WIRC BULLETIN

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Theme: Management Information System – Costing Prospective & Strategic Cost & Management System

Inside Bulletin

WESTERN INDIA REGIONAL COUNCIL

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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WESTERN INDIA REGIONAL COUNCIL

Announces

MAHARASHTRA CMA CONCLAVE

By taking all necessary safety precautions & following the Government & HQ guidelines

TOPICS TO BE COVERED

- GST Audit - Introspection
- Investigations through AI
- Cryptocurrency

Date : 13th & 14th March 2021

Venue: Raireshwar Agro Tourism, Bhor, Mahakoshi, Maharashtra 412 206.
Highlight's of the Venue : Lakeside tent stay - Campfire - Barbeque - Hurda Party

DELEGATE FEE

Rs. 2,500/- *Twin Sharing Accommodation* | **Rs. 3,000/-** *Single Accommodation* (+18% GST)

Members have to reach to venue on their own.

NEFT DETAILS:

Account Name : ICAI- WIRC Bank: Bank of Baroda • SB Account No. 27940100022156 • Branch: Horniman Circle, Mumbai IFSC Code: BARB0PBBMUM (5th Character is Zero) • • MICR Code: 400012111 • PAN : AAATT9744L

PROGRAMME SCHEDULE

Saturday, 13th March 2021

Time	Session
10.30 a.m. – 11.30 a.m.	Registration and Tea/Coffee
11.30 a.m. – 01.30 a.m.	Inauguration & Technical Session I - GST Audit - Introspection
01.30 p.m. – 02.30 p.m.	Lunch
02.30 p.m. – 05.30 p.m.	Technical Session 2 - Investigations through AI
06.00 p.m. – 08.00 p.m.	Adventure Activities - Tarafa Ride/ Zipline Activity
08.00 p.m. – 09.30 p.m.	Dinner with Barbeque

Sunday, 14th March 2021

Time	Session
07.30 a.m. – 09.30 a.m.	Trek to Raireshwar fort
10.00 a.m. – 11.30 a.m.	Technical Session 3 - Cryptocurrency
11.30 a.m. – 1.00 p.m.	Panel Discussion and Valedictory Session
01.00 p.m. onwards	Traditional Maharashtrian Brunch

CEP Credit - 6 Hours

FROM THE DESK OF CHAIRMAN

"Faith is the bird that feels the light and sings when the dawn is still dark".

– Rabindranath Tagore

Friends,

On 1st February, 2021, our Honorable Finance minister laid down the Union Budget 2021. It was a blueprint after a black swan event i.e. aftermath of COVID-19 pandemic and she laid down the vision for AtmaNirbhar Bharat highlighting the 6 pillars viz. 1) Health and Wellbeing 2) Physical & Financial Capital and Infrastructure 3) Inclusive Development for Aspirational India 4) Reinvigorating Human Capital 5) Innovation and R&D 6) Minimum Government and Maximum Governance. The Budget also included different policies of nation which would be directly or indirectly affecting the economy like Vehicle Scrapping Policy, Production Linked Incentive scheme, Affordable Housing etc.

This government definitely believes in self-regulation and Ease of Doing Business. One of the key decisions in such direction was easing away with GST Audit GSTR 9C. We as Cost Accountants were empowered to carry out such audit under the GST Laws. This was one of the major areas for CMAs who had ventured into practice. With this easing away, definitely it has given time to introspect. The Vision and direction of Govt. definitely looks to liberalize the compliances and More Governance & Less Government.

Taking this as an opportunity, WIRC has announced 'Maharashtra CMA Conclave' (MCC) on 13th & 14th March 2021 at place of historic importance 'Rayreshwar' where Chhatrapati Shivaji Maharaj had taken Oath for Swarajya. In this conclave, the stalwarts will be deliberating on the topic of GST Audit: Introspection. We will also have sessions on upcoming topics like 'Investigations through AI' by award winning speaker from Government and 'Cryptocurrency' new world of digital economy. Event also includes Trek to Rayreshwar, Tent Stay, Hurda Party, campfire with barbeque and adventure activities at nominal cost.

WIRC will be organizing Sports Day on 27th & 28th February at Pune. Members and students will be given opportunity to enjoy sporting events like Cricket, Football, Table Tennis, Carrom & Chess. The event will also provide platform for professionals to perform cultural programs like Dance, Singing and much more. Fun games & Miss / Mr. CMA competition will give chance to showcase the hidden talents amongst us.

We request members to kindly take the benefit of FIRST ok kind off-bit event and make it a grand success by your participation. I promise it will create memories for lifelong.

We wish all the members and students the festivities of Saraswati Puja, Basant Panchami and Chhatrapati Shivaji Maharaj Jayanti.

Jai Hind

CMA Harshad S. Deshpande
Chairman, ICAI-WIRC.

Activities undertaken January 2021

- Webinar on New ABCD for Professionals in the Millennials Era jointly with Baroda Chapter of ICAI - 2nd January 2021 by Mr. Manish Baxi, Practicing Chartered Accountant
- Webinar on Building, Growing and Developing Your Brand on LinkedIn - 8th January 2021 - by Ms. Shraddha Dedhia & Mr. Jigar Shah
- Webinar on Reduction in Sugar Conversion Cost - 16th January 2021 by Mr. Dilip Patil, M.D., Samrath Sugar
- Webinar on GST Audit FY 2019-20 & Rule 42 & 43 -Manner of Determination of Input Tax Credit & Reversal thereof - 27th January 2021 by Adv. Bimal Jain. CMA Brij Mohan Sharma, Past President ICAI was Guest of Honour.
- CEP on Union Budget was organized jointly with WIRC of The Institute of Company Secretaries of India on 2nd February 2021 at WIRC office First time after lockdown it's a physical program with online streaming. CMA Dhiraj Sachdev, Managing Partner & CIO, Roha Asset Managers LLP, CA Uday Ved, CMA S. S. Gupta were the speakers.
- Webinar on The sexual Harassment- Prevention, Prohibition & Redressal Act 2013 - 6th February 2021 by Ms. Kavita Jain

What WE could achieve during 5th month

Status # Agenda 21	Completed	Total
Upto January 2021	11	21

 # Agenda 4 Structured Campus placements & creating platform for job openings for experienced & fresher CMAs post disruption of Pandemic.

- Campus Recruitment for Cost and Management Accountant Trainee by Practicing Cost Accountant Firm on 16th Jan 21. Approximately 120 Students got placed.
- Young Professional Programme by RD, MCA Mumbai

 # Agenda 6 Enhancing statutory opportunities of CMAs in Practice in State legislations

- Enforcement Directorate, Mumbai (ED), they have considered our request to empanel CMAs for the purpose of carrying out forensic audit assignments.
- Stock Audit Empanelment with J & K Bank, UCO Bank, Nashik Merchant Co-operative Bank, Shamrao Vithal Co-operative Bank (SVC)

#Agenda 7 PD/CEP Programmes in all small chapters periodically jointly by ICAI-WIRC minimum 2 programmes in a year

Conducted program jointly with Baroda Chapter

 # Agenda 8 Collaborating with MCA, ICAI, ICSI, ASSOCHAM, IMC, SME for joint events for better visibility;

Program on Union Budget jointly with WIRC of ICSI

 # Agenda 13 Revamp of WIRC Bulletin to make it more attractive and improve practical utility

Started GST Corner and Direct Tax Corner

 # Agenda 21 Sports, Music, Trekking and other extra-curricular activities like Organizing Sports events, Trekking events, Cycle tour, Music / Art workshops etc.

CMA Trek - 26th January 2021

FROM DESK OF CHIEF EDITOR

Dear CMA Professional Colleagues,

February month start with Union Budget 2021. Hon'ble Finance Minister Madam Nirmala Sitharaman presented one of the unique budget under COVID situation. Budget is focused on growth through infrastructure, heath care, defence etc. Atma Nirbhar Bharat is the heart of budget. It seems we are back to growth path after lockdown period of COVID.

Theme of this bulletin is "Management Information System – Costing Prospective & Strategic Cost & Management System". We have received good response from members. We have received 6 articles on the themes. Articles on the theme are published as cover story. We are also publishing articles on other professional matters. I am thankful to all authors for providing articles and making WIRC bulletin a Knowledge Pack.

We have also start publishing interview of CMAs who had reached a respectable position like CFO, VP, Director etc. Objective of the same to share their experience with CMA fraternity. It will inspire young CMAs for making their future brighter. In this bulletin, we have published interview of CMA Umakant Kashinath Ghate, Head Finance, Seco Tools India Private Limited. I thank CMA Prashant Vaze for conducting the interview. I request our proud CMAs who reach at highest position during their career to share their experience with CMA fraternity. Place reach us so that we can conduct interview.

Women empowerment is also one of the needs of the hour. We have also decided to publish at least one article from lady CMA. I am happy to inform, we are getting excellent response from lady CMAs. We have received 3 articles from lady CMAs.

I am very happy to see enthusiasm from members for sharing their knowledge with members by way of series of articles. We started three series of articles on different subject.

We have started "GST Corner" in the bulletin. GST corner will contain major update related to GST during past month and due dates of GST for next month. I am thankful to CMA Vandit Trivedi to take responsibility for compiling the updates.

We Have started "Direct Tax Corner" in the bulletin. Direct Tax corner will contain major update related to Direct Tax during past month and due dates of Direct Tax for next month. I am thankful to CMA Harshesh Pandya to take responsibility for compiling the updates.

During the month, we have received few compliments from members for sincere efforts of editorial board for making WIRC Bulletin a real knowledge pack. We are thankful to members for complimenting our efforts.

WIRC had decided to invitee advertisement from PCMAs and also from firm of PCMAs for recruitment of CMA trainees. We are also inviting advertisement from corporates. Rate chart of advertisement is given on the last page.

I urge the members to share knowledge by way of article to make WIRC Bulletins Knowledge Pack.

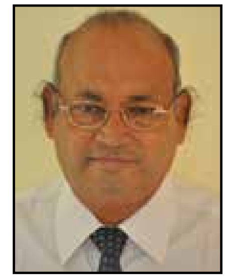
We welcome suggestions and feedback for betterment of WIRC Bulletin.

Happy Reading!!!!!!!!!!

With Ward Regards

CMA Ashish Bhavsar
Chairman, Editorial Board

Strategic Posture of Indian Telecom Sector!



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01.00 Warm Up

It is interesting to know that had it not been for its use as a telecommunication tower, the Eiffel Tower would have had been long gone. City of Paris decided not to dismantle the Eiffel Tower because it proved to be useful as a communications tower. And, that is the power and need of Telecommunications!

The Indian telecom sector is the second largest in the world in terms of the number of subscribers. As at the end of June 2020, the sector accounts for a telephone subscriber base of, a mind-boggling, 116.24 crores. The Indian teledensity has shot up from a mere 9.08 per hundred persons as of March 2005 to a competitive 85.85 as of June 2020. The Gross Revenue of the sector for the financial year 2019-20 works out to a magnanimous Rs.2.52 lakh crores.

As of day, Reliance Jio turns out to be the biggest market player of the wireless telephone segment with a market share of 34.83%, followed by Bharati Airtel with 27.76%, Vodafone Idea with 26.75%, and then the PSUs at the 4th place with 10.66%. The telecom market continues to grow bigger and bigger day after day, more so now, because of the strategic initiatives of National Digital Communications Policy (NDCP) 2018, in particular those, relating to 'Provisioning of Broadband for All' and 'Ensuring Digital Sovereignty'.

However, the sector has encountered two major bolts, i.e. 2G taint and the AGR dispute, in the recent past. As a result, major players of the industry are reportedly suffering from severe financial stress and negative bottom line.

02.00 Competitive Posture

Given the above back ground, the competitive posture of Indian Telecom Industry is ventured for probing by means of Michael Porter's Five Forces Model, the five forces being: threat of new entrants, power of suppliers, power of buyers, threat of substitutes and competitor rivalry.

02.01 Threat of new entrants

The following features of Indian Telecom Sector need cognizance for the purpose of visualizing the threat of new entrants:

a. Intensive Capital Outlay: Telecom Industry needs substantial investments at the entry level as also at the operating level. As at the end of 2018, the industry owns an enormous number of 18.34 lakhs of Base Transceiver Stations (BTS) pan India. Even though the major players in the sector are in single digit, the capital investment in the sector is estimated to be quite massive at over eight lakhs of crores. Huge capital outlay, obviously, constitutes the biggest entry-barrier for any of the new players.

b. Technology Cycles: The industry is driven by superior technology and advanced operating skills warranting a high learning curve. The technological momentum, during the past two decades, from wired line to wireless, GSM, CDMA, 2G, 3G, 4G, and now onto V-Fiber, LTE 900 & 5G, has been very fast and incessant. Fast changing technology cycles that lead to continuous investments and perpetual skill up-gradation do act as a significant deterrent for entering into the sector.

c. Incumbency Domination: The entire sector of Indian Telecom is dominated by the exclusive four (existing players). The incumbents do enjoy the biggest advantage of economies to scale. It is, thus, very difficult for any new entrant to enter into the market and compete with the existing giants.

d. Return on Investment: Low Return on Capital Employed and huge debt burden are reported to be two significant factors plaguing the Indian telecom industry. As such, the financial paradigm is distasteful for any of the new entrepreneurs to venture an entry.

e. Regulatory Approvals: Cumbersome regulatory approval and licensing are also stated as important impediments for the new entrants into the telecom industry.

In summation, the threat of new entrants into the telecom industry may be deemed low (conversely meaning that the entry barriers are high) because of the factors concerning Intensive Capital Outlay, Superior Technology, Incumbency Domination, Low ROI and Burdensome Regulatory Approvals.

02.02 Power of Suppliers

Telecom equipment is highly sophisticated which includes high-tech broadband switching equipment, fiber-optic cables, mobile handsets, and billing software, and so on. Strength of the sophisticated technology could have, in fact, strengthened bargaining power of the equipment suppliers over the operators; but for the umpteen numbers of manufacturers spread wide across the world. There are enough vendors, arguably, to dilute bargaining power of the suppliers.

02.03 Power of Buyers

Large number of consumers, ever falling tariffs and low switching costs are the special features of Indian telecom market. An important feature of the sector is that of almost zero product differentiation amongst the service providers. The telephone and data services do not vary much regardless of which of the service provider is selling them. All of the basic services of telecom are treated and traded as a single commodity.

This translates into customers seeking lower and lower prices from the companies that offer reliable services. Mobile Number Portability (MNP) for switching over from the existing service provider is estimated to be over 8% of the total connections and is very high. Such a huge switch over does reflect the subscriber power of exercising their preference of service provider. Evidently, the bargaining power of customers has shot up day after day.

02.04 Threat of Substitutes

The substitutes for telecom products are very limited. But the point of caution is that, Products and Services from non-traditional telecom industries can pose serious substitution threats in times to come. The cable guys, with their own direct lines to homes, offer broadband internet services; and satellite links can substitute for high-speed business networking needs.

Just as worrying for telecom operators is the internet which is becoming a viable vehicle for cute-rate voice calls such as WhatsApp. However, the fact remains that the substitutes for telecom products are limited as of now.

02.05 Rivalry among Existing Competitors

In all certainty, the Indian mobile market has consolidated itself into a 3+1 industry structure, i.e. three private players and one PSU player. Put it across, competition in telecom sector is hot and severe amongst the rivals. Customer luring is resorted to by the competitors through a raft of substitute services and low prices which are, in turn, leading to lower and lower Average Revenue Per Unit (ARPU).

The entry of Reliance Jio in 2016 has, reportedly, disrupted the existing telecom market. Jio offered data services at throwaway prices along with free unlimited national calls. While the entrance of Jio has contributed towards the Internet boom in India, it had put a lot of pressure on its competitors and driven down the prices to the rock bottom.

This, in turn, has led to worsening financial distress for the operators and substantial shrinking in the overall revenue of the industry.

02.06 Assimilation

The competitive posture of Indian Telecom Industry is, thus, characterized by low threat of new entrants; diluted bargaining power of suppliers; ever-rising negotiating power of customers; limited substitutes; and aggressive competition implying that the industry is neither attractive nor otherwise.

As a consequence, the strategic environment turns out to be a mixed basket of frills and ills. The frill parameters include a large subscriber base, expanding teledensity and incumbency domination. The ills are declining revenue flows, low capital productivity, eroding equity and uncertain ease.

03.00 The Way-out

The relevant outcome strategies of the competitive analysis, in relation to the Indian Telecom Sector, may be zeroed down to three key elements, viz. cost optimization, service differentiation and market monitor.

03.01 Cost Optimization

In the current scenario, the telecom operators must evolve cost optimization as an inherent core competence. Significant cost reductions are certainly feasible with a change in the mind-set and the ability to 'think outside the box'. In order to maintain long term survival, it is time to align in-house cost control tools & techniques with business drivers. It could be better utilization of the recourses such as infrastructure sharing; mergers and amalgamations that foster cost synergies; tapping local skills to invent cheap service hubs; weeding out the dead wood and obsolete infra; and so on. All players in the telecoms market ought to work to reduce their long term costs with more and more inventive business plans in synchronization with the operating needs.

03.02 Service Differentiation

The zero product differentiation warrants that the arena of competition shall be shifted from the price centric strategy to service (quality) centric strategy. The customer veering should be founded on better service such as zero call dropping, clear audibility & better imaging, faster data transmission, etc.

03.03 Market Monitor

The growing market, as also the short falls and gaps in teledensity, are opportunities on hand. Pricing revival is imperative for the long term health of the sector.

At the same time, specific regulatory intervention, in this context, should be setting a base price below which none of the operators be allowed to go either directly or indirectly. The base price shall consider various cost and revenue aspects such as spectrum charges, optimum capacity utilization, fair operating costs and minimum return on capital investment.

The regulator has to act as the sixth force with the onerous objective of channelizing the competition towards the welfare of all the concerning stakeholders.

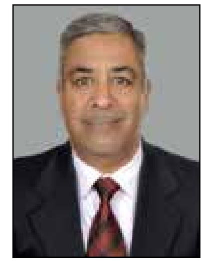
04.00 Bottom Line

Despite the presence of TRAI, the strategic posture of the Indian Telecom Industry stands quite unregulated and is, definitely, that of "Survival of the ….?". The silver lining, however, is that despite everything, the upswing of Telecom Sector keeps on moving forward. The ills can be remedied and frills strengthened through appropriate strategic cost management measures!

Resources

1. Annual Reports of Telecom Regulatory Authority of India
2. Various Quarterly Performance Indicators of Telecom Regulatory Authority of India

Strategies for achieving Cost Competitiveness in Production



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The perspective

The business environment is changing at a dizzy pace. Rapid globalization, technological advancements, changing consumer preferences, and evolving government policies are reshaping the manufacturing industry, exponentially accelerating the pace of competition and continually raising the bar on company performance. From its influence on infrastructure development and job creation to its contribution to gross domestic product on both an overall and per-capita basis, a strong manufacturing sector creates a clear path toward economic prosperity In today's VUCA (Vulnerable, Uncertain, Complex, Ambiguous) world competition is becoming keener than ever. In order to survive and grow, every enterprise needs to focus on Strategic Cost Management to gain competitive edge over competitors.

Production cost competitiveness around the world has changed dramatically over the past decade so dramatically that many old perceptions of low-cost and high-cost nations no longer hold. India needs to bring in cost competitiveness and raise scale to grow its manufacturing sector and compete globally. You cannot grow manufacturing by forcing people to invest because investment can happen only if there is some return coming out of it. Therefore, what India has to do is to optimize production cost.

Production Cost

Production costs reflect all of the expenses associated with a company conducting its business.The production cost can be explained as "the consumption of material or labor for the production of a product or service. It means, the sum of all the energy, labor, waste, rent, financing, etc. For an expense to qualify as a production cost it must be directly connected to generating revenue for the company. Production cost refers to the total price paid for resources used to manufacture a product or create a service to sell to consumers including raw materials, labor, and overhead.

Strategies for optimizing Production Cost

Cost competitiveness is a dynamic concept which has intimate relationship with quality and value of product. Thus, strategies for cost competitiveness take into account all aspects that affect quality and value right from product design to market performance. Almost all tools & techniques that are available for effective management are also used for strategizing cost competitiveness. For years, companies have attempted to cut the cost of making a product by taking aim at individual parts or raw materials and the companies that supplied them. Cut the price of the things that go into making a product and a company could lower the manufacturing costs and increase profitability. But those fixes are temporary, and need to be constantly re-negotiated. More importantly, they don't lead to a better product; in fact, quite the opposite at times. Despite decades of cost-cutting efforts across all industries, as much as 25 percent to 45 percent of all costs in engineered products add no value to the product or customer, according to our research. Those findings would indicate that manufacturers are not only looking at cost-cutting incorrectly, they are wasting a lot of time and effort doing it.

Building a strategy on minimizing production costs requires a company to achieve:

- High productivity
- High capacity utilization
- Use of bargaining power to negotiate the lowest prices for production inputs
- Lean production methods (e.g. JIT)
- Effective production process
- Effective distribution channels

The increasing competition in the market creates an urgent need to search for new ways in which manufacturing companies can differentiate themselves and gain better competitive position

Track The Numbers : At the outset, you got to track your key costs. If you aren't doing it, then start doing it right now. You can't reduce something which haven't yet recorded. Get started by tracking at least the key numbers : Production capacity ,Actual used capacity, Direct material cost, Direct labor cost, Manufacturing overhead, Labor efficiency, Carrying cost of inventory, Cost of goods sold, Overtime expenses, Stock in & out, Cash in & out. It's hard to believe but the fact is– even a simple recording of numbers will give you a lot of idea about what's wrong with your factory.

Examine production costs : You've probably heard of the 80/20 principle. It says: Roughly 80% of the effects come from 20% of the causes. This principle can also be applied to production. There is a good chance that a relatively small number of items are responsible for an inordinate amount of your production costs. It might not be 80/20, but it could be significant enough to warrant discontinuing those items. Look at every line item. Can its continued production be justified financially? This is an exercise that should be conducted regularly.

Managing Inventory effectively : The way you manage your inventory is worth looking at. just-in-time (JIT) inventory management approach first created by Toyota in the 1950s,leads to Manufacturing and procurement that is tightly aligned with demand. More items aren't produced simply because 'it's the rule' or because there is excess capacity. Instead, items are created 'just in time' to meet demand. What's good about this, is that it reduces unnecessary production costs, limits the amount of stock you need to house somewhere, and can also reduce labor costs.

Reduce Direct Material Cost : Direct material cost constitutes a substantial portion of the total manufacturing costs. There are a number of techniques to control the direct material cost. Let me share a few:

- Invite quotations from as many suppliers as possible
- Consider signing a long-term contract with the shortlisted supplier. That'll give a quantity assurance to the supplier who in turn can reduce the price accordingly.
- Offer cash payment in return of cash discount. Most suppliers will be willing to trade off discount in return of prompt payment.
- Ask for turnover discount at the end of a financial year. Suppliers are willing to give discounts to customers who've contributed significantly to their turnover or revenue.
- Negotiate like a professional
- Consider re-structuring your product. Can a particular raw material be replaced with an alternative without compromising on quality ?.
- Prepare a database of suppliers with details like name, phone number, email, address. That'll act like a backup in case you face an adverse market situation like price increase, lack of supply or economic depression.

The direct material is the most significant part of production cost. If you can reduce the same effectively, half of your job is done.

Reduce the carrying cost of inventory : follow these time-tested techniques:

- Set the raw material order quantity using EOQ(Economic Order Quantity) method. EOQ refers to the quantity of material that should be ordered in a single lot. Purchasing at EOQ helps to keep the total of carrying and ordering cost minimum.
- Consider using JIT(Just-In-Time) method to avoid over-stocking of inventories. JIT means ordering inventories only when it's actually needed for production. That avoids unnecessary stocking & thereby reduces carrying cost.
- Prioritize & manage stock using the ABC system of control. The ABC system suggests to classify your inventory into 3 categories: A,B & C. The inventory that's high in value (comprising at least 50% of the total inventory value) falls under A category. The inventory that's moderate in value (35%) falls under B category. And, the rest falls under C category. To reduce carrying cost, you need to have a stricter control on A category items, moderate control on B category items & low control over C category items.
- Classify inventory as per the VED(Vital, essential, desirable) method. All vital(critical for production) raw materials should be classified under Vital category. The moderate ones should fall under Essential category & the least critical ones should fall under Desirable category. The vital category of inventories requires a stricter control followed by essential category & desirable category.
- Set a threshold limit for the amount of money blocked in inventory. Example: Set an inventory carrying cost limit of 10% on sales. If the cost crosses that level, you need to take a few emergency steps to release the blocked funds.

The idea is to reduce the inventory to such an optimum level that minimizes the carrying cost & at the same time doesn't affect the production schedule or sale.

Increase Workers' Efficiency : Reducing employees' remuneration is not a great option because it results in employee dissatisfaction and ultimately in hiring and retaining unskilled employees. A more wiser approach would be to improve the labor efficiency. It's not easy but definitely worth the effort. Thus, the organization should aim at enhancing employee efficiency by:

- Hiring efficient employees
- Providing labor force with adequate training.You can reduce the time taken to produce an average unit by providing specialized training that allows employees to work at a faster rate.
- Offering incentives to the workers who produce an average unit at less than the standard time.
- Re-schedule production task to match skills. (Example: A worker specializing in packing should only pack & not get involved in other tasks)
- Share a clear production goals with the team
- Motivate the labor force as & when required. Appreciate their commitment.

Improving labor efficiency is perhaps the most cheapest strategy to reduce production costs. And, the benefits are very rewarding.

Control Manufacturing Overheads : Manufacturing overheads are mostly non-value adding expenses & thus can be avoided. To reduce the same, you may do the following:

- Set budget for these costs and review them periodically. Necessary steps are to be taken to control them.
- Costs such as depreciation are mostly time-based. You have to decide whether to own these assets or to acquire them on a lease basis.
- Reduce headcounts. Look if production supervisor's role

can be delegated to someone else. Whether the gate-keeper's job is essential ?

- Avoid fancy packaging expenses
- Consider reducing product features that don't add much of value to the end customers
- Regularly check & update machineries to avoid costly repair expenses

These costs can be tough to control. But you got to think about your business first. And, business means profit.

Eliminate Non-Value-Adding Processes : Frequent innovations are occurring in the methods of production. Periodical review of manufacturing processes is necessary to diagnose the deficiencies in them. There may be some redundant processes in the manufacturing cycle that are no longer required and are unnecessarily consuming costs. Hence you should analyze the value added at each stage of production and determine whether that activity is actually required in the present scenario. Dropping non-value adding activities in the manufacturing cycle can assist in cutting unnecessary costs and keeping the manufacturing cost to minimum. Here're a few more steps you can take to improve your manufacturing process:

- Use a tool like Process Street. It helps you to create, streamline & control your workflow & processes.
- Take your factory workers' feedback. And, make sure you communicate with them regarding the proposed process changes.
- Conduct A/B tests to test the actual improvement of production time. You should approve the new process only if the test results are favorable.
- Take into account the workers' fatigue & unproductive time while charting a new improved process.
- Use technology wherever possible. In long run, the benefits will pay off the cost easily.

In manufacturing, you got to take tough calls. Of course, no process is done without a reason. But if the reason is non-value-adding, it can be avoided.

Reduce Waste : Wastes may be in different forms such as

- Early production : producing products before they are needed leads to unnecessary blockage of funds and also some of them may get damaged by the time they're required.
- Waiting : products, people, and machinery waiting unnecessarily during the manufacturing cycle due to avoidable reasons delays the production process.
- Overstocking : Maintaining inventories in excessive quantity than required also leads to unnecessary blockage of funds.
- Motion : Unnecessary movements of people and products during production cycle delays it.
- Defectives : As already discussed, these are the finished units that rank below the standard quality and need repair even during the warranty period.

In order to reduce such wastes, your business needs to have a strong internal control system. Conduct periodical checks should be conducted to minimize wastes. As we know prevention is always better than cure. Thus, you should detect the areas of waste and implement measures to prevent them. Tighten the quality control measures, so that only those units are offered to the market that meet the quality standards.

Tweak Your Design : It's natural to get attached to your original product design (they're called "idea babies" for a reason!), but the design decisions you make while initially developing your product are not necessarily the best in the long-term. For example, you may have chosen a material without fully understanding the cost implications, or opted for a customization during manufacturing that requires higher minimums than you can regularly afford to meet. By selecting different raw materials and components, changing the way your product is constructed, or even eliminating a few bells and whistles, you can reduce costs and increase profit margins.

The right work instruction to do right : The involvement of operators in the search for continuous improvement is also to be encouraged to contribute to the optimization of quality. Giving the operator the right work instruction at the right time on the right format contributes to all of this : do right on the first time, collect data, send alerts etc..

Do not give in to the temptation of over-quality : It is clear that the company organization must be quality-oriented, but it risks its system become counterproductive if it is "too much". In the industry, over-quality is, in fact, the enemy of quality, because it generates additional costs. The challenge is to achieve products that meet customers' expectations; not to be below of course, but do not try to reach much higher levels of quality.

Optimize The Production Output Level : Optimizing output level means figuring out a quantity at which the production cost (per unit) is the minimum. Since all costs are not directly proportional to production level, we have to determine a level at which the per unit cost of production reaches the minimum. Making various cost analysis can help to arrive at the optimum level.

Using Supporting Technology : The other way to reduce production costs is by utilizing supporting technology. You can use technologies such as ERP Manufacturing to increase productivity and increase efficiency and also reduce production costs for your manufacturing company. In addition, supporting software can also measure the performance of each employee and make efficiency. sophisticated machines should be deployed which will process the products at a faster rate and minimize the firm's manufacturing cost in the long run. This technology can also be used to get the benefits from your business to reduce production costs. Of course, automation comes a huge upfront cost. So, study the cost & benefits before taking a decision in this regard. Alternatively, you may also try leasing the automated machines if it makes sense.

Cost Leadership : In a cost leadership strategy, the objective is to become the lowest-cost producer. This is achieved through large-scale production where companies can exploit economies of scale. If a company is able to utilize economies of scale and produce products at a cost lower than that of its competitors, the company is then able to establish a selling price that is unable to be replicated by other companies. Therefore, a company adopting a cost leadership strategy would be able to reap profits due to its significant cost advantage over its competitors.

Conclusion

The coronavirus pandemic has affected every single business in the world, but some of the most affected are those that produce products, as most have had to temporarily close and social distancing guides prevent people from being too close to each other. During these difficult times, your finances might be hurting, and it's a great idea to cut as many costs as possible during the foreseeable future —things won't go back to normal for a while, probably until a vaccine is not made available for the general public. But don't worry, there are many ways to reduce your production costs. The companies can gain competitive advantage by doing a better job than competitors in performing internal value chain activities efficiently, Taking initiatives to cut down the cost of value chain activities, and recognizing the value chain to avoid or bypass some cost producing activities.

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WIRC WELCOMES NEW ASSOCIATE MEMBERS

Sr.No.	MEMBER NO.	NAME	CITY
1	49542	Mohammad Arman Mohammed Zahid Shaikh	Mumbai
2	49544	Swapnita Vikas Yadav	Mumbai
3	49551	Deepa Mukeshbhai Bagaria	Ahmedabad
4	49565	Subramanian K	Pune
5	49581	Mitrabhanu Satapathy	Mumbai
6	49585	Mallesham Thalla	Chandrapur
7	49586	Amita Hemantbhai Parmar	Ahmedabad
8	49588	Pavithra Devendra Nayak	Dombivili
9	49591	Divya Sanjay Gajjar	Mumbai
10	49598	Hitesh Bhagvatilal Shah	Ahmadabad
11	49599	Maithili Milind Deshpande	Pune
12	49614	Heena Choudhary	Mumbai
13	49621	Vinesh Vithal Chinta	Mumbai
14	49624	Kalyan Shantaram Gadekar	Aurangabad
15	49625	Mahesh Subhash Gawade	Nashik
16	49632	Karamjeet Singh Mani Singh Saini	Vadodara
17	49635	Vinod Pandharinath Deshmukh	Pune

Methods for products costing and their impact on product pricing

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Product Costing and manufacturing accounting is an important part for any organization to track and remain profitable. Maintaining accurate and complete records of value of inventory is one major concern for all businesses, keeping unprofitable stocks could deplete your profits, All ERPs offer this feature in tracking these costs and which makes costs more transparent.

To remain competitive in ever changing business environment and reduce costs that are passed along to the consumer, companies must be aware about all activities which create costs (ABC costing), reduce the costs of operations, expedite the speed to market (Agility) and thereby reduce the costs of operations, all this would help the companies specifically in New Product development (NPD) and remain ahead of competition curve because agile companies would be able to launch new products earlier and thus would enable them to get a major market share as late entrants would have invest more in market.

As the companies refines it production processes and automates costing activities, ensure that costing techniques support the manufacturing activity by tracking the lowest component of costs. Accurate Costing information enables you to identify wasteful costs and identify sustainable costs increase which could be passed to consumer or they take a call whether one costs could be absorbed if it is one off costs. The goal should be able to increase the profit margins in a sustainable manner.

The criteria to use a particular cost method would largely depend on the industry and here we would discuss the methodology mainly used by Manufacturing companies.

Most of manufacturing companies use either Standard Costing or Actual Costing (Weighted average Costs).

Standard Costing – One of the widely used method for product costing and success of this is largely dependent on accurate setting of standards, it is applicable for companies with stable costs structures and have little variances from one manufacturing run to another.

Standards are defined for each cost component basis during the business plan cycle, these estimates are basis past performance and likely costs scenario which would prevail over next year so that the actuals are closer to standards. Now days standards cost for year becomes basis for performance evaluation, Most of ERP would capture these standard costs under future costs updates would release them as standard costs at beginning of the year.

While finalizing the standard costs system should consider the following aspect.

- Products Costing – detailed information on Material, labor and overhead.
- Costs reporting – what does the item really costs to produce.
- Variance reporting – Actual Vs Standard Costs.

All the Inventory transactions use these frozen standard costs for cost calculations which in turn generate transactions in general ledger and are also basis for Inventory valuation.

Variances on account of Costs would be captured in the general ledger, for materials variances this would reflect in the PPV accounts – Purchase Price Variance accounts and Yield variances would reflect the Manufacturing efficiencies and overheads variances accounts.

All these accounts should be thoroughly analyzed every month so that the reasons for deviation is understood by the senior management, Some of Major variances stated as below.

- Purchase Price variances would reflect the performance of Source /Procurement section, reasons could range from volatility in commodity pricing and changes in forex rates.
- Manufacturing variances would reflect the performance of production section, variances with regard to usage and yield should get analyzed.
- Overheads variances would reflect the actual spends Vs standards and variations in recovery basis volumes mix produced Vs standards.

Weighted Average Cost- Many companies want to capture and track actual or average costs, Materials costs for the month would be calculated basis opening inventory valuation and actual costs of receipts during the month and for manufacturing system calculates the cost of product built on a work order on actual hours used and actual quantity issued.

This method would be useful for below companies -

- Engineer or manufacture to order.
- Companies which experience frequent changes in costs.

The same set of variances stated earlier from general ledger are also analyzed to understand the average costs and when we use weighted average costs but we need to maintain inventory cost at item, branch and location level to get best results.

Both the methods are quite unique and have their own advantages, depending the organization need and type any method could be selected for product costing and decision making.

■

(MIS) - Strategic Cost Management (SCM)

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A. PREAMBLE

The main objective of all organization including business enterprises is long term growth and survival. Efficient management and profit maximization ensures attainment of these objectives. Dynamic Management of successful business enterprises banks upon cost minimization and efficient utilization of available resources. Efficient utilization of resources can be achieved by understanding various dynamic & static forces prevailed in the organization and taking appropriate action based on clear understanding.

In order to understand the dynamics of organization we will build the concept while discussing Cost, Costing, Cost Accounting, Cost Reduction, Cost Control, Cost Management and Strategic Cost Management one by one for better understanding of various influencing factors.

B. COST

Cost is an economic value, which sacrificed in terms of expense and asset utilization by individual in order to earn profit or attain objective. So cost is economic value of resources utilized like Raw Materials, Consumable, Lease/ rental, Man Power (Operating, staff & Managerial), Utilities (Water, power, steam etc.), Taxes, Plant & Machines, Building and other infrastructure.

a) For manufacturing a good and selling it to customer (Production)
b) For acquiring a goods and selling to customer (Trading)
c) For rendering service to customer (Service Sector)
d) For completing a task or project for target user (Non-profit organization)

It is very important for the person managing the affairs of any organization successfully. He must understand the dynamics of cost like cost behavior and risk of losing control over the cost.

"A General can't win a war, it he doesn't know the cost of war"- Art of War

C. COSTING & COST ACCOUNTING

Costing is a process to calculate cost of a product as per Generally Accepted Cost Accounting Principal (GACAP) and analyzing the same for Management decision making. Costing can be done while product under development or while product in production. Standard costing is done before production takes place, where as most Costing are conducted after production process are over and financial figures are frozen

Cost Accounting is a science and art of collecting, arranging, classifying, allocating and apportioning all expenses and quantitative data to products being manufactured as per Cost Accounting Standards. Cost Accounting can be done manually (Out of System) or as part of Costing Module (Through system). It can be off line system or real time data system. Real time costing / costing Accounting systems are in practice with help of strong ERP.

D. COST CONTROL

Every year organizations set operational standard and prepares a budget. The budget is a road map of production, sales, income, expenditure, fund flow & critical aspects for a future period (Generally one year). The actual performance is compared with budgeted figure and variance is identified. The variance is analyzed and corrective action is taken to control the expenditure (Cost) within prescribed limit.

Important steps of Cost control are as under

a) Setting standard for cost elements (input, output, utilization, efficiency etc.)
b) Preparing detail budget of production, sales, income, expenditure, cash / fund flow etc.
c) Compare actual data with budgeted or standard.
d) Calculate the variance (Budget minus actual)
e) Analyze the variance (Both Favorable & Adverse)
f) Take corrective action and monitor its effect and impact.

The tools used for cost controls are

a) Standard Costing (Predefining per unit cost product) – The cost elements like Variable cost, semi variable cost and Fixed cost are defined for per unit of production with respect to level of production.
b) Budget – Amount are mentioned in Rs term for a particular level of production. The process starts from critical constrain process (Marketing / Production) and flow down to every function of organization.

The budget can be a RIGID (Fix for the period) or a FLEXIBLE budget (Keep changing with change of operational parameters). In actual practice, actual figures vary in comparison to budgeted figure. These variations could be FAVOURABLE (Lower than budget) or ADVERSE (Higher than budget).

Favorable variations are generally ignored by management, but it must be reviewed with respect to long term growth and sustainability. Adverse variances are generally analyzed and reported for corrective action by concern department.

E. COST REDUCTION

In competitive business environment, it is necessary to satisfy the customer, who is looking for quality product at cheapest price. Successful business manager always strives for cost reduction or value addition of its product. These efforts result in consistent growth and long-term survival of organization.

Cost reduction is a process of reducing cost without sacrificing the quality and delivery schedule of product. The conventional methods of Cost Reduction are as under.

a) Reduce variable expenditure (cost), which will reduce per unit cost or marginal cost of product. Reducing variable cost without effecting quality or delivery schedule is a tough task for any manager. However, it can be achieved by utilizing various tools like
   a. Work Study (Time & Motion study for Man power cost)
   b. Design Improvement (For raw material cost & Processing Cost)
   c. Value Engineering or Business Process Re-engineering

b) Increasing production rate (quantity) while maintaining the expenditure (Fixed Cost) at same level or minor increase in expenditure (Fixed Cost). This option is applied when market is having demand for additional product. Following tools can be used here.
   a. Mechanization & Automation for higher production
   b. Standardization and simplification for higher production at low overhead.
   c. Variety reduction

Cost reduction is not always considered as best option. Cost reduction may benefit in short term but it may harm the business prospects in long term. For example - Cost reduction in marketing and business promotion may improve profit in short term but it will shrink the growth prospects and ultimately the business positioning.

F. COST MANAGEMENT

Cost control & Cost reduction have its own limitation because it does not consider factors beyond cost like Revenue, Profit Maximization etc. Cost Management is a wholistic approach which links the cost, revenue & profit with other factors of business process. Managers may deliberately incur additional cost to optimize revenue / profit.

It includes various decision like source & type of Raw material, Procurement process, Mode of transport, level of inventory, location of production centers & distribution centers, Make or buy decision, Changes in production process, Plant layout, Intra company transfer pricing, Utilization of spare capacity, Economic Batch size, Product pricing etc.

The objective of Cost Management is to optimize the Profit or Revenue. The main tools used in Cost Managements are.

a) Quantitative techniques like Economic Order Quantity / Economic Batch size calculation, fixing various levels of Inventory.

b) Optimization modules like Linear programming, Game theory, Assignment, Transportation, Decision tree analysis etc.

c) Various costing technique
   a. Marginal Costing
   b. Relevant and non-relevant cost
   c. Differential Cost

G. STRATEGIC COST MANAGEMENT

1. History - Best example of Strategic Cost Management can be traced in Ramayana while constructing the bridge over sea from Bharat to Lanka by Shree Ram. He used local material (Tree & Stones) and low skill labor (Monkeys & Bear) to built the bridge with help of two knowledgeable persons (Nall & Neel). The bridge was constructed in record time of four days. The construction of big bridge over sea has highly improved the strategic position of Shree Ram army at lowest cost. It boosts up the self-esteem of Shree Ram army in campaign against powerful & mighty army of Lankesh Ravana.

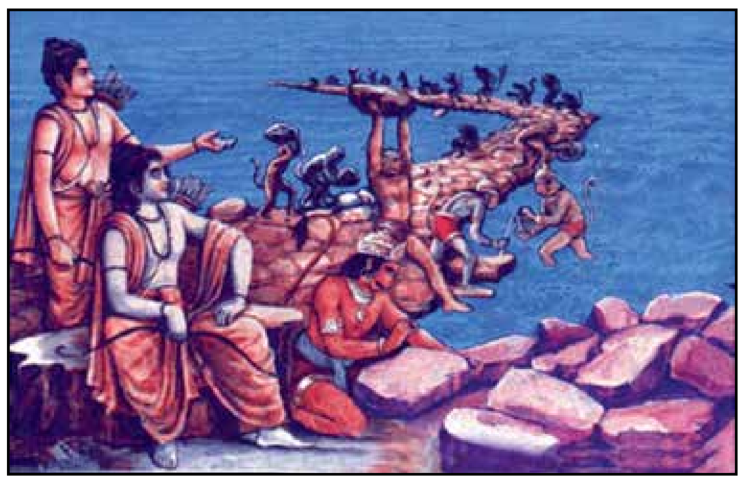


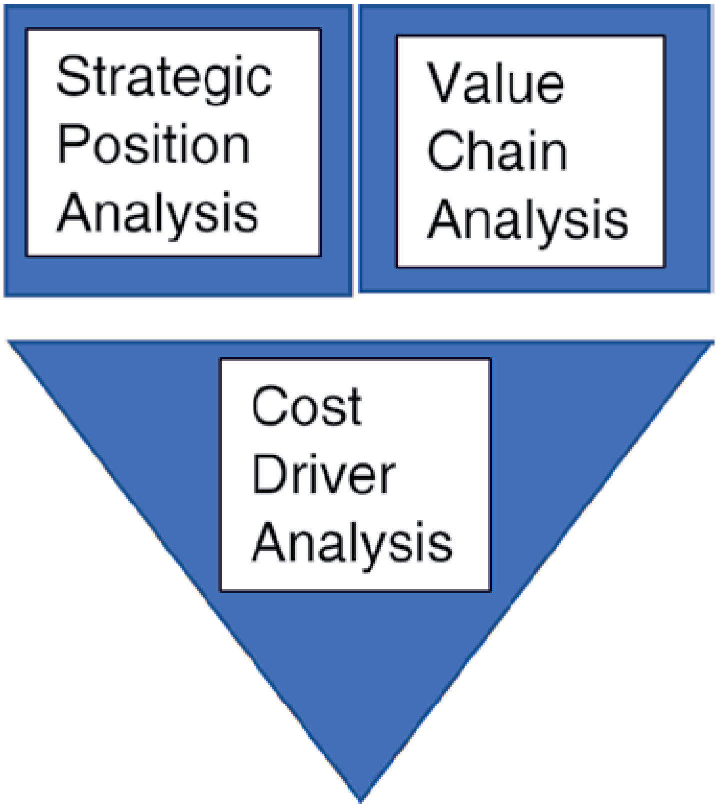
Fig 1 – Construction of Ram Setu ; Source - Internet

   Strategic Cost Management can be implemented in every organization (Manufacturing & Service sector, Private & Govt sector, profit & Non-profit making organization, domestic & multinational companies, MSME & big corporate house), where Cost & Management Accounting system are in place.

2. Strategic Cost Management is process of reducing cost and improving strategic position of business. So, it focuses on value addition for customer through measuring and controlling the cost with respect to strategic position of business. Strategic Cost Management is a continual improvement in product so that customer receive better value for its money. Some costs are sacrosanct in certain strategy and can't be change but same cost can change with change of strategy.

In modern global scenario every spending is an investment. Spending decision should be based on strategic vision of the company and its capability to deliver value to customer. Successful companies always work on multifaceted cost competence.

3. Elements of Strategic Cost Management – There are three basic elements of Strategic Cost Management.



1) Strategic Positioning Analysis – It is plotted against the competitor and a relative factor measuring performance on various parameters like Market share, product differentiation, profitability, growth and customer's perception.

2) Cost Factor / Driver Analysis - Cost is identified under three categories.

   a. Costs improving Strategic Position of Business - Increasing the cost in this category will improve the strategic position of business. Hence it is wiser to increase cost than reducing the cost. For example, reducing the cost at bottle neck areas will reduce the productivity and ultimately the profitability. So, increasing cost at bottle neck area will improve the strategic position of business.

   b. Cost having no impact on Strategic Position of Business- Reducing cost in this category will not have any impact on strategic positioning of business. Hence this cost can be minimized. For example - Changing the name of any entity don't alter its strategic position of business.

   c. Cost dampen Strategic Position of Business - Reducing the cost in category this will improve the strategic positioning. Increase in costs will dampen the strategic position of business. Hence this cost needs to be minimized. For example - Reducing cost of non-bottle neck area will not affect the productivity. So, reducing the cost of non- bottle neck area will help to reduce the product cost and improve the strategic position of business.

3) Value Chain Analysis – It is a systematic approach to evaluate development of competitive advantage. The chain consists of various stages and numerous activities which create value

   a. It determines the competitive advantage to pursue and method of pursuing it.

   b. It focuses on external prospective and link from raw material supply to final product at ultimate customer doors.

   Strategic cost management are initiated at top level of management. It is implemented and executed by specialize dedicated team with involvement of people from all hierarchy including operating level.

4. Important Definition – As per Bangladesh Cost Accounting Standard BACS 23, definitions of basic terminology used in Strategic Cost Management are as under.

   a) Strategic Cost Management: SCM is the process of identifying, accumulating, measuring, analysing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which an organization uses its resources to meet its objectives.

   b) Value Chain Analysis: Value chain analysis relies on the basic economic principle of advantage - companies are best served by operating in sectors where they have a relative productive advantage compared to their competitors. Simultaneously, companies should ask themselves where they can deliver the best value to their customers.

   c) Strategic Positioning: A company's relative position within its industry matters for performance. Strategic positioning reflects choices a company makes about the kind of value it will create and how that value will be created differently than rivals.

   d) Differentiation: Driving up prices is one way to increase profitability. To command a premium price, a company must deliver distinctive value to customers. This is differentiation.

   e) Cost Leadership: Driving down costs is another way to increase profitability. To compete on cost, companies must balance price with acceptable quality. This is cost leadership.

   f) Cost Driver Analysis: Examination, quantification, and explanation of the monetary effects of cost drivers associated with an activity.

   g) Executional Cost Drivers: Executional cost drivers are factors that a firm can manage in short-term as a part of operational decision making to reduce costs. They are derived from the execution of the business activities such as capacity utilization, plant layout, work-force involvement, design of the production process, and supplier relationships.

h) Structural Cost Drivers: Structural cost drivers are strategic in nature because they involve decisions that have long-term effects on the firm's total costs. They are derived from the business strategic choices about its underlying economic structure such as scale and scope of operations, complexity of products, use of technology, and complexity.

i) Value: Value is referred to as the price that the customer is willing to pay for a certain offering.

5. Strategic Cost Management Technique – Initiatives, which dampen the strategic position of business should not be consider as cost reduction initiative but it should be identified as revenue reduction program. The most appropriate technique depends upon the aim & objective. However general technique used for Strategic Cost Management are as under.

   a) Swot Analysis – Identification and analysis of Strength, Weakness, Opportunity and threat. It identifies the area needs to strengthen and opportunity can be encashed with adequate knowledge of strength and threat perception.

   b) Bench marking – It is adapted from the ideal condition of similar industries in order to identify critical success factor to improve operation and dominate market.

   c) Balanced Score Card – Critical success factor of organisation is divided in four dimensions. Customer satisfaction. Financial performance, Internal operation and innovation & Growth.

   d) Value Chain Analysis – It is focus on reducing cost through understanding the relationship between organization and customer.

   e) Target Costing (TC) – It is cost that a organisation willing to incur based on market condition and competition.

   f) Theory of Constraints (TOC) – Tool to improve rate of transferring raw material to Finished Goods.

   g) Activity Based Costing (ABC) – It help to allocate the cost based on demand created for the resources. Correct allocation of cost help in cost reduction process.

   h) Just in Time (JIT) – Policy to buy product when it is required. It reduces inventory carrying cost and working capital requirement.

   i) Total Quality Management (TQM) – It focus on policy and procedure to meet customer expectation.

   j) Kaizen – Small and continual improvement in process, design and resource allocation in order to improve quality, consistency and reduce cost.

   k) Six Sigma – It is most successful quality technique suitable for mass production industries.

H. MANAGEMENT INFORMATION SYSTEM (MIS)

Management Information System (MIS) is the eyes and ears of Management, where complex command and control structure exist. It is a process of gathering specific data from multiple sources, storing it in a definite format, analyze it in a systematic way and make it available to managers for decision making. It is the back bone of Management decision making process and generally executed with the help of computer.

The history of MIS dates back to ancient India for managing the kingdom by King and council of Ministers. Vidur, the Prime Minister of Kaurava (Mahabharat) had used MIS to predict conspiracy being hatched against Pandavas. He correctly predicted the incident of Laksha Gruha (Karva's plan to burn pandavas alive) and cautioned Pandavas in advance.

MIS used by Managers in modern business affair after Industrial Revolution and adaption of Double Entry Accounting system. Development and upgradation of Computer has revolutionized the scope of MIS in Decision making process of corporate world. Smart & power full computer supported with appropriate software are able to process huge data in very small span of time. It is possible and cheaper to process data and draw on line conclusion.

Today, MIS is being used by every level of Management but decision about selection of system and strategy are decided by top management in consultation of MIS (IT) head. The data are entered in system at operational level with provision to check and counter check the correctness of data. In sort MIS links small details with big picture and establish effective communication among every strata of organization.

I. MIS for SCM

Company which are investing in MIS and Technological upgradation are managing its cost well and achieving better strategic position through product differentiation. Creating Brand and taking cost effective steps supported by appropriate Management Information System is bound to support long term growth and survival. They are capable to deliver better against Cost Challenges and new emerging competitions.

All the tools and technique of Strategic Cost Management (SCM) needs to be supported with appropriate Management Information System (MIS). MIS helps to identify areas needs to be focused, suitable techniques can be implemented and monitor the progress and its impact. Thus, suitable cocktail of MIS & SCM is the ultimate solution to modern Global Market and cut throat competition.

Implementing SCM without appropriate MIS is like crossing busy highway with closed eyes.

"Jay Hind"

Future of Balanced Scorecard : 3 Decades and still going good on Management Information System

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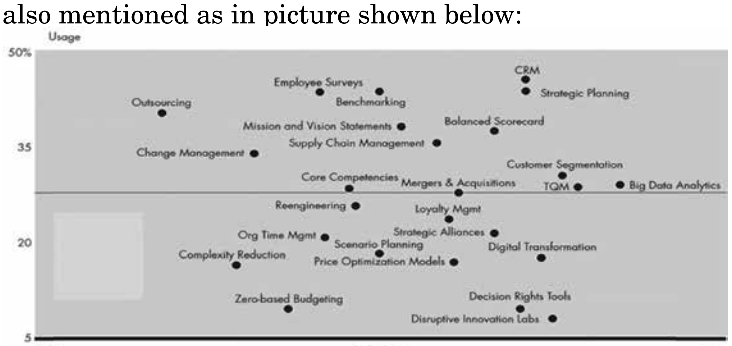
We have seen as many as almost 30 years of Balanced Scorecard by now. Before the first article in 1992 published by HBR, the same was also tested in many organizations and found to be useful. After almost 30 years of journey, the principles are accepted by organizations in various ways. Many of them do not name it as Scorecard or KPI or other nomenclature used in all Scorecard framework but still principles are practiced and accepted widely. The main premise of Scorecard was to have Leading and Lagging Indicators. Learning and Growth and Internal Business Processes are accepted as Leading Indicators and others as Lagging Indicators. Just like any good doctor will send ill patient home saying his indicators are good and he should be fine henceforth/ in due course of time. In a survey conducted in 2015 following results were revealed. The whole report can be read from https://www.bain.com/insights/management-tools-and-trends-2015.

	Usage	Satisfaction
CRM	46%*	3.93*
Benchmarking	44%*	3.80
Employee Engagement Surveys	44%*	3.75
Strategic Planning	44%*	3.93*
Outsourcing	41%*	3.61**
Balanced Scorecard	38%*	3.90
Mission and Vision Statements	38%*	3.82
Supply Chain Management	36%*	3.85
Change Management Programs	34%*	3.69**
Customer Segmentation	30%	3.96*
Big Data Analytics	29%	4.01*
Core Competencies	29%	3.78
Total Quality Management	29%	3.97*
Mergers and Acquisitions	28%	3.87
Business Process Reengineering	26%	3.78
Satisfaction and Loyalty Management	24%**	3.86
Strategic Alliances	22%**	3.90
Organizational Time Management	21%**	3.76
Digital Transformation	18%**	3.94
Scenario and Contingency Planning	18%**	3.80
Complexity Reduction	17%**	3.67**
Price Optimization Models	17%**	3.87
Decision Rights Tools	10%**	3.92
Zero-based Budgeting	10%**	3.72
Disruptive Innovation Labs	8%**	3.95

Source: https://www.bain.com/insights/management-tools-and trends-2015

Picture1: Usage and Satisfaction rates in 2014

In the same report usage and satisfaction of various tools is also mentioned as in picture shown below:



Source: https://www.bain.com/insights/management-tools-and-trends-2015

Picture 2: 2014 Usage and Satisfaction

The next phase for the world is going to be interesting as world economy has shrunk drastically after CORONA effect and still continues to suffer in the hands of the same. Management tools will shift their significance from one to another but as an observer in the field of the Strategic Management Tools I feel Balance Scorecard will still maintain its position. In this article I would like to discuss only about Balanced Scorecard and other tools can be discussed on some other occasion.

A. **Overall Performance Management Tool:** Very few tools of management have overall Performance Management abilities. Tool like Balanced Scorecard helps in achieving goals from Top Management to Line Managers. After CORONA also goal settings will change but still Scorecard will help organizations achieving their objectives. Losses can be reduced by having scorecard approach; stocks can be handled with care and objectivity, employees work from Home can also be managed with techniques in Scorecard. In all Overall Performance Management cannot be ignored even in tough times. Also in Overall Performance Management, MIS plays very vital role. All your KPI actually act as great guide to Management Information System in the organization. Picture : 3 Scorecard of Hospital

EXHIBIT 2 Measurement Criteria

	Level of Achievement Against Planned Position		
Performance Targets	**Achieved**	**Under**	**Significantly Under**
Shorter inpatient waiting lists	95%	75–94%	<75%
Reduction in outpatient waiting	95%	75–94%	<75%
Wait time for appointment: <18 months	<2 patients	<50 patients	>50 patients
Breast cancer referral wait: <2 weeks	95% compliance	80–95% compliance	<80% compliance
Satisfactory financial position	Budget variance <$2m	N/A	Budget variance >$2m
12-hour wait for bed or treatment	≤1 patient	2–50 patients	>50 patients
Operations cancelled on day of surgery	<1%	1–5%	>5%
Improved staff working lives	Achieve pledge status	No pledge status	N/A
Hospital cleanliness rating	>3	<3	N/A

The above is just an example from past which is also applicable to today and tomorrow as well. The overall performance management is possible only when such so many parameters are tracked and analysed. In the world of Big Data Analytics this may not be very difficult too. In country like India wherein major part of Business are dominated by Medium, Small and Micro Enterprises, maintaining such kind of records and analysing is a challenge. However in any case future for scorecard is still going to be there for all kinds of enterprises.

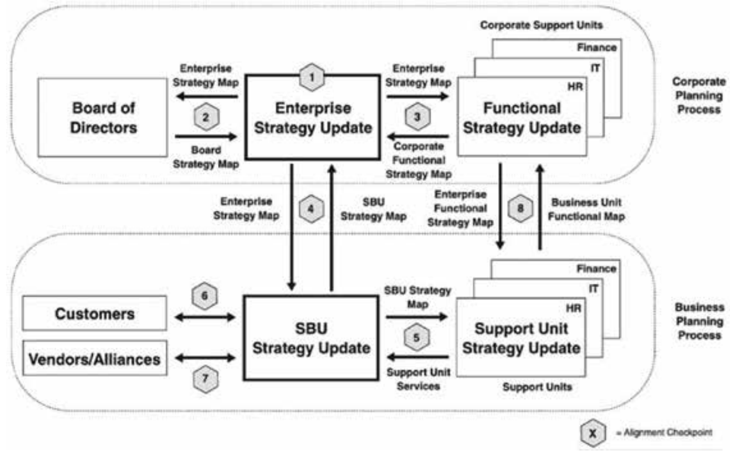
B. Executing Strategy: Prime Focus of Balanced Scorecard remains the same as Executing Strategy. It is very well said that even if you are successful in executing bad strategy still it's better than failing to execute good strategy. Keeping good strategies unfolded will never help than executing bad strategies. This is also similar to have a Luxury Car and Poor Roads or No Roads to take you from one Place to Another. However, a good condition car may not be a luxury car, can take you from one place to another with roads or good roads in place. Leadership has to learn from execution issues and implement the good strategies in right path to achieve desired results. After CORONA we have seen that demand is falling and adjusting supplies to the same has thrown challenges. By may be keeping accurate records this can overcome, however this must be communicated to line managers and should be added to their KPIs. Like following principles can be considered as part of Strategy Focused Organizations, this principle are practiced enough and has been revised/ tested over a period of time.

Principle	Explanation
Planning and Budgeting linked to Scorecard	Scorecard ultimately must be linked with fundamentally important planning and budgeting. The process of planning and budgeting is continuous in nature and hence principally Scorecard should sink itself with the same.
Strategy as Everyone's Job	Kaplan and Norton always said that if you want to be successful strategy must be made as everyone's job. Daily we should work towards achieving something from strategy
Cascading Effects	Top level Scorecard must be cascaded down to operating units.
Leadership	As we all know that to drive a change leadership is needed. Organizations needs to create accountability within organizations
Strategy Map	One of key principles/ techniques popularized by Kaplan and Norton. Strategy should flow to supporting units by drawing a proper strategy Map and should give Cause and Effect Relationship.

Table1: Importance of Balanced Scorecard

From above it is clear that irrespective of time lines, Scorecard is going to maintain its importance as it gives fundamentals in strategy execution.

C. Vision and Mission directly related to everyone: Balanced Scorecard plays vital role in aligning Vision and Mission directly to everyone in organization. The below diagram from the Book Alignment by Kaplan and Norton gives glimpses on How Corporate/Enterprise Strategy Map can be further percolated to Functional and SBU Level.

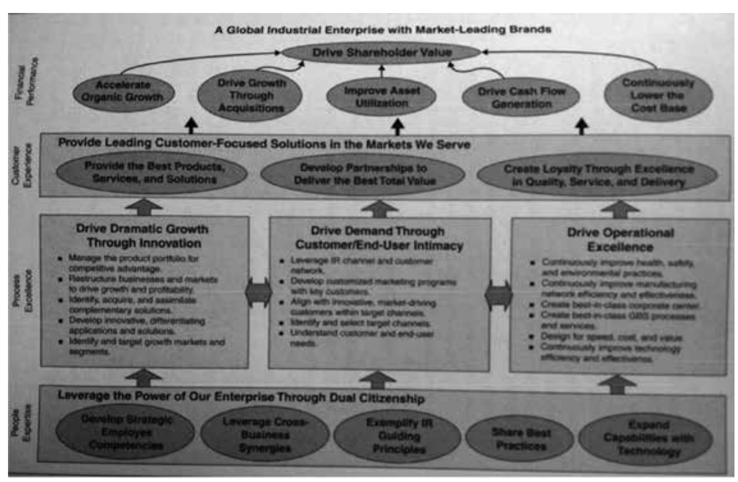


Picture 4: Alignment Forever, From the Book 'The Alignment' By Robert Kaplan and David Norton

Again irrespective of objectives set by organizations still importance should be given to 'Alignment'. The best example of alignment is given in the same book referred above. Ingersoll Rand (IR) was founded more than 150 years and was having specialization in construction and mining equipment. Its corporate portfolio consists of number of brands which was historically considered as having product centred business. The new thinking in management wanted to unleash Cross Business Integration that would led better leverage its sales channel, products, customer base as well as the knowledge and experience of its people. Management decided to have Corporate Centre for managing the strategy within corporation and had 5 key missions:

1. Build the New corporate Identity for the benefit of customers, employees and investors.
2. Create leverage and synergy with IRs resources
3. Enhance the performance of Sectors
4. Provide Strategic Leadership
5. Satisfy legal Requirements

To have the alignment between departments and being Strategy Focused Organization IR decided to develop following strategy Map giving clarity on Alignment between various product centric businesses. In today's world such alignment is still not common and corporations needs to develop themselves as being 'Strategy Focused'



Picture 5: IR's Strategy Map from Alignment by Kaplan and Norton

Balanced scorecard still remains one of the important strategic management tool communicating Vision and Mission to everyone in day to day job.

D. **Early Indicator:** With following of MIS through Balanced Scorecard it should help organizations in getting early indicators for health of Companies Parameters. As mentioned before also Leading Indicators in Balanced Scorecard are Non-Financial Measures and Lagging Indicators are Customer and Financial Indicators. Organizations can concentrate on Leading Indicators which should reflect the Lagging Indicators as well. Importance of Balanced Scorecard remains over the years because of prediction of financial performances based on Learning and Growth parameters and Internal Process Parameters. When companies are recovering from major economic crisis leading and lagging indicators must be showing correct position of companies. Like recently Government of India collected highest revenue through Goods and Services Taxes hence it was considered as leading indicator for improvements in Economy and these kind of early indicators shows confidence of Government for recovery. Having Responsiveness is critical in the current situation and therefore, Scorecard still has relevance even after 30 years it was founded. Similarly for companies also, processes falling in line will give early indicators of recovery. Following Diagram will show how these indicators work for companies.

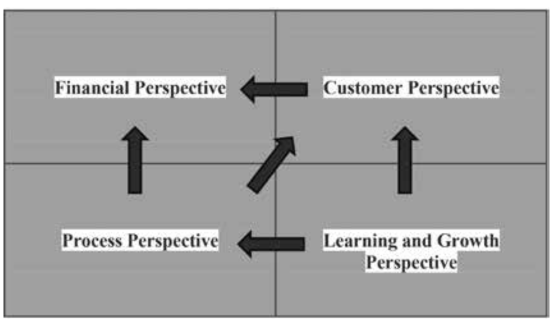


Diagram 1: Leading and Lagging Indicators

E. **Transparency and Scorecard:** Sometimes jokingly it is said that if you want to know strategy of our own company instead of asking your own employees/ higher ups ask you competitor so that you understand your own strategy. Objectives, Strategy and Plans are known to be meant for secrete of a company that is where Scorecard nails it down to make strategy as day to day job. Even after 30 years of scorecard is initiated this very basic feature stands him out from any other tool. It will provide direction to employees to create direction and affect change within organization

Pic. 6: Transparency in Objectives Courtesy Dilbert

F. **Example of Scorecard in the Past:** Towards the end of this article, just to know the past from success stories of Balanced Scorecard I thought its worth to mention story of Tata Motors from their own Perspective. There are plenty which you may find however Tata Motors is known to be famous turnaround of 2001-2003.

Scorecard Commencement

CVBU began its scorecard implementation in 2000, in support of efforts to reverse several years of poor financial performance. A new strategy, crafted by the leadership team headed by the then new Executive Director (essentially CEO) Ravi Kant focused first on turnaround to be followed by sustainable growth and profitability through being the lowest-cost producer.

Benefits

And thus far the benefits from deploying the scorecard have been impressive. For instance, between 2001 and 2003 revenues grew by 40% (to a least double that of its nearest competitor). Note that from April – December 2002 total volume sales of commercial vehicles was 72,612 units, which rose to 104, 626 in the same timeframe in 2003 - an impressive increase of 44%. Such performance, coupled with an aggressive cost reduction programme, helped its parent, Tata Motors Corporation; turn a US$108.62 million loss into a US$65.17 million profit between 2001 and 2003. For fiscal year ended March 2005 CVBU reported a 25% increase in sales in its domestic market of 25% against industry growth of 22%.

As recognition of its success in 2004 CVBU was inaugurated into the Balanced Scorecard Collaborative prestigious Hall of Fame, one of the first two Asia-based organizations to be afforded this honour.

Illustration 1: Process of Balanced Scorecard at Tata Motors I

Devolution

Despite widespread communication, in year one the key focus was on defining the strategic objectives and their supporting strategic initiatives, and so the scorecard remained a high-level tool. The cascade process involved Business Excellence Service Team Members, who had been trained by external consultants, running strategy mapping workshops within plants and functions. Team members also collaborated with both the CVBU Steering Committee and managers at lower levels to put in place a review process for monitoring and analysing performance on local Balanced Scorecards.

Evolution and review led, for example, in year two to a sharpening of strategic initiatives to be more in line with the strategic challenges and the introduction of comparative data as a basis for selecting targets. The CVBU level Balanced Scorecard defines the overall objectives, targets and timeframes to be achieved by the organization. These goals are then cascaded into Balanced Scorecards at each lower level. Hence, each scorecard is linked to the higher level scorecard. Additionally, each division/function defines its own initiatives to help achieve their own strategic objectives. For example, the CVBU level strategic objective of 'being a dominant player in domestic markets in all segments' was cascaded into Lines of Business (LOB) scorecards where there are specific market share targets. The performance plans prepared by individual employees and cross-functional teams align all employees and teams to the company goals.

Illustration 2: Process of Balanced Scorecard at Tata Motors II

Various Tools for MIS

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Dear Professional Colleagues,

I welcome theme based WIRC's e-bulletin, also I am happy to share my experience on the topic. Here we will try to understand Various Tools in MIS.

As far as current business scenario is concern, Cost Controlling becomes critical factor as every Management became Cost Conscious & they wants to take Deep Dive into various elements of costs… MIS - Management Information System plays vital role from this aspect.

MIS gives insights about business performance to achievement of targets, hence Management is able to make appropriate Decision Making for growing Business & Controlling existing Business Functions.

MIS dynamic field because it varies from industry to industry, it is depending upon view of the Management, as how they wants to see the critical information from controlling & decision making point of view. Generally management expects better feel of the view of Top Line & Deep Dive in to the cost elements & bottom line.

MIS in depends on information available, what shape we have given to the information & which analytical tools we are using for MIS, system generated MIS reports are more effective & accurate as compared to manual MIS reports.

Reporting is depends upon to whom it is being presented, there are certain layers in MIS reporting:

Top Management-Managing Directors, CFO, CEO Requires information for Controlling & Decision Making.

Middle Management-Plant Head, Production Heads & Finance Head or Department Heads. Requires information for Business Performance & Functional Performance to ensure targets are achieved.

Lower Management- Managerial Level. At this level MIS is being reviewed to Ensure Accuracy of the information shared.

In every organization we will see distinct reports in MIS because that are designed & developed based type of business segment, important factor here is that MIS report should give Insights & Deep Dive.

Before going to next step we need to understand Information flow from any of the ERP. ERP provides error free data for as inputs for MIS reporting, below are the key points which need to consider in any kind of ERP system for information flow for MIS:

- Data Sources.
- Data Models.
- Integration of the Modules
- Reports.

As far as my own experience is concern; shape & visuals of the reports may be different from industry to industry but MIS broadly gives below information:

Part A (This information generally requires versus Targets, Same Period LY & Periodical Trend)

- Revenue Insights.
- Gross Margin percentage & deep dive from various angles of the business & bridge the Gaps.
- Variance Analysis for various cost elements like Material, Labour, Power, Consumables & Overheads.

Part B (Generally this requires for the period or as on date)

- Productivity/Yield Analysis which gives insights about capacity achievement trend & hurdles for achieving capacity.
- Inventory Value/Volume Trend & ageing of the inventory by doing categorization of the inventory.
- Debtors Ageing & Recovery Status as on date & recovery plan.
- Cash Position as on date & what needs to be done.
- Balance To Go (It highlights Planned Numbers…. what needs to be achieved in coming period/quarter).

Below are the Tools available for MIS:

a) **ERP Report:** Here there may system issue from visualization point of view, generally ERP gives us reports in table form until we have customized system which can give us reports in graphical view.

b) **Software:** There are certain software's available in the market which can be integrated with ERP system & transforms information in appropriate shape.

c) **Microsoft Power Point:** MS PowerPoint is presentation tool, we need manual efforts to prepare & fill required information.

d) **Microsoft Excel:** Excel is commonly used in most of the organization as it is very effective in transforming information into required shape.

e) **Microsoft Power BI:** Microsoft Power BI gives us strength to run extra mile, because once you have updated table at given path you just need to press refresh button your all the reports will get prepared in the standard format as per setting you have done.

Let's know more about point d) & e) i.e. about Microsoft Excel & Microsoft Power BI Utility.

Microsoft Excel:

Advanced MS Excel is reinvented by Microsoft to enable users in transforming information from one to another table as well as it has capability of compiling information from various excel spreadsheets from various locations.

Excel can be used more effectively if you have applied logical formulas like IF Functions, Index-Match functions, SUMIF functions… Rather than to use excel as Storage Utility I would like to suggest you to start using IF Functions, SUMIF & Index-Match etc. there are certain videos available for effective use of MS excel.

I also would like suggest start preparing Dashboards in Excel Utility, because it gives more logical sense of information instead of just reading information from the table.

I have my personal experience for preparing Dashboards for Water & Electricity Cost & Supply Chain Dashboard for FMCG Organization by using IF Functions, VLookUp, SUMIF, Index Match, Pivot & its slicers… In these particular Dashboards, we just need to update information in the table & after refreshing excel file all the visuals are readily available for MIS preparation. In short Excel can be used more effectively if we are clear about desired output.

I generally use excel by doing partition of the same into 3 parts

a. **Spreadsheet for Master Table** – Here I stores Information about available dimensions such as Customer & Business Segment against SKU code
b. **Data Sheets** – Sheet(s) in excel file we are using for putting information about facts table example - Dump from system which contains SKU code, Quantity Sold & Sales Value all the other details are auto captured from point a.
c. **Summary Sheets** – Here we can prepare dashboards by using Pivots & Slicers or we can prepare snapshot by using excel functions.

This is in short about excel utility, now let's go to Microsoft Power BI.

Microsoft Power BI Utility:

In current scenario Power BI plays important role in MIS, because it can collate information from different sources, where manual intervention can be avoided. If Power is connected to ERP then we no need to worry about accuracy of the information we just need to ensure Query is linked to proper table.

Power BI is the utility, you can connect to multiple sources of data and combine them into a data model that allows Visuals Building, Visual Collection and Sharing of Reports with other people in your organization.

Power BI can be linked to almost 145 data sources, out of that most commonly used data sources are Excel Database, Access to Oracle Database, SAP Database also, Power BI can be connected other ERP software's as well. Preferable is to go on live ERP database.

Let try to go in details how Power BI works:

First of all we need to fix logic for output required from Power BI & then we need to understand facts & dimensions available in the data sources.

1. **Data Connection :** Power BI Collates Information from the defined path: Starting point with Power BI involves connecting to data. There are ample of information sources available with which you can associate with from Power BI Desktop.
2. **Converting and Cleaning Data & Creating the Model/Query:** Power BI Desktop is used to clean and transform data using the built-in Query Editor. By this Query Editor, you can make changes in your data, like removing columns, changing a data type, combining data. Your every step of transformation is recorded by Query Editor in steps applied, and whenever this query is connected to the data source, all the steps are carried out in order to shape the data in the way you have specified. If you want to redo then you just need to delete the steps applied. We need to identify whether particular table is for Facts or Dimension.
3. **DAX Application at frond end:** Creating data model is also depending upon application of DAX function at front end in Data tab, we can add formulated column with conditions as well as we can add new table where we can define measure which are used as fields for data facts(numbers).
4. **Relationship b/w queries:** We need to create relationship b/w facts & dimension Queries at front end, if we need to create relationship as Many to One or One to Many. Defining relationship is important because we are creating linking between all the queries. These relationships are used for lookup values in another query.
5. **Create Reports:** In Power BI Desktop, a collection of visuals in one Power BI Desktop file is known as a report. Often, you want to create a collection of visuals that shows different aspects of data that you have used to create your model in Power BI Desktop. We can download more visuals from Microsoft Stores.
6. **Share Reports:** At last, after the preparation of reports, you can share it with others in your organizations just by publishing it in Power BI Service and it can be viewed with anyone who has Power BI Desktop on his PC or it can be seen at office.com on internet explorer.

To conclude this Article, There are certain utilities are available for MIS but out of that Most Commonly used Tool is Excel Utility which is still effective in MIS reporting, whereas current era is for transition towards extensive use of Microsoft Power BI Utility which auto collates information & avoids manual intervention from user with better visuals.

Hope you will find my notes as useful to you in future, Thank you for patience while reading article. ■

CFO Speaks

CMA Umakant Kashinath Ghate
Head Finance
Seco Tools India Private Limited

1. **What do feel about your role as CFO of a multinational company?**

   This is a challenging role, for sure. It also gives immense opportunities of learning and development and a sense of accomplishment. It is important to follow the Group Processes and guidelines without losing sight of local laws, regulations, and environment. Collaboration with other functions in India and Group Functions is the key. The role of CFO is important in ensuring ethical business practices.

2. **What are your main constraints/ challenges you face as CFO of a multinational company?**

   Many times, we are not able to keep the pace parent company expects due to the constraints in the local environment. We have a complex tax structure and processes. It consumes more time of a CFO and his / her team which otherwise could have been devoted to other value-adding activities. However, I am hopeful that the scenario will change in near future in view of the efforts being put in at all levels for ushering in 'Ease of Doing Business'.

3. **What inspire you to pursing CMA with other professional qualification?**

   I had started my career in the manufacturing industry after completing my CA and I wanted to continue with that. I realized that pursuing CMA would help me a lot in getting me to the depth of Cost and Management Accounting.

4. **How the CMA qualification helps you in your career path?**

   It helped me to face and handle the situations where cost accounting was complex due to the nature of operations. I think I could get a holistic view and do my best to support the management in developing plans and strategies.

5. **How would you evaluate the role of CMA in manufacturing industry?**

   The role of a CMA is becoming complex and challenging in the modern manufacturing industry. Today most of the data is available at click of mouse with advancement in technology and systems. Actually, 'plenty and not scanty' of data is our problem today. It is important to pick up the right data and analyze the same to make it relevant information for decision making. With longer and complex supply chains cutting across national boundaries and businesses focusing on small batches of multiple variants the job of CMA becomes more relevant.

6. **How a CMA can helpful to industry in Cost Control and Cost Saving, specially engineering industry?**

   With huge competition and overcapacity, cost control has become a key to survival. Keeping the cost structure lean and flexible is important for survival during downturns. As they say ' if you sweat during peace you don't bleed in war'. CMA with his / her knowledge and experience can define the cost drivers, rational ways of cost allocation and support the management in achieving cost saving.

7. **Is the Cost Audit create value addition for industry?**

   Yes. However, it depends upon the view we take. If we look at it as an inevitable compliance, it won't. We need to reckon the value it adds. Apart from assurance on cost records, it gives an insight into the cost of various products. It also throws light on the way resources are expended on various activities undertaken by the firm.

8. **How the performance appraisal report by cost auditor which is laid down in earlier rules 2011 will be useful to industry?**

   It is a unique piece of legislation which asks the auditor to lay on table report on performance appraisal apart from assuring accuracy and compliance. It gives the Audit Committee and Management an overview of the operations and areas of improvement. The report can give a totally different and important dimension to the decision-making process.

9. **What are the key challenges for auditee and auditor for completing audit task under this pandemic situation of COVID?**

   The challenges are twofold – practical and emotional. It becomes difficult to transmit huge data and audit evidence. Intermittent disturbance in the network also can pose problems.

   We always used to have meetings between the auditee and auditor at either's office. Exchange of data and explanation used to be seamless. Any changes / modifications were made then and there. We missed this. However, everybody raised to the occasion and performed at the end of the day.

10. **What are the positives of new normal?**

    We have now learnt that we can do many things virtually which we had never even imagined earlier. The power of the network is unleashing itself. Now we don't travel for a couple of hours for a half an hour meeting. We can now avoid 'nonvalue adding activity' of getting stuck in unending traffic jams apologizing for the delays. I suppose an optimum mix of virtual and physical activity would give us maximum results.

11. **What is the Future role of CFO in 2021?**

    We spent 2020 in damage control. We must now regain lost ground. We see green shoots of recovery in the economy. However, we need to monitor the trend carefully. We need to get out of the hibernation we were forced in, cautiously.

12. **What are the challenges & opportunities to banking industry in the years to come?**

    It is important to infuse liquidity and give a long rope to industry, particularly MSME, without compromising on the quality of loans. It is a tough task.

Management Wisdom

Article 2: Why the finance executives should have a strategic perspective?

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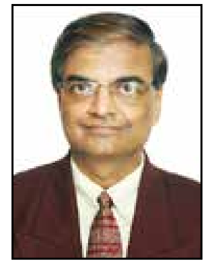

Most of the finance executives lack a strategic perspective and therefore limit their contribution systemically to accounting, auditing, taxation & routine banking. Barring a few CFOs, the heads of finance & accounts do not really play a strategic role in building up the organization. Historically the finance curriculum in India was designed to nurture a supportive role in terms of "value - contribution". This was partly due to the concentration of decision - making power in the hands of an owner's family and the isolation of Indian economy from the global market. In other words, most of the Indian businesses didn't face serious uncertainties (both in terms of challenges & opportunities) requiring strategic thinking & innovative experimentation. This resulted in a stereo- type role of a finance executive.

Finance executives started facing the heat of global uncertainties after 1991 when our businesses got exposed to the outside world. Monopolistic advantages, government patronage, consumer innocence, shareholder inactiveness, bankers' robotic behaviour and simple business models have almost become the stories of the past in last 25 years. Hence the finance executives are now compelled to think and act strategically, innovatively, proactively & collectively with other functional value - drivers and business associates.

The finance executives will have to connect their role strategically with business growth through innovation & networking, investment in intangible assets & human assets, alterations in business model, experimentations for taking the organization forward & strategic cost management. They will have to play a versatile role of facilitating transactional excellence & entrepreneurial performance. This should obviously require them to understand and practice various new competencies clubbed together as "strategic financial management".

Finance executives will have to thoroughly understand the strategic plan of their organization & define the vast scope of their possible contribution. They should participate in every strategic formulation. This requires them to appreciate the projected milestones of the future life - cycle of the organization. They must work closely with other functions to convert cost centres into profit centres & profit centres into investment centres. This will certainly require them to develop a "financial measurement system" to be used across the business verticals & functional divisions.

Finance executives will have to indulge in "financial innovation" leading to new & vibrant financial products, business valuation taking care of intellectual assets, market - based changes in the value - chain, capital structures taking care of long-term business adventures etc. While doing so, the finance executives will have to simultaneously justify their conservative role of controlling & rationing financial resources and participating in the entrepreneurial adventurism with other functional associates.

The finance executives to develop a strategic perspective, will have to substantially understand "enterprise economics" along with "macro-economics". He will have to attain a skill of looking at the big business canvas & relate every facet of business with an optimal financial impact. He should view every opportunity of business acquisition, amalgamation, merger, collaboration & joint venture comprehensively for creating wealth sustainably. He must strategize his every move in an equitable manner to benefit all the stakeholders judiciously. Of course, this would require him to use his right & left brains with an utmost equilibrium.

His strategic perspective will be challenged the most while balancing between "enterprise governance" & "corporate governance". Like an astute diplomat, a finance executives will have to lead discussions on contradictions & conflicts and reach amicable solutions which serve the short term financial targets & long-term strategic goals. Like a chess grandmaster he will have to think abstract, absolute & aggregate, before playing his move. He may practice on a chess - machine to sharpen his robotic skills for the initial part of the game but at an advance stage he will have to think innovatively & courageously.

The finance executives will have to define his own "entrepreneurial score card" which should combine his financial acumen with business ideas, risk - taking ability, executional speed, networking skill & an extreme desire of creating wealth for all the stakeholders. The ultimate measurement of his strategic perspective shall be seen through his becoming a business leader in the organization, admired by all!

■

Internal Audit Series No.1

Is your Internal Auditor competent?

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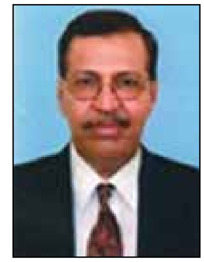

Internal Auditor's (IA) assignment is a combination of knowledge of CMA, CA, sometimes also of CS, lawyer along with command on communication, leadership qualities. It also requires institutive sense of reading in between the lines of commerce, business and should have neutral approach. Added to it, Internal Auditor should have strong Integrity and Ethics along with Autonomy in its day to day operation. However, it is easier said than done.

Internal auditors struggle with integrity, ethical aspects apart from autonomy while carrying out jobs on regular basis. Some of them are:

A. Bar on Lawful Disclosure

1. All companies are to provide by statute to produce periodically financial results to statutory entities. It is important for Internal Auditor to go through the said results and related information before it is passed on. Unfortunately, often, internal auditors are not permitted to look at these results and other details. However, even when permitted in exceptional cases, logical amendments after review by internal auditors are not allowed.
2. Moreover, there may be bar as per company policies not to divulge confidential information like fraud and other activities in contravention of common law of the country. In such cases, if Internal Auditors do not open out, they are going beyond ethics and integrity. However, if IA divulges, he will blamed and appropriate actions may be taken for going against company policies.

In such cases, the best option is to report to Audit Committee regarding flaws in the periodical results of company, fraud and other irregularities.

B. No support from Management

1. In case of adverse Internal Audit Report or unfavourable Dossier to Audit Committee, most often, Head of Internal Audit will be asked by Senior Management to revise said Report/Dossier in certain way. It is easier said than done. In such case, IA will have to do a balancing act in the overall interest of the company while maintaining Integrity and codes of ethics in mind.
2. Other areas of not backing to IA by Management where they do not allow strictly adhering to related statutes, guidelines of International Professional Practices of Internal Auditors. Additionally, they revise company policies relating to Internal Audit independence. It is difficult for IA to adjust in such situations. However, IA will have to find a way out of such mess without compromising Integrity and Codes of Ethics. Otherwise, IA will be considered as not cooperative with Management.

C. Internal auditors unable to maintain autonomy

Some internal auditors are busy in aspects contrary to the pleasure of company management. On the other hand, often, a number of Internal Auditors succumb to the whims and fancy of company management and either revise or delete facts. In certain cases, Internal auditors also divulge privileged data which come in their domain during professional duties to outsiders inside or beyond a company. Sometimes, such data are relayed beyond protocol to defame coworkers for personal benefits or pamper management. Such activities of IA are not healthy sign of competencies.

D. Impacting goal and integrity of internal auditors

Internal Auditors are akin to any other co-workers of any company . They have ambitions of going up the ladder of heirarchy of organisation, vision of better life with families. The nature of profession of the internal audit is double edged sword. Either compromise with the Management or get cornered in the career goal. At times, IA jobs are subject to pressure of management emotionally which at times reach at braking points of career. Added fuel to fire is sweet/sour relation with HR department. Mostly, senior executives of HR department of organisations have mixed impression on Internal Auditors. This is because, IA scrutinize thoroughly the processes and policies of HR departments. Such actions irk HR executives mostly because of adverse reports by IA on findings of HR activities and processes. Direct fallout on Internal Auditors are delayed training schedules, drop in promotions, unfavourable fitment of pay and benefits for internal auditors. Hence, lot of IA go for new pastures.

Hence, IA should be flexible and amenable to each activities and reports, it publishes. Diplomacy is the call. However, integrity and ethics are uppermost need.

E. Relationship-Building

Many of IA are introverts by character. IA is a intensively personal sensitive job. Any adverse report by IA on any department invite criticism. Excellent relationship with the internal customers of an organization is top priority for IA. Only being an introvert and doing scholarly job on the deck devoid of external world will be doom for IA. It is a BIG NO for IA. Your competency as IA should be appreciated by your Professional Colleagues.

Nature of job of Internal Auditor is confidential and considered by other colleagues as suspicious. They feel that Internal Auditors are there for needling others in the organization. However, IA adds value to the organization. To remove wrong perception about IA, Relationship-Building by IA is imperative. Internal auditors should have zeal and qualities to make other believe the positivity of job of IA and that it contributes to the value of the organisations. However, it is easier said than done. Developing confidence and admiration of other executive colleagues is a must for IA. These jobs of relationship building are painstaking and need long time investment. People to people contact by IA inside the organization needs lot of qualities which cover understanding of business situations, grasp of the organizational risks, ability to convince and strong sense of reading and pinpointing other people's emotions. In addition, IA should realise the nature and complexity of products/services of the organisation, the nature of assets and liabilities, how business deals are handled, the depth of cyber security risks and so on. Ultimately, IA should work unison with management of the organization in which they audit. It should be a WIN WIN situation for both IA and Management.

If Excellent Relationship Building is achieved then it results:

1. Motivate the other colleagues to have deep feelings about intrinsic value that IA contributes to the well being of the organization,
2. Hardly any conflict with co-workers at all levels while the auditing process is on, and
3. Expediate the pace and quantity of data that the colleagues can generate on a call of internal audit.

F. Continuous Learning

The auditing profession is dynamic and is continuously changing. To keep abreast of these evolutions, it is imperative for IA to keep in touch with changes to keep update the IA knowledge. Here is some highlights.

1. Membership of Industry Federations

Actively participation with key industry bodies are eye openers for IA. Such associations with Industry Federations give a lot of updated Value Added services to IA and also enrich the IA in the performance of day to day of their professional jobs. Periodical bullein, research, and case studies are few in the list. Membership meeting on current relevant topics add value to the wisdom to IA along with interactions among Members. These hone professional qualities and boost career graph of IA.

2. Participation in Conferences

When IA regularly participate in conferences whether inland and international, they can network with doyens of respective fields including Finance, Accounts and Audit. This boosts career opportinies. Complex and tailor made queries are answered instantly. In addition, latest development in Audit, Finance and Accounts come in the pool of knowledge of IA which they can share with colleagues,

3. Taking part in Mentoring -

Whether Internal Auditors are raw talent, middle management level or senior management, mentoring is a boon for all of them. Raw talents get extensive down to earth exposures from seniors who have been already in the IA fields for many years and also in Finance and Accounts. Middle and senior management of IA get experience of new angles from mentors. Mentoring also enrich people to people contacts and pave way for elevation of career opportunities.

4. Other modes of continues learning

Irrespective of locations of Internal Auditors, internet courses, webinars discussions keep IA very agile and uptodate with the changing time. The industry experts make presentations with specific Training Materials for IA in tailor made fashion. Besides, arranging to receive several periodicals from leading Institutes of Finance, Accounts and Internal Auditors, in your desktop/laptop or your mobile add to your continuous professional wisdom. A combination of different medium of continuous learning is a must for each Internal Auditor. Otherwise, they will be lag far behind the changing time.

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2. *https://www.batalas.co.uk/how-to-guides/quality-iso-9001/internal-auditor-competence-the-key-to-a-successful-management-system/*
3. *https://www.ask-ehs.com/blog/ehs-audit/top-5-skills-for-internal-auditors/*
4. *https://www.iiafiji.org/resources/66eff172-2496-4c51-8025-c2d53d2c3956.pdf*

■

Virtual CFO Services (vCFO)

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Article 1: Introduction

I am thankful to Western India Regional Council for giving me this opportunity to write a series of articles on Virtual CFO Services. I was initially getting idea of completing the same in One Long Article but I am of the opinion that it is upcoming area and should not be restricted only to one or two articles. Therefore, I urge all of you to be in touch with WIRC Bulletin for new Ideas on Virtual CFO Services which professionals are gearing up across the country and globally.

Chief Financial Officer (CFO) is mainly a dream of many Finance Professionals but for Practicing Professionals it usually remains dream only as for his own Firm/LLP/ Company he is de-facto CFO for outsiders he is only Auditor, Practicing Professional, Consultant or any other a-like but not CFO. With advancement of Technology now opportunity is being gathered by Practicing Professionals to act as CFO but Virtual CFO as an assignment.

The Role of CFO is changing day by day from traditional finance process owner to support to strategic decision making and much more. They are even popularly known as CFOO (Chief Financial Officer and Operating Officer), DF (Director Finance), Chief Controller etc. With advancement of businesses there is Regional or Local CFO or Global CFO.

With advancement of technology now companies prefer to even have a Virtual CFO (vCFO). This has given opportunity for Practicing Professionals also to take up assignments as vCFO. Before we go to vCFO let's try to understand first about CFO as function and then move to how even virtually we can give such services.

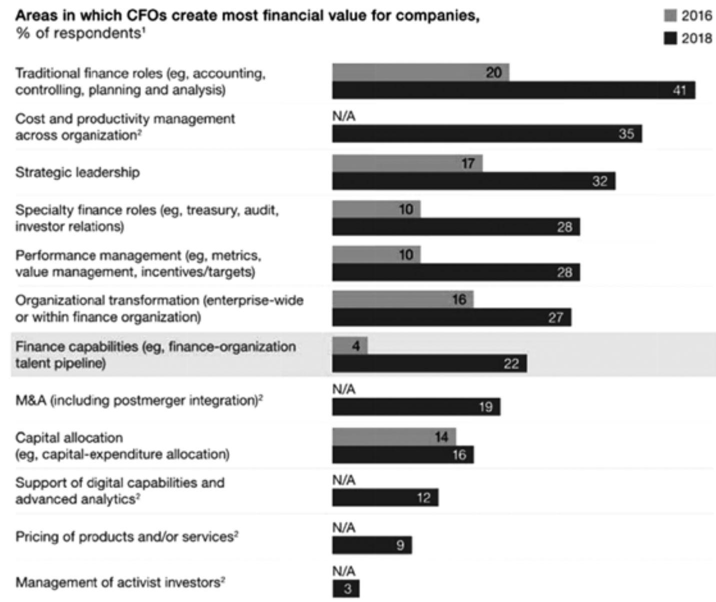
Traditionally, the finance function is about control, but this doesn't work in an environment of employee autonomy where we solve for the customer. Our Culture Code (which has 4 million views to date) acknowledges that long-term financial success ensures that the company will thrive and be better positioned to deliver value to our customers. We want our employees to think like CEOs and make smart choices that are rooted in return-on-investment (ROI). — Kate Bueker, CFO of HubSpot

Almost one in three CEOs worry that their CFO isn't prepared for the challenges ahead – The View from the Top, KPMG/Forbes Survey of 549 top executives from six continents

People used to think the CFO was there to tell you there isn't enough budget when you needed something or to simply report financial results after the fact. Today's CFOs must break away from the number-cruncher stereotype and think of themselves as more of a strategic player in the company. CFOs today need to be creative, understand best practices, and know how to create more value for the company. There will always be a need for someone to balance the books, crunch the numbers, and perform critical routine tasks but the CFO role is much more dynamic today. – Bill Tobia, LLR Partners' Managing Director of Strategic Finance

Let there be look at findings in McKinsey's Global Survey this will give more clear picture on changing role of CFO in future times.

Picture 1: Areas in which CFO creates most financial values for companies

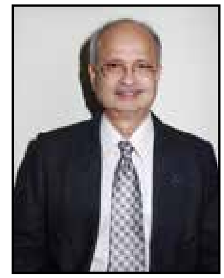


Source : https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-new-cfo-mandate-prioritize-transform-repeat#

From above quotes and survey we can easily understand that Role of CFO has changed drastically from just Number Cruncher to Strategic Player in company. This includes need for creativity, understanding best practices, creating more value for money, giving motivation to employees to think like CEO and make smart choices etc. With many MSMEs, start-ups and other forms of businesses has created demand for specialized services and vCFO is not exception to that. The beauty about this is it can be handled by self or maybe even a team of professionals. From Organizations point of view management and administration cost is mainly fixed cost and hence for them reducing such costs has direct impact on bottom line. Services like vCFO given opportunity for them to reduce the cost. Companies those who are in growing phase and cannot afford to have a full time CFO but still needs Professional Guidance or companies who are of the opinion to replace existing CFO but do not need any Onsite CFO are ideally suit for vCFO services. With current scenario organizations do really passing through above 2 conditions and should ask for vCFO services in near future.

In next few months we will try to throw some light on how effectively professionals can give vCFO services and elements of these services. This includes Need for Services, Objectives, Basics Fundamentals of Providing Services and many more aspects of vCFO services will be covered. Professionals reading this can be able to take up the services effectively and should be able to give value addition to their respective organizations. ■

Changes in GST laws effective January 1, 2021



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Two Notifications, viz. No 92/2020 Central Tax and No. 94/2020, Central Tax both dated 22-12-2020, issued under the CGST Act, 2017 in late December, 2020, have brought about significant changes in the GST laws with effect from January 1, 2021.

This article attempts to interpret these changes which come into force from the beginning of the new year 2021.

Notification 94/2020 Central Tax :

This Notification brings into force the Fourteenth amendment (2020) to the CGST Rules 2017. The changes brought about by this Notification may be summarized as under :-

a. Registration procedure :

i. Biometric verification (Aaadhar authentification, photograph or biometric, etc.) is now required. The originals of the documents uploaded along with the application for registration are to be got verified at one of the Facilitation Centres approved by the department.

ii. Period for granting registration by the department has been increased from 3 days to 7 days.

iii. Where any applicant fails to undertake the prescribed biometric verification, and the prescribed officer deems it fit to carry out physical verification of the place of business of the applicant, with prior approval of an officer not below the rank of Assistant Commissioner and duly authorized by the Commissioner, then the period for granting registration by the department will be 30 days. Same rule will apply in the case of application for an additional place of business.

b. Suspension/ Cancellation of registration-

Suspension/ cancellation of registration could happen if any of the following violations occur-

i. Wrong availment of input tax credit (ITC);

ii. Where supplies reported in the monthly GSTR 1 Return are found to be more than the supplies reported for taxation (in the GSTR 3B Return).

iii. Where inward supplies declared for the purpose of claiming ITC in the monthly GSTR 3B Return do not match with the corresponding GSTR 1 Return of the supplier.

A show cause notice will be issued by the department asking to explain the anomalies and why registration should not be suspended. Such show cause notice will have to be replied within 30 days explaining the differences. If satisfactory explanations are not provided, registration may be suspended/cancelled (without affording any personal hearing in the matter).

Where registration is suspended or cancelled, such registered person cannot make any supplies. **Business would come to a standstill.**

Where registration is suspended/cancelled, such registered person will not be granted any refunds due to him.

Thus, registered persons should be meticulous in compiling GSTR 1 and GSTR 3B Returns. In case a show cause notice does come, it should be duly replies with proper explanations within the prescribed period of 30 days. Cancellation of registration would have serious implications for the continuity of the business.

c. Blocking filing of GSTR 1 under certain circumstances

With effect from January 1, 2021 a registered person will not be able to file his Return of outward supplies in Form GSTR 1 in the following circumstances :

i. In the case of a registered person who files his GSTR 1 Return monthly, if the GSTR 3B Returns are not filed for the preceding two months, the facility on the portal to file GSTR 1 Return will be blocked.

ii. In the case of a registered person who has opted to file the GSTR 1 Return quarterly, if the GSTR 3B Return has not been filed for the earlier month ,such registered person will be blocked from filing either the quarterly GSTR1 Return or using the Invoice Furnishing Facility.

iii. A registered person who is restricted under the new Rule 86B from utilizing ITC credit in excess of 99% of his tax liability will not be able to file his GSTR 1 Return or use the Invoice Filing Facility unless such registered person has filed the GSTR 3B Return for the earlier month.

d. Restriction on use of ITC balance for discharging tax liability-

A new Rule 86 B has been introduced with effect from January 1, 2021 which restricts use of ITC credit balance for discharging tax liability upto 99% of the tax liability. This restriction applies if the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds fifty lakh rupees. That is, even if such registered person has ITC credit available to meet his entire tax liability for the month, such registered person will have to discharge 1% of his tax liability utilizing the balance in his cash ledger. If the balance in the cash ledger is not sufficient to meet such 1% liability, such registered person will have to make a cash deposit.

However this restriction on use of ITC credit will not be applicable in the following cases :

i. Where such registered person, or the proprietor, or karta, or any of the two partners of the firm, or the managing director, or the whole-time directors, or members of the managing committee of Association of Persons, or Board of Trustees, as the case may be, have paid more than one lakh rupees as income tax under the Income-tax Act, 1961 in each of the last two financial years for which the time limit to file return of income under subsection (1) of section 139 of the said Act has expired.

ii. Where the registered person has received a refund amount of more than INR one lakh in the preceding financial year on account of unutilized input tax credit under clause (i) of first proviso of S. 54(3). That is, where the registered person has received a refund of more than INR 1lakh in the preceding financial year, on account unutilized input tax credit resulting from the registered person making zero rated supplies (exports) without payment of tax.

iii. Where the registered person has received a refund amount of more than INR one lakh in the preceding financial year on account of unutilized input tax credit under clause (ii) of first proviso of S. 54(3). That is, , where the registered person has received a refund of more than INR 1lakh in the preceding financial year, on account unutilized input tax credit resulting from the rate of tax on the output supplies of the registered person being lower than the rates of tax on the inputs.

iv. In cases where the amount paid by the registered person through electronic cash ledger for discharging his liability towards output tax is in excess of 1% of the total output tax liability, cumulatively, upto the respective month in the current financial year.

v. In the cases where the registered person is –

   i) Government Department;

   ii) A Public Sector Undertaking;

   iii) A local authority;

   iv) A statutory body:

   It is to be noted that the Commissioner or an officer authorized by him may remove the said restriction after due verification and imposing necessary safeguards.

e. Validity period of E-way bills halved-

With effect from January 1, 2021, E-way bills will be valid for 1 day for every 200 kms as against 100 kms earlier.

Notification 92/2020 Central Tax :

Finance Act, 2020 has brought about a number of changes in the GST laws. These changes have been introduced through sections 119, 120, 121, 122, 123, 124, 126, 127 and 131 of the Finance Act, 2020. However, the date from which these sections would come into force was left to be announced by the Government. Notification 92/2020 Central Tax has now made these sections effective from January 1, 2021. The implications of these changes are discussed below:

i. S. 119 of the Finance Act 2020 brings about amendment to S. 10(2) of the CGST Act. A registered person opting for the Composition scheme had the restriction that such registered person was not allowed to supply goods under the following circumstances :-

   a. Goods which are not leviable to tax under the CGST Act;

   b. inter-State outward supplies of goods;

   c. Supply of goods through an electronic commerce operator who is required to collect tax at source under section 52;

   As a result of the amendment there is now restriction even on the supply of services by a Composition under the circumstances listed above.

ii. S.120 of the Finance Act, 2020 brings about amendment to S. 16(4) of the CGST Act relating to Composition scheme.

   Before this amendment, ITC credit in respect of a Debit note could be availed only until the due date of filing the GSTR 3B Return for the month of September following the year in which the Invoice pertaining to such Debit note has been issued. This provision of S. 16(4) would lead to unfair denial of ITC credit to the recipient of such debit note is issued after the date of fling the GSTR 3B Return of September following the year subsequent to the year in which the relevant invoice was issued. Thus, where the Invoice is issued in the month of March, 2019 and the Debit note in relation to the invoice is issued in the month of November, 2019, then before the amendment, the recipient would not be allowed to avail ITC in respect of such Debit. This amendment, allows availment of ITC in respect of debit notes until the date of filing the GSTR 3B Return for the month of September following the financial year in which the Debit note is issued.

iii. S. 121 of the Finance Act, 2020 brings about amendment to S. 29(1)(c) of the CGST Act, which empowers the proper officer to cancel registration of a person who is no longer liable to be registered under section 22 or section 24. Earlier, this provision was not applicable in the case of a registered person who has opted for voluntary registration under

   S. 25(3). After the new amendment the proper officer may exercise the power for cancellation even in the case of a registered person who has opted for voluntary registration as per provisions of S. 25(3).

iv. S. 122 of the Finance Act, 2020 has brought about amendments to S.30(1) of the CGST Act which deals with revocation of cancellation of registration by the proper officer on his own motion. The registered person whose registration is thus cancelled is required to file application for revocation of cancellation with such officer within 30 days from the date of service of the cancellation order. The new amendment empowers the Additional Commissioner/Joint Commissioner to grant extension for a period upto 30 days. The Commissioner is empowered to grant further extension of upto 30 days.

v. S. 123 of the Finance Act, 2020 has brought about minor amendments to S. 31(2) of the CGST Act which deals with the requirements as to issue of Invoice for Services.

vi. S. 124 of the Finance Act, 2020 has brought about amendments to S.51(3) of the CGST Act which prescribes issue of Certificate of Tax Deducted at Source.

vii. S. 126 of the Finance Act, 2020 has added a new sub-section 1A to S. 122 of the CGST Act, which deals with offences and penalties.

This new sub-section provides that any person who retains the benefit of a transaction connected with such offences as the following :

a. Supply of any goods or services or both without issue of any invoice or issuing an incorrect or false invoice with regard to any such supply;

b. issuing any invoice or bill without supply of goods or services or both in violation of the provisions of the CGST Act or the rules made thereunder;

c. taking or utilizing input tax credit without actual receipt of goods or services or both either fully or partially, in contravention of the provisions of this Act or the rules made thereunder;

d. A Service Distributor taking or distributing input tax credit in contravention of S. 20, or the rules made thereunder, shall be liable to a penalty of an amount equivalent to the tax evaded

Or input tax credit availed of or passed on.

Further, very important change brought about by this amendment is that even any person who organizes committing of such fraudulent acts will also be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.

viii. S. 127 of the Finance Act 2020 brings about amendment to S. 132(1) of the CGST Act, which provides imprisonment in the case of certain offences that result in large scale evasion of tax or wrongful availment of ITC has been similarly amended to extend such punishment to persons who, even if are not direct beneficieries of such offences, are involved in organizing such frauds by others.

ix. S. 131 of the Finance Act, 2020 has brought about amendment to paragraph 4 of the Schedule II of the CGST Act.

DISCLAIMER: The purpose of writing this article is merely to present the author's interpretations/perceptions of the Notification Nos. 92/2020 Central Tax and 94/2020 Central Tax, both dated December 22, 2020. The author does not assume any responsibility for any loss or damage suffered by any entity by using the contents of this article.

Few Compliments received from Members

To
CMA Ashish Bhavsar
Chief Editor & Secretary
WIRC-ICMAI

Dear Sir,

After your taking over as Chief Editor of WIRC- Bulletin, there is substantial improvement in thoughts of including Theme Based Articles and other Professional Articles. It is no more a WIRC- Bulletin and has now become a Professional Magazine like The Management Accountant, The Chartered Accountant and Chartered Secretary and other related Professional Magazines. Though there is constraint of space and budget, it is a fabulous job. Kudos to you. While I feel proud as a CMA of WIRC on your achievements, I am also concerned that unfortunately your holding of this portfolio is term- based. When your term will expire (whenever, it is), you will leave a big shoe to be filled up subsequently. It will be difficult to fill up this portfolio. It needs passion and desire to excel which I found in you. As a senior CMA in this Profession, it is my prerogative to bless you. Please accept my blessing. Please continue such good job. It will only lift our Profession.

Regards

CMA, CS (Dr.) Subir Kumar Banerjee

Dear Sir,

We are really proud of our editorial board and appreciating the time devoted towards the level of publication. The articles are covered with knowledge and improvement towards professionalism of individual.

We are thankful to all editorial board members.

CMA Girish S Prajapati

Principle of Seamless Input Credit under GST –" Rule 86B of CGST Rules"?

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With effect from 01.01.2021 vide Notification No. 94 /2020 – Central Tax, dated 22nd December 2020 a new rule i.e., 86B is inserted to curb unfair trade practices.

As per GST Notification number 94/2020-Central Tax dated 22nd Dec 2020,GST rule 86B has been introduced which has imposed 99% restriction on ITC (Input Tax Credit) available in electronic credit ledger of Registered Person. This means 1% of Output liability is to be paid in cash. This limitation is applicable where the value of taxable supply other than exempt supply and zero-rated supply in a month exceeds fifty lakh rupees.

Under this rule, restrictions are imposed on the utilization of available ITC in the electronic credit ledger of the registered person. It allows the registered person to pay only 99% of the tax liability from the available ITC. Basic purpose behind introduction of this rule is to restrict unfair practices by traders to avail ITC and stop creating fake invoices to increase the turnover without any financial credibility.

As per Notification, Every registered person pay at least 1% of tax payable in cash which in turn generates revenue to the Government. With effect from the 1st day of January 2021, the rule 86B related to "Restrictions on use of amount available in the electronic credit ledger" has been introduced.

Rule 86B: Notwithstanding anything contained in these rules, the registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of ninety-nine per cent. of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds Fifty lakh rupees :

Provided that the said restriction shall not apply where –

i) The said person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than one lakh rupees as income tax under the Income-tax Act, 1961(43 of 1961) in each of the last two financial years for which the time limit to file a return of income under subsection (1) of section 139 of the said Act has expired; or

ii) The registered person has received a refund amount of more than one lakh rupees in the preceding financial year on account of unutilised input tax credit under clause (i) of the first proviso of subsection (3) of section 54; or

iii) The registered person has received a refund amount of more than one lakh rupees in the preceding financial year on account of unutilised input tax credit under clause (ii) of the first proviso of subsection (3) of section 54; or

iv) The registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, up to the said month in the current financial year; or

v) the registered person is –

   a) Government Department; or
   b) a Public Sector Undertaking; or
   c) a local authority ;or
   d) a statutory body: Provided further that the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit."

Further, this rule starts with a non-obstante clause which means that it has an overriding effect over all the other rules. It is applicable to all registered persons whose value of taxable supplies other than exempt and zero rated supplies exceeds Rs. 50Lakhs except for those who are specified in 1st Proviso.

The value of taxable supplies here is calculated for a month for which the tax is being paid. If the value of such taxable supplies for the month exceeds the prescribed limit, the registered person can pay only 99% of the liability through ITC. Following example shows applicability of Rule 86B

Sr. No.	Total Turnover	Exempt Turnover	Export Turnover	Taxable Turnover	Applicability of Rule 86B
1	Rs. 6 Crore	Rs. 4 Crore	Rs.1 Crore	Rs.1 Crore	YES
2	Rs.4.4 Crore	Rs. 2 Crore	Rs. 2 Crore	Rs.40 Lacs	NO
3	Rs. 60 Lacs	NIL	NIL	Rs.60 Lacs	YES

Conclusion:

This mechanism is not a full proof system to have a check and control on circular trading/fake invoices. Further, it causes hardship to an honest assessee, and adverse impact on businesses as well.

Various restrictions under section 16 and section 17 (read with rule 42 and 43); a provisional Input Tax Credit under Rule 36 (4) for offsetting tax liability and now on the top of all, the new Rule 86B defeated the basic purpose of SEAMLESS INPUT CREDIT FLOW. Needless to say, that the Cost of Goods Sold will increase and it will make the product uncompetitive in the global market. ■

Costing And Accountancy: Complementary or controversy.... All time questionable matter Whether Costing is basic or accountancy is basic area in the field of Accounting

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In the field of Accounting, Journal Entry is first step to start Financial Accounting but on the basis of which we do Journal Entry is Voucher or Bill or Invoice. Thus, we can think start of records maintaining is Financial Accounting. Against this, Required document for Entry, Voucher/ Bill/ Invoice, contains Quantity, Unit Rate and Price charged for the Particular Item or transaction. For e.g., In case of Material or Asset Purchase, we have Invoice consisting Quantity in Particular Unit measurement; Rate per unit and Total Price. Without this information we are not able to make Journal Entries. Thus, Voucher is basic requirement. For preparing this voucher, We need unit of measurement, Price per unit which is easily available in case of purchase in form of Voucher. So for We, as a Buyer, Accounting is first step.

Now, If we are selling the same , we have to prepare Bill/ Invoice for which required information as above, we have to make decision of in which type of unit we measure the material or product, what price we will put to cover our Cost . So here we require Costing first.

So Price in the Voucher is most pertinent thing without which we are not able to start maintaining records whether Purchase or Sale. In case of purchase, we directly get it from our Purchase bill or in case of expense from voucher for the same but to decide quantity of Purchase or Production we again required cost and Our margin ... So Costing first. But it is not possible without any survey of purchase price through tender. So here again Book Keeping required first.

We have seen a big conflict between Accounting & Costing Departments in Companies or Firms for required details at different stages of Production, Stores and Sales on matter of accounting.

But, actually, Neither Costing is First nor Accounting. We required both as Simultaneously. So I just want to put here the understanding that Cost Accounting and Financial Accounting are NOT a COMPETITOR but COMPLEMENTRY to eachother. Without one, another is not possible practically.

It is the matter like what is First come in the world whether Egg or whether Hen?????

Disclaimers in valuation reports

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Ms Richa Sharma

Article aims at studying and analysing disclaimers in various valuation reports issued in past and the impact which the guidelines issued by IBBI on the same.

The Insolvency and Bankruptcy Board of India ("IBBI"), vide its notification dated September 1, 2020 has issued ("RVs") ("Guidelines"). These Guidelines shall be applicable on all the valuation reports to be finalised by RVs on or after October 1, 2020.

These Guidelines provide guidance to the RVs in the use of caveats, limitations, and disclaimers ("LCD" short form used at some places) in the interest of credibility of the valuation reports. RV shall prepare valuations reports under Rule 8 of the Rules in adherence to these Guidelines and Registered Valuers Organisations (RVOs) shall monitor adherence to these Guidelines through the scrutiny of the valuation reports.

A valuation report should not carry a disclaimer, which has potential to dilute the responsibility of the RV or makes the valuation unsuitable for the purpose for which the valuation was conducted. The valuation reports should be capable of being tested through the crucible of legal evidence in judicial proceedings.

The spirit of this circular is to prevent Valuers to avoid disclaimers, caveats, limitations, assumptions or by whatever name called to avoid responsibility as a valuer in substance.

The following points may be considered while providing disclaimers in a valuation report

(a) identify the rights he/she wants to protect;

(b) identify the areas where he/she might be subject to liability;

(c) clarify that the contents of the valuation report pertain to specific use by the company; and (d) caution the reader of the potential risks.

However, a disclaimer will not, by itself, be able to exclude an RV's liability in respect of negligence in performance of his duties.

The Limitations, Caveats & Disclaimers (LCD) are divided in to three categories

1. LCD which can be used in all valuation reports;
2. LCD which cannot be used by the valuers;
3. LCD which can be used with additional procedures in place

For this purpose, we have analysed around 33 valuation reports from 17 industry sectors, apart from information available in public domain.

1. Limitations/ Caveats & Disclaimers which can be used in all Reports:

The table below shows the limitations and disclaimers used by the valuers in their reports and corresponding limitations from the guidelines.

LCD's GENERALLY USED	LCD's FROM GUIDELINES
Valuation services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.	3.4(iii): While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
Recommendation contained herein is not intended to represent value at any time other than valuation date	3.4(v): Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date
This Report, its contents and the results herein are specific to the purpose of valuation agreed as per the terms of our engagement;	3.4(i): This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/we do not take any responsibility for the unauthorized use of this report

Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.	III. Asset-class wise sample of disclaimers C (iv): Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Co.	3.4(x): The report assumes that the company / business / asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated and that the companies / business /assets will be managed in a competent and responsible manner. Further, as speci-fically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/ reflected in the balance sheet/ fixed assets register provided to us.
We owe responsibility to only the Boards of Directors of the Companies that have appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Companies	3.4(ii): I/We owe responsibility to only to the authority/client that has appointed me/us under the terms of the engagement letters. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents
The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Companies (or its executives / representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).	3.4 (i): This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/we do not take any responsibility for the unauthorized use of this report.
There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.	3.4 (xi): The valuation report is tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
The determination of a valuation price is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement.	III. Asset-class wise sample of disclaimers C (ii): The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range. However, as [purpose] requires the expression of a single value, we have adopted a value at the mid-point of our valuation range. Whilst we consider our value/ range of values to be both reasonable and defensible based on the information available to us, others may place a different value on the [company/ business].

Valuers can either use Disclaimers generally used or disclaimers from the guidelines.

2. Limitations/ Caveats & Disclaimers which cannot be used by the Valuers

Limitations	Guidelines Reference
No investigation / inspection of the of physical verification of assets has been made for the purpose of this Report and the Companies' claim to such assets has been assumed to be valid.	3.6 (ii): RV cannot give a disclaimer that he has not physically verified the tangible assets in case where engagement is for providing liquidation value
One approach: RV's mentioning valuations based on a single approach.	3.6 (v): RV cannot give valuation conclusion based on only one approach without giving any reasoning as to why the other two approaches were not considered in his valuation.
Another expert: Use of other experts work in the valuation report.	3.6 (vi): RV cannot give disclaimer for work done by any other expert and the findings of the same does not form part of report of RV

3. Limitations/ Caveats & Disclaimers which can be used with additional procedures in place

Limitations in General	Limitation as per Guideline	Additional procedure
This Report, its contents and the results herein are based on the data detailed in the section — Sources of Information provided by the client	3.3 (ix): RV can state that the assumptions are statements of fact provided by the company and not generated by the RV	The RV has to carry out sufficient inspection, enquiry, computations and analysis to ensure that valuation is properly supported.
While carrying out this engagement we have relied on historical information made available to us by the management of the Companies We did not carry out any due diligence with respect to the information provided / extracted or carry out any verification of the assets save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement	III. Asset-class wise sample of disclaimers C (i): While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no respon-si-bility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client.	Significant inputs provided to the RV by the management / owners should be considered, investigated and /or corroborated. In cases where credibility of information supplied cannot be supported, consideration should be given as to whether or how such information is used.
In the course of the valuation, we were provided with both written and verbal information, including informa-tion as detailed in the section - Sources of Information. We have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.	III. Asset-class wise sample of disclaimers C (vii): In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.	The RV has to carry out sufficient inspection, enquiry, computations and analysis to ensure that valuation is properly supported. In cases where credibility of information supplied cannot be supported, consideration should be given as to whether or how such information is used.

The Valuation reports majorly have 3 sections namely scope and purpose of the report, procedure and valuation methods and finally scope limitations, qualifications, caveats and disclaimers. The purpose of the guidelines is to reduce the scope limitations and increase the responsibility of the valuer.

Currently the scope is not clear to everyone, including users and RVs, and consequently, the RVs are having different practices in presentation of caveats, limitations and disclaimers in valuation reports. These guidelines have tried to standardised the scope of 'caveats, limitations and disclaimers".

Authors believe that currently the valuation reports have ratio of content is as follows

Conclusion (including final figures) – 10%

Workings – 20%

Caveats, limitations, Disclaimers, Assumptions – 70%

Authors recommend to Concerned Government authorities to consider a) standardising category 1 "1. LCD which can be used in all valuation reports" and excluding them from any report to avoid clutter, with a single sentence like all the LCD as per circular...... apply. This will ensure brevity of report and ensuring that it avoids any creative and innovative modifications to those LCD. LCD in category 2 will anyway be stopped. Then LCD will reduce to category 3 and that too will reduce with additional procedures performed.

b) With the advent of technology, refer to category 2 first LCD point.

No investigation / inspection of the of physical verification of assets has been made for the purpose of this Report and the Companies' claim to such assets has been assumed to be valid. – CURRENT	3.6 (ii): RV cannot give a disclaimer that he has not physically verified the tangible assets in case where engagement is for providing liquidation value – As per circular

This Current type of LCD should be completely unacceptable as it clearly dilutes responsibility from RV, which should not be acceptable at all. However, the guidelines in circular refers to only engagement for liquidation value, thereby implying that in other situation Companies claims can be assumed to be valid. This will be very risky.

Rather physical verification of tangibles should be made mandatory. However, usage of technology like Drone should be permitted to mechanise the operations.

c) Similarly, in first category 1st point, it appears that following types of disclaimers there is a need of additional clarity. "we have not carried our any due diligence/legal due diligence" There have been many instances that absence of legal due diligence, have resulted into completely misleading valuations report and valuation figures. Therefore, authors make request to concerned authorities to consider following options to totally exclude such LCD. a) Valuer should be assigned the work including legal due diligence, which he may perform with his associates and subject matter experts who are unrelated to the client or b) client should assign valuation contract only after legal due diligence is carried out and the engagement letters must be enclosed along with legal due diligence findings, which should be considered by valuers while finalising figures.

(For any suggestions for improvements send WhatsApp message to +91 9167446744 (Rammohan Bhave)

Coal India Analysis – Benjamin Graham Style

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After going through Benjamin Graham's "The Intelligent Investor" we wanted to try out the principles learnt on a real life company. Benjamin Graham has proposed some preliminary qualitative checks for the company, such as

- There should be a strong brand
- Business should be easy to understand
- Should be a near-monopoly
- Managers are realistic and have achieved past targets
- Belief in organic growth rather than mergers and acquisitions
- Low managerial remuneration and stock options

Coal India Limited seemed like the right company to take for the next stage of analysis. So we took the company through some of Graham's basic checks

Current Ratio >= 2

Coal India has maintained a current ratio above 2 only in 1 of the last 5 years, and that was 5 years ago! So a poor start. Verdict – **FAIL.**

Long Term Debt <= Net Current Assets

Debt-Equity Ratio < 0.5

Coal India operates on very low debt levels. The total borrowings of the company stood at Rs. 2 kCr as of 31 Mar 2021. The total cash, cash equivalents and other bank balances stood over Rs. 28 kCr. The NCA were 18 times higher than the LTD. Verdict – **PASS.**

Again, the debt to equity ratio as of 31 Mar 2021 was at 0.06. Debt is not a problem for Coal India. Verdict – **PASS.**

PAT > 0 for the last 10 years

Dividend > 0 for last 20 years

Coal India has been consistently profitable for the last 10 years. Verdict – **PASS.**

Also, the Company has paid dividends for the last 10 years. Verdict – **PASS.**

3 year average EPS growth should be 33% over last 10 years

Graham does well for not depending on figures for a single year, which may be a rare year. Rather, Graham always asks you to focus on averages across large periods of times. Especially when he asks you to calculate growth. YoY growth is not as important as growth in 3 year or 5 year averages. In the case of Coal India, the 3 year average EPS growth over the last 10 years was 63% (logarithmic growth). Verdict – **PASS.**

PE Ratio < 15

Graham is mindful that some industries hold a high PE and some have a naturally low PE. However, according to him no industry should have a PE < 15. Coal India has held a PE < 15 for the last 2 years. Before that the PE stood higher for 3 years. Verdict – **PASS.**

NW <= MV <= 1.5 NW

Graham acknowledges that the market value should be higher than the book value, considering the future value of the operating assets. However, the PB should not be over 1.5 for any company lest they be overpriced. Here, Coal India's market value is 2.6 times the book value. Verdict – NEUTRAL.

MV >= Net Current Assets

The market cap of Coal India stands at 2.5 times the Net Current Assets. Verdict – **PASS.**

Finance costs <= (1/5) PBT

Finance costs <= (1/2.9) PAT

The debt and consequently the finance costs of Coal India are low enough to easily pass this test. Verdict – **PASS.**

RoE > 20% in 10 years average

RoE > 15% every year for last 10 years

The average RoE has been 46% in the last 5 years and higher than 35% every year for the last 5 years. Verdict – **PASS.**

Promoter holding >= 20%

Government of India, the promoter of Coal India, holds 66% in the company. Verdict – **PASS.**

ICSR > 2

The interest coverage service ratio stands comfortably at 49 times and has never been less than 26 in the last 5 years. Verdict – **PASS.**

This is enough to spark an initial interest in Coal India. This is further increased when we look at the average PB ratio of the company for the last 5 years which is much higher than the present PB ratio for the company. That is in a highly optimistic market of early January 2021 where the indices are reaching new peaks every day.

Finally, the total assets of the company are Rs. 150 kCr. The provisions held by the company are of Rs. 60 kCr out of which Rs. 47 kCr consists of "Stripping Activity Adjustment". This is a non-payable liability and is incurred as an expense over the regular course of business.

This shows that the company operates on a tight working capital but otherwise is technically and financially extremely sound and might be looking at great returns for its investors in the future. ■

KPIs - Need of the Hour for Integrated Sugar Plants

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01. Indian Sugar Industry

Sugar Industry is the second largest agro-based industry of India after cotton textiles with an annual production capacity of over 35 million metric tons. The Indian Sugar Industry is the second largest producer of sugar in the world. Sugar can be produced by using sugarcane, beet root, corn or any other crop having sugar content. But in India, sugarcane is the main source of sugar.

India has more than 740 installed sugar plants across the country but only 400 plus plants remain in operation due to various reasons every year. Season 2020-21, a production of 31 million MT of sugar and ethanol production from 1.5 MMT sugar is expected. The beauty of sugar cane is that if we have surplus of sugar stocks, sugar cane can be diverted for making alcohol, spirit or fuel. GOI has given policy guidelines in November 2017 to enhance the ethanol production to have multifold impact on economy and environment.

02. Integrated Sugar Plants

Sugar cane is a zero-waste plant. Every peck of it is usable. While producing sugar, bagasse, molasses and press mud are generated as by-products. These can be utilized as raw materials for Power, Distillery & Organic Manure units respectively. A unit having all 4 plants under one roof is called Integrated Plant. Integrated Plant has edge over the Stand-alone Plant in many aspects and at the same time it has multiple challenges. As sugar is a seasonal industry, running operations of other plants during off season is the biggest challenge. To address multiple challenges, management tools and techniques need to be adopted by the business enterprises and continuous monitoring system should be in place.

03.00. Key Performance Indicators are the crucial indicators to evaluate the performance on a consistent basis. These indicators need to be developed on the basis of activities and parameters. Plant in-charge can be made responsible for timely reporting and drawing the conclusions and further actions. Need of KPIs in integrated sugar plant arises due to the following:

a. Seasonal industry with limited operations time
b. Agro based raw material leads to inconsistent flow and quality
c. Availability of raw material varies from year to year due to monsoon fluctuations
d. Sale & raw material prices are fixed by government leaving no space for increment in primary margin except by improving efficiency and cost control for overheads.
e. Harvesting & Transportation cost also plays a vital role in the cost of final product. It can be controlled with long-term planning only.

KPIs need to address these concerns and give constant feed back to the management for immediate corrective actions to attain best possible results. Key Indicators can be divided into two parts viz. Quantitative Indicators and Financial Indicators.

03.01. Quantitative Indicators are unique for each segment and need daily stringent monitoring and reporting with corrective measures. Key indicators developed for Integrated Sugar Plant can be extracted from daily manufacturing report of every segment, are mentioned, as below:

i. Sugar

- **Capacity Utilisation** is shown in percentage. Its target should be 100%
- **Total cane crushed** is mentioned in MT and it is according to installed capacity and utilisation.
- **Sugar Recovery Rate** is the percentage of Sugar Production in MT to the Sugarcane crushed in MT. In India the rate is somewhere between 9-13%. A slight improvement in recovery percentage leads to increase in contribution because all the costs are already incurred and vice versa.
- **Expected Molasses** is indicated in percentage and quantity generated is directly consumed in Distillery unit. Usually it is between 4% – 4.25%.
- **Total Stoppages** indicate the total duration for which plant remained shut during the day and the reasons therefor. Reasons mentioned help in taking the immediate corrective actions. Ideally it should be zero.

ii. Power Plant installed to support sugar unit is called Co-generation Plant.

- **Plant Load Factor** is basically the capacity utilization % in the case of a Co-generation Power Plant. Generally, it should be between 90-95%.
- **Generation** depends on the installed capacity of the Cogen Plant and PLF. This is generally expressed in Mega Watt (MW) or Million Units (MU).
- **Auxiliary Consumption** is the power consumed

to generate the power and to run the Sugar Plant. This ranges between 12.5 – 15% according to the sugar crushing capacity and Co-gen plant design. Operating the plant at lower PLF will increase the auxiliary consumption percentage resulting into loss of revenue.

- **Distribution** indicates the residual power exported to the grid, means 'Generation minus Auxiliary Consumption'. It is usually expressed in terms of MW.
- **Fuel Consumption** in Cogen Plant differs in sugar season and non-season. Generally, Cogen Plants run on multi fuel i.e. a mix of fossil fuel & biomass. Cost of fuel depends on the fuel mix, so it needs to be monitored closely.
- **Specific Fuel** Consumption depicts the relationship between per kg of fuel consumed and kilo watt of power generated. It's acceptable range for Cogen Plant is 1.0 - 1.15. Any adverse variance in this parameter has a direct bearing on fuel cost.
- **Unit Heat Rate** is one measure of the efficiency of power plants that convert a fuel into heat and into electricity. It's expressed in terms of Kcal/ Kw.
- **Cost per CV of Fuel** is the amount spent for procuring per calorific value of fuel consumed. This indicates the performance of fuel procurement team. It should be in the range of Re. 0.80-0.85/ CV in sugar season and Re. 1.00- 1.20/CV in non-season.

iii. Distillery

- **Capacity Utilisation** target should be 100%
- **Total Production** depends on the capacity and its utilization. It's expressed in terms of kilo- liters.
- **Alcohol Recovery** depends on the quality of molasses and is inversely proportional to molasses consumption. Its acceptable norm is 27 – 30%.
- **Total Stoppages** indicate the total duration for which plant remained shut during the day and the reasons therefor.

03.02. Financial Indicators are similar for all Plants. These can be monitored on weekly and monthly basis. Monthly P&L account can be drawn apart from season end report. It's crucial parameters are:

i. **Revenue** can be worked out by considering the production value

ii. **Raw Material Cost** can be worked out on the basis of actual raw material consumption and prevailing rates. This must include the landed cost of raw material.

iii. **Primary Margin** equals to revenue minus raw material cost

iv. **Variable Manufacturing Expenses** can be worked out on the basis of pre decided rates and actual quantities consumed.

v. **Contribution** equals to primary margin minus variable manufacturing expenses

vi. **Contribution Per Unit** equals to total contribution/ kg of sugar or kw of power or BL of alcohol.

04. Way Forward: In Sugar Industry, apart from routine audits, continuous monitoring of key performance indicators has a great role to play, due to its special features, magnitude and various restrictions imposed by government & international markets.

Discussion on Union Budget 2021

WIRC jointly with WIRC of ICSI had organised a Discussion on Union Budget 2021 on 2nd February 2021 at WIRC Office. It's a Physical Program With Online Streaming. CMA Dhiraj Sachdev, Managing Partner & CIO, Roha Asset Managers LLP, CA Uday Ved, Partner KNAV & Co LLP and CMA S.S. Gupta, Renowned Author are the speakers.

On this occasion CMA Harshad Deshpande, Chairman WIRC felicitated CS Devendra V. Deshpande, Vice President of The Institute of Company Secretaries of India & CS Pawan Chandak, Chairman WIRC of ICSI. Members from both the Institute participated in the seminar.

MIS Report showing Individual Packing Material Cost as % of Total Packing Material Cost

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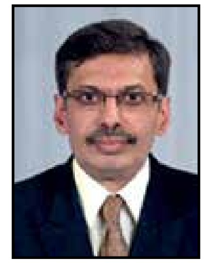


Packing is an integral part of not only production, but also distribution and marketing.

Packing is necessary for protection and convenient handling of the product.

It is will known that packing cost is considerable in many industries like toothpaste, cosmetics, formulations, bulk drugs etc.

And as Packing Material Cost being one of the Major Cost Component (for Industries mentioned above) in Cost of Sales, it pays to Monitor / Control / Reduce Packing Material Cost.

This can be achieved through MIS Report as mentioned in Annexure 1.

Focus should be on Major Packing Materials that may contribute 70 % to 80 % of Total Packing Material Cost.

To Reduce Packing Material Cost, following steps / measures Management can think of :

1) With respect to key packing material/materials of a product, the requirement of which is very huge, management can explore the possibility of putting up its own plant to manufacture this key packing material by carrying out proper cost benefit analysis. This is also known as backward integration.

   This will also ensure regular supply of this key packing material at own manufactured cost (reduced cost).

2) For major packing materials, requirements of which is substantial & consistent, company may explore the possibility of entering into ARC for either given quantity or given period or both. This will insulate the company against any future increase in prices.

3) Company having more than 1 plants requiring same packing materials, it is always advisable to combine the purchase requirements so that with huge quantity, company is in a position to negotiate better competitive rates from suppliers.

4) Avoid emergency purchase at higher rates

   This necessitates proper coordination among Purchase Department, Production Department and Marketing Department.

   In case of Emergency Purchase, not only company ends up paying higher prices, but sometimes due to late receipt of Packing Materials from Vendors, Company may find itself in tight spot to meet the delivery deadlines to its Customers.

5) Explore New Vendors

   Following will explain the necessity to explore New Vendors:

   Sometimes Company may have 1 or 2 approved vendors over a period of time.

   Sometimes this relationship may bring in sense of complacency there by paying up higher price than what it could have negotiated / bargained otherwise (This Is Direct Cost)

   If Company has 1 or 2 approved Vendors and should something happen to this Vendor / Vendors, Company may find itself in tight situation to Procure the Desired Packing Materials which ultimately may affect its Delivery Commitment. (This is Indirect Cost)

   Factors to be Considered While Exploring New Vendors:

   Capacity to provide materials as per specifications

   Location of Factory – Nearer the better – in terms of transportation cost and time

   Who is willing to have fair relationship for longer duration

   Capacity to provide material (Volume, No etc) as per present / future requirement

   Adequacy of Technology adopted by the Proposed New Vendor

   Quality Assurance Procedure adopted by Vendor both for Input and Output.

   Executives of the Company may visit the Manufacturing Sites of the Proposed New Vendor to satisfy with respect to above mentioned factors.

   This may include executives from Quality Assurance, Purchase and Operations.

   Development of New Vendor may result in following benefits to the Company :

   1) Availability of same material at reduced rate or better material at same rate.
   2) Less Cost and effort for Quality Assurance and Material Inspection
   3) Reduce time for follow up
   4) Regular and assured supply
   5) Assured availability of material of required specifications

Annexure 1: Yearwise Trend of Cost of Individual Packing Material as % of Total Packing Material Cost for Company / for Plant 1						
YEAR	**2019-20 (Rs Lacs)**	**%**	**2018-19 (Rs Lacs)**	**%**	**2017-18 (Rs Lacs)**	**%**
PARTICULARS						
Packing Materials						
Packing Materials 1						
Packing Materials 2						
Packing Materials 3						
Packing Materials 4						
Packing Materials 5						
Packing Materials 6						
Packing Materials 7						
Packing Materials 8						
Packing Materials 9						
Packing Materials 10						
Packing Materials 11						
Packing Materials 12						
Packing Materials 13						
Packing Materials 14						
Other Packing Materials						
Total Cost of Packing Materials						

Note : Views expressed are personal views of the author

Foundation Course Students Felicitation Programme

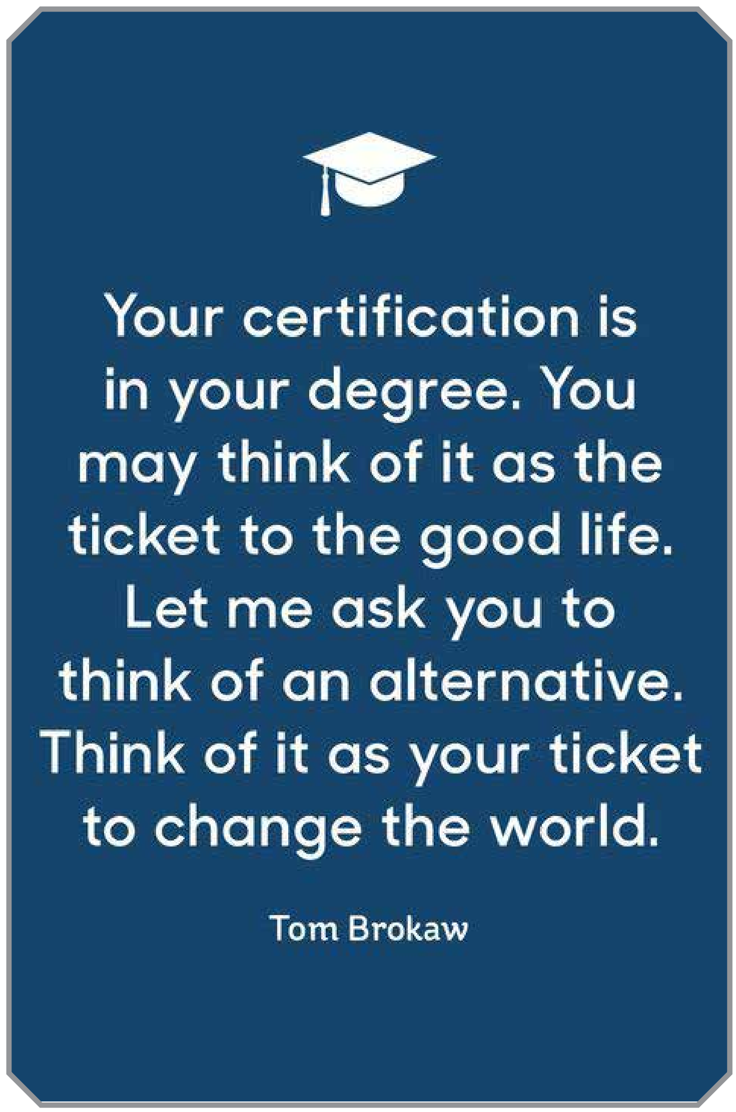
WIRC has organized a Felicitation Programme for December 2020 Foundation Course Pass Students on 4th February, 2021 at WIRC office by taking all necessary safety precautions & following the Government & HQ guidelines.

CMA Vijay Dhar Choubey, Deputy Director (Costing) & CMA Sourav Mukherjee, Assistant Director (Costing) Government of India, Ministry of Textiles, office of the Textile Commissioner were the Guest for the Felicitation Programme.

CMA Harshad Deshpande, Chairman, WIRC was also present during the function. All the dignitaries and Guests motivated the students and explained Career opportunities in Cost and Management Accounting Profession.

CMA (Mrs) Shilpa Tambe, Sr. Manager, and CMA Gorimela Gopal Krishna, AGM, Mahadiscom were present during the function.

All the students present were felicitated by the CMA Harshad Deshpande and above guests.



GST Corner

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Amendment in Rule 59 of CGST Rules:

a) The registered person shall be restricted to furnish outward supply details under GSTR-1 or using invoice furnishing facility in case where the GSTR-3B return is not filed for two preceding periods

b) The registered person shall be restricted to furnish summary return under GSTR-3B in case where the outward supply details under GSTR-1 is not filed for two preceding period.

c) The registered person who fails to follow the provisions of per Rule 86B of the CGST Rules shall restrict to file GSTR -3B & GSTR-1.

(Notification 01/2021-Central Tax dated 1.01.2021)

Budget 2021-22 Updates:

The amendments under the GST Law are applicable from the enactment of Finance Bill

- **GST Audit, Reconciliation Statement and Annual return:**

  a) Presently, "Annual return (GSTR -9) & the Reconciliation Statement (GSTR 9C)" are compulsory to file for the specified categories of the Taxpayers and the GSTR-9C shall be certified by the specified professionals. Now, the mandatory condition to certify GSTR 9C by the specify professionals has been done away with. (Section 35(5) of CGST Act)

  b) The new provision regarding filing of Annual return on self-certification basis has been introduced. Further, the Commissioner to exempt a class of taxpayers from requirement of filing of the Annual return. This amendment will increase the onus of taxpayers as they will have to self-certify the data of annual return. (Section 44 of CGST Act).

  c) However, the said provisions are not applicable for F.Y. 2019-20.

- **Input Tax Credit:**

  a) A new condition for availment of ITC has been added through a new clause (aa) under Section 16(2) of CGST Act. This condition provides that the ITC to be availed by the recipient only when the details of tax invoice/debit note furnished by the supplier in the statement of outward supplies (GSTR-1) and such details are communicated to the recipient of invoice or debit note.

  b) Now, the recipient shall be required to reconcile the details uploaded by the supplier v/s the details of books of accounts on monthly basis.

  c) However, this amendment will also invite on validity of the provisions of Rule 36(4) of CGST Rules for availing additional ITC @ 5% of the value.

  d) The proposed amendment, aimed at

     - curbing the practice of non-deposit of GST post collection from the recipient,
     - will penalize the recipient for fault of the supplier and
     - will also cause delay in availment of ITC by the recipient as he will not be able to avail ITC till GSTR-1 is filed by the supplier.

Levy on Clubs, societies etc:

a) Definition of supply under section 7 of the CGST Act is amended retrospectively w.e.f. July 1, 2017 to levy of tax on supply of goods or services by a person (other than an individual) to its members or constituents or vice-versa, for consideration and consequently sr no. 7 of schedule II omitted retrospectively.

b) Also, it is clarified that the person (other than an individual) & its members/constituent are two different persons.

c) By this amendment, the concept of mutuality has been done away with and decision of the Apex court in case of "State of West Bengal Vs Calcutta Club & Others" which laid down the principle of mutuality has been overruled by bringing in the supply between the person (excluding individual) and its members under the tax net retrospectively subject to the condition of consideration

Interest on net cash liability only

a) The interest in case of delay in payment of tax is payable on net cash liability w.e.f. July 1, 2017 (Section 50(1) of CGST Act)

b) The amendment is clarificatory in nature and intended to remove the ambiguity associated with its date of applicability

c) Those taxpayers had already made the payment of tax on total liability would get the refund post notify of this provision. However, the time limit of 2 years for refund claim will attract or not is another challenge.

d) The relaxation of interest on net cash liability would not applicable wherein

- ITC claimed under inter head i.e. ITC of CGST & SGST availed in IGST
- Return not filed and tax did not pay and the prosecution would be initiated under Section 73/74 of CGST Act.

Self-assessed Tax

a) The expression "self-assessed tax" is being inserted to clarify that tax payable towards outward supplies includes the details furnished in GSTR -1 as per Section 37 of the CGST Act and not as per GSTR -3B as per Section 39 of CGST Act. (explanation to the Section 75(12) of CGST Act)

b) Now, the authority would initiate recovery on the basis of data submitted in GSTR -1 return.

Powers of the Authority to provisionally attach property/ bank accounts

a) It is proposed to substitute Section 83(1) of the CGST Act to provide that provisional attachment shall remain valid for the entire period starting from initiation of any proceedings till the expiry of one year from the date of order in case where the proceedings initiated under assessment, inspection, search, seizure and arrest and demand and recovery.

Pre-deposit:

a) A proviso has been inserted under Section 107 (6) of the CGST Act to provide mandatory pre-deposit of 25% of penalty for filing of an appeal against the order passed under Detention, seizure and release of goods and conveyances in transit. under Section 129(3) of CGST Act.

Provision relating to detention / confiscation of goods in transit

a) Section 74 of the CGST Act is being amended to make seizure and confiscation of goods and conveyances in transit (u/s 129 and 130 of the CGST Act) a separate proceeding from recovery of tax (u/s 73 and 74 of the CGST Act).

b) Section 129 of the CGST Act has been amended to provide that for release of goods and conveyance in transit, no tax payment required, however, the quantum of penalty is proposed to be increased and the same is mentioned as under:

- Where the owner comes forward for payment of such penalty
- 2% of value of goods or Rs. 25,000 whichever is less (for exempted goods)
- 200% of tax payable (other than exempted goods)
- Where the owner does not come forward for payment of such penalty
- 50% of value of goods or Rs. 25,000 whichever is less (for exempted goods)
- 200% of tax payable (other than exempted goods)

c) The provision for releasing the goods on provisional basis based on furnishing the securities or on execution of bond is proposed to be removed. (Section 129(2) of CGST Act)

d) The notice to levy penalty to be issued within 7 days of detention or seizure and passing an order in 7 days from date of service of notice for payment of penalty. (Section 129(3) of CGST Act)

It is proposed to empower the authority to sell/dispose of the seized goods/detained conveyance if the penalty is not paid within 15 days from the receipt of the order. However, an option of payment of penalty or Rs. 1 lakh whichever is less to be provided to the transporter to release the conveyance. (Section 129(6) of CGST Act)

More power to call and use information:

a) Section 151 of the CGST Act is being substituted to empower the jurisdictional commissioner to call for information from any person relating to any matter dealt with in connection with the Act. Earlier the provision was restricted only to the extent of collection of the statistics.

b) Section 152 of the CGST Act is being amended so as to provide that no information obtained under sections 150 and 151 shall be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned.

c) Section 168 of the CGST Act is being amended to enable the jurisdictional commissioner to exercise powers under section 151 to call for information.

Amendments to Zero Rated Supply:

a) The scope of "zero-rated supply is proposed to be amended to provide that Supply of goods or services to a SEZ developer or a SEZ unit will be zero rated only when the said supply is for authorized operations (Section 16(1)(b) of the IGST Act).

b) The zero-rated supply on payment of IGST has been restricted to a notified class of taxpayers or notified supplies of goods or services. Due to the above amendment, option of payment of IGST and claiming rebate in case of zero-rated supplies will be available only in case of notified supplies or class of taxpayers. Presently, this option is available to all the taxpayers.

In case of zero-rated supply of export of goods, non-realization of sale proceeds within 30 days from the date of expiry of time limit prescribed by Foreign Exchange Management Act, 1999 will attract deposit of refund and interest. Earlier, the condition for receipt of payment was provided in the CGST Rules but now the same forms part of the GST Law. ■

DIRECT TAX CORNER

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A new Initiative by the government towards e-governance with public involvement.

As we all know that the government is moving towards digitization and has taken many steps in this direction. The government has come up with another initiative for the e-governance and for the encouragement of citizen in building the nation by putting end to the tax evasion, the Central Board of Direct Taxes has launched an automated dedicated e-portal on the e-filing website of the Department to receive and process complaints of tax evasion, foreign undisclosed assets as well as complaints regarding benami properties.

The CBDT has issued Press Release mentioning the details for the same dated 12/01/2021, the same can be viewed on below mentioned link.

https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF/Press-Release-CBDT-launches-e-portal-for-filing-complaints-regarding-dated-12-01-2021.pdf

The Disclosure of Statement of Financial Transaction (SFT)

Income Tax Department is now taking serious in widening the scope of various disclosures provided by the various entities. It should be known to us that now CBDT has directed various entities to provide data for the Statement of Financial Transaction(SFT). Since without any valid source if such transactions are made, the assessee would be in big trouble. The Government has put the obligation on the banks, property registrar etc. to report such transactions to the Income Tax Authorized along with the details of person carried out these transactions. The same is reflected in Form-26AS of the assessee. If the department is satisfied with the ITR filed by the assessee then there is no issue otherwise they can send notice to the assessee seeking clarification regarding the same. So, one must be very careful while entering into such type of transactions.

Let us discuss such SFT(Statement of Financial Transaction) need to be disclosed with there code and description.

1. **SFT-001:** Payment made in cash for purchase of bank drafts or pay orders or banker's cheque of an amount aggregating to ten lakh rupees or more in a financial year.
2. **SFT-002:** Payments made in cash aggregating to ten lakh rupees or more during the financial year for purchase of pre-paid instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007).
3. **SFT-003A:** Cash deposits aggregating to fifty lakh rupees or more in a financial year, in or from one or more current account of a person.
4. **SFT-003B:** Cash withdrawals (including through bearer's cheque) aggregating to fifty lakh rupees or more in a financial year, in or from one or more current account of a person.
5. **SFT-004:** Cash deposits aggregating to ten lakh rupees or more in a financial year, in one or more accounts (other than a current account and time deposit) of a person.
6. **SFT-005:** One or more-time deposits (other than a time deposit made through renewal of another time deposit) of a person aggregating to ten lakh rupees or more in a financial year of a person.
7. **SFT-006:** Payments made by any person of an amount aggregating to (i) One lakh rupees or more in cash; or (ii) Ten lakh rupees or more by any other mode, against bills raised in respect of one or more credit cards issued to that person, in a financial year.
8. **SFT-007:** Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring bonds or debentures issued by the company or institution (other than the amount received on account of renewal of the bond or debenture issued by that company).
9. **SFT-008:** Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring shares (including share application money) issued by the company.
10. **SFT-009:** Buy back of shares from any person (other than the shares bought in the open market) for an amount or value aggregating to ten lakh rupees or more in a financial year.
11. **SFT-010:** Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring units of one or more schemes of a Mutual Fund (other than the amount received on account of transfer from one scheme to another scheme of that Mutual Fund).
12. **SFT-011:** Receipt from any person for sale of foreign currency including any credit of such currency to foreign exchange card or expense in such currency

through a debit or credit card or through issue of traveller's cheque or draft or any other instrument of an amount aggregating to ten lakh rupees or more during a financial year.

13. **SFT-012:** Purchase or sale by any person of immovable property for an amount of thirty lakh rupees or more or valued by the stamp valuation authority referred to in section 50C of the Act at thirty lakh rupees or more.
14. **SFT-013:** Receipt of cash payment exceeding two lakh rupees for sale, by any person, of goods or services of any nature (other than those specified at Sl. Nos. 1 to 10 of Rule 114E)
15. **SFT-014:** Cash deposits during the period 09th November, 2016 to 30th December, 2016 aggregating to (i) twelve lakh fifty thousand rupees or more, in one or more current account of a person; or (ii) two lakh fifty thousand rupees or more, in one or more accounts (other than a current account) of a person. Cash deposits during the period 1st April, 2016 to 9th November, 2016 in respect of accounts that are reportable.

Important Notifications issued by the Government in the month of January-2021.

As we all know that the government has already started Faceless Assessment in Direct Taxation, the CBDT has issued Notification-No-2-2021 dated 12/01/2021 in which the Faceless Penalty Scheme,2021 is introduced and explained. All related provisions like Definition, Procedure, Scope of the Scheme, Faceless Penalty Centres, Rectification Proceedings, Appellate Proceedings, etc. are explained there. You can go through with from the following link.

https://www.incometaxindia.gov.in/communications/notification/notification_no_2_2021.pdf

The second Notification is also in relation for Faceless Penalty Shceme-2021.In Notification-No-3-2021 dated 12/01/2021 explains the directions issued by the CBDT in implementing the Scheme. The same can be viewed with the following link.

https://www.incometaxindia.gov.in/communications/notification/notification_no_3_2021.pdf

DUE DATE TO BE FOLLOWED FOR THE MONTH OF FEB 2021.

1. 07-02-2021 - Due date for deposit of Tax deducted/collected for the month of January, 2021
2. 15-02-2021 - Extended Due Date for Filing ITR for AY 2020-21 for taxpayers requiring audit
3. 15-02-2021 - Quarterly TDS certificate (other than salary) for the quarter ending December 31, 2020

Congratulations!

CMA R. B. Kothari
B.Com., ACMA | M–8680

Congratulations for being appointedas "Director (Finance & Accounts)" with Nitrex Chemicals India Ltd.–Ahmedabad.

Earlier he was General Manager (Finance) & CFO in Uttar Gujarat Vij Company Ltd., Mehsana for 12 Years.

CMATrekking

CMA Bhushan U. Pagere
Ex Vice-Chairman, Nashik Chapter of Cost Accountants

#सह्याद्रीच्या_रानवाटा #अप्रतिम_सह्याद्री #जीवधन #चावंड #नाणेघाट #CMATrekkers #गडवाट

दरवर्षी CMA ग्रुपकडून १५ ऑगस्ट आणि २६ जानेवारीला ट्रेकचं आयोजन करण्यात येते...याचं नियोजन CMA Jaydeep Mane, CMA Atul Saswade, CMA Mehaboob Daudi आणि CMA Tejas Ambede हे पुढाकार घेऊन करतात...

मोहीम ठरली....ह्यावर्षी जीवधन, नाणेघाट आणि चावंड गडाची निवड करण्यात आली...

एरव्ही प्रोफेशनल्स म्हणून वावरणारे मित्र तसेच वरिष्ठ मंडळी आज मनमोकळ्यापणे दैनंदिन कामे बाजूला ठेवून ट्रेकिंगला जमले... प्रवास तसा साधारण २.५-३ तासांचा होता परंतु, आम्ही रात्री न झोपताच १२ला प्रवास चालू केला... नारायण गावला रात्री दुधाचा आनंद घेतला व जवळपास एक तास टाईमपास केला व घाटघरकडे कूच केली.

तिथे पोहोचून कडाक्याची थंडी वाजू लागल्याने काही तंदुरुस्त मंडळींना शेकोटीची गरज भासली म्हणून शेकोटीचा आनंद घेतला... जाळ कमी आणि गोंगाट जास्त अशी काही परिस्थिती तिथे तयार झाली होती तांबडं फुटलं आणि निघण्यासाठी आवराआवर चालू झाली...

दाबून नाष्टा करून रिसॉर्ट मालकाकडे जुन्नर दरवाज्याची चौकशी केली व निघाले #CMATrekkers गड सर करायला... निघताना ग्रुप फोटो आणि सेल्फी काढून घेतले...

CMA Amit Apte (Former President), CMA Harshad Deshpande (WIRC Chairman), CMA Ashish Deshmukh अशा मान्यवरांसोबत वेळ घालवायला मिळतोय या गोष्टींचा आनंद मिळत होता... यांच्यासोबत सेल्फी झळकवत रस्ता कापत होतो... गडावर जाताना चकवा देणाऱ्या काही जागा आहेत, त्यातून तुम्हाला मार्ग काढता आला तर एक वाट तुम्हाला जुन्नर दरवाजाकडे घेऊन जाते... पुढे रस्ता शोधत जुन्नर दरवाज्याजवळ पोहोचलो लागलीच तिथे #Mahendra Bechawade यांनी सुंदर अशी गारद देऊन मंडळींचा जोश वाढवण्याचं काम केलं...जुन्नर दरवाजा चढणीसाठी महादरवाजा पेक्षा सोपा आहे.

जुन्नर दरवाजातून पुढे पाण्याची टाके लागतात... सातवाहन काळात स्थापत्य कला म्हणजेच आत्ताची सिव्हिल इंजिनिअरिंग किती प्रगत होती हे अलगद लक्षात आणून देणारी धान्य कोठार तिथे आहे हजारो उन्हाळे पावसाळे खाल्ले परंतु कोठराला किंचितही फरक पडला नाही असो....

पुढे जाऊन उजव्या बाजूला कमल हसनच्या एक दुजे के लिये मधील समुद्रावरील सिन असल्याचा भास होतो...

आता हे झाले वयक्तिक...आता आपण जाणून घेऊया आम्ही भटकंती केलेल्या ठिकाणांबद्दल...

सातवाहन काळातील नाणेघाट नैसर्गिक सौंदर्य लाभलेला जीवधन किल्लायवर जाण्यासाठी आपल्याला जुन्नर तालुक्यातील घाटघर गाव गाठावे लागते, यासाठी आपली खाजगी गाडी असेल तर अतिउत्तम...

नाणेघापर्यंत आता डांबरी रस्ता झाल्यामुळे प्रवास तसा सुखकर आहे...

नाणेघाटाच्या व्यापारी मार्गाच्या संरक्षणासाठी उभारण्यात आला होता, किल्ल्यावरून नाणेघाटात चाललेल्या अतिशय बारीक हालचालींवर सहजपणे नजर ठेवता येते.

इतिहासात डोकं घालायचं म्हंटल तर या दोन्ही ठिकाणांना अनन्यसाधारण महत्व आहे, शिवजन्माच्या काळात स्वराज्यसंकल्पक महाराज राजे शहाजी यांनी निजामशाहीच्या शेवटच्या वंशज मूर्तिजा निजाम याची जीवधनच्या कैदेतून सुटका करून संगमनेरच्या पेमगिरी किल्ल्यावर त्याला निजामशहा म्हणून घोषित केले व स्वतः वजीर बनले...याचबरोबर बुद्धिमत्तेचा पुरेपूर वापर करून अतिशय चतुराईने शह दिला...पुढे जीवधन स्वराज्यात कधी होता तर कधी नव्हता तो येत जात राहिला...

गडाचे दरवाजे कातळात कोरलेले आहेत, गडाच्या अंतर्भागात एकात-एक अशी पाच धान्य कोठारे आहेत. कोठारामधील कमलपुष्पांचे कोरीव नक्षीकाम आहे. १८१८ च्या शेवटच्या मराठे-इंग्रज युद्धात या कोठारांना आग लागली होती, त्यांची राख आजही या कोठारांमध्ये पहायला मिळते.

गडावरून नाणेघाट परिसर अगदी स्पष्ट दिसतो, गडाचा वापर नाणेघाटावर नजर ठेवण्यासाठी केला जात असे.

#नाणेघाट सातवाहन काळात दळणवळणासाठी बांधलेला हायवेच जणू... दख्खनचं पठार आणि कोकनात प्रवेश करण्यासाठी त्या मानाने सोपा मार्ग... नाणेघाटात दगडी रांजण आहे जिथे टोल वसुली केली जात असावी...

#चावंड गडाचे नामकरण शिवरायांनी प्रसन्नगड असे केले, किल्ल्यावर पडक्या स्थितीत मोठ्या प्रमाणात वस्ती होती जीचं अस्तित्व परकीय आक्रमणांमध्ये नष्ट करण्याचा प्रयत्न करण्यात आला, गडावर राजवाडे मंदिरे यांचे मोठ्या प्रमाणात अवशेष सापडतात, किल्ल्यावर गणेश मंदिर आहे आणि त्यासमोर कुंड आहे जे हरिशचंद्र गडावरील पुष्कर्णी तलावाची छोटी आवृत्तीच आहे... तसेच किल्ल्यावर पूर्वीच्या काळी पिण्यासाठी पाण्याची सोय असावी म्हणून प्रचंड जलसाठा आढळतो...

चला तर भेटूया पुढच्या ट्रेकला...

जय शहाजीराजे -- जय जिजाऊ ■

CHAPTER NEWS

AHMEDABAD

- **CEP on Export of Service under GST**

  Chapter had organized Webinar on Export of Service under GST on 17/01/2021. CMA Dakshesh Chokshi, Chairman-Professional Development committee welcomed speaker CMA Sree Ram Kaza and participants. Mr. Sree Ram Kaza gave detailed presentation and explained about Export of Service under GST. 22 Participants took part in program. CMA Nikunj Shah, Vice Chairman proposed vote of thanks.

- **Republic Day Celebration**

  Flag unfurling ceremony at Chapter was organized on 26th January'2021 on Republic Day of India. Flag unfurling was done by CMA Haren Bhatt, Chairman of Ahmedabad Chapter in presence of office bearers, members, staff and students. It was followed by National Anthem.

BARODA

- **Webinar on 'Cost Records and Cost Audit Reports reflections for companies using IND AS"**

  Chapter has arranged a Webinar on 'Cost Records and Cost Audit Reports reflections for companies using IND AS" on 17TH October 2020. The speaker was Shri Milind Date. More than 20 members and students have benefited from the said session.

- **Webinar on "Export of goods under GST"**

  Chapter has arranged a Webinar on "Export of goods under GST" on 11th November 2020. The speaker was Shri Sree Ram Kaza. More than 20 members and students have benefited from the said session.

- **Webinar on 'Industrial Policy of District Industries Centre'**

  Chapter has arranged Webinar on 'Industrial Policy of District Industries Centre' on '05th December 2020". The speaker was Mr. Himanshu Mewada, Joint Commissioner of Industries & General Manager, Vadodara. The webinar was held jointly with Vadodara Chapter of ICSI. More than 30 members and students have benefited from the said session.

PIMPRI-CHINCHWAD-AKURDI

- **Flag Hoisting Ceremony on Republic Day on 26th January 2021**

  Chapter has celebrated 72nd Republic Day on January 26, 2021 at CMA Bhawan,. On this occasion CMA Hanif Shaikh, Senior Member of the Institute and Faculty of the Chapter hoisted the flag. Members, Students, Managing Committee Members and staff of PCA Chapter present for this event by keeping social distancing. The function was followed by national anthem.

- **Webinar on 'Leveraging ICAI MOUs for International Career' on 30.1.2021**

  Chapter conducted webinar on 'Leveraging ICAI MOUs for International Career' on 30th January 2021 through Google Digital platform.

  CMA Pradeep Deshpande, Secretary of PCA Chapter has welcomed all the audience and introduced the speaker CMA Pradeep Sahasrabudhe, Practicing Cost Accountant.

  CMA Pradeep Sahasrabudhe in his speech has focused on various opportunities made available for the CMA Members due to MOUs with the foreign countries. He also explained the benefit and services to the members in these professionals.

PUNE

- **Webinar on "E Invoicing under GST"**

  Chapter arranged Webinar for members on 1st January 2021 on the topic "E Invoicing under GST". Mr.Atul Deodikar (DGM-Corporate Logistics and GST, Endurance Technologies Ltd.) and Mr.Vishal Kulkarni (Sr.Manager, Working at Edurance) were speakers for the webinar. Lecture was very informative and fruitful for participants in current situation.

  CMA Rahul Chincholkar, Chairman Students Co-ordination Committee, ICAI-Pune Chapter welcomed the members & introduced the Speaker to the participants.

- **Webinar on "Integrated Reporting - New Vistas of Corporate Reporting"**

  Chapter organized Webinar for members on 2nd January 2021 on the topic "Integrated Reporting - New Vistas of Corporate Reporting" CMA Milind Datey was speaker for the webinar. Lecture was very Informative & knowledge sharing.

  CMA Rahul Chincholkar, Chairman Students Co-ordination Committee, ICAI-Pune Chapter welcomed the members & introduced the Speaker to the participants.

- **Valedictory Session for the IDAS Training Course**

  Under the revamped training programme of IDAS Probationers the Academy proposes to include a '5 days course on Cost Accounting from 28-12-2020 to 01-01-2021 and another 5 day course on Risk Analysis from 04-01-2021 to 08-01-2021.As a part of this ICAI-Pune Chapter arranged Training course on Cost Accounting and Financial risk analysis for IDAS Probationer's on Monday 28th December 2020. Valedictory Session for the IDAS Training Course was arranged on Friday 8th January 2021.Welcome speech delivered by CMA Sujata Budhkar, Chairperson, ICAI-Pune Chapter. CMA N.K.Nimkar Representative of faculties of Training Course, CMA Milind Date, Shri Anand Agrawal,(IDAS, Director, NADFM, Pune) addressed in valedictory session.

- **Flag Hoisting Ceremony-Republic Day Programme**

  Flag Hoisting Ceremony was held on Republic Day at Chapter's premises as per HO guidelines at Pune Chapter CMA Bhawan. Present on this occasion were, CMA Dr. D. V. Joshi, Former President ICAI, CMA Sujata Budhkar, Chairperson, ICAI-Pune Chapter, CMA Abhay Deodhar, Vice-Chairman, CMA Smita Kulkarni, Secretary, CMA Nilesh Kekan, Chairman, P.D. Committee, ICAI-Pune Chapter, Students, Faculties and Staff of Pune Chapter. CMA Smita Kulkarni, Secretary, of ICAI- Pune Chapter, welcomed the gathering.

  CMA Dr.D.V.Joshi, President, ICAI and CMA Sujata Budhkar, Chairperson, ICAI-Pune Chapter unfurled the flag. This was followed by recital of National Anthem by all.

SURAT SOUTH GUJARAT

- **Motivational Session on "Growth Path Road Ahead"**

  Chapter organized a Motivational Program on "Growth Path Road Ahead" on 16th January 2021 through the Google meet. The Speaker of the Program was Shri Himanshu Bhatt- Leadership Coach and Leadership Incubator. CMA Bharat Savani, Chairman presented a welcome address and Vice Chairman, CMA Nanty Shah gave introduction of the Speaker to the members. Around 40 members took the benefit of the program. CMA Brijesh Mali- Immediate past chairman presented formal vote of thanks to the speaker and participants.

- **Republic Day Celebration & Blood Donation Camp**

  Chapter celebrated 72nd Republic Day at the Chapter's campus, Shri. Mayur Bhai Chauhan- Chief Guest hoisted the flag along with CMA Bharat Savani, Chairman of the Chapter, CMA Nanty Shah – Vice Chaiman, CMA Pankaj Kannaujiya – Secretay, CMA Keval Shah- Treasurer along with CMA Brijesh Mali, Immediate Past Chairman, CMA Kishor Waghela and CMA Mahesh Bhalala Members of Managing Committee of the Chapter. There was also a blood donation camp being organized at Chapter office on same day.

- **Press meet for Declaration of Result for Dec-2020 Foundation Exam**

  Chapter-ICAI hosted a Press Meet at the Chapter's campus for the declaration of results for foundation exam held for December 2020 term. CMA Bharat Savani, Chairman, CMA Nanty Shah, Vice Chairman and foundation passed students with their parents joined the Meet. The Press Meet was being held the exam was held online. 66 students appeared for online exam 52 got passed. The Chairman Sir along with the Vice Chairman Sir honored the top 3 students and congratulated the Students and motivated them for future and also thanked our honourable faculties for their support to students and Chapter by continuing the Oral Coaching even through digital platform from home.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

WESTERN INDIA REGIONAL COUNCIL

Announces

SPORTS EVENT 2021

Welcome to all the Members and Students of WIRC

Venue : The Poona Western Club, Near Chandani Chowk, Next to SKYi Songbirds, Bhugaon, Pune 412 115.

WIRC is happy to announce "Sports event 2021" of Students and Members of Western Region

ACTIVITIES			
Cricket	Football	Carrom	Chess
Table tennis	Miss CMA / Mr. CMA	Cultural Programme	Fun games

Day and Date	Timing
Saturday, 27th February, 2021	08.00 a.m. to 9.00 p.m.
Sunday, 28th February, 2021	08.00 a.m. to 5.00 p.m.

PARTICIPATION FEES

For CMA Members & WIRC (Oral) Students Rs. 500/- per person including GST
For Others Rs.1,000/- per person including GST

NEFT DETAILS:

Account Name : ICAI- WIRC Bank: Bank of Baroda • SB Account No. 27940100022156 • Branch: Horniman Circle, Mumbai IFSC Code: BARB0PBBMUM (5th Character is Zero) • MICR Code: 400012111 • PAN : AAATT9744L

Interested Students / Members are requested to contact event Coordinators:

Mr. Tanmay More: 88280 61444 & Ms. Poojanka Gurav - 93721 67164
For Sponsorship : Mr. Tanmay More 88280 61444

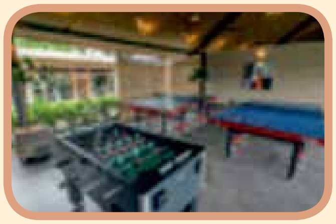
We invite you to join an exclusive group of people who enjoy the essence of fine living.

- Food arrangements will be done by WIRC on 27th & 28th.
- Accommodation and Transport arrangements will have to be done by participants.
- Rules of games will be announced subsequently
- Participants have to strictly follow the COVID guidelines
- Limited seats on First come First Serve basis







Seminar on Discussion on Union Budget 2021 jointly with WIRC of ICSI - 2nd February 2021

CMA Harshad Deshpande, Chairman WIRC welcoming members

CMA Harshad Deshpande, Chairman WIRC felicitating CS Pawan Chandak, Chairman WIRC of ICSI. Also seen CS Rahul P. Sahasrabuddhe, Past Chairman WIRC of ICSI

CMA Harshad Deshpande, Chairman WIRC felicitating CS Devendra Deshpande, Vice President of ICSI

Felicitation of CMA Dhiraj Sachdev, one of the speaker

CMA Harshad Deshpande, Chairman WIRC met Shri Vijay Sane, Chairman, Nasik Merchant' s Co-op Bank Ltd to submit Representation for Empanelment of CMAs for Stock Audit. Also seen CMA Arpita Fegde, Vice Chairman, Nasik Ojhar Chapter & CMA Pradnya Chandorkar

CMA Harshad Deshpande, Chairman WIRC felicitating Mr. M.P. Shah, New Regional Director (RD), MCA, Western Region, also seen Mr. Manoj Bang, Dy. Director of MCA - Western Region

CMA Harshad Deshpande, Chairman of WIRC felicitated by WIRC Staff Members

CMA Dinesh Birla, Vice Chairman WIRC felicitating CMA Shailesh Sivdassan, CFO Gujarat State Energy Generation Ltd.

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Theme for March 2021

Theme for March month is **Yearend (2020-21) Activities under COVID 19 – Do's & Don'ts (Accounting, Income Tax, Companies Act Prospective)**

Sub Theme:

- Year end Activities – COVID -19 Impact
- Year end Activities - GST
- Year end Activities - TDS
- Year end Activities – Income tax & Advance tax
- Year end Activities – Companies Act
- Year end Activities – Profitability & growth
- Year end Activities – Budget V/s Actuals

Articles on the theme as well as other professional matters are invited along with scanned copies of their recent passport size photograph, email id, mobile no and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else. Please send your articles by **e-mail to wirc.admin@icmai.in before 25th February 2021.**

Pls. Note the final decision to consider Article/Paper is left with Chairman – Editorial Board.

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