)	15
Ke	10%
r	14%
P	= (0/.1) + (.14/.1)*(15)/.1
P	= 210

This is the value maximizing decision

Proof

Suppose a dividend of 3 per share is paid

E	15
D	3
E-D (15-3)	12
Ke	10%
r	14%
P	= (3/.1)+(.14/.1)*(12)/.1
P	= 198

Dividend payout reduces value

Gordon Model

$$P_0 = \frac{D_1}{(ke - g)}$$

Myron Gordon stated that P_0 , the market price today, depended on

- * Dividend payout (D_1) one year later.
- * ke , the cost of equity &
- * g , the constant growth rate of earnings

One can observe that this formula holds good only so long as $ke > g$, else, it becomes meaningless.

There are multiple stage growth models which can help to overcome this issue.

Fun Fact:

It was David Durand in 1957 who first noted that valuing a stock with dividends growing at a constant rate forever was a variation of The Petersburg Paradox (solved by Bernoulli in the 18th century).

Limitations

As with all concepts, the assumptions viz. steady growth rate, constant IRR, no external financing, no taxes, unchanging retention ratio....are the weaknesses.

Before going ahead, let us introduce the idea of growth generated by internal resources (retention of profits).

³ $D_1 = D_0 * (1+g)$

Retention Can Fuel Growth

T0	Company X	Company Y
Capital (equity)	100	100
Earnings	20	20
Face Value	10	10
No. of shares	10	10
EPS	2	2
Dividend Payout	0	100%
Retention (b)	100%	0%
ROE (r)	20%	20%
Growth ($b*r$)	20.0%	0.0%

Proof (next year)

T1	Company X	Company Y
Retained Earnings	20	0
Capital (equity)	120	100
Earnings	24	20
EPS	2.4	2
Growth in EPS%	20	0

i.e. $b*r$

Example of Gordon Model

FV of Equity share	10
D_0	2
ke	25%
g	5%
D_1	2.1
$P_0 = D_1/(ke-g)$	
P_0	= 10.5

The Gordon Model is also used to figure out the implied required return, by rearranging the formula:

$$P_0 = \frac{D_1}{(ke - g)}$$

Hence, $D_1 + g = ke P_0$

Two-stage Dividend Discount Model

$$V_0 = \sum_{t=1}^n \frac{D_0 (1 + g_s)^t}{(1 + r)^t} + \frac{D_0 \times (1 + g_s)^n \times (1 + g_L)}{(1 + r)^n \times (r - g_L)}$$

- g_s short term, extraordinary growth
- g_L long term, normal growth rate
- D_0 dividend at time 0 (today)
- r required rate of return
- t time (years)
- n number of years of extraordinary growth

The model is based on two stages, a short-term, extraordinary phase, followed by a normal growth stage (with infinite life)

The Value of the Stock = PV (present value) of Dividends during the Extraordinary Stage + PV of Terminal Price (based on the Gordon Model)

An illustration:

<u>Two stage DDM</u>		
D_0		2 per share
B_2		17%
B_1		4%
r		10%
n		3 years
Step 1		
D_1	$2 * 1.15$	2.3
D_2	$2.3 * 1.15$	2.645
D_3	$2.645 * 1.15$	3.0418
Step 2		
D_4	$3.0418 * 1.04$	3.1635
Step 3		
P_3 based on D_4		
Using Gordon's model	$3.1635 / (.10 - .04)$	
		52.7250
Step 4		
PV_0 of P_3	$52.7250 / (1.1)^3$	
		39.6131 (a)
Step 5		
PV_0 of $D_1 + D_2 + D_3$	PV_0	
D_1		2.0909
D_2		2.1860
D_3		2.2853
		6.5622 (b)
Step 6		
$P_1 =$	(a) + (b)	
$P_1 =$		46.1752
$P_1 =$		46.16

H model

This model, presented by Fuller and Hsia (1984) assumes that there is a period of abnormal, high growth, G_1 , followed by linear decline, over the extraordinary growth period, assumed to last $2H$ periods (hence the name), to a stable growth rate, G_2 . Other assumptions are that the dividend payout as well as cost of equity remain constant, & unaffected by the shifting growth rates.

$$\text{Stock Value} = \frac{D_0 + (1 + G_2)}{(r - G_2)} + \frac{D_0 + [H(G_1 - G_2)]}{(r - G_2)}$$

- D_0 DPS at $T = 0$
 G_2 Normal Growth Rate
 G_1 Extraordinary Growth Rate
 r Expected return or cost of equity
 H $\frac{1}{2}$ of the Extraordinary Growth Phase

Behavioral Finance⁴

No discussion on finance would be complete without discussing the psychology of investors.

Behavioral Finance is still young, but provides powerful explanations for several market phenomena.

Clientele Theory

Investors may have different reasons for preferring dividends as a result of tax differentials, or behavioral preferences.

Older investors prefer dividends.

Investors in higher tax brackets prefer stocks with lower dividend payouts and higher capital gains, to minimize personal taxes on dividend income.

Firm Life Cycle

Firms that pay higher dividends tend to be more mature and less volatile. (Grullon et al. 2002) Firms that increase dividends experience a future decline in their profitability, & vice versa.

The reason being, that firms would only pay higher dividends after exhausting investing opportunities, thus signaling maturity of life cycle, rather than future profitability.

Investor Sentiment

Investor demand reflects time-varying risk preferences, or sentiment. (Baker and Wurgler, 2004b). In bad times, investors prefer conservative, dividend-paying stocks, while in boom times, they are comfortable with "riskier" growth stocks.

Bird-in-hand Theory

Investors would like to receive dividends: in order to consume & to reduce risk. Hence, a preference for dividends over capital gains. (Gordon 1959)

Self-Control

In the absence of dividends, investors would sell stocks and use the funds for consumption, often selling more than they needed to. (Thaler and Shefrin, 1981)

Mental Accounting

Shefrin and Statman (1984) suggest that investors derive more utility from several small profits in the form of dividends, rather than one large capital gain. This is based on the Prospect Theory of Kahneman and Tversky, 1979, which stated that people are affected by profits in isolation from their overall wealth.

To explain, a 10% capital gains profit would be less satisfactory than 3% dividend & 7% capital gain.

⁴ An important subfield of finance. Behavioral Finance uses insights from the field of psychology and applies them to the reactions of individuals in trading and other financial applications. The Free Dictionary by Farlex

A capital loss of 10% similarly, would hurt more than a 3% dividend gain & a 13% capital loss.

Signaling Theory

Higher dividend payouts may send a message of a confident management, positive about business prospects in the future. The converse would hold true, regarding reduced dividend payouts.

Conclusion

The jury is still out. The Dividend Irrelevance schools of thought have rigorous assumptions, which are not seen in reality. The Dividend Relevance side have no concrete proof & continue to be rebutted.

There are differential rates of taxation for dividends & capital gains, thus distorting the calculations.

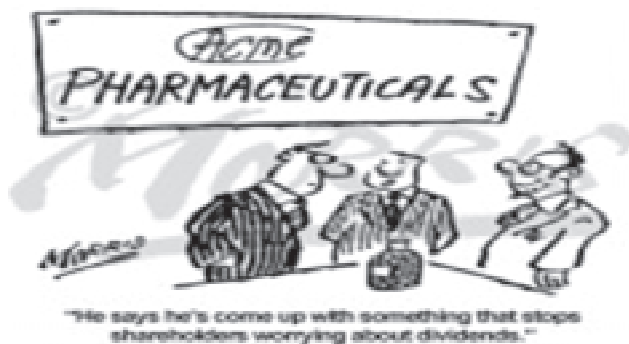
In addition, debt is an important source of finance, bringing with it the tax-shield on payment of interest.

In all humility, one can only defer to the master, Benjamin Graham's statement in 1976, to the Financial Analysts Journal, "I am no longer an advocate of elaborate techniques of security analysis in order to find superior value opportunities. This was a rewarding activity, say, 40 years ago, when our textbook "Graham and Dodd" was first published; but the situation has changed a great deal since then"

Final Thought: KISS (Keep it Short & Simple)

Warren Buffett

"There seems to be some perverse human characteristic that likes to make easy things difficult...The business schools reward difficult complex behavior more than simple behavior, but simple behavior is more effective." Disclaimer The author does not presume to make investment recommendations. All examples are illustrative and the discussions are without prejudice & without recourse.



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Fama, E. F. (1997). Market efficiency, long-term returns, and behavioral finance. *Long-Term Returns, and Behavioral Finance* (February 1997).

⁵ Benjamin Graham, the pioneer of Security Analysis, died on 21/9/1976. His constant exhortation to investors was, "True investors can exploit the recurrent excessive optimism and excessive apprehension of the speculative public."

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Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica: Journal of the Econometric Society*, 263-291.

Shefrin, H. M., & Statman, M. (1984). Explaining investor preference for cash dividends. *Journal of Financial Economics*, 13(2), 253-282.

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Thaler, R. H., & Shefrin, H. M. (1981). An economic theory of self-control. *The Journal of Political Economy*, 392-406.

Walter, J. E. (1956). DIVIDEND POLICIES AND COMMON STOCK PRICES. *The Journal of Finance*, 11: 29-41. doi:10.1111/j.1540-6261.1956.tb00684.x

Suggested Reading

Security Analysis, Graham & Dodd, McGraw-Hill

Security Analysis and Portfolio Management, Fischer & Jordan, Pearson Education

Damodaran on Valuation: Security Analysis for Investment and Corporate Finance, Aswath Damodaran, Wiley Finance

CEP Report

WIRC organised CEP on "Role of CMAs in Present Scenario – with respect to Project Finance & Restructuring of Loans" on 15th July 2016 at WIRC Office. Mr. K. C. Jani (Ex-ED – IDBI Bank), was the speaker for the programme. CMA Kailash Gandhi, Chairman PD Committee, WIRC, felicitated the speaker. Faculty nicely explain the evaluation of Banking Industry in India post-independence & after 1991 liberalisation. He gave information about project finance, Re-structuring of loans, new Regulation like NCIT & Bankruptcy Act and scope of CMAs to excel in these area.



WIRC organised two CEPs at Thane SMFC on 23rd July 2016. First was on "Model GST Law – Key features of the draft Model GST Law". This was another excellent seminar, where Chairman of Taxation Committee of ICAI, CMA Ashok Nawal shared important features of draft Model GST Law. Other CEP was on "Amendment in the Companies (Cost Records & Audit) Rules, 2016". CMA Harshad Deshpande, RCM was the speaker. He gave the updates about new industry covered like broadcasting sector. programme was well attended by members in Practice and Industry.

Glimpses of Seminar on "An analysis of GST Model Law on industry and profession" organised by Taxation Committee of ICAI along with Bharuch-Ankleshwar Gujarat CEP study.

Seminar on "An analysis of GST Model Law on industry and profession" was held on 16th July 2016 at 9.30 a.m. in the presence of Chief Guest of the function Shri Dushyantji Patel, MLA-Bharuch and CMA A. B. Nawal, CCM, Chairman of Taxation Committee-ICAI, Shri Sumit Dutt Majumder, former Chairman-C.B.E.C., other senior members, of the ICAI (CMA) and Industrial Associations of Bharuch district.

Chief Guest Shri Dushyantji Patel, MLA-Bharuch along with other dignitaries on the dais performed lighting ceremony with prayer by school girls with Gayatri mantra. After the welcome address by CMA S. N. Mundra, Convener Study Circle and CMA A. B. Nawal, Chairman-Taxation Committee, ICAI requested Guest of Honour and Industry Association to take up certain issues for smooth implementation of GST and seamless credit in GST scenario and appreciated the efforts of Bharuch Ankleshwar CMA team in co-ordinating this grand Seminar. There were more than 350 participants from various industries.

Chief Guest advised the Institute of Cost Accountants to help & support the issues of trader and industries for smooth implementation of GST in near future, assuring for full support from local authority in respect of betterment of profession and appreciated efforts of CMA profession in building nation and guidelines on GST model law.

Thereafter, Guest of Honour and Keynote Speaker Shri Sumit Dutt Majumder, former Chairman-C.B.E.C. shared his views on model GST law and certain clarification required for smooth implementation. The function was co-ordinated by CMA R. K. Rathi.

First Keynote address-cum-technical session on GST was taken by Shri Sumit Dutt Majumder, former Chairman-C.B.E.C. During the interaction relevant questions were asked by participants and the same were duly replied by former Chairman in very satisfactory manner.

Second Technical Session on Decoding of model GST Law, Clause by clause analysis was undertaken by CMA A. B. Nawal, Chairman Taxation Committee of ICAI. CMA Nawal had explained the issues to be taken up by industry association. He also explained various steps to be taken up by industry for smooth transition of GST.

In Third Technical Session-cum-Panel Discussion CMA Shailendra Saxena local speaker raised various operational issue relating to GST which were nicely replied by CMA A. B. Nawal.

The organizing committee members CMA R.A. Mehta, D.C. Gupta, Bhanwar Lal Gurjar, Manish Naher, Sunil Shah, J. R. Panchal and Dinesh Bhai Patel made their best efforts in making this Seminar a grand success.

Vote of thanks was presented by CMA D.C. Gupta & Rajesh Makwana for all contributors in making the event successful.

Report of Activities carried out during last one year by Pune Central CEP Study Circle



CMA Prashant Vaze

The formation of 'Pune Central CEP study circle' was the culmination of the need voiced by many CMAs and students who wanted a platform for discussing professional issues as well as quality programs on various topics of professional interest. Members felt that there should be programs on diverse



CMA Rajendra Pardeshi

topics such as Direct Taxes, Indirect Taxes, new GST regime, Value analysis, Bank Audits etc. With this in mind the Study Circle was established in June 2015 with the help and support of WIRC.

CMA Prashant Vaze and CMA Rahul Bharam were respectively the Convener and Co-convener of the newly established Study Circle. The Study Circle has the support of an Advisory committee comprising of CMA Varsha Limaye, CMA Rajendra Pardeshi and CMA Arvind Paranjape. Members of Pune and surrounding areas have supported this activity by their presence and enthusiasm.

The Study Circle is grateful to Brihan Maharashtra College of Commerce (BMCC) for extending the facility of their spacious classrooms for the conduct of the programs. Mention must be made of the Principal and the Head of the Costing Department of BMCC for extending their best wishes and full co-operation to the activities of the Study Circle. Many Post Graduate students of the BMCC also participate in the programs.

Members are confident that the Study Circle will thrive under the able support and guidance of Past President CMA B.M. Sharma, Central Council Member, CMA Ashok Nawal and Regional Council Member CMA Harshad Deshpande. A landmark achievement of the Study Circle was roping in of CMA Ashok Shedshale as a speaker in one of the programs. Through the efforts of CMA Ashok Shedshale our members are now empanelled as Stock Auditors in Bank of Maharashtra, a leading Nationalized Bank. We are ever grateful to CMA Ashok Shedshale.

Suggestions from members are welcome. Contact details are as follows: 9850296048 (CMA Prashant Vaze, Convener) cmapunecentralcep@gmail.com

During last one year Study Circle arranged the following programs :

No.	Program details	Speaker	Date
1	Work Life Balance – A Holistic Approach	CMA Pramod Jain	25th July 2015
2	Skills & Attributes required to become successful in Employment as well as Professional Practice	CMA Prakash Sevekari	22nd Aug. 2015
3	Filing of Cost Audit Report under the Companies (Cost Records and Audit) Rules, 2014 under new XBRL Taxonomy	CMA Ashwin Dalwadi, CMA Malav Dalwadi	23rd Aug. 2015
4	New Avenues for Practicing CMA's in the arena of Stock Audit and Risk Based Internal Audit with respect to banks	CMA Ashok Shedshale	26th Sept. 2015
5	Understanding Cost Auditing Standards	CMA Harshad Deshpande	17th Oct. 2015
6	Insights into GST PART I	CMA Brijmohan Sharma	21st Nov. 2015
7	Insights into GST PART II	CMA Brijmohan Sharma	19th Dec. 2015
8	Transfer Pricing and the role of Cost Accountants	CA Sagar Kanade	20th Feb. 2016
9	Union Budget overview (FY 2016-17) and changes in provisions of Direct and Indirect Taxes	CMA Nanda Barde, CMA Harshad Deshpande, CMA Shekhar Sane	2nd March 2016
10	Recent changes in Maharashtra VAT Act, 2002 and its procedural impacts	CMA Laxman Pawar	22nd April 2016
11	Understanding Technical concepts in Asset (Plant & Machinery) valuation	CMA Avinash Joshi	13th May 2016
12	Effects of Lean Management on Product / Service Costing	Engineer Pradeep Paranjape	18th June 2016

CHAPTER NEWS

AHMEDABAD

ICAI-Ahmedabad Chapter organized CEP program on "Over View – Income Declaration Scheme 2016 & Model GST Law" on 9th July 2016. CMA Hetal Shah, Jt. Treasurer of Chapter welcomed Shri Ajai Das Mehrotra, Principal Commissioner of Income Tax and Govt. Nominees to ICAI council, Shri P H Chaudhary, Jt. Commissioner, Shri H. K. Dev, Jt. Commissioner & Shri Deepak Parikh, ITO, Shri Shreeram Kaza, General Manager – Alembic Pharmaceuticals and members and participants. CMA Vinod Savalia, Chairman introduced the Chief Guest, Shri Ajay Das Mehrotra, Principal Commissioner of Income Tax and Govt Nominee CCM. CMA P H Desai, then Vice-Chairman WIRC, felicitated the Chief Guest.

In 1st session, Shri Ajai Das Mehrotra & his team explained the features of Income Declaration Scheme, 2016 in a very lucid manner.

In 2nd session, Shri Shree Ram Kaza, General Manager-Alembic Pharmaceuticals, Baroda submitted presentation on GST Law. Shri Kaza explained GST model, Legal background, important of constitution article, payment & valuation, Input Tax credits, Returns, and impact of GST on pharma business.

Both the sessions remained very interactive and participants found it very useful. The program was attended by more than 40 members. CMA Manish Analkat, Secretary of Chapter gave vote of thanks.

KALYAN-AMBARNATH

Inauguration of New Batch & Prize Distribution Function

The inauguration function of new batch of oral coaching was held on 10th July 2016 at Chapter premises. CMA G.B.Shamnani, Managing Committee Member welcomed and introduced the Chief Guests CMA M.R. Dudani Chairman of Chapter who inaugurated the session by Lighting of Lamp. During his inaugural lecture Chief Guest gave valuable tips to students for being successful in their career and about time management. He also informed the fresh students, members, faculty and parents about history of Chapter and unique scheme of Prize Distribution to students passing I.C.A.I. exam with first attempt. On the occasion, CMA S. G. Narasimhan Vice-Chairman informed the students about scope of opportunities after completing the course. The Programme was attended by 50 students of Inter, Foundation, Final, Faculty members Ms. Bhavna Binwani and Prof. Allwyn Shaikh and staff of Chapter Mr. Raju P.C. Executive Secretary Mr. Ravi Rohra, CMA Neetu Kapoor, Treasurer proposed vote of thanks. Programme ended with National Anthem.

Soft Skills & Communications Seminar

On 17th July 2016 Chapter organized Communication /Soft skills seminars for the benefit of Intermediate students. Prof. Krishna Naidu explained to the students value of communication skills for students perusing professional courses. He informed the students how to face interview while applying for the jobs.

Career Counselling Programme

Chapter visited Kavita Classes Ulhasnagar -3 for delivering lecture on prospects of joining CMA course for students completed T.Y.B.Com. Course. CMA Gopichand B. Shamnani delivered lecture informing students about Intermediate and Final levels of the course. He 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.

NAGPUR

WORKSHOP ON "COST AUDIT"

Chapter in association with Vidarbha Industries Association & Nag Vidarbha Chamber of Commerce conducted Joint workshop on "Cost Audit" on 16.07.2016.

The Workshop was held in august presence of National President of the Institute of Cost Accountants of India CMA P.V. Bhattad alongwith Shri O.S. Bagadia, Vice-President of Vidarbha Industries Association, Shri Prakash Mehadia, President, Shri Sachin Puniyani Jt. Secretary of Nag Vidarbha Chamber of Commerce. The dias was shared by CMA Shriram Mahankaliwar Hon. Secretary, WIRC & Shri Kashivishwanathan, Chairman, Nagpur Chapter.

CMA Sukrut Mehta, a Practicing Cost Accountant from Mumbai, was the faculty for the workshop. He deliberated upon the Cost (Records & Audit) Rules 2014 along with latest amendment dated 15.07.2016. He made detailed presentation about the Applicability of the Cost Audit to Manufacturing industries, Records to be maintained by industry & Documentation required for Audit purpose. He also highlighted on the value additions aspect of the Cost Audit Mechanism. The workshop was well attended by Cost Accountants in practice & industry, VIA & NVCC Members, along with the industrialist from Nagpur Region. The workshop concluded with vote of thanks by CMA Vivek Chavan to all the dignitaries & participants.

The Managing Committee members of the Nagpur Chapter CMAs Anil Verma, Arun Kumar, Anan Sahasrabuddhe, Sundaram, K.M. Rao, Kamal Kothari & senior members worked hard for the Success of the workshop.

NAVI MUMBAI

CEP on "Overview of Model GST Law"

Chapter organised CEP on "Overview of model GST Law" on 24th July 2016. The programme started with introduction of speaker by CMA Narayanaswamy, Ex Vice-Chairman of the Chapter.

We were fortunate to get a speaker like CMA Amit Sarker, Director of Deloitte Haskins & Sells LLP. He explained in detail the provisions regarding Payment, Return and Refund procedure involved in GST. Programme was well attended by members in Practice and Industry. CMA L. Prakash, Chairman of the Chapter, felicitated the speaker by presenting him a bouquet.

PUNE

CEP - 23rd July 2016

Chapter organized CEP on 23rd July 2016 on "Economics of Survival and Sustainable, Inclusive & Equitable Prosperity" at MCCIA. CMA Dr. Girish P. Jakhotiya was key speaker for this seminar.

Following points were discussed during the session.

The deliberations:

1. Is the economic inequality in USA a result of excessive emphasis on 'shareholder value appreciation'?
2. With the exception of Germany, are the other European economies suffering from their old habits of extravagant lifestyles coupled with absence of renovation?
3. Will China be able to sustain its socio-economic fabric beyond 2016?
4. Is India crumbling under the burden of internal imbalances and not quite on account of global factors?
5. Will Japan revive and rekindle its economic engine or get engaged in confrontations with neighbours?
6. Will the oil revenue carry Russia beyond 2016?
7. Are the middle-eastern countries getting rapidly trapped by the radical aggression of Islamic fanatics?

College Visits in July 2016

Pune Chapter visited colleges in July 2016 for students counseling & awareness sessions for CMA.

1. Siddhivinayak College
2. Ness Wadia College
3. Marathwada Commerce College
4. Kaveri College from Kanada Sangh

Committees of the Council for 2016-2017

Constituted at the 284th WIR Council Meeting held on 24-07-16

Sl. No.	COMMITTEE	Sl. No.	NAME	POSITION	
1.	Executive Committee	1.	CMA Pradip H. Desai	<i>Chairman</i>	
		2.	CMA Kailash R. Gandhi	<i>Member</i>	
		3.	CMA Laxman D. Pawar	"	
		4.	CMA Shriram N. Mahankaliwar	"	
		5.	CMA Debasish Mitra	"	
		6.	CMA Harshad S. Deshpande	"	
		7.	CMA P. V. Bhattad	"	
		8.	CMA Ashok B. Nawal	"	
2.	Finance Committee	1.	CMA Pradip H. Desai	<i>Chairman</i>	
		2.	CMA Kailash R. Gandhi	<i>Member</i>	
		3.	CMA Laxman D. Pawar	"	
		4.	CMA Ashok B. Nawal	"	
3.	Students, Members & Chapter Co-ordination Committee	1.	CMA Debasish Mitra	<i>Chairman</i>	
		2.	CMA Kailash R. Gandhi	<i>Member</i>	
		3.	CMA Laxman D. Pawar	"	
		4.	CMA Shriram N. Mahankaliwar	"	
		5.	CMA Harshad S. Deshpande	"	
		6.	CMA Amit Apte	"	
		7.	Mr. Kiran Dilip Ahire	<i>Students Representative</i>	<i>(Final - Postal)</i>
		8.	Ms. Payal Ramchandra Samwani	"	<i>(Final - Oral)</i>
4.	Professional Development Committee	1.	CMA Shriram N. Mahankaliwar	<i>Chairman</i>	
		2.	CMA Harshad S. Deshpande	<i>Member</i>	
		3.	CMA Laxman D. Pawar	"	
		4.	CMA Neeraj D. Joshi	"	
		5.	CMA P. V. Bhattad	"	
		6.	CMA Ashok B. Nawal	"	
		7.	CMA Rajendra Gore	<i>Co-opted Member</i>	
5.	CEP Committee	1.	CMA Kailash Gandhi	<i>Chairman</i>	
		2.	CMA Debasish Mitra	<i>Convener</i>	
		3.	CMA V. B. Prabhudesai	<i>Co-opted Member</i>	
A.	Editorial Board	1.	CMA Harshad S. Deshpande	<i>Chairman</i>	
		2.	CMA Laxman D. Pawar	<i>Member</i>	
		3.	CMA N. P. Viswanathan	"	
		4.	CMA Shrenik S. Shah	"	
		5.	CMA (Dr.) Shailendra Saxena	"	
		6.	CMA Soumen Dutta	"	
B.	Task Force - Members in Industry (under PDP Committee)	1.	CMA Atul Dharap	<i>Raymond Ltd</i>	
		2.	CMA B. N. Agarwal	<i>Bhilai Steel Plant</i>	
		3.	CMA Rahul Renavikar	<i>Ernst & Young LLP</i>	
		4.	CMA Suresh Vishnu Sasane	<i>MSPGC Ltd.</i>	
		5.	CMA Abhishek Kumar Singh	<i>SPMCIL</i>	
		6.	CMA Vivek G. Bhalerao	<i>TCS</i>	
		7.	CMA Amit Kumar Sarker	<i>Deloitte Haskins & Sells</i>	
		8.	CMA M. B. Kaka	<i>Gujarat State Electricity Company Ltd.</i>	
		9.	CMA Pradeep Deshpande	<i>Foundation Brake Mfg. Pvt. Ltd.</i>	
		10.	CMA Rajendra Kumar Rathi	<i>Reliance Industries</i>	
		11.	CMA Sumit Bahadur	<i>Electronic & Power Control Co.</i>	
C.	Task Force - State Government Representation	1.	CMA Laxman D. Pawar	<i>Chairman</i>	
		2.	CMA Arindam Goswami	<i>Chhattisgarh</i>	
		3.	CMA Dipen Mehra	<i>Chhattisgarh</i>	
		4.	CMA Yogesh Chourasia	<i>Madhya Pradesh</i>	
		5.	CMA Ashwin Dalwadi	<i>Gujarat</i>	
		6.	CMA Arun Kumar	<i>Maharashtra</i>	
		7.	CMA Ram Mohan Menon	<i>Goa</i>	
		8.	CMA B. F. Modi	<i>Gujarat</i>	
		8.	CMA Vineet Chopra	<i>Madhya Pradesh</i>	

Chairman, WIRC of ICAI will be permanent invitee of all the Committees, except Executive & Finance. Committee.

CMA Pradip H. Desai
Chairman

CMA Kailash Gandhi
Vice-Chairman



CMA Sumeet Bahadur, a fellow member of our Institute receiving an award in the category MSME by Hon'ble Minister Mr. Rajiv Pratap Rudy, Ministry of Skill Development & Entrepreneurship, Govt. of India on 16th July 2016



CMA L. Prakash, Chairman, Navi Mumbai Chapter welcoming CMA Amit Sarkar at the CEP on "Overview of Model GST Law" organized by Navi Mumbai Chapter



CMA Shirram N. Mahankaliwar, Hon. Secretary WIRC, CMA Sukrut Mehta, Faculty, CMA P. V. Bhattad, President ICAI, CMA K. V. Kasiviswanathan, Chairman, Nagpur Chapter, Mr. Sachin Puniyani, Jt. Secretary, (NVCC) & CMA Arun Kumar, Vice-Chairman, Nagpur Chapter during CEP on Cost Audit organised by Nagpur Chapter on 16th July 2016.



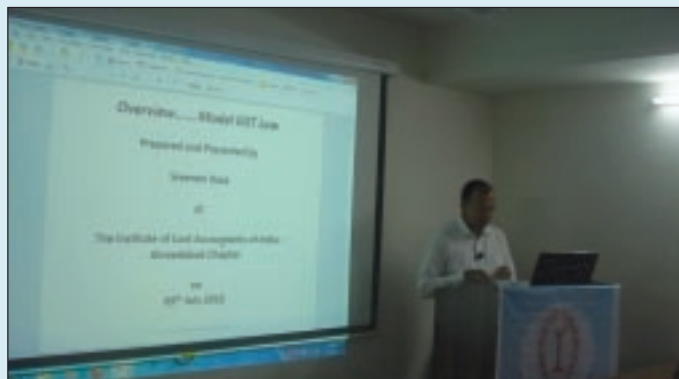
CMA Shirram N. Mahankaliwar, Hon. Secretary, WIRC, CMA Sukrut Mehta, Faculty, Mr. Omprakash Bagadia, Vice-President, (VIA), CMA K. V. Kasiviswanathan, Chairman, Nagpur Chapter, Mr. Sachin Puniyani, Jt Secretary, (NVCC) & CMA Arun Kumar, Vice-Chairman, Nagpur Chapter during CEP on Cost Audit organised by Nagpur Chapter on 16th July 2016

Glimpses of Seminar on "An analysis of GST Model Law on industry and profession" organised by Taxation Committee of ICAI alongwith Bharuch - Ankleshwar (twin city) Gujarat CEP study circle held on 16th July 2016 at Ankleshwar





Shri Ajai Das Mehrotra, Principal Commissioner of Income Tax, Ahmedabad addressing the participants during CEP organised by Ahmedabad Chapter on 9th July 2016



Presentation by Shri Shree Ram Kaza on model GST Law during CEP organised by Ahmedabad Chapter on 9th July 2016



CMA Harshad Deshpande, RCM interacting with the participants during CEP on Amendment in the Companies (Cost Records & Audit) Rules, 2016 organised by WIRC on 23rd July 2016 at Thane SMFC.



CMA Ashok Nawal, CCM-ICAI interacting with the participants during CEP on Decoding the Model GST Law Key features of the draft Model GST Law organised by WIRC on 23rd July 2016 at Thane SMFC.



CMA Kailash Gandhi, Chairman, PD Committee, WIRC welcoming Mr. K. C. Jani (Ex-ED-IDBI Bank) during CEP organised by WIRC on 15th July 2016 at WIRC office.



CMA S. G. Narasimhan, Vice-Chairman, Kalyan-Ambarnath Chapter lighting lamp during inauguration of New Batch of Oral Coaching of Kalyan-Ambarnath Chapter.

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