



WIRC BULLETIN

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WIRC

*Wishes all Members & Students
Happy Diwali & Prosperous New Year*

“Eklavya” Students' Day Function organised by WIRC on 9th September 2017



CMA Kailash Gandhi, Chairman WIRC inaugurating the function



More than 500 Students attended the function

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

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Glimpses of Students Day & Students Felicitation Function organised by WIRC on 9th September 2017



CMA Kailash Gandhi, Chairman WIRC felicitating Mr. Shailesh Malu



CMA Kewal Handa, Chairman & Part-Time Non-Official Director, Union Bank of India inaugurating Students Felicitation Function



CMA Kewal Handa, Chairman & Part-Time Non-Official Director, Union Bank of India is being felicitated by CMA Kailash Gandhi, Chairman WIRC



Prize Distribution to Student by CMA Kewal Handa



Mr. Shailesh Malu giving Motivational Speech to students



Volunteers of Students Day programme alongwith CMA Kailash Gandhi, Chairman WIRC



WIRC Council Members interacting with Faculty Members during Faculty Meet organised by WIRC on 9th September 2017.



View of Faculty Members during Faculty Meet organised by WIRC on 9th September 2017.



From the Desk of Chairman

Dear Members and Students,

Diwali is here - the gracious festival celebrating victory, of myth and mystery; the festival that signals triumph over tragedy. May it bestow all with Love and Happiness!

The sun does not shine there, nor do the moon and the stars, nor do lightning shine?

All the lights of the world cannot be compared even to a ray of the inner light of the Self.

Merge yourself in this light of lights and enjoy the supreme Diwali.

Yet another incident hit the Local train of Mumbai, which is life line of Mumbai. Twenty-two people were killed and over 39 seriously got injured in a rush-hour stampede at Mumbai's Elphinstone railway station's foot over bridge in September. Our heartfelt condolence to the family members of the people who lost their lives. May lord give strength to the family members to face this incident.

We are committed to support and promote all student activities. Recently we have organised 'Students Day - Eklavya' at Sydenham College and more than 550 upcoming CMAs attended the programme and it was a grand success. Motivational speaker Mr. Sailesh Malu motivated our CMA students and CMA Ashok Nawal shared the new opportunities like GST, Insolvency & Bankruptcy Code and many more with them. It's after a very long time that WIRC had such a large gathering of Students.

We felicitated successful students and rankers of June 2017 ICAI examination in the Felicitation program on 09th September at Sydenham College. CMA Kewal Handa, Executive Chairman of Union Bank of India- Chief Guest inspired, motivated and guided more than 300 students in afternoon session. We also had faculty meet on same day, where we deliberated to improve the oral coaching facility.

Another event for students i.e. 12 days Pre-placement orientation program was successfully completed at Mumbai and Ahmedabad. 12 Days Orientation Programme was inaugurated on 8th September 2016 at Thane SMFC by CMA Mukesh Sharda.

Director-Finance -Raymond India Limited. Practicing member CMA Padma Ganesh shared her experience. CMA Deepak Ukidave, Sr. faculty member briefed the structure of the Orientation Programme. On 8th September 2017 12 days Pre-placement orientation program at Ahmedabad was inaugurated by CMA P.H. Desai, Immediate Past Chairman WIRC & RCM-WIRC.

Over the last few years we have taken several initiatives to enhance the global flavor of our CMA profession. I am also happy to share that we have witnessed 23% growth in the student intake for July-Dec 2017 admission as compared to last year in spite of late results of Mumbai University. I am pleased to convey that a batch of highly talented young men and women CMA final pass is ready to take up challenging responsibilities of the corporate world.

The Campus Placement Programme of the Institute provides an excellent opportunity to interview and recruit the suitable ones for much organization. Approximately, 150 Fresh CMAs are participating in Campus placement program at Mumbai. The Institute is pleased to welcome all potential Companies for the forthcoming Campus Placement Programme for the Newly Qualified Cost Accountants which is scheduled on Friday, the 13th and Saturday, the 14th October, 2017, at SGSJK's Aruna Manharlal Shah Institute of Management & Research, R.B. Kadam Marg, Off: L.B.S. Marg, Ghatkopar (W), Mumbai - 400086. I request all our members in the Industry and practicing members to support the Institutes Campus placement Initiative.

Following programs for members were organized during the month.

- CEP on Factory Compliance Management at WIRC on 22nd September - CMA Rakesh Kataria, CFO, Chemco Plastic Inds. Pvt Ltd was the speaker
- CEP on Issues on Filing of Different Forms (GSTR1, GSTR2, GSTR2A & GSTR 3B) under GST on 7th October 2017 - Mr. Pratik Shah was the Speaker.

I wish you all a happy and joyous festive season. Wish you and your family happy Diwali. I also wish happy, healthy and prosperous New Year to you and your family.

With warm regards.

CMA Kailash Gandhi

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Ref. No.: G/128/09/2017

13th September, 2017

Circular No. GC (1)72017

Sub: GST on Membership and other related fees

Govt. of India has implemented GST w.e.f 1st July, 2017, by virtue of which the membership and other related fees of the Institute are subject to GST.

Accordingly, members are requested to add GST @ 18% on membership and other related fees payable by them to the Institute with effect from 1st July, 2017 onwards and pay the same.

Those who have already paid the fees on or after 1st July, 2017 without adding GST, are requested to remit the balance amount payable towards GST.

Sd-
Kaushik Banerjee, Secretary



Valuation under Goods and Service Tax

CMA Vinod Shete

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GST is one of the biggest Tax Reforms in India since its independence. Determination of Value of the goods and / or services is very crucial aspect under GST from the point of ascertainment of tax liability for each transaction.

Section 15 of the CGST Act, 2017 deals with the Value of Taxable Supply. The value of supply of goods or services or both shall be transaction value, which is the price already paid or payable for supply of goods and /or services. Here Supplier and Recipient are not related and Price is the sole consideration for the Supply. Value of Supply includes: i) packing charges ii) delivery charges iii) interest for delays in payment iv) any taxes, cesses or charges as per the prevailing Law. In other words, Value of Supply will be nothing but the Transaction Value.

Exclusion from the Transaction Value According to Sec 15 (3), The Value of Supply shall not include any discount which may include a) discount given at the time of supply and duly recorded in invoice b) Discount given after supply as per agreement made before or at the time supply.

As per Section 4 A of the Central Excise Act, abatement on goods covered under MRP was allowed for determining the tax liability whereas no such provision exists under GST ACT. Tax liability is determined on the basis of the Transaction Value under GST ACT .

According to Central Goods and Service Tax (CGST) Rules, 2017, following Rules are applicable for determination of Value of Supply

- 1) Value of Supply of goods or services where the consideration is not wholly in money .- Where the supply of goods or services is for consideration not wholly in money, the value of supply shall, -
 - (i) Be an Open market Value
 - (ii) If the open market value is not available as per (i), be the sum total of consideration in money and any such further amount in money's and equivalent consideration not in money .
 - (iii) If the value is not determined as per (i) & (ii), be the value of Supply of goods or services or both of like kind & quality;
 - (iv) If the value is not determined as per (i),(ii) & (iii), be the sum total of consideration in money and amount equivalent consideration not in money as per Rule 30 or 31 .

Example : Where a New washing machine is supplied for thirty thousand rupees along with exchange of an old washing Machine and if the price of New Washing machine is thirty five thousand rupees, the open market value is thirty five thousand rupees.

- 2) Value of Supply between distinct or related persons-
 - (i) Be an Open market value
 - (ii) If open market value is not available as per (i),be the value of supply of goods or services of like kind & quality
 - (iii) If the value is not determined as per (i) & (ii), be the value determined as per Rule 30 or 31

Provided that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be open market value of the goods or services.

- 3) Value of Supply of goods made or received through an agent .- The value of supply of goods between the principal and his agent shall -
 - (i) be the open market value of goods being supplied .
 - (ii) At option of supplier, be ninety percent of the price charged for the supply of goods same quality by recipient to his customer not being a related person, where the goods are intended for further supply by the said recipient

- iii) If the value is not determined as per (i) & (ii), be the value determined as per Rule 30 or 31.

Example: A Principal supplies rice to his agent and the agent supplies the rice of same quality in subsequent supplies at a price of ten thousand rupees per 100Kg on the day of supply . Another independent supplier supplies rice of same quality at a price of eleven thousand . The value of the supply made by principal shall be eleven thousand or where he exercises the option, the value shall be ninety percent of eleven thousand i.e. nine thousand nine hundred rupees per 100kg .

- 4) Value of supply of goods or services or both based on cost .- Where the value of a supply of goods or services or both is not determined by any of the preceding rules of this chapter, the value shall be one hundred and ten percent of the cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services.
- 5) Residual method for determination of value of supply of goods or services or both.-Where the value of supply of goods or services or both cannot be determined under rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and general provision of section 15
- 6) Determination of Value in respect of certain supplies .- (i) Value of services for Purchase / Sale of Foreign Exchange - the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and Reserve Bank of India reference rate prevailing at the time of transaction for particular currency, multiplied by the total units of currency . (ii) Value of services of Booking Air Tickets- the value for domestic booking 5% of basic fare while in case of international booking 10% of basic fare .Basic fare means that part of the air fare on which commission is normally paid to air travel agent by the airlines .(iii) Value of services of Life Insurance business -the value of supply of services, the gross premium charged from a policy holder reduced by the amount allocated for investment, in case of single premium annuity -10% of premium and in all other cases 25% of the premium in first year and 12.5% in subsequent years.(iv)A person dealing in buying and selling of second hand goods- value of supply shall be difference between selling Price and purchase price . Where the value of supply is negative, it shall be ignored. No input tax credit has been availed on purchase of second hand goods.(v) Value of Token or a voucher or coupon- value of supply equal to the money value of goods or services or both redeemable against such token / voucher / stamp .(vi) Value of supply of services in case of pure agent - the expenditure or costs incurred by the supplier as a pure agent of the recipient of the supply. Cost incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply subject to fulfilment of certain conditions.
- 7) Value of supply inclusive of integrated tax, central tax, state tax, union territory tax. - Where the value of supply is of integrated tax, central tax, state tax and union territory tax, the amount shall be determined in the following manner

Tax amount = (Value inclusive of taxes X tax rate in % of IGST or, as the case may be, CGST,SGST or UTGST) / (100+sumof taxes, as applicable, in %)

Conclusion : Valuation of goods and services is very important aspect from the determination of value of taxable supply and also it is utmost important for determining correct Value of the goods or services on which tax has to be determined and tax liability should be paid thereon for all future transactions. Definitely, Cost Accountants can use the pricing tool techniques and their expertise to arrive at the correct value of Supply of Goods or Services or both. It's a great opportunity to our members to prove our professional excellency !!!!!



Practical Approach of GSTR-I

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1. What is GSTR 1?

GSTR 1 is a monthly return that should be filed by every registered dealer. It contains details of all outward supplies i.e sales. GSTR-1 has a total of 13 sections.

2. Why is GSTR 1 important?

GSTR 1 contains details of all the sales transactions of a registered dealer for a month.

The GSTR 1 filed by a registered dealer is used by the government to auto populate GSTR 3 for the dealer and GSTR 2A for dealers to whom supplies have been made.

GSTR-1 should be filed even if there is nil returns to be filed (no business activity) in the given taxable period.

3. When is GSTR 1 due?

Latest Update: As per GST Council meeting of 9th September 2017

Return	Month	Revised due date	Additional comments
GSTR-1	July 2017	1-10-Oct-17	3rd October for persons with turnover more than Rs. 100 crores

Due dates for filing of returns for August, September onwards will be notified later by the government.

4. Who should file GSTR 1?

Every registered person is required to file GSTR 1 irrespective of whether there are any transactions during the month or not.

The following registered persons are exempt from filing GSTR 1:

- Input Service Distributors
- Composition Dealers
- Suppliers of online information and database access or retrieval services (OIDAR), who have to pay tax themselves (as per Section 14 of the IGST Act)
- Non-resident taxable person

- Tax payer liable to collect TCS
- Tax payer liable to deduct TDS

6. How to revise GSTR 1?

GSTR 1 once filed cannot be revised. Any mistake made in the return can be revised in the next months return. It means that if a mistake is made in September GSTR 1, rectification for the same can be made in October's GSTR 1.

7. Details to be provided in GSTR 1

1. Provide GSTIN (provisional id can also be used as GSTIN if you do not have a GSTIN)
2. Legal name of the registered person: Name of the taxpayer will be auto-populated at the time of logging into the common GST Portal.
3. Aggregate Turnover in the preceding Financial Year and for April to June 2017: Aggregate Turnover is total value of all taxable supplies made (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both.
4. Taxable outward supplies made to registered persons (including UIN-holders): All B2B supplies should be mentioned in this section.
 - 4A. Under this head invoice wise details of all supplies made other than those under reverse charge and supplies made through e-commerce operator should be mentioned in this section.
 - 4B. All outward supplies on which reverse charge is applicable and which has been excluded in 4A should be shown here
 - 4C. Supplies made through e-commerce operator which attract TCS has to be reported here. The details have to be rate wise or operation wise.

The B2B - Add Invoice page is displayed. In the Receiver GSTIN/UIN field, enter the GSTIN or UIN of the receiver.

The following details should be entered on this page -

- Select the check box for Deemed Exports, SEZ Supplies with Payment or SEZ Supplies Without Payment, if applicable.
- Enter the receivers GSTIN/ UIN . Once this is done the Receivers Name, POS and Supply Type will be auto populated.
- Enter the Invoice No., Invoice Date and Invoice Value
- In case the supply attracts reverse charge or supply is through e-commerce operator select the check box.
- Enter the Taxable Value of supplies made in the taxable value field. Based on inter-state or intra-state transactions CGST and SGST or IGST will appear in

- the amount of tax field. The Amount of tax is auto calculated based on the taxable value entered.
 - Click on Save once all the details are entered.
5. 5A, 5B - B2C(Large) Invoices : Taxable outward inter-State supplies to un-registered persons where the invoice value is more than Rs 2.5 lakh
- Invoice wise details of all supplies made to unregistered dealers is to be mentioned here:
- 5A. This will include B2B invoices i.e. sale to unregistered dealer and
- 5B. The details of B2C supplies made online through e-commerce operator

6. Credit/Debit Notes (Registered):

Add credit/debit notes details in following format

The Credit / Debit Notes (Registered) - Add Note page is displayed.

In this page the following details need to be entered -

- Enter the Receivers GSTIN. The name will get auto populated.
- Enter the Debit/ Credit Note no. and Date.
- In the Original Invoice No. and Date field enter the date and number of the invoice against which the debit note or credit note is issued.
- In the Note Type drop down select whether the details added are for a debit note, credit note or refund voucher.
- Enter the Note Value and the Reason for Issuing Note.
- If the original invoice was issued before 1st July 2017 tick on the check box Pre- GST Regime.
- Enter the Taxable Value of goods or services in the

taxable value field. Based on inter-state or intra-state transactions CGST and SGST or IGST will appear in the amount of tax field. The Amount of tax is auto calculated based on the taxable value entered.

- Click on save once the details are entered.

9B - Credit / Debit Notes (Unregistered):

To add details of credit or debit notes or refund vouchers issued to unregistered persons same as registered person.

6A - Export Invoices :

You have to enter any Export invoices and shipping bills details here,

7- B2C Others : All supplies that are B2C and the amount is less than Rs 2.5 lakh, the details of those invoices have to be entered here.

8A, 8B, 8C, 8D - Nil Rated Supplies:

To add an invoice for Nil Rated Supplies, Exempted and Non-GST Outward supplies

Description	Nil Rated Supplies (₹)	Exempted (Other than Nil rated/non-GST supply) (₹)	Non-GST Supplies (₹)
Inter-state supplies to registered person	₹0.00	₹0.00	₹0.00
Inter-state supplies to unregistered person	₹0.00	₹0.00	₹0.00
Intra-state supplies to registered person	₹0.00	₹0.00	₹0.00
Intra-state supplies to unregistered person	₹0.00	₹0.00	₹0.00

11A (1), 11A(2) - Tax Liability (Advances Received): Consolidated Statement of Advances Received or adjusted in the current tax period, plus amendments from earlier tax periods.

- Mention all advances received during the earlier period corresponding to invoices raised during the current period.
- In this table, specify all advances received in the month for which invoice was not raised

12. HSN-wise summary of outward supplies: This section requires a registered dealer to provide HSN wise summary of goods sold.

The following are the details to be provided on this page

- HSN Code of outward Supplies
- Description of the outward supplies
- In the 'UQC' drop-down select the quantity of the supplies. Eg - KGs, Liters, etc.
- Enter the Total Quantity, Total Value and Total Taxable Value of the outward supplies

- Now enter the IGST or CGST and SGST based on the type of sale made viz-a-viz inter-state or intra-state
- Click on Add and on the next page click on save button.

All entities with a taxable turnover of over Rs.1.5 crores are required to mandatorily declare HSN or SAC code on the tax invoice.

13. Documents issued during the tax period: This head will include details of all invoices issued in a tax period, any kind of revised invoice, debit notes, credit notes etc.

There are will be 12 categories of documents. Enter the serial no. of invoice issued, Total number of invoices issued and cancelled invoices in respective fields. The net invoices field will be auto populated.

For More Details kindly find link-<https://www.gst.gov.in/help/helpmodules>

Notes- The article has been prepared considering all circulars /notices with respect to GST, and given views are owned & will not be responsible for any financial loss.



Election of Managing Committee of Chapters of WIRC

	Chapter	Date of issue of Notification	Late Date and Time of receipt of Nominations	Last Date and Time for withdrawal of Nominations	Date of Polling
1	Ahmedabad	1st September 2017	21st September 2017	7th Octobr 2017	12th October 2017
2	Aurangabad	16th september 2017	10th October 2017	18th October 2017	30th October 2017
3	Baroda	1st September 2017	22nd September 2017	30th September 2017	7th October 2017
4	Bharuch-Ankleshwar	1st September 2017	--	--	23rd September 2017
5	Bhopal	21st September 2017	11th October 2017	21st October 2017	25th October 2017
6	Bilaspur	5th April 2017	28th April 2017	18th May 2017	3rd June 2017
7	Goa	25th September 2017	20th October 2017	--	29th October 2017
8	Indore Dewas	5th October 2017	11th October 2017	20th October 2017	29th October 2017
9	Kalyan Ambernath	12th August 2017	6th September 2017	16th September 2017	24th September 2017
10	Kolhopur-Songli	13th September 2017	10th October 2017	18th October 2017	30th October 2017
11	Kutch Gandhidham	18th September 2017	10th October 2017	18th October 2017	29th October 2017
12	Nagpur	18th september 2017	9th October 2017	23rd October 2017	29th October 2017
13	Nasik Ojhar	4th September 2017	25th September 2017	6th October 2017	7th October 2017
14	Navi Mumbai	5th September 2017	26th September 2017	11th October 2017	15th October 2017
15	Pimpri Chinchwad Akurdi	1st September 2017	22nd September 2017	11th October 2017	14th October 2017
16	Pune	18th September 2017	9th October 2017	16th October 2017	29th October 2017
17	Solapur	11th September 2017	3rd October 2017	11th October 2017	29th October 2017
18	Surat South Gujarat	28th August 2017	25th September 2017	10th October 2017	15th October 2017
19	Vapi-Daman-Silvassa	28th August 2017	25th September 2017	10th October 2017	15th October 2017



Leveraging Productivity Improvement tools for Cost Optimization

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Today, companies face the constant challenge of providing competitive products in a dynamic marketplace and face a relentless struggle to optimize their costs in an effort to become more attractive to their customers. In many cases there is ongoing pressure to deliver the same product or an enhanced version of the same product at a reduced cost progressively.

In today's increasingly competitive world, it is important to constantly improve, be it a manufacturing or service industry. Quality with quantity is a main characteristic which helps a company stay in the competition. The term productivity can be used to examine efficiency and effectiveness of any activity conducted in a business. Productivity is the combination of intelligent planning and focused efforts. In a formal sense, productivity refers to how well an organization converts input (such as labor, materials, machines and capital) into goods and services or output. But today it is no longer limited to measuring ratios of inputs and outputs. Basically, increasing productivity just means working smarter.

The profitability of the industry is constantly in a state of flux. While many emerging markets continue to see dramatic increases in the demand for their products, the instability of commodity and operations costs can cause a great deal of variability in profits. It benefits companies to look for ways to increase their productivity and efficiency while optimizing costs. Being able to achieve this goal allows these companies to maintain their profitability in the VUCA (Volatile, uncertain, complex, Ambiguous) business scenario.

Following are a few tools for improving productivity and optimizing costs :

A) Improve Business Processes via PDCA: Companies can drastically improve their overall business profile by reviewing their current business processes to find areas that can be redefined, improved or reorganized. By eliminating redundant, out-of-date or unnecessary business practices, companies can improve productivity. Continuous Improvement follows the proceeding quality cycle, called the Deming Cycle, or PDCA cycle, which comprises of 4 phases that the product or process needs to go through. They are as follows:

- **Plan** - In this phase an opportunity for change is identified and the planning is carried out to bring about this change within the system.
- **Do** - Once the planning is completed and verified, the plan is then executed for the change to be implemented within the system.
- **Check** - In this stage, data is collected and viewed to check the success of the change, which was implemented. The results are analyzed with a view to determine whether the change brought about was successful.
- **Act** - Once the change is determined to be successful, the plan is implemented on a much wider scale and continuous assessment takes place. Again, the check stage is followed after large-scale implementation.

B) Value Chain Analysis: Taken from Michael Porter's classic - Competitive Advantage: Creating and Sustaining Superior Performance - Value chain analysis it involves examining the

various processes in a company which translates its inputs into outputs. Through value chain analyses, companies can find ways to streamline processes and reduce the number of steps, time, effort or costs needed to complete a specific task in the chain.

C) Five-S: is a simple, yet powerful, Japanese tool that is used for the purpose of organizing a workplace in a very systematic, clean, and safe manner. This organizing enhances your productivity, work standardization efforts, and helps in visual management. The 5S tool works methodically in 5 phases. These 5 phases are termed in Japanese and are transliterated in English to form 5 "S" terms. They are as follows:

- **Seiri** - or, Sort, is the first step of the 5S and involves sorting of the all the mess and clutter within the workplace while keeping only the important and extremely useful items within the work area.
- **5S Seiton** - or, Straighten, dictates the process of arranging the decluttered items in an efficient manner so as to be used using the principles of ergonomics. This step ensures that every single item has its place and those items go back to their place after use
- **Seiso** - or, Sweep, is the step that involves a thorough cleaning of the work area, the tools, machines and equipment to be used in the manufacturing unit of the company.
- **Seiketsu** - or, Standardize, ensures that whatever work was conducted in the first 3 steps is now standardized. Standardization is a key component within Lean Manufacturing, thus, this becomes a crucial phase
- **Shitsuke** - or, Sustain, is the final stage that ensures that the company keeps up to the standards adhered and conformed to. This stage involves housekeeping and auditing of the processes and tools and equipment continuously. It is during this stage that the 5S work routine becomes a culture.

D) Total Quality Management: is a continuous quality program aimed at bringing about teamwork among departments and ensure a self-reliant workflow, outputting optimum quality of products. TQM promotes participative management and focuses on the customer needs and demands, accordingly aligning the process of production and timelines.

E) JIDOKA: Jidoka is a Toyota concept aimed at describing the man-machine interface such that people remain free to exercise judgment while machines serve their purpose. The jidoka system shows faith in the worker as a thinker and allows all workers the right to stop the line on which they are working. Jidoka is often referred to as "automation with a human mind?". The jidoka way of working consists of following three principles- Do not make defects, "Do not pass on defects, Do not accept defects".

F) HEIJUNKA : Heijunka focuses on achieving consistent levels of production. It is defined as "distributing the production of different [body types] evenly over the course of a day? It incorporates the principles of line balancing by attempting to equate workloads, leveling demand out by creating an inventory buffer and replenishing that buffer. It focuses on providing even work load for all employees. Heijunka has the capability of reducing lead times by minimizing time losses due to frequent process changeovers.

G) KAIZEN Techniques: Kaizen (Continuous improvement) is a management supported employee driven process where, employees make a great number of continuous improvement efforts. Kai = Change, Zen = better.

- Poka-Yoke: It is a powerful and comprehensive method of "error proofing". It helps in defect prevention and defect detection. It is a mechanism in a lean manufacturing process that helps an equipment operator avoid (yokeru) mistakes (poka). It helps in eliminating product defects by preventing, correcting, or drawing attention to human errors as they occur
- SMED: Single Minute Exchange of Die (SMED) is a technique of performing a set up operation in lesser amount of time. It helps in reduced Work-in-progress, better average daily production, increased capacity and faster delivery to customers.
- Total Productive maintenance (TPM): TPM is keeping machines in good working condition through systematic maintenance of equipment so that they fail less frequently and production process continues without interruption.
- Just-In-Time: JIT is a management philosophy aimed producing only what is needed, when it is needed and in needed quantity hence reducing waste of overproduction.
- Kanban: Kanban is a manual production scheduling technique controlled by a process or machine operator. Production is controlled through demand originating from external customer.
- Process Oriented Management (POM): Traditional management focuses mainly on results and individuals on their ultimate achievement. Kaizen management emphasis on process of achieving the results. Managers in POM are judged by people centered skills as time management, education and training, inter-team participation, communication and morale boosting.
- Visual management: Visual management is the method of providing, in a clearly visible manner, to both workforce and management, information on the current status including target of the various operations performed as well as various work pieces found at the work place.
- Work Standards: Work standards represent the best way of doing a job and it consists of set of documented policies, rules, directives and procedures established by the management for all major operations to enable employees to perform their jobs without errors and to enable management to minimize variations in output, quality, work-in-progress and cost.
- Statistical Process Control (SPC): Statistical Process Control is the application of statistical techniques to control a process and eliminate process variations due to assignable causes.
- Suggestion Systems: Suggestion Systems- the fundamental to the Kaizen philosophy is the process owned by employees through designed to benefit the company, inviting employees to suggest / implement any idea, large or small, novel or mundane concerning any aspect of the company life.

H) Lean Six Sigma - DMAIC: Define, Measure, Analyze, Improve and Control was made popular by the Lean Six Sigma community, but stands on its own as a versatile and complete problem-solving roadmap.

- Define -The customer needs are stated and the processes and problems to be solved/improved are identified.
- Measure -Baselines and targets are set, boundaries are drawn and the measurement system is validated.
- Analyze - Data is examined to explore and prioritize possible solutions.

- Improve - Identifies the improvements to optimize the goals and eliminate/reduce defects
- Control - Documents, monitors, and assigns the accountability for sustaining the gains made by the process improvements.

I) Cost of Poor Quality (COPQ): Another way to determine where roadblocks may occur is to manage one's Cost of Poor Quality. This is defined as the cost of NOT creating quality products or services. The cost of poor quality can be divided into four categories of costs, namely:

- External Failure Cost - Associated with product or service defects found by the customer, e.g. customer complaints, returned merchandise, warranty claims, recalls
- Internal Failure Cost - Associated with defects that are discovered before delivery to the customer, e.g. rework, scrap, product faults, re-inspection, re-testing
- Inspection (appraisal) Cost - Needed to determine the degree of conformance to quality requirements (measuring, evaluating or auditing), eg inspection, testing, audits.
- Prevention Cost - To reduce or eliminate poor quality by reducing the failure or inspection costs. It includes product reviews, quality planning, surveys of suppliers, work improvement teams, education and training.

J) Address the causes of waste: Companies that examine and address the various causes of waste can significantly improve their productivity. Taken from Toyota's lean methodologies, the 7 Wastes (or Muda in Japanese) can be represented by the acronym TIMWOOD, i.e.:

- Transportation - Increases risk of damage or loss, as well as unnecessary costs in time and resources;
- Inventory - Represents capital outlay that does not yield a direct value and may in fact incur lost opportunity cost;
- Motion - Wear and tear to products/equipment or injury to workers;
- Waiting - Time spent waiting is unproductive and wasteful;
- Over-processing - When too much engineering or features are needlessly introduced;
- Over-production - Excess material or products are being made; and
- Defects - Costs incurred in rework, rejects and rescheduling

K) Green Productivity: is one such way of utilizing the waste materials with a multi-dimensional, holistic strategy that aims at improving overall quality of life while leading development in a sustainable direction. In Green Productivity practices, the main objective is to identify ways to prevent pollution or waste at its source (increasing output and improving quality), as well as reduce the level of resource inputs through rationalization and optimization (decreasing input). GP practices and techniques do not require a new set of skills to be learned; rather, it is the application of productivity and management tools to a new set of priority.

Conclusion

Productivity is above all a state of mind-set. It is an attitude that seeks the continuous improvement in the existing systems and processes. Productivity should not be viewed merely as a narrow technical concept. It is also a social concept. It is based on the belief that one can do things better today than yesterday and better tomorrow than today. Productivity, in a broad sense, is a measure of how efficiently and effectively resources are used as inputs to produce products and services needed by society. Productivity improvement means improvement in QCDMS: Q=Quality (Higher quality that meets or exceeds customer requirements. C=Cost (Lower Cost) D=Delivery (Timely delivery as desired by the customer) M=Morale (Boosting morale of all concerned) S=Safety (Improving the safety of every aspect of the product and process).



Exports under GST regime

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Specific provisions have been incorporated in the GST laws for governing export of goods or services.

What is 'Export' under GST:

The terms "Export of Goods "and "Export of Services" have been defined in the Integrated Goods and Services Act, 2017.

- a. "Export of Goods" means taking goods out of India to a place outside India- S. 2(5);
- b. S. 2(6) defines:

"Export of Services" means the supply of any service when,--

 - (i) the supplier of service is located in India;
 - (ii) the recipient of service is located outside India;
 - (iii) the place of supply of service is outside India;
 - (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and
 - (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in S. 8 of that Act.

All Exports to be Zero rated:

S. 7(5) of the IGST Act, 2017 stipulates that exports of goods or services (including supplies of goods or services made to a Special Economic Zone or a Special Economic Zone Developer) are to be treated as supplies 'in the course of interstate trade or commerce'.

Supplies 'in the course of interstate trade or commerce' are subject to charge of IGST.

However, under S. 16(1) of the IGST Act export of goods or services (including supplies to SEZs or SEZ Developer) have been declared to be 'Zero Rated' supplies. This amounts to declaring exports of goods and services to be an 'exempt supply'. This means that a unit making exports (including supply of goods or services to an SEZ or SEZ Developer) need not pay IGST although such supplies have been defined to be 'in the course of interstate trade'.

However, it is to be noted that supplies to Export Oriented Units (EOUs) are not eligible for zero rating under the GST regime. Of course, the EOUs to the extent of exports are eligible for zero rating in respect of their exports.

Input Tax Credit on inputs used for exports:

On the other hand, S. 16(2) of the IGST Act provides that inputs procured for supply of goods or services exported (including supplies of goods or services to SEZs or SEZ Developer) are eligible for availing 'Input Tax Credit' (ITC). This provision has been made to ensure that the input costs for the exporters remain competitive.

Options available to exporter for claiming zero rate:

An exporter may adopt either of the following options to avail benefit of the Zero Rate on exports:

- a. Option one-Export without payment of IGST; or

- b. Option two- Export paying full IGST and claim refund of the IGST paid.

I. Option one-Export without payment of tax:

Under this option the exporter exports good or services without payment of IGST.

Since exporting without payment of IGST will lead to non-utilizing of ITC, the exporter is allowed to claim refund of such unutilized ITC. Exporter who is in a position to utilize the ITC on account of inputs for goods or services exported to discharge payment of his tax on domestic supplies may adopt this option.

However, an exporter choosing this option has to furnish;

Either, (a) A Letter of Undertaking (LUT);

Or, (b) Furnish Bond with bank guarantee.

Provisions as to LUT/Bond:

The commitments to be made by the exporter through the Bond or LUT are as under:

- (i) That if the goods proposed to be exported are not in fact exported within 3 months from the date of issue of the invoice the exporter binds himself to pay within fifteen days the tax due along with the interest, as applicable.
- (ii) That, in the case of export of services, if the payment for the services exported is not received by the exporter in convertible foreign exchange within 1 year of the date of invoice for export, the exporter undertakes to pay within 15 days the tax due along with the interest, as applicable.

The Bond/Letter of Undertaking is to be furnished in Form RFD 11 and is to be filed on the common portal. However, a facility has been provided for filing, whereby till the Form GST RFD 11 is made available on the common portal, the exporter can download the Form GST RFD-11 from the website of the Central Board of Excise and Customs (www.cbec.gov.in) and furnish the duly filled form manually to the jurisdictional Deputy/ Assistant Commissioner of the principal place of business.

It is to be noted that the CBEC has, vide Circular No. 8/8/2017-GST dated 4th October, 2017, clarified that for an exporter of services to Nepal or Bhutan, to be entitled to the facility of issuing LUT instead of Bond, the payment for such supply of services must be received in convertible foreign exchange. If the payment for such services is received in Indian rupees, such exporter of services will have to furnish Bond.

As LUT/Bond is a priori requirement for export, including supplies to a SEZ developer or a SEZ unit, instructions have been issued to field formations that the LUT/Bond has to be processed on top most priority and should be accepted within a period of three working days from the date of submission by the exporter of LUT/Bond along with complete documents. The LUT/Bond will be deemed to have been accepted by the Department in case there is no response from the Department within three working days.

a. Export under LUT:

A number of representations were made by exporter for simplifying the facility of export under LUT, since the provisions as to LUT which were in force until October 4, 2017 considerably restricted the availability of LUT facility to exporters. Notification No.

37/2017 was issued on October 4, 2017 considerably liberalizing the eligibility criteria for exporters for availing the facility of export under LUT.

The Central Board of Excise and Customs (CBEC) has also issued, through Circular No.

8/8/2017-GST dated October 4, 2017, clarifications for administration of the scheme of allowing exports under LUT without payment of IGST.

Salient features of the revised rules are as under:-

- i. All exporters are eligible to avail of the facility of exporting under LUT without payment of IGST. However, the facility will not be available to persons who have been prosecuted for any offence under the CGST Act, or the IGST Act or any of the earlier laws in force prior to July 1, 2017, and the amount of tax evaded by such person exceeds two hundred and fifty lakh rupees.
- ii. Unlike under the erstwhile Central Excise provisions, which allowed LUT option only to manufacturer exporters, the facility of LUT under the GST regime is now available to all kind of suppliers.
- iii. The Letter of Undertaking is to be executed on letterhead of the exporter with the seal and signature of the authorized person of the exporter.
- iv. The LUT will be valid for the whole financial year in which it is tendered.
- v. Self-declaration by the exporter to the effect that he has not been prosecuted will be accepted by the Department, unless of course, there is specific information available with the department to the contrary.
- vi. If the registered person fails to pay the tax/interest upon violation of the terms of the LUT, the facility of export without payment of IGST shall stand withdrawn until the exporter makes payment of such duty/interest. Thus, till such time the LUT stands withdrawn, the exporter can export either paying full IGST or by executing Bond with Bank Guarantee.

b. Exports under Bond:

An exporter who is not entitled to the facility of exporting under LUT will need to furnish

Bond in form RFD 11 for exporting goods or services without payment of IGST.

- i. The bond shall be furnished on non-judicial stamp paper of the value as applicable in the State in which bond is being furnished.
- ii. Exporter is required to furnish a running bond with debit/credit facility. That is, the exporter should estimate his typical outstanding tax liability on account of all exports at a time. The exporter shall ensure that the outstanding tax liability on exports is within the bond amount. In case the bond amount is insufficient to cover the tax liability in yet to be completed exports, the exporter will have to furnish a fresh bond to cover such liability.

The onus of maintaining the debit / credit entries of integrated tax in the running bond will lie with the exporter. The record of

such entries shall be furnished to the Central tax officer as and when required.

iii. The Bond in Form RFD 11 involves back up of a bank guarantee as security. A bond, in all cases, shall be accompanied by a bank guarantee of 15% of the bond amount.

II. Option two-Export with payment of IGST:

S. 16(3)(b) of Integrated Goods and Services Tax Act, 2017 provides option to an exporter to make export on payment of IGST and claim refund of such tax paid. This option is suitable for an exporter who does not have alternative avenues to utilize accumulated ITC credit.

S. 54 of the Central Goods and Services Tax Act provides the provisions for claiming refund of

IGST paid by an exporter under this option.

Rule 96 of Central Goods and Services Act, 2017 prescribes the procedure for refund of IGST paid on goods or services exported. These rules may be summarized as under:

- i. The shipping bill filed by an exporter shall be deemed to be an application for refund of IGST. Process of filing the application will be deemed to be complete subject to satisfying two requirements, viz.:
 - a. Completion of the formality by the carrier of filing an export manifest or an export report covering the number and the date of shipping bills or bills of export confirming that the consignments have in fact been dispatched out of India.
 - b. Filing of valid GSTR-3 Return for the relevant period by the exporter.
- ii. The details of the export invoices as reported in the Return in FORM GSTR-1 will be transmitted electronically by the common portal to the system designated by the Customs. In turn, the Customs system will electronically transmit to the common portal, confirmation that the goods covered by the said invoices have been exported out of India.
- iii. The Customs system, upon the receipt of confirmation from GST common portal that a valid GSTR-3 Return has been filed by the exporter, will process the claim for refund and the amount of IGST paid by the exporter will be electronically credited to the bank account of the exporter.
- iv. It is to be noted that refund of IGST will not be available to the exporter in respect of certain goods exported Bhutan. In such cases the Central Government will pay the amount of IGST paid on such exports to the Government of Bhutan.

Refund of input tax credit:

As mentioned earlier, exporters are entitled to avail of ITC in respect of their inputs of goods and services. Since exports are zero rated, a situation may arise where exporters are left with unutilized ITC. S.16(3) (a) of the Integrated Goods and Services Act provides for refund to the exporter of unutilized input tax credit. S. 54 of the Central Goods and Services Act prescribes provisions for refund of ITC to exporters. These provisions may be summarized as under:

- i. Application for refund is to be made after end of the financial year, within two years.
- ii. No refund of unutilized input tax credit if goods exported are subjected to export duty.
- iii. No refund of input tax credit shall be allowed, if the supplier avails of drawback in respect central tax or claims refund of the integrated tax paid on such supplies. ■



Guide On E-Way Bill Under GST: Important Rules & Compliance

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Under GST, transporters will need to carry an electronic waybill or E-Way Bill when moving goods from one place to another. Since it is a new rule introduced under GST, it is necessary for all consignors/consignees/transporters to be aware of the required compliance. In this article, we cover the following topics:

1. What is an e-way bill?
2. When should an e-way bill be generated?
3. What is a 'supply' in case of an e-way bill?
4. Who can generate an e-way bill?
5. List of People Who Can Generate an E-Way Bill
6. Can e-way bills be used during return filing?
7. What is the validity of an e-way bill?

Waybill compliance was a nightmare for suppliers in the pre-GST era. Supply of goods could not take place without obtaining these 'waybills' from VAT authorities. A waybill is a physical document that allows movement of goods. The compliance around waybills has caused restricted movement of goods across states. Under GST, the waybill is replaced by an e-way bill which aims at mitigating the problems caused by waybill compliance.

What is an e-way bill?

E-way bill is an electronic way bill for movement of goods which can be generated on the GSTN (common portal). A 'movement' of goods of more than Rs 50,000 in value cannot be made by a registered person without an e-way bill.

E-way bill will also be allowed to be generated or canceled through SMS.

When an e-way bill is generated a unique e-way bill number (EBN) is allocated and is available to the supplier, recipient, and the transporter.

When should an e-way bill be generated?

E-way bill will be generated when there is movement of goods -

- In relation to a 'supply'
- For reasons other than a 'supply' (say a return)
- Due to inward 'supply' from an unregistered person

What is a 'supply' in case of an e-way bill?

For this purpose, a supply may be either of the following:

- A supply made for a consideration (payment) in the course of business
- A supply made for a consideration (payment) which may not be in the course of business
- A supply without consideration (without payment)

In simpler terms, the term 'supply' usually means a:

1. Sale - sale of goods and payment made
 2. Transfer - branch transfers for instance
 3. Barter/Exchange - where the payment is by goods instead of in money
- Therefore, e-way bills must be generated on the common portal for all these types of movements.

Who can generate an e-way bill?

- E-way bill must be generated when there is a movement of goods of more than Rs 50,000 in value to or from a Registered Person. A Registered person or the transporter may choose to generate and carry e-way bill even if the value of goods is less than Rs 50,000.
- Unregistered persons or their transporters may also choose to generate an e-way bill. This means that an e-way bill can be generated by both registered and unregistered persons. However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances are met as if they were the supplier.

List of People Who Can Generate an E-Way Bill

Who	When	Part	Form
Every Registered person under GST	Before movement of goods	Fill Part A	Form GST EWB-01
Registered person is consignor or consignee (mode of transport may be owned or hired) OR is recipient of goods	Before movement of goods	Fill Part B	Form GST EWB-01
Registered person is consignor or consignee and goods are handed over to transporter of goods	Before movement of goods	Fill Part B	The registered person shall furnish the information relating to the transporter in Part B of FORM GST EWB-01
Transporter of goods	Before movement of goods		Generate e-way bill on basis of information shared by the registered person in Part A of FORM GST EWB-01
An unregistered person under GST and recipient is registered	Compliance to be done by Recipient as if he is the Supplier.		<ol style="list-style-type: none"> 1. If the goods are transported for a distance of ten kilometers or less, within the same State/Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the transporter may not furnish the details of conveyance in Part B of FORM GST EWB-01. 2. If supply is made by air, ship or railways, then the information in Part A of FORM GST EWB-01 has to be filled in by the consignor or the recipient

Note: If a transporter is transporting multiple consignments in a single conveyance, they can use the form GST EWB-02 to produce a consolidated e-way bill, by providing the e-way bill numbers of each consignment. If both the consignor and the consignee have not created an e-way bill, then the transporter can do so by filling out PART A of FORM GST EWB-01 on the basis of the invoice/bill of supply/delivery challan given to them.

Can e-way bills be used during return filing?

Yes. The information provided in Part A of the Form GST EWB-01 can be used for preparing GSTR-1

What is the validity of an e-way bill?

An e-way bill is valid for periods as listed below, which is based on the distance traveled by the goods. Validity is calculated from the date and time of generation of e-way bill-

Distance	Valid from	Valid for
Up to 100km	Date & time at which e-way bill is generated	1 day
For every 100km after that	Date & time at which e-way bill is generated	An extra day



Check List Containing Action Plan to Improve Raw Material Efficiency

CMA Rajesh Kapadia

In manufacturing industry, raw material cost often constitutes 50% to 75% of total product cost. So, it becomes imperative for management to monitor, control and reduce raw material cost to make its product competitive in the market.

Here, CMA Department can play a very important role by preparing, submitting & monitoring Check List Containing Action Plan to Improve Raw Material Efficiency to help management in their endeavour to monitor, control & reduce raw material cost content of the total product cost.

Check List is mention in Annexure 1. This Check List should be prepared only for key raw materials of the product. I.e. A

& B Category Raw Materials constituting 70 % to 75 % of total Raw Material Cost.

Conclusion

Once the Check List as mentioned in Annexures 1 is prepared, submitted, monitored and discussed with the management, it will facilitate taking up of appropriate and suitable corrective and remedial actions by the concerned departments and authorities of the company to improve efficiency of Raw Material & which will ultimately enable the management to monitor, control and reduce raw material cost of the product.

ANNEXURE 1 Check List Containing Action Plan to Improve Raw Material Efficiency		
SYMPTON	DIAGNOSIS	ACTION
Costs Above Standard	Do purchase order agree with design specification?	If not, find out why there is a variation.
	Are purchase prices above Standard?	If so, re-negotiate price with supplier or obtain quotes from alternative suppliers.
	Do purchase orders agree with quality specified?	Review specifications-can material be changed-tolerances loosened ?
	Whether Changes in design have increased purchase prices ?	Investigate
Usages above standard	Scrap material-investigate quality of Raw Material and Scrap Records of Departments Concerned to see if high scrap rate is due to poor quality of Raw Material	If so, find cause and cure- introduce quality control if possible-improve supervision
	Mislaid Material-Do Stores Records show material being available	Examine accuracy of records in stores- check on accuracy of bin location
	Pilfering	Check and increase stores security-ensure requisitions are used for all issues from stores. One person should be responsible for raising purchase requisitions
	Unproductive plant or equipment being used in manufacture	Check and ensure that correct equipment is being used.



Bond Duration & Convexity: to tame the Risk in Bonds

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Bond duration & convexity: To tame the risk in bonds

"Both from the standpoint of stocks and bonds, an investor wants to go where the growth is."

Bill Gross

ABSTRACT:

Most people consider bonds to be safe, non-volatile havens for investment. Nothing could be further from the truth. Even if one assumes there is no default risk (interest & principal); bond prices are volatile, depending on residual life, coupon rate & market yield.

Duration is a powerful tool to measure interest rate risk.

Macaulay Duration, Modified Duration & Convexity can help in predicting bond price movements given a change in yield, thereby providing a risk-protection opportunity to the alert, conservative bond investor.

Bond duration & convexity: To tame the risk in bonds

"Both from the standpoint of stocks and bonds, an investor wants to go where the growth is."

Bill Gross

THE NAME'S BOND, VOLATILE BOND!

For an Interest Bearing Bond, the Price (Present Value) is:

$$PV = \sum_{t=1}^N \frac{PMT}{(1+i)^t} + \frac{FV}{(1+i)^N}$$

- Present of the Bond = Present value of interest payments + Present value of principal

PV Annuity (pmt, I, N) + PV (FV (FV, I, N)

Where N = time to maturity
i = market interest rate
PMT = semiannual interest payment
FV = face value

Tables 1 to 3 below highlight the difficulties faced by bond investors.

FV of Bond	1000	
Coupon	9%	
Frequency	2 (half-yearly)	
Residual Life	4.5 years	
Market Yield	9% (payable hly)	
Price	?	
<hr/>		
Period	Cash Flow	PV @ 4.5%
1	45	43.0622
2	45	41.2078
3	45	39.4333
4	45	37.7353
5	45	36.1103
6	45	34.5553
7	45	33.0673
8	45	31.6433
9	1045	703.1851
<hr/>		Price
		1000

Table 1: Bond Price When Required Yield = Coupon Rate

FV of Bond	1000	
Coupon	9%	
Frequency	2 (half-yearly)	
Residual Life	4.5 years	
Market Yield	11% (payable hly)	
Price	?	
<hr/>		
Period	Cash Flow	PV @ 5.5%
1	45	42.6540
2	45	40.4304
3	45	38.3226
4	45	36.3248
5	45	34.4310
6	45	32.6361
7	45	30.9347
8	45	29.3219
9	1045	645.4226
<hr/>		Price
		930.48

Table 2: Bond Price When Required Yield > Coupon Rate

FV of Bond	1000
Coupon	9%
Frequency	2 (half-yearly)
Residual Life	4.5 years
Market Yield	8% (payable hly)
Price	?

Period	Cash Flow	PV @ 4%
1	45	43.2692
2	45	41.6050
3	45	40.0048
4	45	38.4662
5	45	36.9867
6	45	35.5642
7	45	34.1963
8	45	32.8811
9	1045	734.2031
Price		1037.18

Table 3: Bond Price When Required Yield < Coupon Rate

Bond prices change inversely with interest rates. There exists an interest rate risk.

We can measure interest risk by the full valuation method & calculate bond prices given specific changes in interest rates. This would be extremely cumbersome.

OR

Duration can help us to measure interest rate risk. Duration of a bond is the time-weighted average of the PV of all the payments from the bond. It is also called average maturity or effective maturity.

Higher the duration, more sensitive the bond is to changes in interest rates, hence higher duration = higher volatility in the bond price.

Two Bonds with the same coupon rate & the same residual life can have different durations, if they have different frequency of payments. For a given residual life & YTM, duration is shorter when coupon rate is higher &/or cash flows are more frequent.

RECAP OF BASIC IDEAS

YTM

Yield to Maturity is a fair measure of bond returns. However, the assumptions underlying it must be reiterated:

No Default

Bond Held to Maturity

Coupons Reinvested at the YTM

Other measures of yield: (not as widely used)

Current Yield (coupon/investment as a %age)

Yield to Call (in case the bond has a call option)

Realized Yield/Horizon Yield (yield actually obtained when the bond is sold)

RISK IN BONDS

Credit Risk (Default Risk)

Interest Rate Risk

Market Risk

The higher the risk, the higher will be the required yield from the bond.

TERM STRUCTURE OF INTEREST RATES

The yield on bonds with similar risk profiles changes with their terms. This is the term structure of interest rates.

The yield curve is a graphical depiction of the relationship between the YTM to the Term to Maturity.

Information on expected future short term rates can be implied from the yield curve.

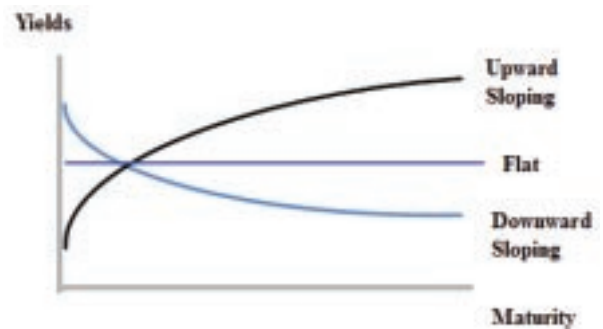


Figure 1: Yield Curves

THREE CHARACTERISTICS OF (NORMAL) TERM STRUCTURE

- The change in yields of different term bonds tends to move in the same direction.
- The yields on short-term bonds are more volatile than yields on long-term bonds.
- The yields on long-term bonds tend to be higher than those on short-term bonds

THREE EXPLANATIONS FOR TERM STRUCTURE OF INTEREST RATES

- **EXPECTATIONS THEORY:** Longer-term interest rates are the result of expected short-term rates. The yield on a two year bond equals the one-year bond yield today, combined with the expected yield on a one year bond, purchased one year from today.
- **LIQUIDITY PREFERENCE THEORY:** Investors prefer liquidity & in general, shorter-term investments, to long-term investments. They wish to be compensated for the risk associated with committing their money for the long-term. Hence, as interest-rate risk increases with term to maturity, the yield premium (normally) increases with maturity.
- **MARKET SEGMENTATION THEORY:** Supply & demand in different maturity sectors determine interest rates for those time horizons. For e.g. a life insurance

company would have extremely long-term funds to invest & would prefer bonds with a residual life of 10-30 years & above. More attractive interest rates in shorter-term bonds may not tempt it to alter its investment plan. Similarly, banks with short-term deposits are in the market for investments which mature in the near future. They will not risk a cash flow mismatch or a liquidity crisis, by investing short-term funds in long-term bonds, simply to take advantage of higher interest rates.

No single theory can fully explain the market & interest rate movements.

BACK TO DURATION

CAVEAT

The entire theory of Duration & Convexity is based on one over-arching assumption, viz. that the term structure of interest rates is flat, and its shifts are parallel. This assumption becomes extremely problematic when the yield curve experiences larger movements.

Duration of a bond is its average cash weighted term-to-maturity. (English please?)

For a coupon-paying bond, duration tells us how soon we get our investment back, NOTIONALLY. (Effective Maturity)

The coupons received periodically are assumed to be reinvested at the market interest rate. In reality, the principal is repaid only on maturity. Notionally, the coupons received & the proceeds of their reinvestment help to recover our investment before maturity.

Duration can be thought of as a balance point (fulcrum), or as the average economic life time of a series of cash flows (coupon + principal).

For a zero-coupon bond, duration = residual life of the bond.

In 1938, Frederick Macaulay termed this idea of effective-maturity, as DURATION.

$$D = \frac{\sum_{t=1}^T \frac{tCF_t}{(1 + YTM)^t}}{\sum_{t=1}^T \frac{CF_t}{(1 + YTM)^t}}$$

- D Duration
- t Timing of Cash Flow
- CF_t Cash Flow at time t
- YTM Yield to Maturity

DURATION & PRICE

Generally, for every 1% increase in interest rates, a bond's price will decrease by approximately 1% for every year of duration. The converse holds true. For every 1% decrease in interest rates, the bond's price will increase by approximately 1% for every year of duration. For example, if duration of a bond is 4 years, its price will change by approximately 4% for a 1% change in yield. The changes in yield & price will be in opposite directions.

FV of Bond	1000 \$			
Coupon	7.50%			
Frequency	2 semi-annual			
Residual Life	5 yrs			
YTM	7.50%			
Period	Years	Cash Flow	PV @ 3.75%	PV * t
	t	\$	(7.5%, HLY)	
1	0.5	37.5	36.14	18.07
2	1	37.5	34.84	34.84
3	1.5	37.5	33.58	50.37
4	2	37.5	32.37	64.73
5	2.5	37.5	31.20	77.99
6	3	37.5	30.07	90.20
7	3.5	37.5	28.98	101.43
8	4	37.5	27.93	111.73
9	4.5	37.5	26.92	121.16
10	5	1037.5	717.97	3589.86
Totals			1000.00	4260.38
Price \$			1000	
Duration yrs			4260.38/1000	4.26

Table 4: Duration & Price when YTM = Coupon Rate

FV of Bond	1000 \$			
Coupon	7.50%			
Frequency	2 semi-annual			
Residual Life	5 yrs			
YTM	8.50%			
Period	Years	Cash Flow	PV @ 4.25%	PV * t
	t	\$	(8.5%, HLY)	
1	0.5	37.5	35.97	17.99
2	1	37.5	34.50	34.50
3	1.5	37.5	33.10	49.65
4	2	37.5	31.75	63.50
5	2.5	37.5	30.45	76.14
6	3	37.5	29.21	87.64
7	3.5	37.5	28.02	98.08
8	4	37.5	26.88	107.52
9	4.5	37.5	25.78	116.03
10	5	1037.5	684.27	3421.35
Totals			959.95	4072.38
Price \$			959.95	
Duration yrs			4072.38/959.95	4.24

Table 5: Duration & Price when YTM > Coupon Rate

<u>Using Macaulay Duration</u>	
New Bond Price = Old Bond Price - Δy * D * Old Bond Price	
1000 - (1% * 4.26 * 1000)	
	957.40
Actual New Bond Price	959.95
<i>Negative sign because price & yield are inversely related</i>	

FV of Bond		1000 \$		
Coupon		7.50%		
Frequency		2 semi-annual		
Residual Life		5 yrs		
YTM		6.50%		
Period	Years t	Cash Flow \$	PV @ 3.25% (6.5%, HLY)	PV * t
1	0.5	37.5	36.32	18.16
2	1	37.5	35.18	35.18
3	1.5	37.5	34.07	51.10
4	2	37.5	33.00	65.99
5	2.5	37.5	31.96	79.90
6	3	37.5	30.95	92.86
7	3.5	37.5	29.98	104.92
8	4	37.5	29.03	116.14
9	4.5	37.5	28.12	126.54
10	5	1037.5	753.51	3767.54
Totals			1042.11	4458.32
Price \$			1042.11	
Duration yrs			4458.32/1042.11	4.28

Table 6: Duration & Price when YTM < Coupon Rate

Using Macaulay Duration	
New Bond Price = Old Bond Price - Δy * D* Old Bond Price	
1000 - (-1% * 4.26 * 1000)	
	1042.60
Actual New Bond Price	1042.11

Negative sign because price & yield are inversely related

Zero Coupon Bond				
Residual Life	5 yrs			
YTM	9%			
Frequency	2 semi annual			
FV	1000.00			
Price	643.93			
Period	Years t	Cash Flow \$	PV	t*PV
1	0.5	0	0	0
2	1	0	0	0
3	1.5	0	0	0
4	2	0	0	0
5	2.5	0	0	0
6	3	0	0	0
7	3.5	0	0	0
8	4	0	0	0
9	4.5	0	0	0
10	5	1000	643.93	3219.6384
Totals			643.93	3219.64
Price \$			643.93	
Duration yrs			3219.64/643.93	5.00

Table 7: Duration of a Zero-Coupon Bond

RULES FOR DURATION

- * Duration is Measured in Years (higher duration = higher volatility/risk)

- * Duration Changes as YTM changes
- * Macaulay Duration can provide an approximation of the new price, given a change in yield
- * *Duration over-estimates the decrease in bond prices when there is a relatively large rise in interest rates. It also under-estimates the price increase as a result of a relatively large interest rate decline.*
- * Duration of a zero-coupon bond = time to maturity
- * With constant maturity, duration is higher when coupon rate is lower
- * Holding coupon constant, duration generally increases with time to maturity
- * Other factors held constant, duration of a coupon bond is higher when its YTM is lower
- * **The duration of a level perpetuity is (1+y)/y**

MODIFIED DURATION: DMOD OR D*

Modified duration is a measure of the price sensitivity of a bond to interest rate movements. It is calculated as shown below:

Modified Duration = Macaulay Duration / (1 + y/n)

where y = yield to maturity

and n = number of discounting periods in year

% Change in Bond Price = - (Modified Duration * Yield Change)

$$\frac{\Delta P}{P} = -D^* \Delta y$$

THEORY CHECK

Let us verify the efficacy of Modified Duration, testing it in our example above:

Modified Duration = Macaulay Duration / (1 + y/n)
= 4.26 / (1 + .075/2)
D* = 4.11

Modified Duration for the Bond in Table 4

Using Modified Duration		Yield Changes by +1%	
New Bond Price = Old Bond Price - Δy * D_{Mod} * Old Bond Price			
1000 - (1% * 4.11 * 1000)			
			958.90
Actual New Bond Price			959.95

Using D* to Verify Price Change in Table 5

Using Modified Duration		Yield Changes by -1%	
New Bond Price = Old Bond Price - Δy * D_{Mod} * Old Bond Price			
1000 - (-1% * 4.11 * 1000)			
			1041.10
Actual New Bond Price			1042.11

Using D* to Verify Price Change in Table 6

Modified Duration is more accurate than Duration in predicting price changes.

Nevertheless, it still suffers from one issue: the assumption of a linear relationship between bond prices & yield. The price-yield curve is convex.

ENTER CONVEXITY

Duration & Modified Duration measure the change in bond price given a change in yield.

Convexity measures the change in duration, for a change in yield. It is the 2nd derivative of the price-yield curve, at the current price-yield point.

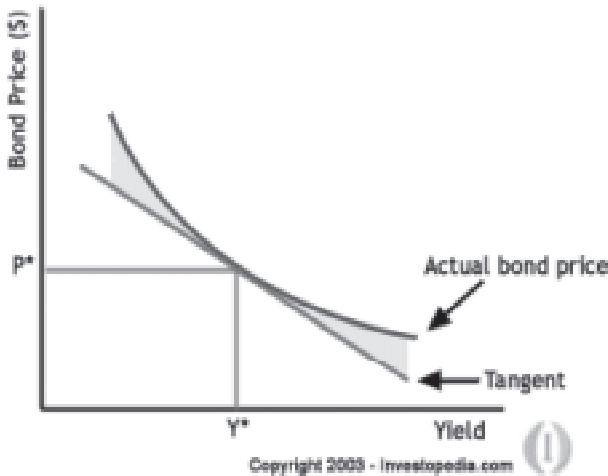


Figure 2: Convexity

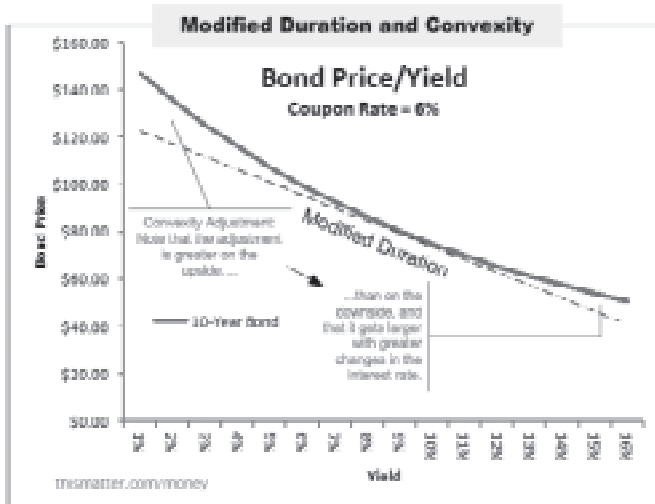


Figure 3: Modified Duration & Convexity

$$Convexity = \frac{\sum_{t=1}^T \frac{(t^2 + t) \times \text{Cash Payment}}{(1 + Yield)^t}}{Bond Price \times (1 + Yield)^2}$$

Change in Bond Price is Predicted by combining MODIFIED DURATION & CONVEXITY

$$\% \text{ bond price change} = - (\% \text{ Yield change} \times \text{modified duration} + \frac{1}{2} \times \text{convexity} \times (\text{Yield change})^2)$$

Using both, modified duration and convexity leads to more accurate price predictions.

$$\frac{\Delta P}{P} = -D_{mod} \Delta i + \frac{1}{2} [Convexity \times (\Delta i)^2]$$

The changes in a bond's price as a result of a change in yield are due to:

- a) The Bond's Modified Duration
- b) The Bond's Convexity

A bond with greater convexity is less affected by a change in interest rates

Bonds with greater convexity will have a higher price than bonds with lower convexity, regardless of whether interest rates rise or fall.

CONVEXITY IS GOOD! All else remaining the same, the bond fund manager should buy convexity.

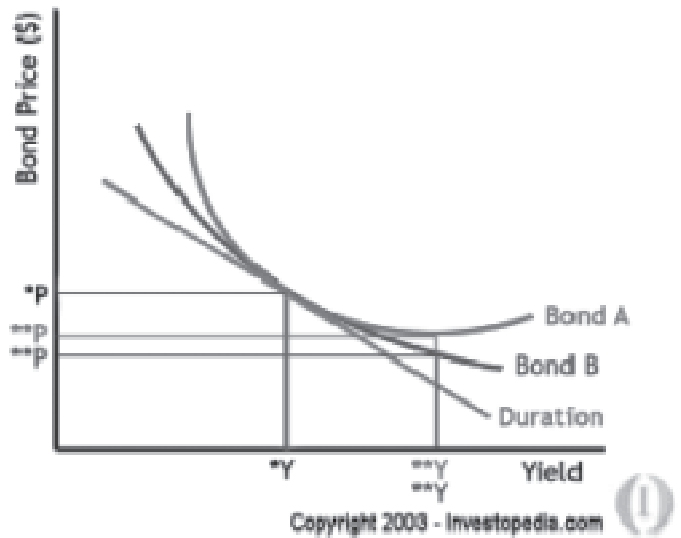


Figure 4: Convexity is Good

Note that Bond A with higher convexity, always has a higher price than Bond B (lower convexity), across all points of the price-yield curve, except at the point of tangency (where current modified duration is measured)

The price-yield curve is convex & the modified duration is the slope of the tangent line to a particular market yield. The slope of the line changes with different yields, hence, modified duration must be different at different points on the price-yield curve.

The gap between the D* & the price-yield curve is the convexity adjustment.

This convexity adjustment is greater on the upside, than on the downside.(positive convexity)

CALCULATING CONVEXITY

Coupon	7.50%				
YTM	7.50%				
Frequency	2 semi-annual				
Periods to maturity	10 (5 yrs)				
FV	1000				

$$Convexity = \frac{\sum_{t=1}^n \frac{t^2 + t}{(1 + YTM)^t} \times \text{Cash Payment}_t}{\text{Bond Price} + (YTM)^2}$$

Period	Time (Years)	Cash Flows	Present Value of Cash Flow	Weight	Weight * (Time^2+Time)
1	0.5	37.5	36.14	3.61%	0.027
2	1.0	37.5	34.84	3.48%	0.070
3	1.5	37.5	33.58	3.36%	0.126
4	2.0	37.5	32.37	3.24%	0.194
5	2.5	37.5	31.20	3.12%	0.273
6	3.0	37.5	30.07	3.01%	0.361
7	3.5	37.5	28.98	2.90%	0.458
8	4.0	37.5	27.93	2.79%	0.559
9	4.5	37.5	26.92	2.69%	0.666
10	5.0	1037.5	717.97	71.80%	21.539
Total			1000.00	100%	24.27

Convexity	$24.27 / (1 + 0.075/2)^2$	22.55 Convexity
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Table 8: Calculating Convexity

CONVEXITY DEPENDS ON:

- Maturity* longer the maturity, greater the convexity
- Coupon* higher the coupon, lower the convexity
- Yield* higher the yield, lower the convexity

Certain securities like MBS (Mortgage-Backed Securities) exhibit **NEGATIVE CONVEXITY**

Mortgage-Backed Securities tend to drop in value when interest rates fall, displaying negative convexity. A fall in interest rates encourages borrowers to repay existing loans after refinancing at lower rates.

Callable Bonds usually display negative convexity at lower yields. As interest rates fall, the issuer has an incentive to call the bond. This will invariably be at par, hence the price will not rise as quickly as that of a non-callable bond. Indeed, it may actually drop as the likelihood of call being exercised increases.

CONCLUSION:

PROOF OF THE PUDDING:

In our example, let us prove that using D* & Convexity results in robust estimates of price movements in the bond, given changes in yield.

		$\frac{\Delta P}{P} = -D_{mod} \Delta i + \frac{1}{2} C (Convexity) (\Delta i)^2$	
1	When yield changes to 8.5% (from 7.5%)		
	% change in bond price =		-4.00%
	<u>Verify</u>	New Price (Expected)	960.03
		Actual New Price	959.95
2	When yield changes to 6.5% (from 7.5%)		
	% change in bond price =		4.22%
	<u>Verify</u>	New Price (Expected)	1042.23
		Actual New Price	1042.11

Table 9: Using D* + Convexity

Please remember the assumptions that this theory is based on.

In normal times, if rates are expected to increase, bonds with shorter duration are preferred: & if rates are expected to decline, longer duration bonds are chosen.

The reason being, the bond with a shorter duration will lose relatively less in value, with increased market interest rates. On the flip side, the bond with higher duration will enjoy relatively higher appreciation in price when interest rates fall.

We have recently seen an era of negative interest rates. Conventional theories are hard-pressed to explain the financial world today.

In a subsequent article, we shall discuss bond portfolio management & bond immunization.

PARTING THOUGHT

"Confronted with a challenge to distill the secret of sound investment into three words, we venture the motto, Margin of Safety." Benjamin Graham

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SUGGESTED READING

- Bond Markets, Analysis and Strategies Frank J. Fabozzi
- Damodaran on Valuation Aswath Damodaran
- Investments Zvi Bodie & Alex Kane
- Security Analysis & Portfolio Management Donald E. Fischer & Ronald J. Jordan
- The Handbook of Fixed Income Securities Frank J. Fabozzi & Steven V. Mann

e&oe. Without prejudice, without recourse

Disclaimer: The author is not making any investment recommendation, nor propagating any method of portfolio management.





Issue of Pure Agent Under Valuation of Supply

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In many cases the supplier of goods or services or both has incurred certain expenditure on behalf of recipient and gets reimbursement of the same from the recipient of supply. The concept of pure agent was already in service tax. There is some confusion regarding this issue. Whether these reimbursement of expenditure should be added to the value of the bill issued by the supplier to the recipient and charge GST on reimbursement costs.

These expenditures are not the part of valuation of supply made by the supplier to the recipient provided the supplier has acted as a pure agent of the recipient. It is specifically mentioned in rule 33 that "the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the valuation of supply". It is interesting to note that the supplier in addition to his own charges also recovers the expenditure incurred towards providing that service from the recipient. Here, he has acted as a pure agent towards reimbursement of expenditure and also principal to principal basis towards his main charges for supply of main service.

Pure agent has been defined under explanation to rule 33 of Central Goods and Service Tax Rules, 2017 as:

Pure agent means a person who

- enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
- does not use for his own interest such goods or services so procured; and
- receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account."

A person is said to be a pure agent when-

He has enters into an agreement with the recipient to act as a pure agent and incur certain expenditure authorized by the recipient of the supply.

?He does not hold any title of the goods or services so procured. It is advisable to get the invoice in the name of the recipient on whose behalf he is acting as a pure agent.

?Such goods or service so procured should not be for his own purpose.

Mention reimbursement amount separately in invoice in addition to his own service charges.

The definition of person has been given in section 2(84) of CGST Act, 2017. However in order to exclude the reimbursement from the value of supply, the following conditions are to be satisfied:

- The payment made to the third party by the pure agent is to be authorized by the recipient of the supply.
- The payment made to third party has to be separately indicated in the invoice issued by the pure agent to the recipient of supply. It is advisable to mentioned each

reimbursement separately and also attach the vouched with the Tax Invoice.

- This supplies procured by the pure agent are in addition to the services he supplies on his own account.

Some of the CESTAT judgment is given below:-

Service tax is payable on commission as C&F Agent and not on reimbursement of expenses - CCE vs. Pratik Agencies (2008)

Service tax is payable on commission of C&F Agent and not on rental, telephone. Handling, electricity, salary of employees etc. reimbursed by principal - Popular Cement v. CCE (2007)

Example with explanations: Corporate generally appoint some travel agent to book the Air ticket, Rail Ticket for their employees. These travel agents raise invoice monthly or fortnightly basis. Some precautions are required to be taken to avoid unnecessary harassment from the department.

- Made a written agreement with the travel agent or issue a letter order to the agent.
- Mention in the agreement that the travel agent shall act as a pure agent to book the ticket in the name of the company.
- The types of reimbursement should be mentioned separately in the order.
- Mention that the reimbursement amount is to be separately indicated in the invoice raised by travel agent. Vouchers of the reimbursement shall also be attached with the invoice to substantiate the claim of reimbursement.
- All reimbursement vouchers shall be in the name of the company and the GSTN number of the company must be mentioned in order to get the input tax credit.

Let say M/s ABC Air Agent and made a agreement with the XYZ Ltd and his commission Rs. 1,000/- per booking. He has raised invoice claiming the reimbursement of air fare amounting to Rs. 50,000/- for 5 booking and commission Rs. 5,000/- for 5 booking.

Sl. No.	Particulars	Amt.
A	Reimbursement of Air Fare of following person:	
1	Mr. Tamal Sarkar (Kolkata to Goa)	9000
2	Mr. K K Mahapatra (Kolkata to Bhubaneshwar)	6500
3	Mr. Surajit Roy (Kolkata to Chennai)	10500
4	Mr. Ajit Khetan (Kolkata to Bangalore)	11000
5	Mr. S. Singh (Kolkata to Hyderabad)	13000
	Total Reimbursement claim	50000
B	Commission for 5 bookings (Rs.1000 X 5)	5000
C	Add: CGST @9% (Rs. 5000 X 9%)	450
D	Add: SGST @9% (Rs. 5000 X 9%)	450
E	Total Invoice Value	55900

Although, the invoice value is Rs. 55,000/- (excluding GST) but GST is payable only on his commission with a view to the rule 33 of CGST Rules, 2017 and the recipient will get the input tax credit (ITC).

CHAPTER NEWS

AHMEDABAD

CEP on "Draft - Companies Cost Records and Audit Amendment Rules 2017" - 22/8/2017

CMA Vinod Savalia, Chairman of Chapter gave welcomed speech. CMA P H Desai-Ex Chairman of WIRC welcomed faculty by offering bouquet. Faculty CMA A G Dalwadi discussed about the Draft reports. He made the presentation on subject matter. He briefed about the Ind AS related changes in GST have been changed are yet to be incorporated.

CEP on "Accounting for GST in Tally-ERP9" 27/8/2017

Shri Jayesh Soni, Faculty is authorized trainer. He has enlighten every aspects of Tally-ERP9. How it will be helpful to extract the data from Tally for the preparation GST Returns. The whole program including question/answer session was very interactive and found useful to the participants.

Felicitation function for June 2017 pass out students

Chapter has organized felicitation function at Chapter office for all the students, who have passed Foundation, Intermediate and Final examination of June 2017 on 1st September 2017. CMA Vinod Savalia, Chairman of the Chapter welcomed Chief Guest CMA P. H. Desai-RCM & immediate Past Chairman of WIRC, Managing Committee members, faculties, Students and their parents. He have brief about the activities of Chapter. CMA P H Desai, Chief Guest congratulate all the students and explained about the opportunities for the job in Industry and in Govt. Sector. CMA P H Desai, Office bearers and faculty gave away prizes to pass out students and a great applause from the audience.

12 Days Orientation Programme

Chapter has organized 12 days Orientation Programme for June 2017 qualified CMAs at Chapter office from 08/09/2017. Inauguration function of Orientation program was presided by CMA P H Desai, Past Chairman of WIRC. CMA Vinod Savalia, Chairman of Chapter welcomed Chief Guest, Office bearers and participant CMAs. CMA R B Kothari, Chairman of Training & Placement Committee offering bouquet to the Chief Guest. He explained CMAs the purpose of conducting such program. CMA P H Desai gave away the schedule of program and how it will help for the pre-campus placement. More than 33 CMAs participants from Ahmedabad, Baroda, Bharuch and from Rajasthan.

KALYAN AMBERNATH

Prize Distribution Function:

On 16th September 2017 Chapter organized Prize Distribution Function at S.E.S. Swami Hansmuni Maharaj Degree College of Commerce, Ulhasnagar for the Students of Foundation, Inter and Final passed in June 2017 examination. CMA M.R.Dudani, Chairman of Chapter welcomed the Chief Guest CMA Kalilash Gandhi, Chairman WIRC, Guest of Honour Dr. Prema Gurbuxani, Principal S.E.S. Swami Hansmuni Maharaj Degree College of Commerce, Ulhasnagar and CMA S.R.Jain, Senior member of Chapter.

Dr. Prema Gurbuxani, Guest of honour shared valuable tips with students for completing CMA course, CMA Kaillash Gandhi Chief Guest informed about placement opportunities for CMA in Banking Sector, new emerging areas of practice in taxation, areas in which members can do full time practice.

More than 75 students passed June 2017 examination were present on the occasion.. Prizes were distributed at the hands of

CMA Kalilash Gandhi, Chairman of WIRC, Dr. Prema Gurbuxani, CMA M.R.Dudani Chairman of Chapter CMA Gpoichand B. Shamnani and CMA S.R. Jain.

PIMPRI-CHINCHWAD-AKURDI

CEP on 'GST - Return Filing, Format, Eligibility & Rules'

Chapter has organized seminar on 'GSTR1/2/3: Return Filing, Format, Eligibility & Rules' on 2nd September 2017. CMA L D Pawar, RCM & Vice-Chairman, WIRC was faculty.

CMA L D Pawar in his speech focused on GSTR-1/2/3. Under GST he explained in brief about GSTR 1. He has explained that how to input details as per given format on the government website.. He highlighted on B2B, B2C, Debit Note/Credit Note, Tax Liability (Advance Received), Export Invoices & Adjustment of advances etc.

Communication & Soft Skills Training :

Chapter has conducted Communication & Soft Skills training for CMA Intermediate students on 22nd to 24th September 2017 at CMA Bhawan.Mr. Gurmeetsingh Mehtab and Mr. R. Raghavan Iyengar were speakers. Mr. R Raghavan has conducted session on Interview skill in which he focused on how to improve interview skill. He has given so many examples on the topic in lucid and simple language. Mr. Gurmeetsingh Mehtab has conducted session on Self Mastery and Presentation Skills.. He focused on the topic as well as taken various activities from the students as Group Study, Group Presentation, Group Discussions, Body Language etc.

Students Conference on "Contemporary Issues & Future Challenges in Management"

Chapter jointly with Indira Global Business School have organized Students Conference on 'Contemporary Issues &Future Challenges in Management' on Saturday, 23rd September 2017 at Indira Global Business School Campus, Parandwadi, Maval. CMA Virendra Tatake-Director Indira Global Business School (IGBS) welcomed and introduced the Chief Guest CMA Ashish Deshmukh, Chairman of the Chapter.

CMA Ashish Deshmukh, in his speech thrust upon common challenges faced in day to day Management of Business. He explained contemporary issues like Economic Pressure, Globalization, Innovation, Change, Employee Satisfaction, Organization Ethics & Social Responsibility with practical examples.

CEP on 'Discussions on GST and Insolvency and Bankruptcy Code 2016' on 28th September 2017

Chapter has organized seminar on 'Discussions on GST and Insolvency and Bankruptcy Code 2016' on Thursday, September 28, 2017 at CMA Bhawan, Pimpri, Pune.

CMA L D Pawar in his speech focused on various queries arises in common people due GST. Many members, common businessman have asked queries on the topic. CMA L D Pawar has suggested them in simple way how to fulfill the steps and avoid problems which will may occurred in future. In IBC 2016, he said Insolvency is a state in which a debtor, corporate or otherwise, is unable to pay its dues to financial or operational creditors. Tests of insolvency are twofold "cash flow" test where it is unable to pay debts, and the "balance sheet" test where the liabilities, including contingent and prospective exceed the realizable assets. Bankruptcy is a legal declaration of one's inability to pay off debts. Term used only for individuals.

PUNE

Special programme on "Opportunities to CMA's in Banking Sector"

Chapter organized special programme for Inter passed, Final Complete students & members on Subject "Opportunities to CMA's in Banking Sector". Speakers for the programme were CMA.S S Bedarkar & CMA Abhay Deodhar, on Sunday the 10th September 2017. CMA Bedarkar sir explained various practical experiences in bank audits & opportunities to CMA. CMA Deodhar sir also expressed his views about the opportunities in Banking field to CMA, with informative short film.

Inauguration of New Oral Coaching Center at Baramati for Foundation Course

In Association with Anekant Institute of Management studies &

TC College Baramati, Chapter inaugurated on 11th September 2017 at AIMS, Baramati. CMA Smita Chapeker & Prof Ashish Agashe from Chapter and Dr.Lahori (Director Anekant Institute of Management studies), Dr. More, Dr Chavhan, Dr.Dixit of AIMS graced the occasion.

CEP on "Anti Profiteering" in GST

Chapter organized CEP on "Anti Profiteering" in GST on 21st September 2017. CMA V.S.Datey and CMA Dr.Sanjay Bhargave were speakers for the programme. CMA Amit Apte ,CCM-ICAI felicitated CMA V.S.Datey. CMA Dr.Shriram Sane Past Chairman, Pune Chapter felicitated CMA Dr.Sanjay Bhargave Large number of members attended the session.

WIRC ACTIVITIES – SEPTEMBER 2017

Eklavya - Students Day Programme

WIRC has organized "Eklavya - Students Day Programme" to motivate the budding CMAs on Saturday 9th September 2017 at Sydenham College Auditorium, Mumbai. CMAs Kailash Gandhi, Chairman WIRC, Shriram Mahankaliwar, Chairman, Students, Members & Chapter Co-ordination Committee WIRC, CMA Laxman D. Pawar, Vice Chairman WIRC. Pradip. H. Desai - Immediate Past Chairman WIRC, Debasish Mitra, RCM, Ashok B Nawal, CCM- ICAI P.V. Bhattad, CCM- ICAI were present on the occasion. The Programme started with the lighting the lamp by all Council Members.

Final Passed Students of June 2017 were invited to share their experience with the students. Debate Competition was also arranged on GST for the Final Students. Mr. Jiger Shah got the Best performer prize. Mr. Shailesh Malu gave Motivational Speech to the students which was very well appreciated by Students. More than 500 students of WIRC Oral Coaching Centres attended the function and WIRC arranged complimentary lunch for all the students.

Felicitation Programme

WIRC organized Felicitation Function for the students who completed Foundation, Intermediate and Final in June 2017 Examination, on Saturday 9th September 2017 at Sydenham College Auditorium, Mumbai.

CMA Kewal Handa, Chairman & Part-Time Non-Official Director, Union Bank of India was the Chief Guest and he guided and motivated the students. CMAs Kailash Gandhi, Chairman WIRC, Shriram Mahankaliwar, Chairman, Students, Members & Chapter Co-ordination Committee WIRC, CMA Laxman D Pawar, Vice Chairman WIRC. Pradip. H. Desai - Immediate Past Chairman WIRC, Debasish Mitra, RCM, Ashok B Nawal, CCM- ICAI P.V. Bhattad, CCM- ICAI were present on the occasion.

More than 250 students and some of their parents attended the function. Mementos were distributed to all successful students by Council Members and Guests. WIRC also felicitated all the Rank holders from the Western Region on this occasion. Following Students got the Cash prizes in the Memory of Late Shri Prabhakar Yashwant Thatte, Senior members of ICAI from Indore.

FINAL		INTER	
Syllabus 2012	Syllabus 2016	Syllabus 2012	Syllabus 2016
Anug Shah	Abhay Gundecha	Samir Chaudhary	Mayank Jhunjhunwala
Pranjal Shrivastava	Divya Karnawat	Monika Pednekar	Sameer Popat

The programme ended with Vote of Thanks and National Anthem and followed by High Tea.

WIRC Faculty Meet

The Faculty Meet of WIRC Oral Coaching was held at WIRC office Fort Mumbai on Saturday the 9th September 2017 at 5.30 pm to discuss various issues pertaining to Oral Coaching. CMA Shriram Mahankaliwar Chairman, Students, Members and Chapters Co-ordination Committee, WIRC welcomed the Faculty Members.

Faculty members suggested various methods to improve the coaching standards and also assured full support in Institute activities. CMA P.V. Bhattad and CMA Ashok Nawal, CCMs - ICAI replied all the queries raised by the faculty. CMA Shriram Mahankaliwar Chairman, Students, Members and Chapters Co-ordination Committee, WIRC proposed vote of thanks and invited Faculty Members for Dinner.



CMA P.D. Modh, CMA Vinod Savalia, Chairman and CMA P.H. Desai during felicitation Function organized by Ahmedabad Chapter



View of Students during felicitation Function organized by Ahmedabad Chapter



CMA Kailash Gandhi, Chairman WIRC lighting the lamp during Prize Distribution Function organised by Kalyan Ambernath Chapter



CMA Ashish Deshmukh, Chairman felicitating Mr. Gurmeetsingh Mehtab during Soft Skills training organized by Pimpri-Chinchwad-Akurdi Chapter



CMA L D Pawar, RCM & Vice-Chairman, WIRC delivering lecture during CEP organized by Pimpri-Chinchwad-Akurdi Chapter on 2.9.2017



CMA Haresh Lokegaonkar receiving award of "Doctor of Letters"

Congratulations !!!

On Tuesday, 5th September 2017 on occasion of celebration of Birthday of Former President of India, Bharat Ratna Dr. Sarvepalli Radhakrishnan and also Teacher' Day celebration, Ashcroft University, London, England had arranged a program in Chennai through their representatives in India to felicitate CMA Haresh Lokegaonkar with their prestigious honorary degree of "Doctor of Letters" for his exceptional outstanding achievement as Young Social Activist.

CMA Haresh Lokegaonkar was selected from Maharashtra State for his outstanding achievement as Young Social Activist for the work he undertook as Social Activist. CMA Haresh Lokegaonkar was felicitated at just about 31yrs of age seeing his work, presence and following in news media, social media and general public.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

WESTERN INDIA REGIONAL COUNCIL

CONTINUING EDUCATION PROGRAMME

Seminar on

Effective Cost Management in Bank & Improve Customer Relationship

Session will include

- How to manage and control the cost in Branch
- Profitability of Branch
- Record keeping of Branch
- Grievances redressal mechanism at Branch
- Operational efficiency of Branch
- Audit trails of Branch
- Customer relations and satisfactions
- Team building at Branch

Faculty : Mr. K.C. Jani, Managing Partner,
Areion Corporate Advisors (I) Pvt. Ltd (Ex-ED - IDBI Bank)

Date : Friday 3rd November 2017

Time : 10.30 a.m. to 5.30 p.m.

Fees : Rs.2000/- (Non Members) Rs.1000/- for Practising Members
(including GST)

Cheque / DD should be in favour of 'ICAI-WIRC'

Account Name: The Institute of Cost Accountants of India - WIRC

Bank: Bank of Baroda o SB Account No. 27940100022156 o Branch: Horniman Circle, Mumbai
IFSC Code : BARB0PBBMUM o MICR Code : 400012111 o PAN : AAATT9744L

Venue :

WIRC Office, Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001
(4 CEP Credit hours will be provided)

For Details & Registration Contact:

Kindly register your participation on email id:

wirc.admin@icmai.in OR P.D. Enquiry Mobile: 8828177346

To



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