WIRC BULLETIN

ISSN 2456-4982

Vol. 50 | No.3 | March 2022 | Pages 56 | Price: Rs. 5/- | RNI No. 22703/72

Production Linked Incentive (PLI) Scheme

MARCH 2022

PRODUCTION LINKED INCENTIVE SCHEME

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

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

Tel. : +91 93720 71120 | +91 88280 61444 +91 93720 36890

E-mail : wirc.admin@icmai.in
Website : www.icmai-wirc.in

Inside Bulletin

CMA Neeraj Joshi, Central Council Member, ICAI, CMA Chaitanya Mohrir, RCM, ICAI-WIRC seen alongwith managing Committee members of Pune Chapter during MOU Agreement Signed between ICAI-Pune Chapter and Kaveri College of Arts, Science & Commerce on 25th February 2022.

CMA Nanty Shah, Chairman Felicitating Shri Harsh Sanghvi- Home Minister, Gujarat State, Govt. of Gujarat duringg visit of Managing Committee members of Surat - South Gujarat Chapter to SUDA Bhavan to discuss professional avenues for members.

CMA Arindam Goswami, RCM and Chairman Members & Student Committee of WIRC of ICAI, made representation to Mr. D M Karan, CGM In charge of Finance & Accounts and Mr. D. K. Banshyopashya, GM (Finance) of Bhilai Steel Plant for recruiting Intermediate qualified students into Bhilai Steel Plant on 25th February 2022

FROM THE DESK OF CHAIRMAN

Dear Professional Colleagues,

Namaste !!

"Anything is possible if you have the right people to support you."

With the support of all members of our region we have planned our mega event i.e. Regional Cost Conference (RCC) on 26th & 27th March, 2022 at Narayani Heights, Gandhinagar (Gujarat) on theme of Emerging Trends in Strategic Cost Management in Economic Era.

I request all the members to participate in this event in large numbers & take the advantage of knowledge sharing in technical sessions of the RCC. I think as a team we can make this event a huge success.

I congratulate all the students who have cleared their Final, Intermediate & Foundation exams. We have kept Felicitation Programme for those who have cleared exams on 12th March 2022 at A. M. Shah Institute at Ghatkopar, Mumbai. President & Vice President of our Institute accepted our Invitation and will preside over the Felicitation Function. We are also having the Inauguration of Pre-Placement Training Programme on the same date at the same venue which will be inaugurated by the President. Near about 100 Fresh CMAs from all over the region will attend the 11 Days Pre-Placement Training Programme.

Today the world is standing on the Cross Road of Third World War with the unexpected beginning of Russia-Ukraine War. Every Nation especially USA and European Countries have kept themselves away from the decision of direct intervention in the war to help Ukraine and stop Russia. Even other countries of the world have abstained from taking any firm decision. The present situation has impact on high-frequency indicators like financial markets, exchange rate and crude prices in the short and long term. Moreover, USA and other countries have put various sanctions on Russia including cutting off many Russian banks from interbank payments system SWIFT, which will have long term adverse impact on the Russian Economy. These sanctions will not only impact the Russian growth but may give an opportunity to other emerging countries like India to grow.

Globally, these may impact the supply of Oil and Gases, industrial commodities, Ferrous and Non-ferrous metals, financial markets, cross border investments mainly investments in European Countries, Edible Oil, Auto Industries, so on. Inflation will be a great concern for the whole world. At present, the inflation crisis is a main concern after Covid-pandemic which will be further escalated with this war crisis. The Interest rate is ready to shoot up which will be further supported and backed by the war crisis. Once the war will come to an end, it is a very much confirmed that all countries will increase their defense budget and develop arms and ammunition industry within the country.

The biggest concern for the Indian Economy is only the increase in the prices of Crude Oil and Gases, which will be stabilized over the period and will not have long lasting impact. India should have to learn some of the lessons from the Russian-Ukraine war mainly on economic fronts and has to develop the system of self-sustain mainly in the following fields i.e. Oil and Gas, Arms and Ammunition Equipment's, Financial Payment Systems, Manufacturing of various electronic items and so on. Putting sanction on the SWIFT system clearly indicates that at the present situation; banking system is the back bone for any economy as all transactions are routed through the banking channel. India has recently opened the arms and ammunition industry for private sector, which will further boost up.

Cost accounting profession will play a very vital role to research and advice to the Government of India to support the development of various facilities in India including banking channel. Cost Accountants are not only equipped with the knowledge of finance but also have expertise in the field of reducing material & process cost of production.

I would like to update on P.D. activities at WIRC during the month of February:

- Webinar in association with Savitribai Phule Pune University and Jointly with Pimpri-Chinchwad-Akurdi Chapter on Corporate Governance on 12th February 2022. CMA B. Renganathan, General Counsel, Emcure Pharmaceuticals Ltd., was the speaker.
- Webinar on Unconventional Consulting Scope for the Practicing Cost Accountants on 19th February 2022. CMA (Dr.) Girish Jakhotiya, Chief Consultant, Jakhotiya & Associates was the speaker.
- Webinar on Financial Planning and Investment Fundas on 5th March 2022. Ms. Shetal Mehta, Founder of SPM Wealth was the speaker.

Looking forward to your suggestions.

I wish happy and colourful Holi, Gudi Padwa & Chetichand to all the Members, Students and their families.

Stay safe, Stay healthy.

With Best Wishes,

CMA Dinesh Kumar Birla
Chairman, ICAI-WIRC

FROM DESK OF CHIEF EDITOR

My Dear CMAs'

"Reach high, for stars lie hidden in you. Dream deep, for every dream precedes the goal." ***— Rabindranath Tagore***

It is my pleasure to release the WIRC Bulletin with the theme of the current month "Production Linked Incentive Scheme (PLI)".I would like to mention that It is possible to release the monthly Bulletin with emerging issues only with the support of Team WIRC, Resource contributors, for which we have received overwhelming response from members.

The Production-linked Incentive scheme (PLI) was first introduced in March 2020 and in her 2021-2022 Budget speech Finance Minister Nirmala Sitharaman announced an outlay of Rs. 1.97 lakh crore for the scheme. The scheme is aimed at boosting domestic manufacturing under the Atma nirbhar Bharat initiative of the government. According to the Commerce Ministry, the PLI scheme is expected to boost production worth an estimated $500 billion in five years since its introduction. The main motive of the Government was boost the production of goods considered necessary for job creation, social welfare and taxation and indeed it is a financial incentive s for business to augment their output. The incentives may be in the form of tax rebates, lowered import and export duties or easier land acquisition norms. The benefits of a PLI scheme are generally passed on to the end consumers of goods in the form of lower costs.

Some of the identified sectors for PLI scheme are electronic or technology products, high-efficiency solar modules, specialty steel, pharmaceutical drugs, telecom & networking products, food products, automobile and auto components, textile manufacturing and advanced chemistry cell battery.

For different class of industries covered under the scheme, different parameters have been fixed like in the case of pharmaceuticals manufacturing, a company's net worth should not be below 30% of total investment. This project should fall under the green field project. For fermentation-based goods, the DVA or Domestic Value Addition needs to be at least 90%.

Here the Cost Accountants shall play a vital role in determining the eligibility and it is the high time, we will showcase our capability in this area, before the concerned Ministries.

I am thankful to the authors of this Bulletin and my colleagues in WIRC for their wholehearted support to make this Bulletin usable.

I request your participation in large numbers for the WIRC Regional Cost Convention (RCC), scheduled on 26th & 27th March, 2022 at Gandhinagar, Gujarat. The details of the RCC are available in the current issue of WIRC Bulletin, on page nos. 6 & 7.

At last, I on behalf of the Western India Regional Council (WIRC) of the Institute of Cost Accountants of India wish you a happy and enjoyable festival of Colours and Ugadi.

Stay safe stay healthy with your near and dear ones.

With sincere regards.

CMA Arindam Goswami
Chairman, Editorial Board

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

WESTERN INDIA REGIONAL COUNCIL

is pleased to announce

REGIONAL COST CONVENTION 2022

Theme - "Emerging Trends in Strategic Cost Management in Global Economic Era"

On Saturday, 26th & Sunday, 27th March 2022

At

Narayani Heights, Gandhinagar - Ahmedabad Road,
Adj. Apollo Hospitals, GIDC Bhat, Ahmedabad - 382 424.

In the auspicious presence of

Shri Jagdishbhai Ishwarbhai Vishwakarma,

Hon'ble Minister for

Cottage Industries, Co-operation, Salt Industries, Protocol (Independent Charge), Industries, Forest, Environment and Climate Change, Printing and Stationary (State Minister, Government of Gujarat)

About the Theme of the Convention

The importance of management of costs regularly in strategical and operational activities of the firm, supports in decision making. Deliberations on different levels of cost management strategies, through the consciousness at the time of approving and allowing the transactions as part of cost control, in addition to application of value engineering, understanding from macro level of financial statements to micro level working of firm, application of latest technological and strategical decision making tools would be done, through the support of different type of real case studies and its' implications for future would be the main theme of this RCC.

PROGRAMME SCHEDULE

Saturday, 26th March, 2022		
From	**To**	**Details**
09.00 a.m.	10.00 a.m.	Registration & High Tea
10.00 a.m.	11.30 a.m.	Inauguration Session
11.30 a.m.	11.45 a.m.	Tea / Coffee Break
11.45 a.m.	01.15 p.m.	Technical Session 1 - **Technological implications through Strategic Cost Management**
01.15 p.m.	02.00 p.m.	Lunch
02.00 p.m.	03.30 p.m.	Technical Session 2 - Cost Reduction Parameters
03.30 p.m.	03.45 p.m.	Tea / Coffee Break
03.45 p.m.	05.15 p.m.	Technical Session 3 - Cost Control Parameters
05.15 p.m.	07.00 p.m.	Chapters' Meet
Sunday, 27th March, 2022		
From	**To**	**Details**
10.00 a.m.	10.30 a.m.	High Tea
10.30 a.m.	12.00 p.m.	Technical Session 4 - **Contemporary Tools for Cost Management**
12.00 p.m.	12.15 p.m.	Tea / Coffee Break
12.15 p.m.	01.00 p.m.	Valedictory Session
01.00 p.m.	02.00 p.m.	Networking Lunch

** Six CEP Credit Hours will be provided to the Members of The Institute*

DELEGATE FEES & SPONSORSHIP DETAILS

Non Residential Delegate Fees (Including 18% GST)	
Delegate Categories	**Amt. (Rs)**
Self-Sponsored Members	2,950/-
Corporate Delegates & Non Members	4,130/-
Students & Accompany Spouse	2,360/-

Souvenir Tariff Plus 5% GST	
Souvenir Imprint	**Amt. (Rs) ***
Back Cover	25,000/-
Front Inside Cover	20,000/-
Back Inside Cover	20,000/-
Full Page Colour	15,000/-
Half Page Colour	10,000/-
Full Page (B/W)	10,000/-
Half Page (B/W)	5,000/-

Sponsorship Details Plus 18% GST	
Sponsorship Type	**Amt. (Rs.)***
Platinum	5,00,000/-
Gold	3,00,000/-
Silver	2,00,000/-
Infrastructure Partner	1,00,000/-
Hospitality Partner	50,000/-

PAYMENT DETAILS

- Cheque / DD should be in favour of 'ICAI-WIRC'
- Account: The Institute of Cost Accountants of India - 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 GSTIN No. : 27AAATT974L1ZS

QR Code

For Registration, please contact

WESTERN INDIA REGIONAL COUNCIL OF ICAI

Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001. Maharashtra. India.
Mob: 9372045191/ 7777088443/ 9892025045 | 9892185588 Email: wirc.admin@icmai.in | Website : www.icmai-wirc.in

Production Linked Incentives (PLI) - A Booster For Important Sectors

CMA Santosh S. Korade
Mob.: 97305 77016, 93569 56185
E-mail : santoshkorde77@gmail.com

Abstract

Every economy has two main sectors i.e. manufacturing of goods & rendering of services and this both sectors has designed with lot of verticals like as electrical goods, electronics goods, automobile sectors, chemical industry, food processing Industries etc. There are some sectors which have importance towards development of economy, job creations and social welfare. So Government of India has introduced one scheme for those sectors named as "Production Linked Incentives" (PLI). The Production-linked Incentive is a conventional and popular strategy used by governments to boost the production of goods considered necessary for job creation, social welfare and taxation. PLIs are essentially financial incentives for businesses to augment their output. Like the name means, PLI scheme is an initiative that provides incentives to domestic industries to boost local production. When that happens, specifically tailored products emerge that satisfy a selected niche of target audience.

Production Linked Incentives Scheme (PLI)-

PLI Scheme, as the Production Linked Incentive Scheme is commonly abbreviated as, is an initiative started by the Government of India to not only encourage foreign companies to find workforce in the country and thereby generate employment, but also encourage domestic and local production to create micro jobs.

Domestic businesses also help in cutting down import bills. As per the PLI scheme, the government encouraged domestic companies and establishments to set up or expand on manufacturing units to increase production, to which the government provides incentives on incremental sales. The PLI scheme is essential in the country for many reasons. The prime necessity, as the Director of ICRIER said, is to neutralize the amount of imports and exports in the country in a non-discriminatory manner. This is possible when domestic industries are given more and due importance.

Another reason is that India is primarily a labour intensive workforce owing to the population, and that the government could focus on capital influx for growth. But the capital intensive growth can generate returns only after a long time, a duration that foreign funding can afford. So instead, the government shifting its focus to boost short term, under a year result driven industries, can potentially balance the trade into and out of the country.

Take the example of electric vehicles. They don't have ready demand but a shift to greener automobile is essential for the country. In this regard, the government has what is called the FAME scheme. It stands for Faster Adoption and Manufacturing of Hybrid and Electric Vehicles. Under this scheme are a whole lot of concessions for EV makers.

Recently, the Indian government identified 13 priority sectors where PLI schemes will be launched with a total outlay of Rs 2 trillion. Sectors for which incentives have already been approved are electronic or technology products, pharmaceuticals drugs, telecom & networking products, food Products, high-efficiency solar modules, automobile and auto components, specialty steel, textile manufacturing, advanced chemistry cell battery, textiles, and specialty steel.

Incentives offered under PLI as bellows-

S.No.	Sectors	Incentives	Period
1	Auto Components	Based on Sales, Performance Criteria, Local Value addition	5 Years
2	Automobile	Based on Sales, Performance Criteria, Local Value addition	5 Years
3	Aviation	Based on Sales, Performance Criteria, Local Value addition	3 Years
4	Chemical	Based on Sales, Performance Criteria, Local Value addition	5 Years
5	Electronic System	4% to 6%	5 Years
6	Food Processing	4% to 10%	6 Years
7	Medical Devises	5%	5 Years
8	Metals and Mining	4 to 12%	5 Years
9	Pharmaceuticals	3% to 10%, 5% to 20% for API, DI, KSM	6 Years
10	Renewable energy	Based on Sales, Performance Criteria, Local Value addition	5 Years
11	Telecom	4% to 7%	5 Years
12	Textiles and Apparel	Based on Sales, Performance Criteria, Local Value addition	5 Years
13	White Goods	4% to 6%	5 Years

Sectors are covered under India's PLI schemes

There are 13 sectors beneficiaries of the PLI schemes. They are as follows:

Auto Components & Automobile-

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
1	Auto Components	Ministry of Heavy Industries and Public Enterprises	Automobile Auto Components	INR 25,938 cr
2	Automobile			

India's federal government has approved the PLI scheme for automobile and auto components with a budgetary outlay of INR 259.38 billion to boost domestic manufacturing capacity, including the production of electric and hydrogen fuel cell vehicles. The scheme offers financial incentives to boost domestic manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain also to boost domestic manufacturing of Advanced Automotive Technology products and attract investments in the automotive manufacturing value chain

Aviation

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
3	Aviation	Ministry of Civil Aviation	Drones & Drone Components	INR 120 cr

Under the PLI Scheme for drones and drone components, the government has liberalized the minimum value addition criteria to 40 percent of net sales for drones and drone components. The budget of the scheme is INR 1.2 billion. The PLI scheme comes as a follow-through of the liberalised Drone Rules, 2021 released by the Central Government on 25 August 2021. The PLI scheme and new drone rules are intended to catalyse super-normal growth in the upcoming drone sector.

Chemical

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
4	Chemical	Department of Heavy Industry	Advance Chemistry Cell Batteries	INR 18,100 Cr

An outlay of INR 181 billion has been earmarked by the government towards the scheme, which is intended to establish local manufacturing capacity of 50 Giga Watt Hour (GWh) of ACC and five GWh of Niche ACC capacity. This scheme is also in sync with India's objective of accelerating EV adoption over the coming decade, while also reducing the dependence on imports. The scheme is mainly targeted at large players.

Electronic System

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
5	Electronic System	Ministry of Electronics and Information Technology	Mobile Phones, Specified Electronic Components, Laptops, Tablets, All-in-one PCs, Servers	INR 40,000 cr (PLI for Large Scale Electronics Manufacturing) INR 7,325 cr PLI for IT Hardware

GoI given its approval to introduce the Production-Linked Incentive (PLI) Schemes for Large Scale Electronics Manufacturing and IT Hardware for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

Food Processing

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
6	Food Processing	Ministry of Food Processing Industries	Ready to Eat / Ready to Cook (RTE/ RTC), Marine Products, Fruits and Vegetables, Mozzarella Cheese	INR 10,900 cr

The ensuing benefits from the PLI scheme in this sector are expected to trickle down to farmers and help harness the massive employment generation potential in the sector.

The PLISFPI scheme is made up of the following components:

Incentivize the manufacture of four major food product segments: ready-to-cook/ready-to-eat foods, marine products, processed fruits and vegetables, and mozzarella cheese. Innovative and organic products from small and medium-sized enterprises (SMEs), such as eggs, egg products, and poultry meat, are covered under this component.

Support the branding and marketing of select Indian food products abroad to enable their entry into international food markets and increase their visibility. For example, the scheme is considering providing grants for applicant entities to establish in-store branding, shelf space renting, and marketing.

The Ministry of Food Processing closed PLI applications for the sector in June 2021. Applicants were examined on the following criteria:

Category-I: Applicants are large entities who apply for Incentive based on Sales and Investment Criteria. Applicants under this category could undertake Branding & Marketing activities abroad also and apply for grant under the scheme with a common Application.

Category-II: SMEs Applicants manufacturing innovative/ organic products who apply for PLI Incentive based on Sales.

Category-III: Applicants applying solely for grant for undertaking Branding & Marketing activities abroad.

Medical Devises

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
7	Medical Devises	Department of Pharmaceuticals		INR 18,420 cr

The Indian Government has identified medical devices as a priority sector for the flagship ‘Make in India’ program and is committed to strengthening the manufacturing ecosystem. The PLI phase one of this scheme has been completed and phase two has been announced. The eligible medical device segments under this scheme include:

Cancer care / radiotherapy: Brachytherapy systems, rotational cobalt machine, radiotherapy simulation systems, linear accelerator (linac), proton therapy system, etc.

Radiology, imaging and nuclear imaging devices: CT Scan, MRI, ultrasonography, X-ray equipment, mammography, C-arm, Cath-Lab, positron emission tomography (PET) Systems, single-photon emission tomography (SPECT), cyclotrons, etc.

Anesthetics, cardio-respiratory and renal care: Needles-anesthesia, syringes-anesthesia, anesthesia workstation, anesthesia unit gas scavengers, anesthesia kits, masks —anesthesia, anesthesia unit vaporizers, anesthesia unit ventilators, automated external defibrillators (AEDs), dialyzer, dialysis machine, peritoneal dialysis kits, etc.

All implants: Cochlear implants, hip implants, knee implants, spinal and neuro-surgical implants, urogynecologic surgical mesh implants, hernia surgical mesh implants, cerebral spinal fluid (CSF) shunt systems, implanted pacemakers, insulin pump, implanted neuro-stimulated device like deep brain stimulator, intraocular lenses, heart valves, stents etc.

Metals and Mining

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
8	Metals and Mining	Ministry of Steel	Coated/Plated Steel Products, Electrical Steel, Alloy Steel Products and Steel Wires, Specialty Rails, High Strength/ Wear Resistant Steel	INR 6,322 cr

This scheme will be implemented for a five-year period, from FY 2022-23, with the incentive to be released from FY 2023-24. The initial year may be delayed by up to two years in case of specific product categories. The release of the incentive will be from FY 2023-24 to 2027-28 (FY 2025-26 to FY 2029-30 in case of deferment by two years). The five categories of specialty steel that have been selected in the PLI scheme are coated/plated steel products, high strength/wear resistant steel, specialty rails, alloy steel products and steel wires, and electrical steel.

Renewable energy

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
10	Renewable energy	Ministry of New and Renewable Energy	Solar PVs	INR 24,000 cr

GoI given its approval to introduce the Production-Linked Incentive (PLI) Scheme in High Efficiency Solar PV Modules for Enhancing India’s Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

Pharmaceuticals

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
9	Pharmaceuticals	Department of Pharmaceuticals	Category 1 : Biopharmaceuticals, Complex generic drugs, Patented drugs or drugs nearing patent expiry, Cell based or gene therapy products, Orphan drugs, Special empty capsules, Complex excipients, Phyto-pharmaceuticals Category 2 Active Pharma Ingredients (APIs), Key Starting Materials (KSMs), Drug Intermediaries (Dls), Category 3 : Repurposed Drugs, Auto-immune drugs, Anti-cancer drugs, Anti diabetic drugs, Anti, Infective drugs, Cardiovascular drugs, Psychotropic drugs, Anti-Retroviral drugs, Fermentation based 4 KSMs /DIs	INR 21,940 cr

The Indian pharmaceuticals market is supported by the following PLI schemes to boost domestic manufacturing capacity, including high-value products across the global supply chain.

Telecom

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr(Rs)
11	Telecom	Department of Telecommu-nication	Core Transmission Equipment, 4G/5G, Next Generation Radio Access Network and Wireless Equipment, Access & Customer Premises Equipment (CPE), Internet of Things (IoT) Access Devices and Other Wireless Equipment, Enterprise equipment: Switches, Router	INR 12,195 cr

Approved with an outlay of INR 121.95 billion, the main implementing agency of this scheme will be Department of Telecommunications. Recognizing the need for additional support to MSME units, it allows them additional incentives in the initial years. The list of target products include core transmission equipment, 4g/5g, next generation radio access network and wireless equipment, access & customer premises equipment (CPE), internet of things (IoT) access devices and other wireless equipment, enterprise equipment: switches and other products as maybe decided by empowered group of secretaries.

A total of 31 companies – 16 MSMEs and 15 non-MSMEs (eight domestic companies and seven global companies) have been found eligible by the Department of Telecommunications (DoT) under the PLI scheme. These 31 PLI beneficiaries are expected to invest US$447 million in the next four years and generate incremental employment for more than 40,000 people.

Textiles and Apparel

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
12	Textiles and Apparel	Ministry of Textiles	Man-Made Fiber Segment, Technical Textiles	INR 10,683 cr

Approved with an outlay of INR 106.83 billion the main implementing agency of this scheme will be Ministry of Textiles. This scheme intends to shift the textile production from natural fibers to man-made fibers (MMF) and technical textiles, aligning with global consumption patterns. The product segments under this sector will include MMF apparel and MMF fabrics as well as 10 segments / products of technical textiles.

Developing indigenous technical textiles manufacturing capacity is a key priority for the government as they have application in several sectors of the economy, including infrastructure, water, health and hygiene, defense, security, automobiles, aviation, etc. and- help secure sector efficiencies.

Incentive structure of the PLI for Textiles Scheme

The incentive structure has been so formulated that industry will be encouraged to invest in fresh capacities in these segments. There are two types of investment possible with different sets of incentive structure as stated below.

Phase 1: Any person (includes firm / company) willing to invest minimum INR 3 billion in plant, machinery, equipment, and civil works (excluding land and administrative building cost) to produce products of notified lines (MMF fabrics, garment) and products of technical textiles, shall be eligible to apply for participation in the scheme. They will be entitled to incentives under the PLI Scheme once they achieve a turnover of at least INR 6 billion.

Structure of incentive: Participant companies achieving the minimum turnover requirements after a gestation period of two years and starting from FY 2024-25 are entitled to 15 percent incentive on attaining the required turnover in Phase 1 of the scheme. Incentives in subsequent years is contingent on turnover increasing by at least 25 percent each year up to FY 2028-29, with incentives falling by one percent each year to reach 11 percent in the final year of the scheme.

Phase 2: Any person (includes firm / company) willing to invest minimum INR 1 billion) shall be eligible to apply for participation in this part of the scheme. Those generating a turnover of at least INR 2 billion will receive incentives. In addition, priority will be given for investment in Aspirational Districts, Tier 3, Tier 4 towns, and rural areas. This scheme will positively impact states like Gujarat, Uttar Pradesh, Maharashtra, Tamil Nadu, Punjab, Andhra Pradesh, Telangana, Odisha etc.

Structure of incentive: Producers with lower investment and turnover thresholds will be selected, and incentives will start at 11 percent for achieving the required turnover and fall by one percent each year to reach seven in FY 2028-29, with incentives after year-one being subject to a similar condition of 25 percent annual growth in turnover.

White Goods

Sr.No.	Sectors	Ministry	Product	Scheme outlay Cr (Rs)
13	White Goods	Department for Promotion of Industry and Internal Trade	Air conditioners Air Conditioners Components, High Value Intermediates (Copper Tubes, Aluminium Foil and Compressors), Low Value Intermediates (PCB assembly for controllers, BLDC motors, Service Valves and Cross Flow fans for AC and other components) LED lights LED Lighting Products LED Chips, LED Drivers, LED Engines, Mechanicals, Packaging, Modules, Wire Wound Inductors etc LED Chip Packaging, Resisters, ICs, Fuses etc	INR 6,238 Cr

Total incentives applicable under the PLI scheme for white goods (Air Conditioners and LED Lights) will cost the government INR 62.38 billion The target segments under air conditioners are:

- Air conditioners (components – high value intermediates or low value intermediates or sub-assemblies or a combination thereof)
- High value intermediates (copper tubes, aluminum foil, and compressors)
- Low value intermediates (PCB assembly for controllers, BLDC motors, service valves, and cross flow fans for AC and other component

The target segments under LED include:

- LED lighting products (core components like LED chip packaging, registers, ICs, fuses, and large-scale investments in other components)
- Components of LED lighting products (like LED chips, LED drivers, LED engines, mechanicals, packaging, modules, wire wound inductors, and other components)

The pillars of the policy are:

Employment generation: This is main objective of PLI. As large-scale manufacturing requires large labour force, it is expected that the PLI schemes will utilize India's abundant human capital and enable up skilling and technical education.

Creation of large-scale manufacturing capacity: Since the incentives are directly proportional to production capacity/ incremental turnover, it is expected that investors will be compelled to create large-scale manufacturing facilities. Furthermore, it is also expected to bring improvements in industrial infrastructure, benefiting the overall supply chain ecosystem.

Import substitution and increase in exports: PLI schemes intend to plug the gap between the highly skewed Indian import- export basket, which is mainly characterized by heavy imports of raw materials and finished goods. The PLI schemes are intended to enable domestic manufacture of goods, thereby causing a reduction in reliance on imports in the short term and expanding quantum of exports from India over long term.

Congratulations!!!

CMA (Dr.) N. K. Nimkar (M/6493) has been awarded **Ph.D.** in Management
by Savitribai Phule Pune University

An Insight to Production Linked Incentive Scheme (PLI)

CMA N. Rajaraman
E-mail: rajaraman.chandra@gmail.com

About the PLI scheme:

To make India a manufacturing hub, the government recently announced the PLI scheme for mobile phones, pharma products, and medical equipment sectors.

- Notified on April 1 as a part of the National Policy on Electronics.
- Proposed as a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain.

Key features of the scheme:

- The scheme shall extend an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years with financial year (FY) 2019-20 considered as the base year for calculation of incentives.
- The Scheme will be implemented through a Nodal Agency which shall act as a Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support and carrying out other responsibilities as assigned by MeitY (Ministry of Electronics and Information & Technology) from time to time.

How production-linked incentives are boosting India's manufacturing industry.

The Government of India announced the second edition of production-linked incentives (PLI) schemes across 10 key sectors. The PLI schemes were launched with the intention of scaling up domestic manufacturing facilities, accompanied by higher import substitution and employment generation.

These schemes offer turnover linked incentives to approved investors, upon meeting the specified investment, capacity, and turnover criteria. Given their simple structure and the likely benefits, they have quickly become popular with businesses. There have been rapid developments on this front, with newer schemes being launched and some others nearing closure.

Through this article, we look at the sector wise progress of the PLI schemes.

A. Concluded schemes

The initial round of PLI schemes spanning mobile phones, drugs and medical devices attracted investments of over US$ 5 billion. It is pertinent to note that their progress is being monitored closely. Recognizing the need for additional capacities for some drugs and medical devices, the relevant PLI schemes

Sector and budget outlay	Closed	Open	To be announced	Announced	Evaluation stage
Mobile manufacturing and specified electronic components **(~US$ 4.9 billion)**	✓				
Critical key starting materials/drug intermediaries and active pharmaceutical ingredients **(~US$ 0.9 billion)***	✓				
Manufacturing of medical devices **(~US$ 0.5 billion)***	✓				
Electronic/technology products (IT hardware) **(~US$ 1 billion)**	✓				
Pharmaceutical drugs **(~US$ 2 billion)**	✓				
White goods **(~US$ 0.8 billion)**		✓			
High efficiency solar PV modules **(~US$ 0.6 billion)**		✓			
Specialty steel **(~US$ 0.8 billion)**		✓			
Telecom and networking products **(~US$ 1.6 billion)**					✓
Food products **(~US$ 1.5 billion)**					✓
Advanced chemistry cell (ACC) battery **(~US$ 2.4 billion)**			✓		
Automobiles and auto components **(~US$ 7.6 billion)**				✓	
Textile products: MMF segment and technical textiles **(~US$ 1.4 billion)**				✓	

*These schemes have now been reopened for applications till 31 August 2021, for specific products

have been reopened

Further, the scheme aimed at the IT hardware sector also drew in investments worth US$ 35 million, which are likely to reduce dependence on imports in the electronics sector.

The scheme for pharmaceutical drugs and in-vitro medical diagnostic devices covered a broad range of products, when compared with its first edition. However, the bases for evaluation of the applications were revamped and several scheme parameters also evolved since its launch. Given the nuances involved, authorities have proactively responded to industry concerns. Despite the rapid changes to the scheme, the industry continues to remain hopeful.

White goods

Originally intended for the manufacture of finished goods such as air conditioners (ACs) and LED lights, this scheme was restructured and announced for component manufacturers of ACs and LED lights. The investment and incremental sales thresholds outlined here have posed a challenge to several manufacturers as they are considered higher than the industry norms.

Solar PV modules

Currently, the nation largely relies on imports of solar

PV modules and cells. Designed to combat this issue, the scheme has drawn considerable attention from potential investors. The success of this scheme would reduce import dependence in a strategy sector like electricity, thereby, increasing its significance.

The scheme also promotes local procurement, thus triggering a cascading impact of the incentives. This will boost creation of ancillary units and augment the entire solar PV manufacturing ecosystem. The investment arising from the scheme (approximately US$ 2 billion) is expected to create an additional 10,000 MW capacity of integrated solar PV manufacturing plants.

Specialty steel

The import of specialty steel entails a large outflow of foreign exchange at present. The scheme aims to tackle this issue at its root by promoting end to end manufacture. This move will potentially bring India at par with global steel giants such as Korea and Japan. With incentives ranging from 4% to 12%, the scheme will benefit integrated steel plants as well as smaller players in the sector. The detailed guidelines for this scheme are awaited.

B. Upcoming PLI schemes

a. Advanced chemistry cells (ACC)

Renewable energy continues to be a niche space, despite its undeniable significance. Presently, there is nominal investment in this space in India, despite the varied applications. Under the scheme, investments will be approved through a bidding mechanism for creation of cumulative 50 GWh of ACC (with additional 5 GWh for niche ACC) manufacturing facilities in India. This will support the battery requirements towards electronics, EVs, renewable energy power grids and the like.

C. Schemes announced recently

a. Textile

India has been aiming to increase its share in global textile exports. However, this has not been possible yet due to structural disabilities. This scheme aims to incentivize the manufacture of apparel made from man-made fiber and technical textiles. Interestingly, the scheme aims to promote the manufacture of apparel and not the input textiles, which are largely imported. The scheme has recently undergone some structural changes following industry feedback on investment thresholds and other parameters.

b. Automobiles and drones

Industry has long anticipated the launch of this scheme, which was recently approved. The scheme is aimed at promoting manufacture of electric vehicles and advanced automotive technology components of vehicles. This scheme aims at the introduction of state-of-the-art technology in the sector. It also covers drones and drone components aiming to address the strategic, tactical, and operational uses of this technology.

D. Schemes at evaluation stage

a. Food processing

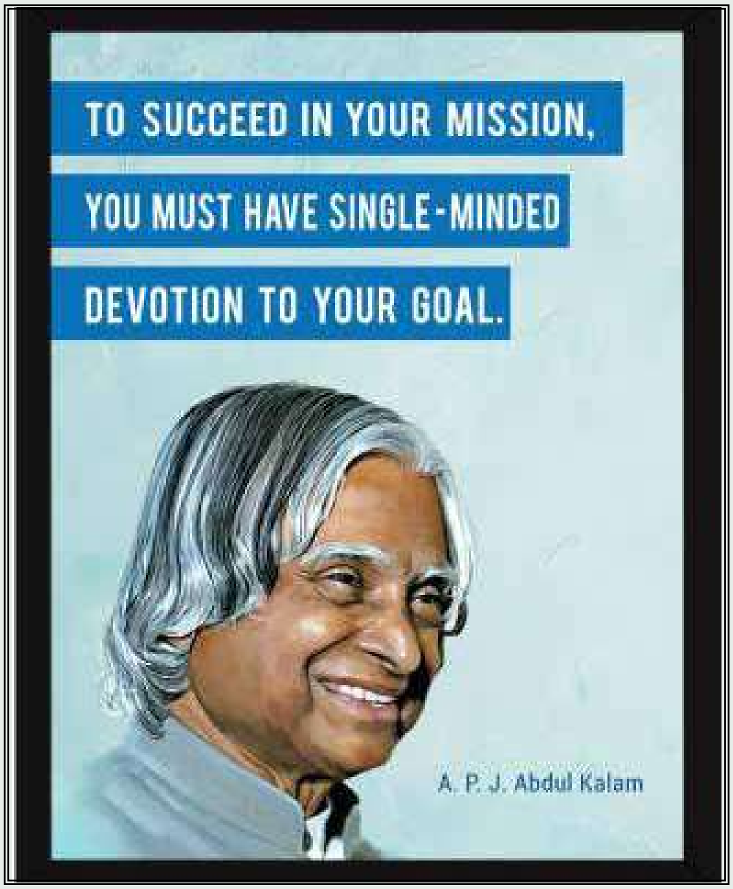
This scheme was met with an encouraging response from investors of all sizes. A key differentiator here was the inclusion of contract manufacturers, who play a key role in the sector. Currently, 275 expressions of interest received under this scheme are being evaluated and the results are awaited. Overall, the scheme is expected to lead to expansion of food processing capacity by over US$ 4 billion and exports of US$ 3.5 billion.

b. Telecom

This scheme intends to take the nation closer to becoming a manufacturing hub of telecom and networking equipment. This development will automatically offset the heavy reliance on imports in this niche space. While the 36 applications received are currently being evaluated, major global players have expressed an interest to expand in India based on these incentives. The approved investors are expected to bring in an investment of US$ 40 million.

Production linked incentives seem to be the way forward for federal government grants in India. In the near future, similar incentives are likely to be extended to several other products such as electronic segment for semiconductor FAB(s), display FAB(s), wearables, hearables, IoT (Internet of Things) devices and drones.

These incentives also go hand in hand with other initiatives for the manufacturing industry such as state incentives, 'Manufacturing and Other Operations in Warehouse Regulations (MOOWR), and the 17% corporate tax rate. Viewed together, these offer composite financial support to manufacturers and should be assessed cohesively.



An Insight into Production Linked Incentive Scheme-Pharmaceuticals Sector

CMA Vaidyanathan Iyer
Mob.: 98332 27768
E-mail: vaidy73@gmail.com

PLI Schemes - In Budget 2021, the Government approved a production linked incentive scheme (PLI) for the pharmaceuticals sector from FY21 to FY29 involving investments of Rs 15000 crores. List of various PLI schemes are available at https://pharmaceuticals.gov.in/schemes and https://www.investindia.gov.in/schemes-for-medical-devices-manufacturing and application form link is available on https://www.pli-pharma.udyamimitra.in, plimedicaldevices.ifciltd.com

PLI schemes for Pharmaceuticals Drugs - The objective of the scheme is to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high value goods in the pharmaceutical sector. One of the further objectives of the scheme is to create global champions out of India who have the potential to grow in size and scale using cutting edge technology and thereby penetrate the global value chains. Salient Features of the Scheme are: -

1. Base Year: Financial Year 2019-20 shall be treated as the base year for computation of incremental sales of manufactured goods
2. Target Groups: The manufacturers of pharmaceutical goods registered in India will be grouped based on their Global Manufacturing Revenue (GMR) to ensure wider applicability of the scheme across the pharmaceutical industry and at the same time meet the objectives of the scheme. The qualifying criteria for the three groups of applicants will be as follows:

   Group A: Applicants having GMR (FY 2019-20) of pharmaceutical goods >= Rs 5,000 crore.

   Group B: GMR (FY 2019-20) between Rs 500 (inclusive) crore and Rs 5,000 crore.

   Group C: GMR (FY 2019-20) < Rs 500 crore.

   Within this group, a sub-group for MSME industry will be made given their specific challenges and circumstances.
3. Category of Goods: The scheme shall cover pharmaceutical goods under three (03) categories as mentioned below:

   Category 1 - Bio-pharmaceuticals/ Complex generic drugs /Patented drugs or drugs nearing patent expiry /Cell based or gene therapy drugs /Orphan drugs / Special empty capsules like HPMC, Pullulan, enteric etc. /Complex excipients / Phyto-pharmaceuticals / Other drugs as approved*

   Category 2 - Active Pharmaceutical Ingredients / Key Starting materials / Drug Intermediates except for the 41 eligible products already covered under the PLI Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs) / Drug Intermediates (DIs) / Active Pharmaceutical Ingredients (APIs) in India notified by Department of Pharmaceuticals (DoP) vide Gazette Notification no.- 31026/16/2020-Policy, dated 21/07/2020 in Part-I, Section 1 of the Gazette of India (Extraordinary)

   Category 3 - (Drugs not covered under Category 1 and Category 2) Repurposed drugs /Auto immune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and anti-retroviral drugs / In-vitro diagnostic devices /Other drugs as approved* /Other drugs not manufactured in India.

   *Decision will be taken by DoP to include any drug based on requirement, CDSCO approvals, TC opinion which shall take into account the current levels of production, availability, etc. The decision of DoP shall be aligned with the objectives of the scheme.
4. Selection of participants: The applicants will be selected based on pre-defined objective criteria to assess their experience, capacity to grow in scale and innovate.
5. Quantum of Incentive: The total quantum of incentive (inclusive of administrative expenditure) under the scheme is about Rs 15,000 crore. The incentive allocation among the Target Groups is as follows -Group A: Rs 11,000 crore, Group B: Rs 2,250 crore., Group C: Rs 1,750 crore
6. Rate of Incentive: The rate of incentive on incremental sales (over base year) of pharmaceutical goods covered under Category 1 & 2 will be 10% for FY 2022-23 to FY 2025-26, 8% for 2026-27 and 6% for 2027-28.
7. The rate of incentive on incremental sales (over base year) of for pharmaceutical goods covered under Category-3 will be 5% for FY 2022-23 to FY 2025-26, 4% for 2026-27 and 3% for 2027-28.
8. The duration of the scheme will be from FY 2020-21 to FY 2028-29. This will include the period for processing of applications (FY 2020-21), optional gestation period of one year (FY 2021-22), incentive for 6 years and FY 2028-29 for disbursal of incentive for sales of FY 2027-28. Total financial outlay of the scheme is Rs. 15,000 crores. The annual incentive outlay is estimated based on projected incremental sales of the identified pharmaceutical goods by the selected participants. The incentives will be paid for a maximum period of 6 years

for each participant. Participants may avail of up to one-year gestation period from the date of approval.

9. The Scheme shall be implemented by the Department of Pharmaceuticals through a Project Management Agency (PMA) that will be responsible for providing secretarial, managerial and implementation support and carry out other responsibilities as assigned by DoP within the framework of scheme and guidelines thereof.
10. Approval and Disbursement Process: Application under the Scheme can be made by any manufacturer registered in India. An application, complete in all aspects, will have to be submitted before the due date. Acknowledgement will be issued after initial scrutiny of the application. The applicants will be appraised and considered for approval, based on predefined selection criteria. The incentives shall be released to the selected participants under the scheme who meet the annual threshold criteria of minimum cumulative investment and minimum growth in sales and if disbursement claims are found to be in order. Timely disbursal of incentives by the Project Management Agency will be monitored by DoP and reviewed by the EGoS. The incentive will be disbursed on incremental sales for a maximum period of 6 years for each participant. The progress in approval of applications and disbursal of incentive shall be monitored on an ongoing basis against the monitoring framework to be specified in the guidelines.
11. Eligibility for incentive: selected participants in the scheme will be eligible for incentives on incremental sales of pharmaceutical goods based on yearly threshold criteria of minimum cumulative investment and minimum percentage growth in sales

Operational guidelines for PLI Scheme

1. Applicant for the purpose of the Scheme shall be any Proprietary Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India proposing to manufacture eligible products and making an application for seeking approval under the Scheme. The applicant should not have been declared as bankrupt or wilful defaulter or reported as fraud by any bank or financial institution or non-banking financial company.
2. Application to be submitted by an applicant to the Project Management Agency (PMA) as per the Application Form prescribed under these guidelines containing requisite information, along with supporting documents and application fee. The application window shall be of 90 days starting from 2nd June, 2021 to 31st August, 2021 (Both dates inclusive) [Circular dated 13th August,2021]
3. Group Companies: Group Company(ies), as defined in the FDI Policy Circular of 2020, shall mean two or more enterprises which, directly or indirectly, are in a position to: Exercise twenty-six percent or more of voting rights in other enterprise; or Appoint more than fifty percent of members of board of directors in the other enterprise.
4. Force Majeure: Extraordinary events or circumstances beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, public health emergency, riots, crimes (but not including negligence or wrong-doing, predictable/ seasonal rain and any other events specifically excluded).
5. Global Manufacturing Revenue (GMR): Consolidated Global Revenues of the applicant and Group Company, if any, from the manufacturing of pharmaceutical goods and/or in vitro diagnostic medical devices. Revenues from any other source for instance R&D services, rental incomes, etc., shall be excluded for calculating the GMR.
6. Manufacturing: In accordance with Central Goods and Services Tax (CGST) Act, 2017, manufacturing shall mean processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term “manufacturer” shall be construed accordingly.
7. Net Sales Turnover shall mean the Gross Sale Turnover net of credit notes (raised for any purpose), discounts (including but not limited to cash, volume, turnover, target or for any other purpose), taxes applicable.
8. Gross Manufacturing Investment (GMI): For the purpose of selection of applicants, GMI will include gross capital investment in pharmaceutical and in vitro diagnostic medical device manufacturing facilities including capital investments for R&D facilities. Investment in corporate offices, sales offices, residential complex etc will not be included for the purpose of arriving at the GMI.
9. Project Management Agency (PMA): Refers to the agency appointed by the DoP to act on its behalf for receipt and appraisal of applications, verification of eligibility and examination of disbursement claims through any method / document deemed appropriate and for managing the above-mentioned in accordance with these guidelines.
10. Successor-in-Interest shall mean the new or re-organized entity formed after the merger, de-merger, acquisition, transfer of business or significant change in ownership of an applicant

Evaluation Criteria - All eligible applicants shall be ranked on the basis of marks obtained in the evaluation criteria. The selection of the applicants shall be in the order of their ranks. In case of pharmaceutical goods except in vitro diagnostic medical devices, if two or more applicants have same score, the applicant having higher marks in respect for R&D expenditure criteria will be ranked higher for Group A and B and for Group C, the selection shall be made on the basis of the respective GMR for FY 2019-20. In case of in vitro diagnostic medical devices, if two or more applicants have same score then the selection shall be made on the basis of the respective GMR for FY 2019-20 for Group A, B and C. Number of applicants to be selected: Group A: 11 participants with maximum of 4 Foreign MNCs ; Group B: 9 participants with maximum of 3 Foreign MNCs ; Group C: 35 participants, of which: Minimum of 20 MSMEs, subject to sufficient eligible applicants, Minimum of 5 in vitro diagnostic medical devices manufacturers subject to sufficient eligible applicants. Only one applicant on behalf of its Group Companies shall be eligible for selection under the Scheme. The applicant and its Group Companies where the eligible products get manufactured will be considered collectively for the purpose of ascertaining Threshold/ Committed Investments, Threshold/Incremental Sales and Incentives under the Scheme [Circular dated 13th August,2021]. The illustration shown is for Group A applicant making application for pharmaceutical goods. A similar procedure will be followed for participants of other groups / applicants for in vitro diagnostic medical devices.

1. Marking for Gross Manufacturing Investment of applicant/group company in India in 10 years during FY 2010-11 to FY 2019-20: The applicant having the highest Gross manufacturing investment shall be awarded 30 marks and other applicants shall be awarded marks proportionately. For example, say applicant X, Y and Z have GMI of 5, 7 and 10 respectively. The applicant Z shall be awarded 30 marks, applicant Y shall be awarded 21 marks (7/10*30) and applicant X shall be awarded 15 marks (5/10*30).
2. Marking for No. of ANDA/ NDA of applicant/group company: The applicant having highest ANDA/ NDA shall be awarded 30 marks and other applicants shall be awarded marks proportionately. For example, say applicant X, Y and Z have ANDA/NDA of 500, 300 and 200 respectively. The applicant X shall be awarded 30 marks, applicant Y shall be awarded 18 marks (300/500*30) and applicant Z shall be awarded 12 marks (200/500*30).
3. Marking for R&D expenditure of applicant/group company in FY 2017-18 to FY 2019-20: The applicant having highest percentage of total R&D expenditure vis-à-vis total GMR for FY 2017-18 to FY 2019-20 shall be awarded 40 marks and other applicants shall be awarded marks proportionately. For example, as in the above example, applicant X, Y and Z has total R&D expenditure of 25%, 30% and 5% of total GMR for FY 2017-18 to FY 2019-20. The applicant Y shall be awarded 40 marks, applicant X shall be awarded 33.33 marks (25/30*40) and applicant Z shall be awarded 6.67 marks (5/30*40).

Application Process - The applicant is required to submit the application as per application form prescribed and can apply for one or more products as per list of eligible products. An applicant shall submit an undertaking in the format given and also an undertaking in the format given consenting audit of their manufacturing site/ offices for verification of information/data submitted along with the application. FY 2021-22 shall be the gestation period. On receipt of an application in the prescribed format, PMA will conduct an examination as per checklist and complete it within 15 working days from the date of receipt of the application or any subsequent submission of the revised application, if the original application was returned as incomplete earlier. Thereafter, the PMA shall issue an acknowledgement of receipt of the application. This acknowledgement shall not be construed as approval under the Scheme. In case, on the above-mentioned examination, an application is found to be incomplete, PMA shall inform the applicant accordingly within 15 working days of receipt of the application. An applicant must complete an incomplete application within 15 days of such communication from PMA, failing which the application will be closed under intimation to the applicant. A non-refundable application fee, would be payable for each application. The application fee would be accepted electronically only. All applications will be submitted through an online portal maintained by the PMA. In case, the portal is not available, applications may be submitted in physical form to the PMA. Application can be made on the online portal, URL of which is https://pli-pharma.udyamimitra.in. Categorisation of products under "Other Drugs as Approved" sub-category is not allowed at Application stage, hence Applicants are requested not to send requests for inclusion of their products under this sub-category.

Eligible Investment - Investment as defined in these guidelines shall be considered for determining eligibility under the Scheme provided such Investment is made on or after April 01, 2020. No second hand/ used/ refurbished plant, machinery, equipment, utilities or research and development equipment shall be considered as eligible investment for the purpose of this Scheme. Eligible Investment means expenses incurred in relation to Eligible Product

Incentive - The selected participants in the scheme will be eligible for incentives on incremental sales of eligible products based on yearly threshold criteria of minimum cumulative investment and minimum percentage growth in sales of eligible products. For the purpose of determining eligibility of incentive for first year i.e. FY 2022-23, the threshold sales in FY 2022-23 for eligible products has to be greater than Rs. 50 crore in case of a Group A participant, greater than Rs. 10 crore in case of a Group B participant, greater than Rs. 1 crore in case of a Group C participant and greater than Rs.50 Lakh in case of a Group C MSME participant. For subsequent financial years i.e. from FY 2023-24 onwards, the threshold sales shall be computed at 7% growth over actual sales of the approved eligible products of the previous financial year. In case an applicant does not meet criteria of committed investment and minimum threshold sales for any given year, the applicant shall not be eligible for disbursement of incentive for that particular year. However, the applicant will not be restricted from claiming incentive for subsequent years during the tenure of the Scheme, provided eligibility criteria of minimum cumulative investment and threshold sales are met for such subsequent year. If the incentive availed by an applicant for any financial year, for any reason, is less than the maximum available incentive for that applicant in that financial year, the applicant shall not be entitled to claim the differential amount in subsequent financial years. Eligibility under the Scheme shall not affect eligibility under any other scheme and vice versa.

Calculation of Incentive - The selected applicant shall have the option to change the product mix approved to them during the tenure of the scheme with the prior approval of the DoP. However, this option may be exercised not more than 5 times during the tenure of the Scheme. The annual incentive allocation shall be made for each participant by DoP within the total incentive allocation per participant fixed for the entire tenure of the scheme as stated in the approval letter. The participant shall be eligible to draw incentive within that annual allocation. However, any incentive unutilized by one or more selected participant during a year may be used for paying additional incentive to other selected participants within that Group, provided that - no participant shall receive additional incentive more than 40% of the allocated incentive to such participant for that year; - no participant shall receive additional incentive more than 20% of the total incentive allocated to such participant over the entire tenure of the scheme, and - all approvals of such additional incentive shall not exceed the budget allocated for the respective year and the budgetary outlay for the Scheme.

However, the additional incentive is not an entitlement and is contingent upon savings available from unutilized incentive of other participants in that year. In no case the total incentive including additional inventive, if any, given to a participant during the whole tenure of the scheme would be more than Rs. 1200 crore for a Group A participant, more than Rs. 300 crore for a Group B participant and more than Rs. 60 crore for a Group C participant. The incentive allocated for various groups would be as follows: Group A - Rs. 11,000 crore, Group B - Rs. 2,250 crore, Group C - Rs. 1,750 crore. The incentive allocated for Group A and Group C applicants shall not be moved to any other category. However, incentive allocated to Group B applicants, if left underutilized at the end of the year can be moved to Group A applicants based on their performance. The modalities in this regard shall be finalized by DoP.

The incentive applicable for a selected applicant shall be computed as: Net incremental Sales of Eligible Product x Rate of Incentive Where 'Net' means adjusting for sales return of eligible product. If the corresponding sales have been considered for claim processing for the earlier period, the sales return shall be adjusted with Gross Sale Turnover for the period in which the actual sales return takes place and incentive provided, if any, shall also be adjusted accordingly. 'incremental sales' means sales during a given Financial Year minus the baseline sales of that product in 2019-20. For example, if sales of year 2022-23 is Rs.100 crore and the baseline sales in 2019-20 is Rs. 40 crore, the incremental sales shall be Rs. 60 crore.

The PMA shall examine and verify eligibility and assess incentive payable to an applicant based on the method laid down in these guidelines and the approval letter issued to the applicant.

Approval under the Scheme - The PMA will process the applications and make appropriate recommendations to the DoP for approvals under the Scheme. All the applications shall be finalized within 90 days from the date of closure of application window. After receiving approval from the DoP, the PMA will issue a letter to the selected applicant within 5 working days, communicating approval under the Scheme. The approval letter shall clearly state the following: Name of applicant; Eligible product(s); Threshold/Committed investment, as the case may be; Rate of incentive; Annual Allocation and Incentive ceiling during the tenure. To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. It has been decided to obtain undertaking(s) from selected applicants under the Scheme. Two formats of undertakings Format A and Format B are to be furnished by selected applicants, duly signed by CEO/ MD/ Director of the company/ partner/ proprietor of the firm and depicting the designation along with authorization to do so. All approved applicants need to furnish self certified Quarterly Review Reports within 30 days of the end of each quarter to the PMA in the format specified.

Sample FAQ's/Do's and Don't's

1. For the purpose of base year sale/ threshold/ incremental sales, the sales figure shall be considered without GST
2. Ayurvedic and Unani medicines are not covered under the scheme
3. Only approved WHO-GMP certification shall be considered. As per the parameters MSME Applicants having WHO-GMP compliance certification from a State Licensing Authority as on 01.04.2021 would be considered
4. GMR is consolidated global revenues of the applicant and Group Company, if any, from the sale of pharmaceutical goods and/ or in vitro diagnostic medical devices manufactured by the Group (in own plant/ contract manufacturing and loan licensing). Revenue on consolidated basis shall be considered after removing intra-group sales, if any, so as to prevent double counting. The trading revenue (that is to say revenue from products not manufactured by applicant and Group company in own plant/ contract manufacturing / loan licensing) shall not be considered while calculating the GMR.
5. In case the sales of products manufactured under contract manufacturing/ Loan Licensing that are booked as revenue in the books of accounts and Statutory Auditor's certificate is submitted by the applicant as per the Scheme, the same would be considered for calculating GMR. However, revenue from sale of eligible products produced under contract manufacturing shall not be considered for calculating threshold/ incremental sales. Revenue from sale of eligible products produced under Loan Licensing shall be included while calculating threshold/ incremental sales.
6. Co-applicants are not allowed under this PLI Scheme
7. Export incentive, Government grants, Foreign exchange gain, Sale of machinery (as scrap), ANDA/ formulations shall not be included for GMR calculation
8. For foreign companies, where financial years are different than as followed in India, manufacturing

revenue for the period April 2019 to March 2020 shall have to be considered while calculating GMR.

9. If an IVD test do not have license (CDSCO/SLA etc.) in FY21-22, and it gets approved after the application submission, it may be included in the product mix in subsequent years. The selected applicant shall have the option to change the product mix approved to them not more than 5 times during the tenure of the scheme with the prior approval of the DoP
10. In case of in-house consumption of eligible product used for manufacturing a product which is an eligible product under this scheme, then the incentive shall be claimed for only one of the eligible products used/sold subject to sale of the final eligible product
11. The products irrespective of their strength and dosage form are considered one
12. Categorization of the products should be done by the applicant as per the Operational Guidelines. If a product is an API/ KSM/ Drug Intermediate, then it will fall under Category 2 only. If a product is a drug formulation, then it can fall under Category1 or Category 3. In case a product falls under both Category-1 and 3, it will be considered under Category-1. Appendix-A of the guidelines may also be referred wherein Category-3 clearly mentions- (Drugs not covered under Category 1 and 2).
13. Patented drugs or drugs nearing patent expiry is covered under the category 1, sub category 3. Granted patents will only be considered.
14. Number of manufacturing plant shall be considered as a selection parameter. Location/ products/ capacity etc. shall not be considered
15. GMI will include gross capital investment in pharmaceutical and in vitro diagnostic medical device manufacturing facilities including capital investments for R&D facilities.
16. CWIP in a given year shall not be a part of GMI. Investment should be capitalized in the books of account of the applicant during the investment period.
17. Investment in vehicles / intangibles shall not be included while calculating GMI.
18. Investment in land/ property on which the manufacturing facility is built may be included while calculating GMI. However, Investment in corporate offices, sales offices, residential complex etc. will not be included for the purpose of arriving at the GMI.
19. In respect to selection criteria-3 (for Group A/ B applicants) R&D expenditure of applicant/group company as a % of GMR shall include R&D expenditure incurred by the applicant/ group companies in India and overseas. R&D Expenditure incurred by an applicant outside India for a product development outside India shall be considered for above computation. R&D expenditure shall be incurred towards approved eligible products. For sub-contracting, if the same has been booked as R&D expenses by the applicant/ group, the same shall be considered. In case expenditure are towards R&D purpose, incurred in India during the period 01.04.2020 to 31.03.2026 and the same is booked under the R&D head in the books of accounts of the applicant and certified by the statutory auditor, the same shall be considered under eligible investment
20. In case of acquisition by the Applicant, the net asset value of acquired manufacturing facilities in the books of the applicant based on the acquisition cost for the manufacturing facilities at the time of acquisition as certified by the statutory auditor shall be included for the purpose of calculation of GMI.
21. Expenditure incurred on Transfer of Technology will be covered under eligible investments subject to compliance and capitalized in the books and certified by the statutory auditor
22. In case the applicant does not meet the threshold investment of FY 2021-22, then the bank guarantee shall be invoked. Further, If the Applicant fails to achieve minimum cumulative investment in any year, then the Applicant will be ineligible for receiving the incentive for that particular year
23. No second-hand machinery is allowed under the Scheme. The assets (P&M) acquired as part of the acquisition would be used assets and therefore, are inadmissible as eligible investments. Further, intangibles acquired under acquisition shall not be considered for as eligible investment
24. The Plant, Machinery and Equipment of the Project approved under the scheme shall be used in regular course for manufacturing of goods under the eligible product categories. This does not preclude the usage of such machinery for manufacturing of other pharmaceutical goods. The applicant must submit a declaration about usage of machinery for each year during the period that such applicant is claiming incentive under the Scheme.
25. In case the Applicant is Contract Development and Manufacturing Organizations (CDMO) and manufacturing eligible products under the arrangement and the sales is booked in the P&L account of the Applicant and its Group Companies, as certified by Statutory Auditor, then the sales shall be considered for the purpose of incentives
26. In respect of an applicant where the sales of eligible products for FY 2019-20 is nil, for the purpose of calculating incentive, the base year sales would be taken as zero. However, the Applicant and its Group Companies are required to achieve the threshold/ incremental sales for the subsequent years, as given in Appendix- B of the Operational Guidelines
27. An Applicant registered in India and having more than 50% shareholding by foreign company(ies) (as defined in Companies Act, 2013) may be considered as a foreign MNC for the purpose of consideration under the Scheme. An Applicant for the purpose of the Scheme shall be any Proprietary Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India. Investment of the Applicant and its

Group Companies, in relation to the Eligible Products under the Scheme, shall be considered

28. The incentives are linked to incremental sales even from prior investments subject to compliance of the conditions pertaining to investment (year-wise minimum cumulative investment by per Participant is given)

Conclusion

India is a land full of opportunities for players in the medical devices industry. The country has also become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities, thus catering to a greater proportion of population. India's competitive advantage also lies in the increased success rate of Indian companies in getting Abbreviated New Drug Application (ANDA) approvals. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise. The Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively. [General Circular No.09/2021 dated 5th May 2021]. Unlike anything we have witnessed in the past, the economic crisis will not resolve fully unless the health crisis is addressed. This is a crisis impacting every country across the globe During these times, we see heightened interest in digital technology areas like cost take-outs, cloud transformation, vendor consolidation, captives and cyber security. Any amount spent on the implementation of these techniques should be considered as an investment with tremendous potential to give handsome returns in the future. From this angle, chalking out proper strategies and with better cost management, the economy will achieve robust growth fulfilling the dream of 'Atmanirbhar Bharat'

■

Membership Fees

Members are requested to pay their Membership Fees.

Use Following methods while making the Membership Fee, on line. Please note that you have to include 18% GST while making the payment.

1. Make the payment directly through Online Payment through Institute website:-

   Link - https://eicmai.in/MMS/PublicPages/UserRegistration/Login-WP.aspx

   In case of any trouble while making the payment online, please try to avoid making double payment.

2. You can make the payment at WIRC by Cheque drawn in favour of ICAI-WIRC for the requisite amount.

   (Cheque drawn in favour of WIRC of ICAI you can send by post to WIRC)

3. You can also make the payment in the nearest Chapter.

CMAs at Helm as a Business Enhancer (Govt of India Undertaking under the Ministry of Railways)

CMA Surajit Dutta
CFO
Ircon International Limited (IRCON)

1. **Despite the current uncertain situation due to COVID-19, the IRCON has been able to excel in enhancing construction area. What more significant achievements that deserve mention?**

Reply: Despite of tough time we all are facing in the current situation; we have already surpassed new order target of Rs.11K crore and secured the new orders worth Rs.14K odd crores till now in the current financial year. We are diversifying into new emerging segments such as Solar Power, which seems to be future of the power sector and Government is also focusing to encourage non-conventional power. Further, we are expecting highest ever turnover in the current fiscal, which is also reflected in our Q3 & 9MFY22 figures.

2. **Which innovative projects are there in your pipeline for the next 2 to 3 years to promote Indian Infrastructure Sector?**

Reply: We have some major projects, which are of strategic nature and important for India's infrastructure development. If I can name few of them are National High Speed Rail Project, Udhampur Srinagar Rail Project, Sevok Rangpo Railway Project, Dedicated Freight Corridor Project etc. Our diversification towards solar power plant is also an innovative step from the perspective of IRCONs' growth story and we expect that these projects will contribute to the development of Indian Infrastructure sector.

How Artificial Intelligence (AI) can improve resilience in Infrastructure Sector in the post-Covid era?

Reply: Penetration of new technologies is increasing in all the sectors whether it is manufacturing or service sector. In infrastructure sector also, companies are using new age technologies and IRCON has also started to experiment with some these technologies. IRCON is experimenting with Drones to monitor infrastructure project on pilot basis. IRCON is of view that use of new technologies in infrastructure sector may improve performance and quality of construction.

3. **What is the future outlook for the Indian Infrastructure Sector for the next couple of years and IRCON's role behind it?**

Reply: Government is focusing on infrastructure sector for last few years. We have seen some welcome steps taken by the Government such as increase in budget allocation, creation of National Infrastructure Pipeline (NIP), widening of scope of NIP, Smart City etc. These schemes will further boost infrastructure sector in next few years. IRCON is major player in Railway and Highway segment in infrastructure sector and executing projects of national importance. We expect that next few years would be very good from the perspective of Indian Infrastructure sector.

4. **IRCON contributed Rs 20.5 cr. to PM Cares Fund and another Rs.0.5 cr. to help in the fight against COVID-19, the biggest support by any GOI Undertaking to the PM Cares Fund. What other social development IRCON is focussing on these days?**

Reply: In the Current financial year, IRCON is focusing on COVID-19 related activities like Oxygen generating plant in railway hospital etc. and apart from this IRCON is also contributed to rainwater harvesting activity, health, school education, rural development etc.

5. **Please share the highlights of IRCON support towards Government initiatives?**

Reply: The CSR of IRCON has been aligned with the Swachh Bharat mission and clean ganga projects of the government. Also, IRCON promotes cleanliness and hygiene from the villages to the cities through providing toilets and installing bottle crushing machines at railway stations and also provide support to the covid-19 relief program of the Government.

6. **What is happening in the infrastructure industry since the pandemic coronavirus outbreak. What are the main areas of impact?**

Reply: When the COVID-19 pandemic outbreak in March, 2020, there was some problems which infrastructure sector faced such as supply chain, migration of labour, temporary standstill of projects by virtue of Governments order or above-mentioned interruptions. However, now the things have been smoothened and construction activities are in full swing. So, currently we are working even more than pre pandemic capacity and as such there is no impact on construction.

7. **How is your esteem organization responding to these challenges and what are the timelines that they are looking at in terms of the current situation?**

Reply: As we have replied in earlier query that the construction is in full swing and there is no disruption in construction in any of our projects, which may also be seen from our financial results of Q3 & 9MFY22.

We are very hopeful that we will achieve all time high operating revenue in current financial year.

8. How the Infrastructure sector will benefit from push for 'Aatma Nirbhar Bharat'?

Reply: Infrastructure sector will be definitely benefitted from "Aatma Nirbhar Bharat". India will become self-sufficient in steel, cement and technology sector, which will boost supply chain of infrastructure sector and input cost of will also come down.

9. Going forward, how do you envisage the growth of IRCON by 2030?

Reply: Next few years seems very good from the perspective of IRCONs' growth. In the next 2-3 year we are expecting top line of Rs.10K crore, which will further boost the overall profitability of the company. The company is on growth path and we are expecting double digit growth in years to come.

10. What more eco-friendly and cost-effective measures are you planning to make our Nation proud?

Reply: IRCON has diversified into clean power segment with taking up Solar power plant of 500 Mwh project. We are rationalizing our manpower and encourage to new technologies and software to increase productivity and reduction of cost. Recently, we have upgraded ERP SAP HANA in all the projects including foreign projects.

12. Please suggest in what ways Cost & Management Accountants (CMAs) may offer their expertise more effectively to give IRCON India Ltd a competitive :

CMAs can apply various professional techniques and professional judgement to improve financial performance of the company. Fund arrangement and utilization, cost control/reduction measures to reduce the expenditure, use of technologies, tax planning, application of applicable rules and regulations may further strengthen the performance of the company.

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

The Institute of Cost Accountants of India can interact with IRCON from to time to impart training to its staffs so that it can help in cost control, increase in its efficiency, tax management, raising of fund at low rate of interest, financial modelling etc., but the Institute has to make deep study on Infrastructure Sectors and to develop financial model on different Infrastructure Projects. ■

Dear CMA Colleagues,

WIRC is planning to send only E-copy of the WIRC Bulletin from January 2022 onwards. If any member requires the Hard Copy in future, please write to WIRC (wirc.admin@icmai.in) with Name, Membership Number and Address to enable us to send the same.

With regards,

CMA Arindam Goswami,
Chief Editor - WIRC Bulletin

Management Wisdom

Article 15: Ukraine, Russia, USA and the Crony Capitalists (What does it mean for India?)

CMA (Dr.) Girish Jakhotiya
Mob.: +91 98200 62116
E-mail: girishjakhotiya@gmail.com

While writing about the future of the global economy, I have described five possible triggers of the third world war in my forthcoming book. These are (i) Ukraine & Russia (ii) China, South China Sea, Taiwan & the neighbouring countries (iii) Israel & Iran (iv) Oil reserves of Venezuela and (v) China, Pakistan versus India. Out of these five possibilities, which one would unfortunately materialize and to what extent, cannot be exactly predicted. Such a prediction is not possible for the major reasons such as (i) Every country has to look after its own interest. (ii) If this war escalates to an atomic adventure, all the participating economies will badly suffer and everyone shall lose. (iii) Global crony capitalists and their business organizations also decide lot many things. There are two tangible reasons for Russia's attack on Ukraine viz. (i) Ukraine separated from the Soviet Russia in the year 1991. Mr. Putin does not conceptually agree on this separation. He wants to rebuild a powerful Russia. (ii) Ukraine may become a member of NATO, a military alliance of the USA & European countries. This would bring the NATO army closer to Russia's border. A dictator like Mr. Putin cannot even accept such a possibility in his dream.

The two reasons mentioned above are only a half truth. To see the full truth, we need to understand the timing selected by Mr. Putin to get into this war. We also have to look at the role of global crony capitalists who directly or indirectly force such a war on humanity. The cold war between the US and the USSR continued for quite some time. It stopped with the division of USSR in the year 1991. (It never ended!) We concluded that the US won this war and started dominating the global economy with the support of its European allies. These same countries thereafter promoted the WTO (World Trade Organization) to rectify their deteriorating economies. For the terminal defeat of communist Russia and to expand the business territories of the American multinational companies, the US started helping the Chinese economy. Now Russia became a lonely country. It solely depended on the revenue from crude oil, as its agricultural and industrial performance was pathetic. It didn't advance much into the information technology and innovative entrepreneurship.

On the other side, China progressed astonishingly well during the three decades from 1980 to 2010. China wanted sustainable supply of crude oil and the lonely Russia needed technology & a powerful, dependable ally. China had the ambition of replacing the US as an unquestionable global leader. Dictatorship, Communist legacy, ambition of geopolitical expansion, huge military strength, common border and a common enemy like the US brought these two countries together. During this same time, the relationship between the US and European Union deteriorated. In the year 2007, the American capital market collapsed and the structural problems of the American economy became very visible. The American crony capitalists increased the intensity of these problems during the last 30-40 years. (This is a vast topic to be discussed separately.) Member countries from the European Union too deteriorated economically for their own blunders. On this entire background, China started making a blunt statement about the overall inability of the western democratic countries with respect to the long-term sustenance of their economic growth. In the eastern part of the globe, Japan was struggling with its own economic stagnation. Crony capitalists in South Korea were forcing their monopolies on the Korean people. While all this was happening, the European countries started looking at cheap Russian crude oil. They wanted to reduce their dependence on the oil from countries like Saudi Arabia, Iran and Iraq. American oil and gas were expensive. American accentricism too was on rise.

The American crony capitalists and their enterprises hardly showed any interest in reducing the economic inequality, unemployment, deterioration of public infrastructure, unwillingness to conduct breakthrough innovations in the manufacturing sector, chaos in the capital market etc. When a nation starts depleting from inside, it also depreciates outside. This American depletion increased the gap between the US and the European Union which ultimately affected the policy framework of NATO. During the Trump era, the US showed utter political and economic immaturity. Mr. Biden withdrew the American troops from Afghanistan and that probably confirmed the declining power of the great USA. To be precise, the world got a wrong and disastrous message that the US is becoming an isolated power. "The Quad" created by the US, Japan, Australia and India gave a certain message to aggressive China but it couldn't yet demonstrate any vision about dealing with the powerful friendship between China and Russia. Meanwhile many Chinese crony capitalists and their companies started losing their ground in the global market. Mr. Xi, the Chinese president who needed to affirm the sanctity of the Communist philosophy and also wanted to demonstrate his leadership, initiated many operations in and outside China. Except a few theoretical responses, the US didn't take any strategic initiatives against the Chinese aggression. On the other hand, the European countries wanted to grow their trade with China. The obvious conclusion is, the US and the European Union are not on the same line against the growing alliance between China and Russia.

Mr. Putin captured this most suitable timing and attacked Ukraine. Here again we find the impact of business economics. Russian companies and the crony industrialist friends of Mr. Putin were not able to expand their businesses on account of the American sanctions. The very fertile land of Ukraine, its minerals, huge exports of edible oil, connectivity with the European markets etc. were to offer great opportunities of growth to the hungry Russian industrialists. The great "Putin Dream of an old Soviet Union" was already there to push the crony agenda. Mr. Putin long back initiated his divisive tactics and developed many rebels in Ukraine. These external initiatives were also a 'nationalist medicine' to treat the serious internal issues of growing poverty, unemployment and industrial backwardness the Russians were facing for quite some time. Total control of Ukraine can reduce Russia's problem of inadequate food grains. This should also dilute the impact of American sanctions. With its present aggression against Ukraine, Russia would encourage its allies like China, Iran and N. Korea to push their geopolitical agenda.

Considering all these complex developments, we Indians will have to decide and define long-term strategies to resolve the relevant issues in our own interest. Russia is our very old friend. We cannot exactly predict Russia's support in our possible encounter with China. But any possibility of Russia siding with China would certainly be terrible for us. Therefore, we need to be very diplomatic while responding to the present conflict between Ukraine and Russia. Quad, under the American leadership should support us actively and decisively in our probable war with China. But we cannot right now define the effectiveness of Quad for the best results against China. Hence, we have to assess Russia as a reluctant friend or a practically supportive partner in our initiatives related to Chinese aggression. The US has not yet actively supported Ukraine through NATO, sighting some technical reasons. We have to fight our own battle, is a universal truth. The blunders committed by the global powers while dealing with Vietnam, Afghanistan, Iraq, Myanmar, Pakistan, Tibet, Hongkong, Palestine, Syria, Crimea, Myanmar etc. can be repeated by Russia and China. If it so happens, Russia and China will have to pay a political, economic and cultural price. A poisonous seed gets cultivated anywhere and everywhere, without selecting a particular land as such. As "Indians", we must strengthen ourselves internally, on all the economic, social and political parameters. The war between Ukraine and Russia taught us a bitter lesson, that a global power like the US too can be taken for granted. The other big lesson is about eliminating the destructive power of the crony capitalists and their mighty business enterprises.

[This article is partly based on author's forthcoming book "Economics of Survival".]

Statement about Ownership and other particulars about Newspaper "WIRC BULLETIN" as required to be published in the first issue of every year after the last day of February.

FORM IV (See Rule 8)

1.	Place of Publication	:	Mumbai
2.	Periodicity of Publication	:	Monthly
3.	Printer's Name	:	Mr.Arindam Kalyani Goswami
4.	Nationality	:	Indian
5.	Address	:	Western Indian Regional Council of The Institute of Cost Accountants of India, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Mumbai 400 001.
6.	Publisher's Name	:	Mr.Arindam Goswami
	Nationality	:	Indian
	Address	:	Same as above
7.	Editor's Name	:	Mr. Arindam Kalyani Goswami
	Nationality	:	Indian
	Address	:	Same as above
8.	Name & Address of individuals who own the Newspaper and Partners or Shareholders holding more than 1% of the total capital.	:	The newspaper is wholly owned by the Western India Regional Council of The Institute of Cost Accountants of India. (Address as above)

I hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/-

28th February 2022

Mr.Arindam Kalyani Goswami

Industry Knowledge Series-A – Sugar Industry-6 Important Terminology and Formula Used

CMA Lt. Dhananjay Kumar Vatsyayan (Ret.)

Mob.: 95455 51752, 89990 70378
E-mail: dvatsyayan@yahoo.com

A. PREAMBLE

Earlier knowledge series had detail information about raw material source and process i.e. from sugarcane cultivation to sugarcane preparation in sugar plant. The challenges faced and available opportunities are countless. However, we have to focus only on few important one.

Like any other industry, Sugar Industry also uses certain specific terminology, abbreviation and formula. These terminologies are industry specific and being used globally. So, it is important to understand these terms prior to mastering the sugar manufacturing process and its control mechanism. So this series is all about Sugar Industry specific terminology.

B. TERMINOLOGY

1. **Adsali** - Sugarcane is planted in July-August and harvested after 16 – 18 months. Generally the recovery is higher in because of extended growing period.
2. **Ash** - The residue remaining after burning off all organic matter
3. **Bagasse** - The fibrous residue of sugar cane which remains after the crushing operation.
4. **Juice Boiling** - The evaporation of water content from the juice at temperatures between 90 and 116ºC.
5. **Brix** - The Brix of a solution is the concentration of a solution of pure soluble substance in water (expressed as parts by weight of sucrose per 100 parts by weight of solution) having the same density as the solution at the same temperature
6. **Cane** - The raw material delivered at the factory, including clean cane, field trash, water, etc. The word "soil", found in some of the definitions of cane, has been left out because it is included in the definition of "field trash"
7. **Cane Preparation** – Cutting of cane into small pieces and fracturing of cell containing juice.
8. **Centrifuge** – It is used for separating sugar from mother liquor. It is installed after pan.
9. **Chlorophyll** – Green colour matter present in leaves of any plant, which is mainly responsible for photosynthesis process.
10. **Clarification** - Removal of suspended and dissolved impurities from the cane juice through heat and chemical treatment.
11. **Clarifier** – An equipment used in clarification process for settling treated juice, having provision to remove impurities (Mud) from lower portion and clear juice from top portion.
12. **Condensate** – Water obtained by condensing the steam / vapour, used for boiling / heating.
13. **Condenser** – Equipment used to condensate steam by cooling water.
14. **Dead Stock** – Inventory not in use for a long time. (Usually two years or more)
15. **Deterioration (Safety) Factor** - A ratio indicating the probable keeping quality of a raw sugar, calculated by dividing the per cent moisture in the sugar by (100—per cent sucrose or pol in the sugar). A factor exceeding 0.25 is considered dangerous.
16. **Dry Substance** - In practice the drying is achieved almost invariably by evaporation of the volatile component at elevated temperature until the rate of loss of weight becomes insignificant.
17. **Enthalpy** - Energy content of steam.
18. **Evaporator** – Equipment used for reducing water content of sugar cane juice. It is installed after juice heater and chemical treatment of juice but before Pan.
    a. **Multi effect Evaporator** - The equipment used for concentrating the juice and also utilising the vapour generated in the process. It is used for reducing the steam consumption in sugar process.
19. **Extraction** - The removal of juice from the cane by crushing.
    a. **Juice Extraction** - The percentage weight of juice extracted by the mills. In each case it should be definitely stated what kind of juice is referred to, and to which basis the percentage relates.
    b. **Pol Extraction** - Pol in mixed juice percent pol in cane. A closely related term is Brix Extraction of which the definition is analogous.
    c. **Sucrose Extraction** - Sucrose in mixed juice per cent Sucrose in cane.
20. **Factory** - This term is used throughout to indicate a sugar processing plant regardless of its type, processing capacity or physical size.
21. **Fibre** – Non-soluble part of sugar cane.
22. **Field Trash** - The leaves, tops, dead stalks, roots, soil, etc., delivered at the factory with the clean cane.

23. **Filter Cake** – Insoluble material of treated juice settled in bottom portion of clarifier and removed from process by filtration.
24. **FRP** – Fair Remunerative Price. Price fixed by Govt for Sugar Cane at factory gate. It includes Sugar Cane Cost, Harvesting Cost & Transportation cost.
25. **Grader** – Apparatus fitted with different type of screen with vibrational motion. It is used for sorting the sugar based on size.
26. **Grass Hoper** – Type of sugar conveyer, with inbuilt shaking motion.
27. **HP** – Horse Power. A unit of measurement used for defining the strength of a motor or power required for any application.
28. **Invert sugar** - High temperatures and acid conditions can cause chemical decomposition of the sucrose, which results in formation of simpler sugars such as glucose and fructose forming. These sugars are known as invert sugars and are not desirable in the final product.
29. **Jelly** - A boiling which has been concentrated without graining to such a consistency (“string proof”) that it may be expected to crystallize spontaneously upon standing.
30. **Juice**
    a. **Absolute Juice** - All the dissolved solids in the cane plus the total water of the cane; cane minus fibber.
    b. **Carbonatation Juice** - The juice which comes out of the carbonatation tanks after filtering, but without washing. It is termed “first” or “second”, according to the stage of carbonatation.
    c. **Clarified Juice** - The main product passed out of the section of the factory devoted to clarification of the juice. The clarified juice normally goes on into the evaporators, and constitutes the whole, or the major portion of the “Evaporator Supply Juice”.
    d. **Filtered Juice** - The combined nitrates from the filters. If double filtration of muds is practiced the resulting juices are further characterized as first, or second, respectively. With the introduction of filters other than presses (Oliver, etc.) it became necessary to omit the word “press” in this term.
    e. **First Expressed Juice** - The juice expressed by the first two rollers of the tandem.
    f. **Last Expressed Juice.** The juice expressed by the last two rollers of the tandem.
    g. **Last Mill Juice.** The juice expressed by the last mill of the tandem.
    h. **Mixed Juice.** - The juice sent from the crushing plant to the boiling house.
    i. **Primary Juice** - All the juice expressed before dilution begins.
    j. **Residual Juice** - The juice left in the bagasse; bagasse minus fibber.
    k. **Secondary Juice** - The diluted juice which, together with the primary juice, forms the mixed juice.
    l. **Subsided Juice** - Characterized as first or second when double settling is practiced. The juice decanted from the mud or settlings in the course of the clarification process.
    m. **Undiluted Juice** - The juice expressed by the mills or retained in the bagasse, corrected for imbibition’s water. For purposes of calculation it has the Brix of the primary juice
31. **Maceration** - The process in which the bagasse is mixed with pool of water or juice, generally at a high temperature. The water so added is termed maceration water.
32. **Magma** - It is mechanical mixture of Crystals & Molasses Syrup clear juice or water. Sugar Crystal after Separation from mother liquor in centrifugal are to be mixed with water or Syrup or molasses for easy Processing. This mixture is called Magma.
33. **Massecuite** - The concentrated cane juice obtained after boiling, also known as final syrup. The mixture of Sugar crystals and mother liquor coming out from the Vacuum pans is called Massecuite. It is further defined as first, Second, third etc or ABC etc. depending on the position of the material in process.
34. **Maturity** – Fully developed and ready for use status.
35. **Milling Loss** - The percentage ratio of sucrose (pol) in bagasse to fibber in bagasse
36. **Molasses** A syrup by-product from the manufacture of sugar, containing sucrose, invert sugars, moisture, ash and other insoluble matter. (First, second, etc., to final molasses) The mother liquor separated from the crystals by mechanical means. It is termed “first”, “second”, etc., or “A”, “B”, etc, according to the massecuite from which it is obtained.
    a. **Light Molasses** – Mother liquor obtained after centrifugal process with application of water. It is generally obtained after obtaining heavy molasses.
    b. **Heavy Molasses** – Mother liquor obtained after centrifugal process without / little application of water.
    c. **Final Molasses** – Mother liquor obtained in last stage of boiling, when further recovery of sugar is not economically viable. The final molasses is used in distillery as raw material.
    d. **Molasses Conditioning** - Dilution of molasses by addition of water to 70o Brix. Followed by heating up to 70O C.
37. **Normal Weight** - The weight of sample equal to that weight of pure cane sugar which, when dissolved in water to a total volume of 100 ml.at 20° C, gives a solution reading 100 degrees of scale when examined in a saccharimeter, in a tube 200 mm. long, at 20° C.
38. **Non-sucrose** - Dry substance minus sucrose.

39. **Open Pan (OP)** Describes sugar produced by boiling juice in open pans at atmospheric pressure.
40. **OPS** - Open Pan Sulphitation (OPS) is a method for production of white granular sugar, developed in India.
41. **Photosynthesis** – Plant leaves convert CO2 of atmosphere and H2O (water) extracted from ground into hydrocarbons / sugar in presence of sunlight.
42. **Press Mud** - The residue removed from process by filtration. It is also known as Filter Cake
43. **Preparatory Index** – Cane preparation is measured by preparatory index. It is measured by increase in density of prepared cane and indicates fineness or fractured cell.
44. **Pre-seasonal** – Pre-seasonal sugarcane is harvested between 13-15 month and it is planted just before start of crushing season.
45. **POL** – The value determined by direct or single polarization of the normal weight solution in a saccharimeter. The term is used in calculations as if it were a real substance. "Polarization" was considered too long, and finally "Pol" was unanimously agreed upon. It is already in use in several countries.
46. **Pug Mill** – Vessel fitted with stirrer on top and located above centrifuge, receive Massecuite or Magma.
47. **Ratio** -
    a. **Extraction Ratio** - The percentage ratio of un-extracted sucrose (pol) to fibber in cane
    b. **R.S. Ratio** - The percentage ratio between reducing sugars and pol.
    c. **R.S. Sucrose Ratio** - The percentage ratio between reducing sugars and sucrose.
    d. **Java Ratio** - Pol (or sucrose) per cent cane, divided by pol (or sucrose) per cent first expressed juice, and the result multiplied by 100.
48. **Ratoon** – While harvesting the sugarcane, some parts of cane are left underground. The part of sugacane left underground give rise to a new buds and crop. It is called ratooning, which is an ancient method of crop propagation. The yield per acre and sugar recovery is less for ratoon with comparison fresh crop.
49. **Recovery** - The proportion of sugar produced by weight of cane processed, usually expressed as a percentage. For example, 10% recovery means that for every 100kg of cane processed 10kg of sugar is produced.
50. **Reducing Sugars or R.S.** - The reducing substances in cane and its products calculated as invert sugar. The components of invert sugar are termed "dextrose" and "laevulose". The term "glucose", to designate either invert sugar or dextrose, is to be avoided as it may lead to misunderstandings.
51. **Scale** – Deposit of inorganic salt on inner surface of tubes of heat exchanger i.e Boiler, Evaporator, Pan etc.
52. **Seed** - Dry sugar or magma used as a footing for boiling a massecuite.
53. **Shock Seed** - Sugar powder taken into the vacuum pan to induce crystallization in a strike being boiled.
54. **Strike** - The removal of massecuite from the boiling operation at the required concentration.
55. **Steam**
    a. **Live Steam** – Steam tapped from boiler for driving the prime mover of generator / Mill or use in sugar process. The
    b. **Exhaust Steam** – Steam extracted after using in prime mover. It is used for sugar process or distillery process.
    c. **Bleed steam** - Steam extracted a from condensing turbine at low pressure (Above atmospheric pressure).
56. **Sucrose** - An organic chemical of the carbohydrate family, found in the sap of most green plants. Ordinary white crystal sugar is almost (99.9%) pure sucrose while some of the non-crystalline sugars may contain less; for example syrup and jaggery which contain as little as 50 and 80% sucrose respectively.
57. **Sugars** - The crystals (including any adherent molasses) recovered from the massecuite, usually in centrifugal. According to local conditions, different types of sugar are produced, to be either shipped or returned to process. No attempt has been made to define each of the many types of sugars produced, because this is largely a commercial rather than a technical question.
    a. **Undetermined Sugar** – While balancing sugar, some amounts of sugar are not traceable. It is because of sugar conversion to reverse sugar, juice spilled over storage tank, sugar lost as dust etc. It is not traceable as process loss.
58. **Suspended Solids** in Mixed Juice. The solids in mixed juice removable by decantation. It was considered advisable to add the phrase "In mixed juice" to the term itself because suspended solids occur also in other products, like molasses, but are then of an entirely different nature. It was also decided not to use the words "in solution" or "insoluble" in the definition because they give no exact idea about the state of dispersion of the particles.
59. **Suru** – It is also called as pre-seasonal. Suru is local term of preseasonal.
60. **Syrup** - The concentrated juice from the evaporators.
61. **Vacuum** – Pressure below atmosphere created artificially in a vessel.
62. **Wash** - The diluted molasses thrown off the centrifugal during washing, and collected separately.
    a. **Filter Washings** - The running obtained from the filters during the process of washing or sweetening off.
63. **Water** –
    a. **Dilution Water** - The portion of imbibition's or maceration water present in the mixed juice. If the term "Dilution" is used, it should always be further

characterized by giving the basis to which it refers.

b. **Feed Water** – Water suitable to use in boiler. It may be re-circulated after condensing the steam or taken directly from RO water. The PPM level of feed water is generally close to zero.

c. **Imbibition Water** - The process in which water or juice is put on the bagasse to mix with and dilute the juice present in the latter. The water so used is termed imbibition's water.

d. **Raw Water** – Water extracted from ground, dam or river and stored prior to any treatment.

e. **Superheated Water** – Water heated above boiling temperature under pressure.

f. **Soft Water** – Water after some treatment to reduce soluble content.

g. **Undetermined Water** - Cane minus fibber minus total undiluted juice in cane. In its calculation the suspended solids in mixed juice are also considered.

64. **TCD** - Tonnes of Cane crushing per Day refers to the amount of cane a processing plant crushes each day and not the amount of sugar produced. Most sugar processing plants are sized according to this figure which is based on a 24-hour day. However, many small-scale factories, and some large ones, only operate for part of a day and in some cases for only part of the year. Therefore, care must be taken when analysing TCD figures as they only represent a factory's capacity and do not necessarily reflect the actual throughput.

65. **Vacuum Pan Vacuum** (VP) pan describes a particular type of technology used to boil or evaporate the sugar cane juice. It was developed by the large-scale industry to improve efficiency but some small-scale VP factories are in operation, especially in India.

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA CMA

(Statutory Body under an Act of Parliament)

Western India Regional Council

WIRC ACHIEVED ONE OF THE BEST REGISTRATIONS DURING THE PANDEMIC PERIOD FOR THE BATCH

JANUARY TO JUNE 2022.

Overall 52% Increase in total Registrations.

PARTICULARS	ORAL June 2022	POSTAL June 2022	TOTAL Oral and Postal June 2022	ORAL June 2021	POSTAL June 2021	TOTAL Oral and Postal June 2021	%
FOUNDATION	142	1046	1188	114	572	686	73.18
INTERMEDIATE	493	1492	1985	476	942	1418	39.99
FINAL	71	119	190	30	67	97	95.88
TOTAL REGN	706	2657	3363	620	1581	2201	52.79

CMA ARINDAM GOSWAMI

Regional Council Member

Chairman, Students and Members Coordination Committee

GST - Good & Simple Tax – Reality Check?

CMA Ashok Nawal
Mob.: +91 98901 65001
E-mail : nawal@bizsolindia.com

Implementation of Goods & Service Tax (GST) w.e.f. 1st July 2017 is one of the historic moments in the Indian Economic history. When draft GST Law was prepared and thereafter in the manner GST was supposed to be made Good & Simple Tax, we need to have the reality check, whether implementor of GST, GST Council and Department of State & Central Govt. i.e. CBIC and State Commercial Tax Offices have achieved the object of Good & Simple Tax in the minds of common man and taxpayer?

Nobody including the government officials will state that, they could design the system the way it was envisaged. We can cite number of examples, since technology so far implemented was not sufficient enough and hence understanding the technological difficulties, the law which was envisaged has not been implemented and now rather than changing & upgrading the technology and removing the difficulties, GST Council preferred to change the law, which was envisaged. Some of the illustrations can be cited below:

GST Act was required to be amended number of times on account of the same:

- Finance Bill 2022
- CGST Act, 2017 as amended up to 31.08.2021.
- IGST Act, 2017 as amended up to 01.10.2020.
- CGST Act, 2017 as amended up to 01.01.2021.
- THE TAXATION AND OTHER LAWS (RELAXATION OF CERTAIN PROVISIONS) ORDINANCE, 2020.
- UTGST Amendment Act 2018.
- Compensation Cess Amendment Act 2018.
- IGST Amendment Act 2018.

Major changes in the above amendments are on account of not able to implement the matching provisions, the way it was envisaged originally and therefore, resulted in not only the technical glitches but added to number of sufferings to the trade & industry and substantially added compliance cost. While efforts are ON for upgrading the system and making data easily accessible and retrievable, but undoubtedly, compliance cost have gone substantially higher.

Format of GSTR-9 & GSTR-9C requires lot of modifications :

e.g. Table 8 of GSTR-9 provides:

8. OTHER ITC RELATED INFORMATION:

A ITC as per GSTR-2A (Table 3 & 5 thereof)

B ITC as per sum total of 6(B) and 6(H) above

C ITC on inward supplies (other than imports and inward supplies liable to reverse charge but includes services received from SEZs) received during 2019-20 but availed during April 2020 to September 2020

D Difference [A-(B+C)]

E ITC available but not availed (out of D)

F ITC available but ineligible (out of D)

G IGST paid on import of goods (including supplies from SEZ)

H IGST credit availed on import of goods (as per 6(E) above)

I Difference (G-H)

J ITC available but not availed on import of goods (Equal to I)

K Total ITC to be lapsed in current financial year (E + F + J)

This table do not provide the details to be given w.r.t. ITC reversed subsequently; ITC reversed in subsequent years pertaining to current year. Though, the transactions of current year are not reflected in GSTR-2A for the financial year might be reflecting in subsequent financial year and ITC can be availed of such amount upto 30th Sept and therefore this reconciliation as stated in the table 8 adds more confusion and resulted into issuance of SCN by the department without appreciating the facts as mentioned above. If ITC is not availed due to ineligibility, it is charged off to the expenditure and therefore there cannot be separate tracking for ITC available but not availed OR ITC available but ineligible. Press release was released in 2018 that these figures are not mandatory to be provided and as such do not serve any purpose other than adding to the compliance cost.

Desk Review:

Departmental officer can download details of GSTR-1, GSTR-3B, GSTR-2A/2B & can scrutinized each return and thereafter check their observations in Annual Report in the form GSTR-9 and reconciliation of books of accounts in the form GSTR-9C. Taxpayer is permitted to file the annual return and also reconcile with the books of account and make the necessary corrections of errors & omissions in GSTR-1 & GSTR-3B and revise the same in GSTR-9 and also pay differential tax, if any at the time of uploading GSTR-9 / GSTR-9C. However, departmental officers don't do such exercise and number of discrepancies in the form of ASMT-10 are issued to the taxpayers and make them answerable. Even though they clarify all the points, without understanding the facts & submission, departmental officials have started the SCN in the Form DRC-01 and thereby adding number of litigations. Unfortunately, lower adjudicating officers upto Appellate Authority do not provide the judicial orders and taxpayers have to approach high court in absence of formation of tribunal under the GST Law.

Further, when such departmental officers compare the same with audited financial statements (balance sheet and Profit & Loss Account, Tax Audit Report, Cost Audit Report) they issue the blanket letters without appreciating the facts that such taxpayers have number of registrations and such financial statements, Tax Audit Report, Cost Audit Report are for company as a whole. No efforts are done by the departmental officers to collate the information of all registrations from the returns filed by them and then compare. This is adding to lot of compliance cost and litigation to the taxpayers.

Interface with Departmental Officers:

At the time of implementation of GST, it was envisaged and propagated that there will be no interface with the departmental officers. However, when GST Rules were amended lot of documents including invoices pertaining to ITC availment, FIRC against export of goods & services, sample copies of shipping bills & bill of entries, documents w.r.t. evidencing 150% of domestic price of export goods have added lot of interface and have become hurdle to make open & transparent sanction of refund claim. No refund claim is sanctioned without interface with the departmental officers for the obvious reasons. Needless to say, it adds not only transaction cost but also transaction time. System should be designed in the same line of e-assessment and e-adjudication in the line of direct tax, but there are endless hassles for avoiding interface with departmental officers.

Different instructions / circulars from Departmental Officers of different states & Central :

It was envisaged that any clarification or circulars or instructions will be issued only after recommendation of GST Council, whereas there are different circulars & clarifications issued by Central Govt through CBIC & different State Govt through their circulars and they differ a lot with each other. Classic example of audit manual, instructions/clarifications pertaining to audit or issuance of SCN etc. etc. Each State Govt has issued different clarifications / formats etc. contradictory to each other and therefore if any taxpayer have got multiple registration, has to face lot of challenges & cross various hurdles.

September Return Due Dates:

Number of taxpayers have received SCN for availing the input tax credit for such transactions, which has been reported after 30th September of subsequent financial year. As a matter of fact, Input Tax Credit is availed at the time and in accordance with the provisions of Act & Rules at relevant times. From 1st July 2017 till 30th Sept 2019, there was no mechanism of matching and hence only the prevailing conditions as per Section 16 was required to be followed and ITC was availed based on the same. However, if such transactions are uploaded by the supplier after 30th Sept, number of SCN has been issued for objecting thereto. Even though, Section 16(2)(aa) has been made effective w.e.f. 1st Jan 2022, Rule 36(4) was inserted w.e.f. 1st October 2019 and Input Tax Credit was allowed to the extent of 110% / 105% of the eligible credit reported in GSTR-2A. In other words, there is no restrictions to avail the credit even though such transactions might have been reported by supplier after 30th Sept of subsequent financial year, If such amount is within the limit as specified in the rule. However, taxpayers have been issued number of SCN and litigations will go on. Therefore, whether such tax can be considered as good & simple tax is the question mark..

TRAN-1 :

There are number of issues pertaining to scrutiny of TRAN-1 as discrepancy notices / Show case Notices are sent by the department to everyone making it troublesome for the real taxpayers. As the notice requires all the previous records to be available making it a tiresome issue for the taxpayer to provide the details again.

Mismatches on account of delay in compliances / evasion:

The consistent policy rollbacks and amendments, powered by the glitchy GSTN Network, have enabled massive tax evasion, which was evident from unearthing the racket of fake invoices amounting to lacs of crore. The benevolent composition scheme, as well as windows for filing quarterly returns, raise concerns about the intention and execution prowess of the government at the centre. The increased pool of registered taxpayers has had little but no impact on Revenue generation. Only 72% of taxpayers file returns regularly. A major headache is, however, the mismatch between initial and final returns filed by taxpayers. There is an estimated mismatch more than Rs 38,000 crore tax liabilities reported in GSTR-1 and GSTR-3B.

The present GST structure has no mechanism for checking discrepancies found between GST Returns for July-Dec and final returns. About 90 % of the taxpayers were unable to correctly report revenue statements. The discrepancies and e-way bill failure demand that the GST Council now needs to take rigorous measures to tackle the menace of tax evasion through under-invoicing and errors while making e-invoices which is required to be corrected only after month end.

Lack of IT Ecosystem in India:

Indian economy is majorly driven by small business units i.e. SMEs. It will be unfair to expect small-scale business firms to make the transition to an online IT platform and expect no errors in return filing. It is an uphill task for the majority of our working population which has little hands-on experience with IT solutions. Majority of SMEs are too small and even cannot afford cost of GST Return Preparer and due to time constraint and other mismatch of priorities and lack of proper internet connectivity, returns are getting delayed or with errors.

Lack of Facilitation Approach:

Each Commissionerate Office has been renamed as GST Facilitation Centre. However, even the departmental officer irrespective of their ranks do not have any clarity, rather they add more confusion. Lot of refund applications are either rejected or kept pending on non-availability of domestic price, which is required to determine adjusted turnover and considering export price or 150% of domestic price of like goods, whichever is lower. If such goods are not sold in domestic, number of departmental officers are not considering the turnover of such goods exported. Number of examples can be cited and illustrations can be given that there is absolutely no clarity and have the lack of training to departmental officers. It will be further worst situation when any taxpayer is falling under the jurisdiction of State GST Officers.

Advance Ruling:

Each state have set up Advance Ruling Authorities and there are number of cases to have the different views of different Advance Ruling Authorities. Further, Advance Ruling Authorities is envisaged set up with the objective to reduce the litigation and have better clarity, but what has resulted is multiplied confusion due to contradictory decisions of different State Authorities. Further, majority of the decisions lacks the judicial and fair approach. Almost 1557 advance ruling decisions have been reported and number of advance ruling are still pending. There are 236 appellate advance ruling decisions of different state authorities, which have added further confusion.

Additional Burden on High Courts:

In absence of setting up the GST tribunals and non-judicious orders of lower authorities coupled with high handed approach and attitude of departmental officers, high courts are burdened with number of writ petitions. Fortunately, Indian citizens have got 100% confidence in judiciary of high court & supreme court, but lower authorities needs to really do their duty when they pass the judgement as adjudicating authority and hence they are the quasi-judicial officers and required to provide the judgement judiciously.

Concluding :

It was expected that Goods & Service Tax will be one of the example of Co-Operative Federalism and will really serve the object of One-Nation, One-tax and Good & Simple Tax. However, taxpayer has got the different experience and undoubtedly, we have achieved the objective of one rate and less complex system than that of earlier, but could not achieved the object envisaged to make "Good & Simple Tax" without interface of govt officials and achieving Maximum Governance and Min Government. ■

Funding for Family-Run Business

Survive and thrive in new age economy

CMA Jay Mehta
Mob.: 86906 11515
E-mail : cajaydmehta@gmail.com

THE Indian economy has gone through turbulent time in the last 24 months due to the pandemic and just as the economy was witnessing a steep V-shaped recovery across sectors, the third wave in the loan of omicron has struck India and looking at the initial numbers across the country far more people would get infected as compared to the first and second wave. However the virus seems less destructive as far lesser number of the infected patients requires hospitalization and oxygen supply to survive. Hence a lockdown on a national level witnessed earlier or at a state level seems to be ruled out. However due to the present situation. Most consumers would rather take a wait and watch strategy and will result in having a negative impact on overall GDP and overall economy.

Due to these turbulent economic conditions, the worst hit would be the small and medium family run business that have limited or no access to capital and still rely on age old conventional funding methods from banks. They will feel the heat due to the slowdown in the economy and may not be able to survive yet another round of economic slowdown. Plus, the biggest challenge for these traditional family run business come from start-ups that are funded to a very large extent and adequate capital to burn in order to capture the market share from these traditional businesses.

Family Business contributes around 65% of GDP in India which includes small shops and service providers to medium and large amount of the working population in India and is the backbone of the Indian economy. The biggest challenge that these business face is access to capital and ability to raise finance as and when required to survive or even expand the business. It has been observed that just 13% of the Family Business survive till 3rd Generation and only 4% go beyond 3rd Generation. 2/3rds of the businesses fail due to lack of capital and finance and one third of business families disintegrate because of generation conflict. The biggest challenge at scale in a family run business is that a gap emerges between family values and business objectives.

Thereby most family business rule out the option of tacking

private capital in form of private equity and would prefer the debt route rather than taking an investor on board as a partner, as these is a very thin line between accountability / transparency and reporting. In most cases family run businesses will not like to report and align with values with any other person even if it's an investor hence ruling out the ability to raise large amount of private capital from Private Equity and Venture capital Fund unlike most of the early stage companies in India that have raised millions in certain cases billions of dollars from such investors.

The biggest constraint on the debt side from traditional banks is the requirement for additional collateral, which is in the form of hard assets like land and building, thereby restricting the ability of the business to raise debt funding beyond a point. Hence the ability to survive beyond a point in a downturn and ability to scale the business very fast when the opportunity exits is not possible. What most banks and financial institutions look at is the level of security and collateral rather than the merit of the business of the cash flow.

In the demand and flow of debt and equity funding to the MSME sector in India wherein majority are family run businesses, these is a USD 71.4 billion institutional demand supply gap in the MSME sector in India. This comprised a debt gap of USD 58.6 billon and an equity gap of USD 12.8 billon. Micro and small enterprises account for 97% of the debt gap. Working capital demand accounts for an estimated 61% of this debt demand. India has around 75 million MSMEs wherein the single biggest problem is lack of finance for these companies to survive and thrive. Credit has been a major stumbling block due or which majority of the MSME fail. Only 16% of MSMEs in India receive formal credit leaving more than 80% of these companies under-financed or financed through informal sources.

In order to cater to this demand, the demand for structured debt / cash flow funding has been growing to a large extent in India. In this form of funding the most important criteria to get funded is the cash flow that the business will generate and amount of money that it will make rather than the collateral in form of land and building that it can offer. Thereby the Family run business the backbone of the Indian economy faces severe challenges from the economy and new age hyper growth start-ups. Innovative cash flow based structured funding is the need of the hour to remain competitive and thrive in the new age economy lender will map the cash flow of the project that the business will make and map the repayment in term of interest and principal basis the cash flow. Thereby giving the ability to the business to raise capital to execute the project and make the appropriate repayment to the lender / investor. As the investor is taking relatively higher risk in funding the project, if the project fails or the payment is delayed or defaulted the lender will want to have an option of possible upside in case if all goes well. Higher the risk higher the return is the apt finance principle applied.

The lender may look at a potential upside in form of warrant coverage. A warrant is an instrument issued that may get converted into equity at an appropriate time. The lender will request warrant in the range of 5% to 20% of the value of the loan. A percentage of the loan's face value can be converted into equity at the per share price of the last financing round. The warrants are usually exercised when the company is acquired or goes public, yielding an "equity kicker" return to the lender.

in order to survive and then thrive in the rapid growing and evolving Indian economy, family-run businesses will brave to adopt and seek new ways to raise capital by keeping their core values in place and yet being able to compete in the economy. Structured finance is the way toward to raise this kind of growth capital required to grow the businesses Most new age NBFCS look at cash flow funding and structured finance to match the requirements of the borrowers and help growth of the businesses. This avenue of cash flow funding /structured finance is a good a venture or HNI investors to investing as well as they yield in much higher than regular debt instruments offered in the debt market and since the repayment/lean is matched to the potential cash flows that will be generated the risk of default is relatively lower than plain vanilla ICDS (Inter Corporate Deposits) that are offered. Investors can participate in such investment opportunities using the AIF (Alternate investment Fund) route of via a NBFC, with an average yield of around 18% p.a making it a sort after option to look at on an. over- all portfolio level. In these turbulent times wherein inflation is on the rise, thereby interest rates will rise and equity markets would be range bound, asset allocation is the key for wealth creation in 2022 and this opportunity in form of structured debt products should be explored for High Net Worth

■

Indian Cotton Sector – an Overview

CMA A. K. Chowdhury
Mob.: 98339 22510
E-mail: aicosca1@gmail.com

Cotton, as a textile fibre, was grown in India from as early as 300 BC. It is said to be one of the most versatile among various agricultural crops.

According to Dr. Keerti Singh Rathore, an Indian Scientist and Professor, doing extensive research on cotton for the last about 22-23 years in Texas, A & M University College Texas, USA has mentioned that:

"fragments of 4000 years old cotton cloth have been found in Indus valley in Pakistan and the coastal valleys of Peru"

Incidentally, Dr. Rathore who happened to be in India about a couple of years back for delivering a lecture in the "Central Institute for Research on Cotton Technology" (CIRCOT – ICAR) Mumbai on "Bio-Technology based solution to improve the cotton plant", as a part of late Dr. B.R. Barwale, (Recipient of Padma Bhushan and World Food Prize) Memorial Lecture Series further mentioned that

"Cotton plays a major role in the economy and social structure of many countries including India. It has also shaped the history of some parts of the world. It provides a wide variety of products viz. fibre, feed, food, fuel and fertilizer".

Photo 1 - Sowing of Cotton seeds

Commercial Aspects of Cotton:

Cotton is known to be grown commercially in some 80 countries in about 2.5 percent arable land, making it one of the most significant crops in terms of land use after food grains. Many countries are also involved either in exporting or importing cotton lint or both, and thus it is a widely traded agricultural commodity.

Relevance of Cotton to India:

According to the former Government Body viz. Cotton Advisory Board, Ministry of Textiles, (which has now been replaced) India is now the leading producer of cotton in the world, producing about 25% of the world's cotton output compared to about 10% to 12% during the beginning of Independence. Further, according to International Cotton Advisory Committee, (ICAC), Washington, an important World Cotton Body, India has overtaken USA and China in cotton production in the last 2-3 years. However, there has been wide fluctuations in production of cotton in India from year to year, due to climatic factors as the production data of last five years presented below will reveal. Again, cotton plant is highly vulnerable to a number of pests and diseases, which also affect the production.

Photo 2 Indian farmers carrying cotton fibre

The following table shows the area and production of cotton in India during the last five years i.e. 2016-17 to 2020-21 and the current cotton year i.e. 2021-22. (Cotton year starts from October to September).

Table 1

(Area In lakh hectares) (Production In lakh bales of 170 kgs. each)

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (E)
Area	108.26	125.86	120.14	134.17	130.17	120.69
Production	345.00	370.00	361.00	365.00	353.84	362.18*

E - Estimated

Sources:

i) Cotton Advisory Board, Ministry of Textiles, Govt. of India, (Now replaced) (2017-18 to 2018-19)

ii) Committee on Cotton Production and Consumption (COCPC), New Committee formed by the Government is September, 2020 (2019-20, 2020-21 and 2021-22)

iii) *According to latest estimate of Cotton Association of India, Production during 2021-22 is likely to be 343.13 lakh bales.

Among the States, the highest producer is Gujarat followed by Maharashtra (both in Central Zone) and Telangana (in South Zone). These three States taken together, account for more than 2/3rd of the total production of cotton in the country.

Photo 3 - A view of cotton plants in bloom

Role of Cotton in India's Textile Industry Scenario:

India's textile and clothing industry which plays a major role in the Indian economy, contributing about 12 percent of industrial production and exports and 4 percent of Gross Domestic Product (GDP), is still largely dependent on cotton, though of late, the Man Made Fibre (MMF) sector has made considerable inroads. But even now, though MMF dominates global textile fibre consumption with a ratio of 70:30 i.e. MMF 70% and Natural Fibre 30%, in India even now it is just the opposite that is more consumption of natural fibre (mainly cotton) than Man Made. Thus cotton growing and processing still occupy a prominent position in our country and cotton fibre is the main base for textile and clothing industry. According to the Confederation of Indian Textile Industry (CITI), close to 65% of textile production and over 75% of textile exports of the country are linked to cotton. Thus, in the growth of manufacturing activities, exports and employment generation, the role of cotton is still unparalleled.

Global Opportunities and Challenges for Indian Cotton:

Increase in Cotton Yield:

According to the review of the International Cotton Advisory Committee (ICAC) in the recent past, a number of producing countries like the United States, Australia, India and Pakistan are likely to show decrease in production and increases in countries like China, Brazil, West Africa, Turkey and Uzbekistan will not be enough to offset the decrease in the above countries. Hence, there is considerable scope for India to increase further its cotton production to make up for the short fall in world cotton production, considering its vast area under cotton cultivation, ranging between 125 lakh to 130 lakh hectares (say about 33% of world's cotton area), Therefore, the urgent need of the hour is to increase the average yield per hectare, which has already been propagated by many cotton experts in the past. Presently, in terms of average yield, Indian cotton is quite low and has still a long way to go to catch up with the world average or even neighbouring Pakistan. Average yield combined with quality are important factors that will determine whether Indian cotton is competitive or not in the world markets. The following table shows the average yield of cotton per hectare for some of the important cotton growing countries of the world as also the world average.

Table 2
Average yield of cotton per hectare of some important countries and the world – Years 2020-21

Name of Countries	World	India	China	USA	Brazil	Australia	Pakistan
Yield (kgs/Ha)	758	464	1758	932	1802	1657	522

(Source: International Cotton Advisory Committee (ICAC), Washington (USA), Monthly Reviews of World Cotton Statistics (December, 2021)

According to present President of the Cotton Association of India (CAI) and the past President, India's Cotton Productivity is more or less stagnant for years at about 475 kg. perhectares and the Cotton scientists are seriously considering various options as to how to increase the productivity. Our Government is also extending its fullest co-operation and it is hoped that soon a solution to this perennial problem will be found. At present, India already has the largest acreage under cotton, and considering our requirement of area under foodgrains production to meet the need of our growing population, year to year, there is hardly any scope for further increase in the acreage under cotton in India and therefore, the only way to match the increasing consumption of cotton domestically is to increase production. Otherwise, exports of cotton from India which is presently in the range of about 70 to 75 lakh bales, will not only be seriously hit but India may again become a net importer of cotton as earlier.

Consumption of Cotton in India:

The cotton consumption in India has been growing from year to year, though modestly. The present consumption of cotton in India, (both mill and non-mill taken together) is about 345 lakh bales, as per the recent estimates of the Cotton Association of India (an Association of leading cotton traders). The following table shows consumption of cotton in India in the six years period i.e. 2016-17 to 2021-22 (both mill and non-mill consumption taken together)

Table 3
Consumption of Cotton for last Six years

(In lakh bales of 170 kgs. each)

Years	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Provisional)
Consumption (Mill & Non-Mill)	310.4	315.0	270.0	315.0	335.0	340.0

P = Provisional

Import and Export of Cotton from India

According to Government data, the import and export of cotton from India for the years 2018-19 to 2021-22 have been as under.

Table 4

(In lakh bales of 170 kgs. each)

Years	2018-19	2019-20	2020-21	2021-22 (Provisional)
Import	15.50	11.00	11.03	10.50
Export	47.00	65.00	77.60	45.00

P = Provisional

Doubling of Farmer's Income by Improving the Cotton Yield:

Our present Government is aiming at doubling farmers income by the year 2022. The increase in production of cotton will not only benefit the textile industry but will also simultaneously attempt to almost double the income of the cotton farmers.

With such abundance of area under cotton cultivation, merely by improving the yield per hectare, there can be wonders in terms of cotton production. Presuming India could achieve even a yield of about 600 to 605 kg/ha, that is just five percent more than the highest yield, of about 580 kg/ha, achieved in the 2013-14 then India would be able to produce about 425 lakh bales of cotton, that would work out to be about 27% of the current world cotton production of 26440 Thousand Metric Tons.

Subsidies on Cotton:

One of the recent global challenge to Indian cotton relates to the Cotton Subsidy Issue raised by the United States. According to the US: **"India cotton subsidies are in breach of WTO rules. Instead of 10% of production value these have ranged from 53% to 81% since 2010"**

The US went on to complain to the trade watch dog (WTO) that: **"India has paid out far more in cotton subsidies than the World Trade organization allows with payments "Vastly in excess" of what it had officially reported to the WTO"**

However, Commerce Ministry Officials of India had in the past dismissed such US allegations that it pays higher subsidies than permitted' India's objection to US complaints are on account of adoption of the reference period by the US for subsidy calculation and local currency taken in the calculations, instead of in Dollar terms. **"It is hoped that India's Commerce Ministry will find solutions to this vexed issue to settle the matter permanently at the WTO level".**

Quality of India Cotton:

Another Global Challenge to Indian Cotton comes from Quality Angle:

Presently Indian cotton suffers quality wise vis-à-vis cotton from countries like USA, Australia and Brazil and Egypt etc. To meet this global challenge of offering quality cotton, India has to make relentless efforts to improve our cotton quality in order to make it one of the best in the world markets which presently termed as **"Contaminated".** We have to ensure that cotton sold to mills in India and abroad is of the best quality. According to the views of the textile experts, for Indian cotton to come up to the World Quality Standards, the following steps appear necessary:

i) Growing cotton under irrigated conditions and in irrigated lands.

ii) Use of right quality seeds to have full protection from pest attacks

iii) Teaching best farming practices to farmers including checking quality of seeds and proper use of fertilisers.

iv) Large Farm holdings

v) Avoiding excess spraying of pesticides on the cotton

vi) Improving the standard of Bale Packing.

In conclusion, it may be mentioned that in order to cure the present ills of the Cotton Sector, the immediate need is the increase in cotton productivity to at least 550 kg. per hectare. In this context, the Cotton Association of India (CAI), President recently had an inter-active meeting with the Union Minister of Commerce and Textiles, Shri Piyush Goyal, and provided inputs to the Minister relating to the cotton sector.

The Minister assured the Association that:

"India will bring new High Seed Technology very soon to improve cotton productivity"

OBITUARY

CMA S. S. Shirolkar, *Past Chairman,* WIRC (1982-83) has passed away on 5th February 2022.

May the departed soul rest in eternal peace.

Key GST Changes from Jan. 2022 And its Impact on Business

CMA Vinod Shete
Mob.: 86980 76687
E-mail: Vinod_shete@rediffmail.com

From 1st January 2022, a number of important changes to the Goods and Services Tax (GST) shall take effect. Some of these changes were made in response to proposals from the 45th Session of the GST Council, and others were made by amending the Central Goods and Services Tax (CGST) Act 2017 through the Finance Act 2021.

The removal of concessions, input credit restrictions, enforcement mechanisms, persons accountable for paying tax, and rate modifications are all significant GST developments. While some of these changes may have a narrow focus, such as infrastructure, EPC, or Ecommerce, others will have a broader impact, affecting trade and industry in general. Businesses that will be affected by these significant changes must plan for or comply with them.

Input Credit Tax: Section 109 of the Finance Act of 2021 was amended to add the additional provision '(aa)' to Section 16 (2) of the CGST Act of 2017. This new section adds a new stipulation to the utilisation of the input GST credit. It specifies that the credit for input GST on an input-side invoice or debit note can be claimed only if the supplier has provided details of the invoice or debit note in their outward supply (GSTR-1) and those data have been conveyed to the invoice or debit note's recipient. This means that the supplier's GSTR-1 declaration/return must match the recipient's GSTR-2B in order for the recipient to receive credit for the GST charged by the supplier.

As a result of this change, there will be a significant impact on the company's working capital if the supplier fails to file returns on time. In addition, the company pays its monthly GST liability in a timely manner and accumulates input credits due to late supplier submissions, increasing input credits from month to month. Needless to say, there is a two-way pressure on a company's financial costs. To avoid financial burden, companies should only deal with suppliers who comply with GST requirements in a timely manner.

GSTR -1 & GSTR -3B: Previously, liabilities stated in Section 39 were used to determine self-assessed tax. The new amendment intends to eradicate "fake billing," which occurs when sellers report larger sales in GSTR-1 in order to allow a buyer to claim an ITC while suppressing sales in GSTR-3B in order to decrease GST payment. The CGST Act's amended section 75 (12) states: "Where any amount of self-assessed tax is paid in accordance with a return filed under section 39, notwithstanding anything in sections 73 or 74,

If any amount of tax, whether fully or partially paid, or any amount of interest due on such tax, is not paid, it will be recovered under the terms of section 79."

Businesses are worried that this change may result in aggressive tax recovery actions from the Tax officials, even in circumstances where there is a minor mismatch for otherwise complying participants. As a result, on January 7, 2022, the Central Board of Indirect Taxes and Customs (CBIC) released recovery guidelines , declaring that tax officials would give enterprises "adequate time" to explain why there was a discrepancy.

Supply: A new clause within the definition of supply is added to Section 7 of the CGST Act, 2017. Previously, it solely applied to goods. Activities involving the provision of goods or services by anybody other than an individual to its members or constituents for cash, deferred payment, or other valuable compensation. The amendment states that any supply made by a person other than an individual (meaning, an entity such as an Association of Persons (AOP), a partnership firm, a company, a co-operative society, etc.) to its members or constituents (meaning, members of such entities, such as members of a club, or members of a co-operative society) for cash, deferred payment, or any other valuable consideration, is covered by the definition. Since the legal entity and its members are treated as separate individuals by law, each supply of goods or services by the legal entity to its members is also considered a "supply" under the GST.

E-commerce: Food aggregators/e-commerce platforms using carrier services like Zomato, Swiggy, etc. must pay the restaurant service tax from January 1st, 2022. Tax liability for non-restaurant services are remains with the restaurants themselves.

Sec 129 and 130 of CGST Act, 2017: Sections 129 and 130 give tax authorities more powers to detain and confiscate goods in transit. Section 129 has been amended to separate from section 130 (forfeiture) to become a self-contained code. The fine for negligence was also raised to 200%, and the temporary release of detained goods was also cancelled. In addition, time limits are set for sending notifications and determining notifications. In addition, Section 130 has been changed, and the amount of fines applicable to confiscation of goods has also been changed. Section 129, as amended, reads as follows:

i) Section 129(1): To release goods seized for violating E-Way Bill restrictions, a penalty of 200 percent must be paid.

ii) Section 129(2) has been removed.

iii) Section 129(3) of the CGST Act, 2017: Specified term for issuing of notice (seven days) and granting of order (seven days).

iv) The time limit for selling or disposing of confiscated items or conveyances is set forth in Section 129(6).

v) Section 129(4) states that no penalty shall be imposed without first providing an opportunity for a hearing.

In addition, Section 116 of the Finance Act of 2021 amends Section 107(6). No appeal may be lodged against an order made under subsection (3) of Section 129 of the CGST Act until the appellant has paid a sum equal to 25% of the penalty, according to this amendment.

Mandatory Aadhaar Authentication: It is now compulsory for the registered person to undertake Aadhaar authentication for the following purposes with effect from January 1, 2022:

i) In compliance with Rule 23 of the CGST Rules, 2017, filing an application for registration revocation or cancellation on FORM GST REG-21.

ii) Filing of FORM RFD-01 reimbursement application under Rule 89 of the CGST Rules, 2017.

iii) Under Rule 96 of the CGST Rules, 2017, the IGST paid on products exported out of India is refunded.

Conclusion:

The majority of these amendments are intended to provide GST officials more authority under the law in order to ensure stronger enforcement and prevent GST evasion. Tax evaders must be held accountable, but innocent and conscientious taxpayers must be protected by strong procedural safeguards.

To make the ease of doing business easier, the Tax Department should establish clear procedural guidelines for all such enforcement and anti-evasion measures, as well as regular training for tax officers, to ensure that sufficient checks and controls are in place so that genuine and compliant taxpayers are not harassed.

STUDENTS CORNER

How to Face the Interview

– T. Yamini
Lead Indirect Taxation,
Vedanta Limited

The journey of CMA lies in three stages for which you've to study many pages, And to cheer during results, you've to fear during exams.

But all this pain gives you fame when placed before your name. And to maintain that fame you've to get a brand name i. e. cracking an interview. An interview is the test of not only knowledge but behaviour and confidence too.

So here are some tips that'll help you to approach interviews in the correct manner and with right attitude to achieve professionalism and be successful:

Firstly, be prepared for common questions; though each interview is different, there are some common interview questions and if you're prepared for them, half the battle is won. You'll be less tongue tied and will appear more confident.

Here are few questions you should be prepared for

* Introduce Yourself
* What are your Strengths and weaknesses?
* Why do you want to work with the Company?

Further, be prepared to explain why you'd be a good fit for the company

Secondly, Do research about the company you are shortlisted for:

- Make sure you know as much as you can about the company, so that you can show your interviewers how much you care.
- Show that you know what the position entails, too. As it becomes easy to crack an interview if you know what the interviewer is looking for.

Further,

- Be thorough with your CV so that you aren't stumped by any question pertaining to your education or past employment.

In addition,

- Be prepared with atleast 2-3 questions to ask to your interviewers regarding the job description, scope and like one's as most of your potential employers will ask if you've any questions to them.

This was all about the behavioural rounds now coming to technical rounds, look through all your basic concepts of accounts, cost, financial management and taxation.

At last, how you present is more important than what you present so be confident and honest. Be persistent till you make it happen.

Potential benefits and challenges of blockchain technology for trade finance

CMA (Dr.) Subir Kumar Banerjee
Mob.: 98201 13419
E-mail : subirkumar.banerjee@gmail.com

Traditional paper-based trade finance systems

Trade finance is heart and soul of international trade in goods and services by

giving birth to transactions between purchasers and vendors globally. Trade finance facilitates the credit, payment guarantee, and insurance required to smooth flow of the transactions on conditions so that all parties would be happy after the conclusion of their respective deals.

One of the barriers with trade finance is the voluminous of paper documents which is basis of the transaction flow between related partners like importer, exporter, importer's bank, exporter's bank, shipping company, receiving company, local shippers, insurers, and others in the deals. As a result, unnecessary time and expenses wasted and also many errors creep in by default. Moreover, these papers are also subjected to forgery.

Blockchain and Trade Finance

As per to the 2020 Global Trade Survey from the International Chamber of Commerce, trade and trade finance are in a state of global concern, partly because of COVID-19. While some banks opinioned about uncertainty due to COVID because of trade flows and revenues shrinked. The survey also reveal that lockdowns and working from home prompted to preference digital solutions in trade, including blockchain.

54% banks also added that innovative technologies such as blockchain, digital trade and online trade platforms are forerunner of booster and strategic focus in the short term as they ensure future growth. Over 50 percent also echoed that aincreasing number of document types used in trade could be paper or digital.

Going ahead with digitizing trade finance need collaboration between entities who are contenders in normal circumstances. Trade financing, where banks make available credit facilities to ensure guarantee exchange of goods, is a vintage practice in trade finance industry that has not witnessed many alterations much during the boost of world trade flows. In 2015, the trade finance market was at more than $10 trillion USD.

Potential benefits of blockchain technology for trade finance

There has been massive hope regarding the use of blockchain in the trade finance. Many industry doubters that blockchain technology can disturb business.

a) Blockchain technology has prospective benefits with alteration of business processes by revaluation of chain interactions, which will lessen operational intricacies, and shrink transaction expenses. Blockchain technology has a growing list of transactions recorded in units termed as blocks, and immune from tampering and revision.

b) Each block consists a timestamp and interlinked to a earlier block. The blockchain blends many computer technologies, including distributed data storage, point-to-point transmission, consensus mechanisms, and encryption algorithms.

c) Most blockchain networks' focus to make a database system in which dispersed handlers and institutions can collectively record data and maintain it. No only a person can execute uninterruptedly for market power or control. The main idea of blockchain technology is to disperse information storage so that it is not centralised in the hand of single person who can manipulate at his/her as per whims and fancy. This brings a transparency of records of crucial transactions for trading stakeholders.

d) Trade finance experts are of opinion that shifting to without paper trade would be massively advantages in backing the supply chain via lesser costs, without any error documentation, and swift transfer of documents to customers.

e) As a result, banks would boost more income from trade finance sector by attracting businesses from other sectors. It is expected that blockchain technology can eliminate the disadvantages of the traditional paper-based trade finance system by digitizing, optimizing, and lessening the trade finance process and making it more transparent with cost economy and accessible.

f) By digitizing documents, banks and corporates would shrink the requirements to collect, scan, and re-key information, with the way to more capabilities in the trade finance process.

g) Moreover, as blockchain permits for parallel reach to crucial documents by all legitimate parties anytime and at any location. it might oust manual chase and reconciliation of paper trails and bilateral e-mails.

h) Go after fresh income surge via fresh financing products and substitute to letters of credit

i) Attempts banking services to small and medium enterprises (SMEs) and entities that would normally follow open account trading

j) Boost deep understanding into customers' financial picture and transaction in the past time.

k) Apply blockchain security which will contribute to establish greater clarity and control of their transactions. As a result, it will improve the bank's capital adequacy position.

l) It will increase speed of financing approval processes and trading cycles.

m) Both Buyer and seller that utilise the platform can: -

Reaching trade finance products and services extended by participating banks more readily than via traditional routes

Mitigates the risk of non-payment or late payment by a fresh buyer

Chase all steps in a trade deal end-to-end

Broaden access and boost business via reach to world markets

Covering with more speed business processes with digitization and automation

Challenges facing the implementation of blockchain in trade finance

Overall digitalization through Blockchain is going at a snail pace. This is because that many barriers in the way. Some of the main reasons for difficulties explained below for complete digitalization in trade finance via Blockchain technology.

1. **The lack of standard rules for blockchain networks**

   One of the key barrier to the development of digital platforms in trade finance is that each platform developer is making separate innovation in their way among the blockchain community. As a result, there are many non- identical coding languages, consensus mechanisms, and privacy measures, creating silos that are failing to integrate with each other. This problem leads to a absense of interaction and standardization among different blockchain platforms. It is important that many stakeholders should perform jointly. Joint co-operation among players is crucial to achieve the main goal with speed. Uninterrupted exchanges of data between stakeholders is very important. It is better said than do in these situations. Every player do not recognise other players. How these players will be integrated in the main cause of achieving complete digitalization. This is very difficult. For blockchain technology to reach its expected goal in trade finance, including trading companies, logistics, and shipping firms, banks, and customs, required to concur on a standard set of rules of technology and business rules.

2. **The Requirement for Legal Systems to Recognize Digital Documents in Trade**

   Another formidable obstruction is that there is no uniform regulatory environment of the digitalization of trade over the globe. It is difficult to implement uniform regulatory environment of the digitalization of trade over the globe. As a result, many challenges are confronted for the establishment of the blockchain across the trade industry and also the unpreditability over the legal issue of e-documents over many legal systems. Many countries acknowledged the system of paper documents over many centuries. Also, some countries do not acknowledge the e-signatures and e-documents for trade dealings.

   I quote - "The ICC banking commission report about the legal status of electronic bills of lading in ten jurisdictions, including UK, USA, Germany, Netherlands, UAE, China, Singapore, Brazil, India, and Russia, revealed that the legal status of electronic bills of lading is still unclear in many jurisdictions."

   Un-Quote - As a result, main challenge is many uniform orders over the globe permit the use of traditional paper-based documents. The possiability of blockchain technology to facilitate international trade will only be fruitful if regulations unfold to back the massive deployment of the technology.

3. **Higher costs required with embrace and operating the blockchain**

   The cost of developing and maintaining a blockchain network is a barrier to the wide embrace of this technology. The high cost of blockchain come from many reasons First, blockchain networks depend on major computing power and as a result consume high electricity to maintain to run. Because, the most of the blockchains need to resolve complicated mathematical puzzles and hence massive computing power required to substantiate and process transactions the network.

   Another barrier for companies that how to combine blockchain with their current data system(s). In most cases, if they go for use of blockchain, entities are needed to overhaul and restructure their current data system.

4. **Information Transmission and Privacy Concerns**

   Blockchain has inherent basic privacy problems because of its design. The blockchain surprising allows trading partners such as carriers, exporters, importers, and banks to access distributed ledgers for trade finance transactions. The sharing data of a blockchain indicates that each partner in the deal that processes transactions and builds the blockchain has right of entry to the blockchain transactions data. Accordingly, the blockchain database would be permitted the access of confidential transaction data in bills of lading, letters of credit, and other shipping documents with other partners of the blockchain network.

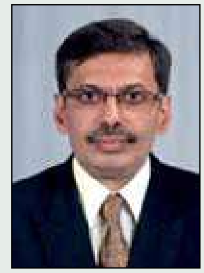
   As a result, a blockchain would be an open (book) ledger that is revealed to all partners in the deal. Accordingly, these situations will create uneasy positions to all partners.

   It appears, as a solution, it seems that the distributed ledger features should be restructured to permit to limited access to information.

Reference

1. *https://www.tradefinanceglobal.com/posts/the-application-of-blockchain-in-trade-finance-opportunities-and-challenges/*
2. *https://www.ibm.com/blogs/blockchain/2021/03/blockchain-and-trade-finance/*

MIS Reports for Stores and Spares Cost Including Monitoring, Controlling and Reducing of Total Stores and Spares Cost



Ms Rashmika Mahiya
Mob.: 76000 52455
E-mail: mahiyarashmika@gmail.com

CMA Rajesh Kapadia
Mob.: 99090 29382
E-mail: rajeshanita2007@yahoo.com

- A Company is required to incur expenses on Stores & Spares to keep its Plant & Machineries in good condition so that it facilitates smooth running of its Plant & Machinery.
- And as Stores and Spares often becomes Major Cost Component of Fixed Cost and thereby in Cost of Sales, it pays to Monitor / Control / Reduce Stores and Spares Cost.
- This can be achieved through MIS Report as mentioned in Annexure I & II
- Annexure I will highlight areas where management can initiate required steps / actions to monitor, control and reduce expenses on Stores Expenses.
- **Following Checklist (It is Illustrative in Nature and not Exhaustive) is suggested to monitor, control and reduce expenses on Stores and Spares.**
- There should be well laid down Purchase Procedure for Purchase of Stores Items
- Purchase of Stores Items should be from List of Approved Vendors / Original Equipment Manufacturer
- Sometimes, No of Stores Items are purchased at the same time for which Prices are invited from Approved Vendors. Here, it is advisable to put L1 (Receipt of Lowest Rate) against each Store Item and then to arrive at overall L1 Price for all Stores Item put together. It helps the negotiation committee to properly bargain for procurement price which helps bring down overall procurement value of all concerned Stores Item.
- Company having more than 1 plants requiring same Stores Items 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.
- Critical Spares with long delivery schedule should be kept in stock as an insurance.
- Incidence of Expenses with respect to Stores & Spares depends upon age of plant & machinery and operating conditions of plant & machinery.
- Whenever any new spare parts are to be purchased, it is always advisable to go for better quality of Spare Parts.

  Better quality of Spare Parts also results in uninterrupted production flow.

  Moreover, with improvement in quality of spare parts, there will be improvement in life span of spare parts which will bring down the cost of spare parts for the company.

  This is because, with given price, Company will be Procuring Spare Parts having longer life span due to better quality of spare parts.
- Through this report, management will come to know A Category Cost Centres which account for 70 % to 75 % of total Stores & Spares Expenses incurred.

  It is always advisable for the management to focus on these A Category Cost Centres to monitor, control & reduce expenses on Stores & Spares.

In addition to taking of above mentioned steps, management may also look for EXPLORING OF NEW VENDORS for the following reasons :

Explore of 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 Raw 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 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

Results of Actions taken as above will be reflected in Annexure II which will shows Trend of Productwise Year Wise Per MT Expenses on Stores.

If Per MT Expenses on Stores is high then it means either High Incidence of Stores Expenses for that Product / Products or Due to Low Capacity Utilisation, Per MT Expenses on Stores is high.

Annexure I – Yearwise Trend of Cost Centrewise Stores and Spares Cost as % of Total Stores and Spares Cost:

YEAR	CY (Rs Lacs)	%	PY 1 (Rs Lacs)	%	PY 2 (Rs Lacs)	%
PARTICULARS						
Break Up of Cost Centerwise Stores & Spares Cost						
COST CENTRES						
Manufacturing Cost Centres						
Manufacturing Plant-1						
Manufacturing Plant-2						
Manufacturing Plant-3						
Utilities Cost Centres						
Power Plant						
Boiler						
DM Water Plant						
Filteration Plant						
Cooling Water Plant						
Chilled Water Plant						
Air Compressor						
Nitrogen						
Other Cost Centres						
TOTAL STORES AND SPARES COST						

Annexure II – Stores Expenses Per MT of Product for Key Products
(Stores Expenses with respect to Production Cost Centres)

Sr.No.	Key Products	Unit	CY	PY 1	PY 2
1.	Product 1	Rs./MT			
2.	Product 2	Rs./MT			
3.	Product 3	Rs./MT			
4.	Product 4	Rs./MT			
5.	Product 5	Rs./MT			
6.	Product 6	Rs./MT			
7.	Product 7	Rs./MT			
8.	Product 8	Rs./MT			
9.	Product 9	Rs./MT			
10.	Product 10	Rs./MT			

CY = CURRENT YEAR – PY1 = PREVIOUS YEAR 1 – PY2= PREVIOUS YEAR 2
(VIEWS EXPRESSED ARE PERSONAL VIEWS OF THE AUTHOR)

In addition to what is stated above, it is desirable for the company to have adequate and regular system to identify and segregate Item of Stores which are Fit to Use and Items of Stores which have become Obsolete:

Before Procuring any new Stores and Spares Items, it is desirable that Company should have adequate and regular system of identifying Obsolete Inventory of Stores which offers the following advantages:

By identifying and segregating obsolete Inventory of Stores, Company would come to know stock which is fit to use and which has become obsolete inventory. This will enable the company to initiate action to purchase equal number of good stores items which have become obsolete.

This will ensure that Company has adequate number of concerned Stores and Spares Item in Stock to ensure its smooth operation

Moreover, company may initiate procedure to dispose off obsolete stores and spares items.

This will ensure that in the books of accounts, value of Stores and Spares Inventory represents value of those Stores Items which are fit to use Inventory.

NOTE: VIEWS EXPRESSED ARE THE PERSONAL VIEWS OF THE AUTHORS

Students Glossary

KPO - Knowledge Process Outsourcing (KPO) is the process of outsourcing knowledge intensive activities that are data driven and encompass the process of gathering, managing, analysing and delivering objective insights into businesses.

BPO - BPO is the abbreviation for business process outsourcing, which refers to when companies outsource business processes to a third-party (external) company. The primary goal is to cut costs, free up time, and focus on core aspects of the business. The two types of BPO are front office and back office.

LPO - Legal outsourcing, also known as legal process outsourcing (LPO), refers to the practice of a law firm or corporation obtaining legal support services from an outside law firm or legal support services company (LPO provider).

Kickback

A kickback is a form of negotiated bribery in which a commission is paid to the bribe-taker in exchange for services rendered. Generally speaking, the remuneration is negotiated ahead of time.

key performance indicator (KPI)

A key performance indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives.

A performance indicator or key performance indicator is a type of performance measurement. KPIs evaluate the success of an organization or of a particular activity in which it engages.

Leveraged buyout

A leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money (bonds or loans) to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.

A leveraged buyout is one company's acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.

Letter of credit

A letter of credit, also known as a documentary credit or bankers commercial credit, or letter of undertaking, is a payment mechanism used in international trade to provide an economic guarantee from a creditworthy bank to an exporter of goods.

A letter of credit, or "credit letter," is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct

Limited liability company

A limited liability company (LLC) is a business structure for private companies. in the United States, one that combines aspects of partnerships. It is one of the most common legal entities to form a business.

A limited liability company is the US-specific form of a private limited company. It is a business structure that can combine the pass-through taxation of a partnership or sole proprietorship with the limited liability of a corporation.

Loan-to-Value (LTV) Ratio

Understanding the Loan-to-Value (LTV) Ratio

An LTV ratio is calculated by dividing the amount borrowed by the appraised value of the property, expressed as a percentage. For example, if you buy a home appraised at $100,000 for its appraised value, and make a $10,000 down payment, you will borrow $90,000.

Liquidity Coverage Ratio

The liquidity coverage ratio (LCR) refers to the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet short-term obligations.

The liquidity coverage ratio (LCR) refers to the proportion of highly liquid assets held by financial institutions, to ensure their ongoing ability to meet.

Letter of intent

A letter of intent is a document outlining the understanding between two or more parties which they intend to formalize in a legally binding agreement. The concept is similar to a heads of agreement, term sheet or memorandum of understanding.

A letter of intent (LOI) is a document declaring the preliminary commitment of one party to do business with another. The letter outlines the chief terms of

Mutual fund

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. The term is typically used in the United States, Canada, and India, while similar structures across the globe include the SICAV in Europe and open-ended investment company in the UK.

A Monte Carlo simulation is a model used to predict the probability of different outcomes when the intervention of random variables is present. Monte Carlo simulations help to explain the impact of risk and uncertainty in prediction and forecasting models.

Monte Carlo methods, or Monte Carlo experiments, are a broad class of computational algorithms that rely on repeated random sampling to obtain numerical results. The underlying concept is to use randomness to solve problems that might be deterministic in principle.

Monopolistic competition

Monopolistic competition is a type of imperfect competition such that there are many producers competing against each other, but selling products that are differentiated from one another and hence are not perfect substitutes.

Monopolistic competition characterizes an industry in which many firms offer products or services that are similar (but not perfect) substitutes.

Memorandum of understanding

A memorandum of understanding is a type of agreement between two or more parties. It expresses a convergence of will between the parties, indicating an intended common line of action

A memorandum of understanding (MOU or MoU) is a formal agreement between two or more parties. Companies and organizations can use MOUs to establish official partnerships. MOUs are not legally binding but they carry a degree of seriousness and mutual respect, stronger than a gentlemen's agreement.

Net asset value

Description

Net asset value is the value of an entity's assets minus the value of its liabilities, often in relation to open-end or mutual funds, since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value.

Net asset value, or NAV, is equal to a fund's or company's total assets less its liabilities. • NAV, is commonly used as a per-share value .

Non-disclosure agreement

A non-disclosure agreement, also known as a confidentiality agreement, confidential disclosure agreement, proprietary information agreement, secrecy agreement, or non-disparagement agreement, is a legal.

A non-disclosure agreement is a legally binding contract that establishes a confidential relationship. The party or parties signing the agreement agree that sensitive information they may obtain will not be made available to any others. An NDA may also be referred to as a confidentiality agreement.

Definition of Irrevocable Trust

An irrevocable trust is a trust that cannot be changed/ modified/altered/terminated by the grantor, once the trust deed is signed and comes into effect. Once the asset is transferred to the trust, it cannot be reversed. Therefore, the grantor, cannot exercise control over the asset.

Inventory turnover

Inventory turnover is the rate that inventory stock is sold, or used, and replaced. The inventory turnover ratio is calculated by dividing the cost of goods by average inventory for the same period.

Interpersonal Skills

Interpersonal skills are the skills we use every day when we communicate and interact with other people, both individually and in groups.

A social skill is any competence facilitating interaction and communication with others where social rules and relations are created, communicated, and changed in verbal and nonverbal ways. The process of learning these skills is called socialization. Lack of such skills can cause social awkwardness.

International Financial Reporting Standards

Description

International Financial Reporting Standards, commonly called IFRS, are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board.

The International Financial Reporting Standards Foundation is a not-for-profit corporation incorporated in the State of Delaware, United States of America, with ..

Internal rate of return

The internal rate of return (IRR) is a metric used in financial analysis to estimate the profitability of potential investments. IRR is a discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis.

Inverted yield curve

An inverted yield curve represents a situation in which long-term debt instruments have lower yields than short-term debt instruments of the same credit quality. An inverted yield curve is sometimes referred to as a negative yield curve.

Internal Revenue Service

Internal Revenue Service or IRS is a United States Government agency which is responsible for collection of taxes and enforcement of tax laws like the wash sale rule.

Initial public offering

An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance. An IPO allows a company to raise capital from public investors.

Industrial Revolution

Industrial Revolution, in modern history, the process of change from an agrarian and handicraft economy to one dominated by industry and machine manufacturing. These technological changes introduced novel ways of working and living and fundamentally transformed society.

just-in-time

1. denoting a manufacturing system in which materials or components are delivered immediately before they are required in order to minimize storage costs.

Index fund

An "index fund" is a type of mutual fund or exchange-traded fund that seeks to track the returns of a market index. The S&P 500 Index, the Russell 2000 Index, and the Wilshire 5000 Total Market Index are just a few examples of market indexes that index funds may seek to track.

Definition of kiosk

1 : a small structure with one or more open sides that is used to vend merchandise (such as newspapers) or services (such as film developing) 2 : a small stand-alone device providing information and services on a computer screen a museum with interactive kiosks.

Indemnity

Description

In contract law, indemnity is a contractual obligation of one party to compensate the loss incurred to the other party due to the acts of the indemnitor or any other party. The duty to indemnify is usually, but not always, coextensive with the contractual duty to "hold harmless" or "save harmless"

Kiting

Definition: Kiting, also called check kiting, is a fraudulent scheme that uses checks to embezzle money from a business. Kiting is usually committed by a bookkeeper or someone else with access to company checks and the ability to forge checks, but it can also be used by the company.

Original Equipment Manufacturer (OEM) - Investopedia

An original equipment manufacturer (OEM) traditionally is defined as a company whose goods are used as components in the products of another company,

What is meant by a junk bond?

Junk bonds, or high-yield bonds, are risky investments that have higher rates of default but offer significantly higher returns. Unlike lower-risk, investment-grade bonds, junk bonds are not usually ideal for long-term investments, and can easily cause the investor to lose money if she's not careful.

What does just in case mean?

phrase. You can say that you are doing something just in case to refer vaguely to the possibility that a thing might happen or be true, without saying exactly what it is. I guess we've already talked about this but I'll ask you again just in case. See full dictionary entry for case.

Organizational behavior

Organizational behavior is the academic study of how people interact within groups. The principles of the study of organizational behavior are applied primarily in attempts to make businesses operate more effectively.

Organizational behavior or organisational behaviour is the: "study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself".

What Is Out of the Money (OTM)?

"Out of the money" (OTM) is an expression used to describe an option contract that only contains extrinsic value. These options will have a delta of less than 50.0.

An OTM call option will have a strike price that is higher than the market price of the underlying asset. Alternatively, an OTM put option has a strike price that is lower than the market price of the underlying asset.

Online banking

Banking online means accessing your bank account and carrying out financial transactions through the internet on your smartphone, tablet or computer. It's quick, usually free and allows you to do tasks, such as paying bills and transferring money, without having to visit or call your bank.

Description

Online banking, also known as internet banking, web banking or home banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website.

What Is a Put Option?

A put option (or "put") is a contract giving the option buyer the right, but not the obligation, to sell—or sell short—a specified amount of an underlying security at a predetermined price within a specified time frame. This predetermined price at which the buyer of the put option can sell the underlying security is called the strike price.

Put options are traded on various underlying assets, including stocks, currencies, bonds, commodities, futures, and indexes. A put option can be contrasted with a call option, which gives the holder the right to buy the underlying security at a specified price, either on or before the expiration date of the option contract.

Put option

Description

In finance, a put or put option is a financial market derivative instrument that gives the holder the right to sell an asset, at a specified price, by a specified date to the writer of the put. The purchase of a put option is interpreted as a negative sentiment about the future value of the underlying stock.

What Is Over-the-Counter (OTC)?

Over-the-counter (OTC) refers to the process of how securities are traded via a broker-dealer network as opposed to on a centralized exchange. Over-the-counter trading can involve equities, debt instruments, and derivatives, which are financial contracts that derive their value from an underlying asset such as a commodity.

In some cases, securities might not meet the requirements to have a listing on a standard market exchange such as the New York Stock Exchange (NYSE). Instead, these securities can be traded over-the-counter.

However, over-the-counter trading can include equities that are listed on exchanges and stocks that are not listed. Stocks that are not listed on an exchange, and trade via OTC, are typically called over-the-counter equity securities, or OTC equities.

Over-the-counter

Finance

Description

Over-the-counter or off-exchange trading is done directly between two parties, without the supervision of an exchange.

It is contrasted with exchange trading, which occurs via exchanges. A stock exchange has the benefit of facilitating liquidity, providing transparency, and maintaining the current market price.

SWOT analysis

SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors, as well as current and future potential

Description

SWOT analysis is a strategic planning and strategic management technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning. It is sometimes called situational assessment or situational analysis.

Supply chain management

Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

In commerce, supply chain management, the management of the flow of goods and services, between businesses and locations, and includes the movement and storage of raw materials, of work-in-process inventory, and of finished goods as well as end to end order fulfillment from point of origin to point of consumption.

What is return on assets?

Return on assets (ROA), also known as return on total assets, is a measure of how much profit a business is generating from its capital. This profitability ratio demonstrates the percentage growth rate in profits that are generated by the assets owned by a company.

What is Return on Equity (ROE)?

Return on Equity (ROE) is the measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage (e.g., 12%). Alternatively, ROE can also be derived by dividing the firm's dividend growth rate by its earnings retention rate (1 – dividend payout ratio).

Return on Equity is a two-part ratio in its derivation because it brings together the income statement and the balance sheet, where net income or profit is compared to the shareholders' equity. The number represents the total return on equity capital and shows the firm's ability to turn equity investments into profits. To put it another way, it measures the profits made for each dollar from shareholders' equity.

Treasury Bill

A Treasury Bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less. Treasury bills are usually sold in denominations of $1,000. However, some can reach a maximum denomination of $5 million in non-competitive bids.

What Is the Securities and Exchange Commission (SEC)?

The U.S. Securities and Exchange Commission (SEC) is an independent federal government regulatory agency responsible for protecting investors, maintaining fair and orderly functioning of the securities markets, and facilitating capital formation.

Definition of 'Phillips Curve'

Definition: The inverse relationship between unemployment rate and inflation when graphically charted is called the Phillips curve. William Phillips pioneered the concept first in his paper "The Relation between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861-1957,' in 1958. This theory is now proven for all major economies of the world.

The Phillips curve is a single-equation economic model, named after William Phillips, hypothesizing an inverse relationship between rates of unemployment and corresponding rates of rises in wages that result within an economy

What is Tobin's Q Ratio?

The Tobin's Q ratio is a measure of firm assets in relation to a firm's market value. The formula for Tobin's Q is:

Tobin's Q = Total Market Value of Firm / Total Asset Value of Firm

What is quasi contract?

A quasi contract is an after-the-fact contract between two parties who were otherwise not in a legal commitment to one another. This kind of contract is mandated by a judge seeking to address a situation where one party benefited from something at the expense of the other

Quasi-contract

Description

A quasi-contract is a fictional contract recognised by a court. The notion of a quasi-contract can be traced to Roman law and is still a concept used in some modern legal systems.

What is a qualitative analysis?

In analytical chemistry, quantitative analysis is the determination of the absolute or relative abundance of one, several or all particular substance present in a sample.

What Is Qualitative Analysis? Qualitative analysis uses subjective judgment to analyze a company's value or prospects based on non-quantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations.

What is quantitative analysis?

Definition of quantitative analysis

chemical analysis designed to determine the amounts or proportions of the components of a substance ■

What's New

GOODS & SERVICE TAX

- The office of Pr. CCA, CBIC has setup a 'GST Refund Help Desk' for addressing payment related problems faced by the taxpayers. Please reach out to us for details.
- E-invoicing compulsory for the taxpayers having aggregate turnover exceeding Rs. 20 Cr, w.e.f 01st April 2022.

  [Notification No. 01/2022-Central Tax, Dated 24th February 2022]

FEMA:

Press Release

- **07th Feb 2022:**
  - 91 days, 182 days, and 364 days Treasury Bills auction – Revised dated 07-02-2022
  - Cancellation of auction of Government of India Dated Securities
- **08th Feb 2022:**
  - Reserve Bank of India imposes monetary penalty on M/s Pooram Finserv Pvt Limited, Thrissur, Kerala
  - Result of Auction of State Development Loans of 9 State Governments Full Auction Result
  - RBI to conduct 2-day Variable Rate Reverse Repo auction under LAF on February 09, 2022
  - Result of Yield/Price Based Auction of State Development Loans of State Governments
  - Money Market Operations as on February 07, 2022
  - Money Market Operations as on February 05, 2022
  - Premature redemption of Sovereign Gold Bond Scheme (SGB) - Redemption Price for premature redemption due on February 08, 2022-SGB 2016 (I)
  - Money Market Operations as on February 04, 2022
  - Directions under Section 35 A read with Section 56 of the Banking Regulation Act, 1949 – Millath Co-operative Bank Limited, Davangere, Karnataka – Extension of period
- **09th Feb 2022:**
  - Reserve Money for the week ended February 04, 2022, and Money Supply for the fortnight ended January 28, 2022
  - Treasury Bills: Full Auction Result
  - 91 days, 182 days, and 364 days T-Bill Auction Result: Cut off
  - Result of the 2-day Variable Rate Reverse Repo auction held on February 09, 2022
  - Money Market Operations as on February 08, 2022
- **10th Feb 2022:**
  - RBI releases the results of Forward-Looking Surveys
  - RBI reopens allotment of investment limit under the Voluntary Retention Route for Investments by Foreign Portfolio Investors
  - Overseas Direct Investment for January 2022
  - RBI to conduct 14-day Variable Rate Reverse Repo auction under LAF on February 11, 2022
  - Extension of On-Tap Term Liquidity Facility to Ease Access to Emergency Health Services
  - Extension of On-Tap Liquidity Window for Contact-Intensive Sectors
  - Scheduled Banks' Statement of Position in India as on Friday, January 28, 2022
  - LAF Fixed Rate Reverse Repo and MSF window – Change in timing
  - Monetary Policy Statement, 2021-22 Resolution of the Monetary Policy Committee (MPC) February 8-10, 2022
  - Statement on Developmental and Regulatory Policies
  - Governor's Statement: February 10, 2022
  - Money Market Operations as on February 09, 2022
- **11th Feb 2022**
  - Reserve Bank of India – Bulletin Weekly Statistical Supplement – Extract
  - 91 days, 182 days, and 364 days Treasury Bills auction
  - Auction of State Government Securities
  - RBI to conduct 4-day Variable Rate Reverse Repo auction under LAF on February 14, 2022
  - Financial Literacy Week 2022
  - Result of the 14-day Variable Rate Reverse Repo auction held on February 11, 2022
  - Money Market Operations as on February 10, 2022

Circulars

- **10th Feb 2022**
  - Rupee Interest Rate Derivatives (Reserve Bank) Directions – Review ***RBI/2021-2022/157 FMRD. DIRD.12/14.03.046/2021-22***

- 'Voluntary Retention Route' (VRR) for Foreign Portfolio Investors (FPIs) investment in debt. ***RBI/2021-2022/156 A.P. (DIR Series) Circular No. 22***
- Transactions in Credit Default Swap (CDS) by Foreign Portfolio Investors – Operational Instructions. ***RBI/2021-2022/155 A.P. (DIR Series) Circular No. 23***
- Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022. ***RBI/2021-22/88 FMRD.DIRD.10/14.03.004/2021-22***
- Master Circular - Asset Reconstruction Companies ***RBI/2021-2022/154 DOR.SIG.FIN.REC 84/26.03.001/2021-22***
- The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020, shall remain valid till March 31, 2022 - ***RBI/2021-2022/161 dated February 18, 2022***
- Reporting and Accounting of Central Government transactions of March 2022 ***[Notification No. CO.DGBA.GBD. No. S1422/42-01-029/2021-2022, Dated 24th February 2022]***
- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs) ***[Notification No. DoS.CO.PPG. SEC/10/11.01.005/2021-22, Dated 23rd February 2022]***
- Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934- Sikkim State Co-operative Bank Ltd. ***[Notification No. DOR. RUR.REC.86/19.51.025/2021-22, Dated 22nd February 2022]***

Custom:

o Custom Tariff Notification

[Notification No. 02/2022-Custom (NT) dated 01st February 2022]

[Notification No. 03/2022-Custom (NT) dated 01st February 2022]

[Notification No. 04/2022-Custom (NT) dated 01st February 2022]

[Notification No. 05/2022-Custom (NT) dated 01st February 2022]

[Notification No. 06/2022-Custom (NT) dated 01st February 2022]

[Notification No. 07/2022-Custom (NT) dated 01st February 2022]

[Notification No. 08/2022-Custom (NT) dated 01st February 2022]

[Notification No. 09/2022-Custom (NT) dated 01st February 2022]

[Notification No. 10/2022-Custom (NT) dated 01st February 2022]

[Notification No. 11/2022-Custom (NT) dated 01st February 2022]

[Notification No. 12/2022-Custom (NT) dated 01st February 2022]

[Notification No. 13/2022-Custom (NT) dated 01st February 2022]

[Notification No. 14/2022-Custom (NT) dated 01st February 2022]

[Notification No. 15/2022-Custom (NT) dated 01st February 2022]

All the above notification are due to the budgetary changes made in the Fiscal Budget 2022 and its detailed clause by clause analysis is already shared to you via email. It can be downloaded @

https://www.bizsolindia.com/wp-content/uploads/2022/02/Combined-Budget-2022-23-Analysis.pdf

o Custom Tariff Notification

- Anti-dumping duty on imports of Glazed/Unglazed Porcelain/Vitrified Tiles in polished or unpolished finish with less than 3% water absorption from China PR for a period of 5 years ***[Notification -09/2022-Customs (ADD), Dt. 24th Feb 2022]***
- Amendment to notification No. 01/2017-Customs (ADD) to extend the levy of ADD on jute products originating in or exported from Nepal and Bangladesh till June 2022. ***[Notification -10/2022-Customs (ADD), Dt. 24th Feb 2022]***
- Chennai customs introduced online portal for submission of intimations and returns for EOUs, / EHTP / STPIs. A welcome to be implemented across the country. – ***[Public Notice No. 04/2022 dated 15.02.2022***
- Custom Non-Tariff Notification ***[Notification No. 07/2022 – Customs (N.T.) Dt. 01st February 2022]***
- AIDC rate reduced to 5% for crude palm oil till 30th September 2022. ***[Notification No. 16/2022-Customs Tariff, Dated 12th February 2022]***
- Reduced BCD on crude & refined soya, sunflower crude & refined has been extended till Sept 30, 2022. ***[Notification No. 16/2022-Customs Tariff, Dated 12th February 2022]***
- Anti-dumping duty on imports of 'Aluminium Foil', falling under heading 7607, originating in or exported from China PRA has been extended upto 15th June 2022. ***[Notification - 08/2022-Customs (ADD), Dt. 14th Feb 2022]***

All the above notification are due to the budgetary changes made in the Fiscal Budget 2022 and its detailed clause by clause analysis is already shared to you via email. It can be downloaded @ ***https://www.bizsolindia.com/wp-content/uploads/2022/02/Combined-Budget-2022-23-Analysis.pdf***

o Custom Non-Tariff Notification

- Tariff Rates notified for following items:

TABLE-1

Sl.No.	Chapter/ heading / sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1346
2	1511 90 10	RBD Palm Oil	1368
3	1511 90 90	Others – Palm Oil	1357
4	1511 10 00	Crude Palmolein	1374
5	1511 90 20	RBD Palmolein	1377
6	1511 90 20	Others – Palmolein	1376
7	1507 10 00	Crude Soya bean Oil	1449
8	7404 00 22	Brass Scrap (all grades)	5766

TABLE-2

Sl.No.	Chapter/ heading/sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	576 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	733 per kilogram
3.	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. – For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	733 per kilogram
4.	71	(i) Gold bars, other than tola bars, bearing manufacturers or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier, or baggage. Explanation. – For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place	576 per 10 grams

TABLE-3

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	4937(i.e., no change)"

[Notification No. 06/2022-Custom (NT) dated 31st January 2022]

- **Exchange rate notified for following:**

SCHEDULE-I

Sl. No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Exported Goods)
1.	Australian Dollar	54.60	52.30
2.	Bahraini Dinar	205.05	192.50
3.	Canadian Dollar	60.15	58.05
4.	Chinese Yuan	11.95	11.60
5.	Danish Kroner	11.60	11.20
6.	EURO	86.20	83.10
7.	Hong Kong Dollar	9.80	9.45
8.	Kuwaiti Dinar	256.00	239.75
9.	New Zealand Dollar	51.00	48.70
10.	Norwegian Kroner	8.65	8.35
11.	Pound Sterling	103.35	99.85
12.	Qatari Riyal	21.15	19.80
13.	Saudi Arabian Riyal	20.60	19.35
14.	Singapore Dollar	56.55	54.65
15.	South African Rand	5.05	4.70
16.	Swedish Kroner	8.30	8.00
17.	Swiss Franc	83.10	79.85
18.	Turkish Lira	5.70	5.40
19.	UAE Dirham	21.05	19.75
20.	US Dollar	75.75	74.05

SCHEDULE -II

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Exported Goods)
1.	Japanese Yen	66.65	64.30
2.	Korean Won	6.40	6.00

[Notification No. 08/2022-Custom (NT) dated 03rd February 2022]

o Custom Non-Tariff Notification

Tariff value to be computed for payment of custom duties on edible oils, gold & silver has been revised. [***NOTIFICATION NO 09/2022-Customs (N.T), Dated: February 15, 2022]***

- Tariff Rates notified for following items:

TABLE-1

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1359
2	1511 90 10	RBD Palm Oil	1376
3	1511 90 90	Others – Palm Oil	1368
4	1511 10 00	Crude Palmolein	1382

5	1511 90 20	RBD Palmolein	1385
6	1511 90 20	Others – Palmolein	1384
7	1507 10 00	Crude Soya bean Oil	1455
8	7404 00 22	Brass Scrap (all grades)	5691

TABLE-2

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	601 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	771 per kilogram
3.	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. – For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	771 per kilogram
4.	71	(i) Gold bars, other than tola bars, bearing manufacturers or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier, or baggage. Explanation. – For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place	601 per 10 grams

TABLE-3

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	5589

[Notification No. 09/2022-Custom (NT) dated 15th February 2022]

- Exchange rate notified for following:

SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Exported Goods)
1.	Australian Dollar	55.20	52.90
2.	Bahraini Dinar	205.85	193.30
3.	Canadian Dollar	60.20	58.10
4.	Chinese Yuan	12.05	11.70

5.	Danish Kroner	11.65	11.25
6.	EURO	86.90	83.80
7.	Hong Kong Dollar	9.80	9.45
8.	Kuwaiti Dinar	256.85	240.60
9.	New Zealand Dollar	51.55	49.25
10.	Norwegian Kroner	8.60	8.30
11.	Pound Sterling	103.85	100.35
12.	Qatari Riyal	21.25	19.95
13.	Saudi Arabian Riyal	20.70	19.40
14.	Singapore Dollar	56.90	55.00
15.	South African Rand	5.15	4.85
16.	Swedish Kroner	8.20	7.90
17.	Swiss Franc	83.15	79.95
18.	Turkish Lira	5.70	5.35
19.	UAE Dirham	21.15	19.85
20.	US Dollar	76.05	74.35

SCHEDULE -II

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Exported Goods)
1.	Japanese Yen	66.45	64.05
2.	Korean Won	6.50	6.10

[Notification No. 10/2022-Custom (NT) dated 17th February 2022]

o Custom Non-Tariff Notification

New customs regulations for conversion of Shipping bill have been notified. The highlight of the scheme is as under,

- New regulation will be applicable for the shipping bills / bills of export filed on or after the date of notification i.e., 22nd Feb 2022.
- Conversion can be applied within period of 1 year from the let export date (LEO).
- The jurisdictional Commissioner of Customs can extend the period of 1 year by another 6 months subject to justifiable reason.
- The jurisdictional Chief Commissioner of Customs can further extend the period of by another 6 months after 1.5 years subject to justifiable reason.
- Further conditions are specified in relation to conversion of shipping bill.
- Shipping Bill (Post export conversion in relation to instrument based scheme) Regulations, 2022

[NOTIFICATION NO 11/2022-Cus (NT), Dated: February 22nd Feb 2022]

Foreign Trade Policy:

- The export policy of all kinds of syringes falling under HS code 90183100 or falling under any other HS code has been made 'Free' with immediate effect.

  [Notification No. 52/2015-2020-DGFT Dt. 31-01-2022]
- The due dates for following has been extended up to 28th Feb 2022 vide ***[Notification No.53/2015-20 dated 01st Feb 2022]:***
  - For MEIS (for exports made in the period (s) 01.07.2018 to 31.03.2019 (with 10% late cut), 01.04.2019 to 31.03.2020 and 01.04.2020 to 31.12.2020).
  - For SEIS (for service exports rendered for FY 18-19 (with 10% late cut) and FY 2019-20).
  - For 2% additional ad hoc incentive (under para 3.25 of the FTP - for exports made in the period 01.01.2020 to 31.03.2020 only)
  - For ROSCTL (for exports made from 07.03.2019 to 31.12.2020) and
  - For ROSL (for exports made up to 06.03.2019 for which claims have not yet been disbursed under scrip mechanism).
- Import policy for import of various goods has been amended. Schedule I to import policy has been replaced. ***[Notification No. 54 / 2015-2020 - DGFT dated 09.02.2022]***

- Import policy of drones in CBU/CKD/SKD form under HS Code 8806 is `Prohibited' with exceptions provided for R&D, Defence and Security purposes. Import of drone components shall be 'Free'. This shall come into force with immediate effect.

  [Notification No. 54/2015-2020-DGFT dated 09.02.2022]

- The procedure for allocation of quota for import of (i) Calcined Pet Coke for use in Aluminium Industry; and (ii) Raw Pet Coke for CPC manufacturing industry for the year 2022¬-2023 is notified.

  [Public Notice No. 48/2015-20-DGFT dated 10.02.2022]

- Import policy for Moong is revised from "Free" to "Restricted" with immediate effect.

  DGFT Notification dated 11th February, 2022

- As part of IT Revamp of its exporter/importer related services, DGFT has introduced a new online module for filing of electronic, paperless applications for Issuance of Replenishment Authorisation as per Para 4.35 and 4.36 of FTP for Gems and Consumables w.e.f. 21.02.2022 ***[TRADE NOTICE NO 34/2021-2022, Dated: February 15, 2022]***

- Prohibition on import of Oled or Liquid Crystals records, tapes etc falling under ITC(HS) 8524 and 8525 of Chapter 85 of ITC(HS) 2022, Schedule – I (Import Policy) is now removed.

  [Notification NO 55/2015-20, Dated: February 24, 2022]

- Prohibition on export of Remdesivir & its API, Amphotericin-B Injections, Enoxaparin (Formulation and API), Intra-Venous Immunoglobulin (IVIG) (Formulation and API) which were used in COVID treatment has been lifted. Now the exporter can freely export these goods.

  [Notification NO 56/2015-20, Dated: February 24, 2022]

- Mandatory filing/issuance of Registration Cum Membership Certificate (RCMC)/ Registration Certificate (RC) through the DGFT common digital platform w.e.f. 01.04.2022

  [Trade Notice 35/2021-2022, Dated: February 24, 2022]

Income Tax:

- Corrigendum to read Notification No. 11/2022 as Notification No. 12/2022, notified by the Ministry of Finance (Department of Revenue)

  [NotificationNo.13/2022/F.No.300196/1/2022-ITA-I]

- Clarification regarding the Most-Favoured-Nation (MFN) clause in the Protocol to India's DTAAs with certain countries-Reg.

  [Circular No.03/2022 Dt. 03-02-2022]

All the budgetary changes made in the Fiscal Budget 2022 and its detailed clause by clause analysis is already shared to you via email. It can be downloaded @ https://www.bizsolindia.com/wp-content/uploads/2022/02/Combined-Budget-2022-23-Analysis.pdf

Securities and Exchange Board of India (SEBI):

- SEBI notifies Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} (Amendment) Regulations, 2022.

  [Notification No. SEBI/LAD-NRO/GN/2022/72 Dt. 28th January 2022]

- Segregation and Monitoring of Collateral at Client Level is extended till May 02, 2022.

  [Circular No. SEBI / HO / MRD2 / DCAP/P/CIR / 2022 / 0022, Dated: February 24, 2022]

- Nomination for Eligible Trading and Demat Accounts – Extension of timelines and relaxations for existing account holders

  [Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/23, Dated: February 24, 2022]

- Corporate Affairs:
  - o No New Notification Issued.
  - o Relaxation on levy of additional fees is given till 15.03.2022 for filing of e-forms AOC-4, AOC-4 (CFS), AOC-4, AOC-4 XBRL AOC-4 Non-XBRL and 31.03.2022 for MGT-7/MGT-7A for the financial year 2020-21
- Other Misc.
  - o Ministry of Textiles has further extended the timeline for submission of applications under the PLI Scheme for Textiles till 28.02.2022 from 31.01.2022.

CHAPTER NEWS

AHMEDABAD

Live Streaming on Union Budget 2022

Chapter organized live streaming session on Union Budget 2022 on 1st February 2022.

CEP on Inside of Union Budget 2022

Chapter jointly with Baroda Chapter organized webinar on "Inside of Union Budget 2022" on 3rd February 2022. CMA Mihir Vyas, Chairman-PD Committee of Baroda Chapter welcomed CMA Malhar Dalwadi, Chairman and present members & CMA Vandit Trivedi introduced speaker CMA (Dr.) Alok B Shah. Speaker CMA (Dr.) Alok B Shah gave detailed presentation and explained on subject of webinar. CMA Mihir Vyas, Chairman-PD Committee of Baroda Chapter proposed vote of thanks.

Discussion on Gathering suggestion on Exposure Draft Multipurpose Empanelment Scheme for Practicing Cost Accountants and Firms

Chapter jointly with Baroda, Kutch-Gandhidham & Vapi Chapter organized Webinar on "Discussion on Gathering suggestion on Exposure Draft Multipurpose Empanelment Scheme for Practicing Cost Accountants and Firms" on 17th February 2022. CMA Malhar Dalwadi, Chairman of Ahmedabad Chapter welcomed present members and also welcomed Chairmen of all chapters & introduced moderator CCM-CMA Ashwin Dalwadi, RCM-CMA Ashish Bhavsar and participants. Both the moderators gave detailed presentation on the subject. More than 85 participants were present in the webinar. CMA Kartik Vasavada, Chairman of Baroda Chapter proposed vote of thanks.

Press Meet

Chapter organized Press Meet on 21st February 2022 in connection with result of December 21 exam of Intermediate and Final. Reporters from leading Electronic media and print media attended the press meet. Chairman CMA Malhar Dalwadi & Secretary & Chairman of Oral Coaching committee CMA Mitesh Prajapati addressed the Electronic media and print media. The media also took interview of Student Rank Holders of Final & Intermediate.

Meeting of all stakeholders – Grievance Redressal Committee for Taxpayers on GST issues

Chapter represented and participated in the meeting of Grievance Redressal Committee for Taxpayers on GST issues on 24th February 2022, at GST Bhawan, Ambawadi, Ahmedabad. System related issues faced by taxpayers were discussed in the meeting and solutions for the issues were discussed along with necessary instructions that may be required to be issued to field formation of the department (both CGST and SGST). The department was of the view that stakeholders should maintain a proper record of issues and escalate the same to the proper officer on a regular basis. GST Department requested that if any taxpayers have problem related to GST software, they can share their queries and will help to resolve the same. So, we requested all the members to share their queries and / or issues at ahmedabad@icmai.in.

BARODA

Oral Coaching Inauguration

An 89th Inaugural Session of Oral Coaching Classes of CMA Foundation was inaugurated on 1st February 22, thru virtual mode.

Webinar on Inside of Union Budget-2022

Chapter jointly with Ahmedabad Chapter conducted webinar on INSIDE OF UNION BUDGET-2022 on 3rd February 2022. CMA (Dr.) Alok B Shah was the Speaker. Many members actively participated and were benefitted.

NASIK-OJHAR

Orientation program for students

Chapter conducted webinar for students on topic 'What does your employer expect from you during Articleship' on 11th January. 2022 through google meet. CMA Dipak Joshi, Past Chairman of Nashik Chapter was the speaker. CMA Swpanil Kharade, Chairman Nasik Chapter welcomed the speaker and students. CMA Dipak Joshi explained about the procedure of Articleship and also explained what employers expect from students during the Articleship. 100+ students attended the seminar. The program was co-ordinated by Suyog Malpure - Students' Representative.

Career Awareness program

Chapter conducted a Career Awareness Program at KTHM College on 5th January 2021 for 11th commerce students. With all preventive measures of COVID-19 rules, 35 students actively participated in the program. CMA Swapnil Kharade, Chairman of Nasik-Ojhar Chapter guided the students. The program was co-ordinated by CMA Maithili Malpure, member of Nasik-Ojhar Chapter.

CMA Career and Study Guidance

Chapter organised a webinar on CMA - Study Guidance on Google Meet platform for CMA Foundation and Intermediate students on 26th January 2022. The speaker of the program was CMA Nikhil Pawar - Secretary of Nasik-Ojhar Chapter. The objective of this webinar was to provide ideas about the CMA Course, to clear doubts of students, career path, internship related queries, study planning etc.

CMA Swapnil Kharade, Chairman of Nasik-Ojhar Chapter welcomed all students and guided the students related to course study. CMA Bhushan Pagere – Ex-chairman of Nasik Chapter solved the Resume related queries with his presentation and also requested students to prepare their own Resume. CMA Arif Mansuri, Treasurer of Nasik-Ojhar Chapter declared upcoming sports event related information. More than 70 students attended.

Chapter also conveys its thanks to Central Council Member CMA H. Padmanabhan Sir for giving Best Wishes to our students.

NAVI MUMBAI

CEP on "Critical issues under Companies Act, 2013 – Accountants' Perspective"

Chapter RCP - Ghansoli CEP Study Circle conducted a Webinar on "Critical issues under Companies Act, 2013 - Accountants Perspective" on 27th January 2022 via MS Teams (Microsoft Teams)

The speaker for this event was Shri Sudhakar Saraswatula, FCA, FCS,LLB - Vice President (Corporate Secretarial), Reliance Industries Limited.

Ms. Janaki Satish representing the FC&A Academy of Reliance Industries Limited welcomed the audience and introduced the speaker. The speaker – a known SME on the subject discussed with the audience on various points considered as "Critical issues under Companies Act, 2013" from the Accountants' Perspective.

The speaker then explained the Companies Act, SEBI Circulars, Amendment to Listing Regulations, Amendment to RPT, Notification of Amendments, Material Related Party Transaction, Audit Committee, Corporate Social Responsibility, etc.

Mr. Rohit Sethi from the RIL FC&A Academy proposed vote of thanks.

CEP on Decoding Union Budget 2022

Chapter conducted a Webinar on "Decoding Union Budget 2022" on 6th February 2022 via Google Meet app. The speaker for this event was CMA KVVS Murthy, Consultant, RIL. CMA Vaidyanathan Iyer, Chairman of the Chapter welcomed the audience and introduced the speaker and emphasized on the importance of Union Budget for the common man and economy.

The speaker explained the Union Budget and Indian government's vision for the economy and country for next 25 years covering GDP growth, the present state of economy and government's vision of "From India@75 to India@100"

The speaker underlined the role of cost accountants in the fast growing economy of India bringing to light the growth of financial and infrastructure that has opened up many areas of opportunities for cost accountants. The lucid presentation & the interactive workshop came to an end with the vote of thanks being proposed by CMA Vaidyanathan Iyer, Chairman of the Chapter.

Oral Coaching Inauguration

Chapter conducted Oral Coaching inauguration function on 13th February 2022 via Google Meet app. The Chief Guest for this event was Shri Anand Indulkar, Head – Human Resources, Gyproc, Saint-Gobain. The Oral Coaching Classes will commence from 14th February 2022 for Foundation, Intermediate and Final for June 2022 exams and will be conducted online due to Covid-19 regulations.

The programme commenced with the Chairman of the Chapter CMA Vaidyanathan Iyer welcoming the dignitaries and introducing the Chief Guest and welcoming him to the function.

CMA Sushant Ghadge, Secretary introduced the various faculties appointed for Oral Coaching Class and welcomed them to the Chapter.

CMA Ajay Mohan, Managing Committee Member welcomed the students and mentioned that CMA course is one of the best professional courses and the role of CMA is growing rapidly in this fast paced world. He then proposed the vote of thanks.

CEP on Online Career Counselling at SIES College, Nerul

Chapter conducted a Career Counselling Webinar on 22nd February 2022 via Google Meet app at SIES College, Nerul. The speaker for the event was CMA Vaidyanathan Iyer, Chairman of the Chapter.

PIMPRI-CHINCHWAD-AKURDI

Oral Coaching Inauguration

Chapter conducted inaugural function of Online Oral Coaching classes on 16th January 2022.

CMA Dhananjay Kumar Vatsyayan, Chairman welcomed the Chief Guest CMA Virendra Tatake, Director, Indira Global Business School, CMA Ashish Deshmukh, Past Chairman of PCA Chapter and Students on this occasion. CMA Intermediate student Ms. Kshitija Fund introduced the Chief Guest CMA Virendra Tatake. CMA Nikhil Doke gave presentation about online oral coaching and faculties of PCA Chapter. CMA Virendra Tatake in his speech congratulated all students for choosing CMA option and guided them about future career of CMA Profession and also gave some important tips about Examination, Interviews, Competition in market, Job options etc.

Flag Hoisting Ceremony on Republic Day

Chapter celebrated 73rd Republic Day on January 26, 2022 at CMA Bhawan, Pimpri, Pune. Chairman of Chapter CMA Dhananjay Kumar Vatsyayan hoisted the flag on this occasion.

CMA Dhananjay Kumar Vatsyayan and CMA L D Pawar, Past Chairman of WIRC of The ICAI spoke on this occasion.

Professional Members, Members of the Institute, Students, Managing Committee Members and staff of PCA Chapter were present for this event by keeping social distancing. The function was followed by National Anthem.

Webinar on "Fraud Risk Assessment: Meaning, Tool & Survey"

Chapter conducted webinar jointly with Nasik-Ojhar Chapter on 'Fraud Risk Assessment: Meaning, Tool & Survey' on 29th January 2022.

CMA Dhananjay Kumar Vatsyayan, Chairman of PCA Chapter has welcome speech and CMA Swapnil Kharade, Chairman of Nasik-Ojhar Chapter has introduced the speaker CMA Aakaash Gollapudi, Enterprise Risk Manager & Global Internal Auditor, Flextronics Technologies Inc., Chennai.

CMA Aakaash Gollapudi in his speech focused on the definition of Fraud. Question-Answer session was conducted during the session. The session was well interactive. There was overwhelming response from practicing members, members from the industries, professionals and students.

CMA Ashish Inamdar ended the session with vote of thanks.

Webinar on "Impact of Contract Farming on Small Farmers' Income – Learnings from a Meta-Analysis"

Chapter conducted webinar jointly with Aurangabad Chapter on 'Impact of Contract Farming on Small Farmers' Income – Learnings from a Meta Analysis on 5th February 2022.

CMA Dhananjay Kumar Vatsyayan, Chairman of PCA Chapter gave welcome speech and CMA Kiran Kulkarni, Chairman of Aurangabad Chapter introduced the speaker Dr. Pramod Kumar Bandopadhyay, Evidence-based management evangelist, independent researcher.

CMA Sagar Malpure, P D Committee Chairman ended the session with vote of thanks.

Webinar on "Corporate Governance"

Chapter conducted webinar jointly with WIRC on 'Corporate Governance' on 12th February 2022.

CMA Pradeep Deshpande, Vice-Chairman of PCA Chapter welcomed and introduced the speaker CS CMA B. Renganathan, General Counsel, Emcure Pharmaceuticals Ltd.

CMA B. Renganathan in his speech started with the scam with leads of Corporate Governance. He then highlighted on Corporate Governance from Arthashastra and Historical perspective of Kautilya's Arthashastra. He further focused on needs of Corporate Governance Management, Suppliers, Board of Directors, Bank and Lenders, Share Holders, Employees, Regulators and Environment & Community at large are the Principles Players of Corporate Governance. CMA Sagar Malpure, P D Committee, Chairman ended the session with vote of thanks.

Webinar on "Significance of Blockchain in Financial Inclusion with Special Reference to Microfinance"

Chapter conducted webinar jointly with Navi Mumbai Chapter on 'Significance of Blockchain in Financial Inclusion with Special Reference to Microfinance' on 19th February 2022

CMA Vaidyanathan Iyer, Chairman of Navi Mumbai Chapter welcomed and introduced the speaker Mr. Amit Kumar Dutta, Assistant Professor (Senior Grade), Department of Commerce, SRM University, Sikkim.

CMA Vivek Bhalerao, P D Committee Chairman, Navi Mumbai Chapter ended the session with vote of thanks.

Webinar on "The Evolving Role of Insurtech in India: Trends, Challenges and the Road Ahead"

Chapter conducted webinar on 'The Evolving Role of Insurtech in India: Trends, Challenges and the Road Ahead' on 26th February 2022. CMA Sagar Malpure, Chairman – P D Committee, PCA Chapter welcomed and introduced the speaker CMA Dr. Swapan Sarkar, Assistant Professor in the Department of Commerce at University of Calcutta, Kolkata.

PUNE

Flag Hoisting Ceremony - Republic Day Programme

Flag Hoisting Ceremony was held on 73rd Republic Day on Wednesday, 26th January 2022 at Chapter's premises.

Present on this occasion were, CMA Dr.D.V.Joshi, Former President ICAI, CMA Harshad Deshpande, Chairman, P.D. Committee, WIRC, Mr. Jaydeep Manedeshmukh, Student Representative, Staff & students of ICAI Pune Chapter.

CMA (Dr.) D.V.Joshi, Former President, ICAI welcomed the gathering and unfurled the flag. This was followed by recital of National Anthem by all.

Live Telecast of Union Budget 2022-23"

Chapter organised Live Telecast of Union Budget 2022-23" on 1st February 2022 at CMA Bhawan, Karve Nagar.

CMA Shrikant Ippalpalli, Chairman, P D Committee -Pune Chapter welcomed the members. CMA Amit Apte, Former President, ICAI, CMA Dr.Sanjay Bhargave, CMA N.K.Nimkar, CMA Meena Vaidya, Advisor of ICAI Pune Chapter, CMA Nagesh Bhagane, Secretary,ICAI-Pune Chapter, CMA Shrikant Ippalpalli,Chairman, P D Committee, ICAI-Pune Chapter & other members were present.

CMA Amit Apte Former President, ICAI, and CMA Dr.Sanjay Bhargave discussed on various aspects related to Budget with members.

CMA Nilesh Kekan, Treasurer, ICAI-Pune Chapter delivered vote of thanks.

CEP on "Analysis of Budget 2022-23"

Chapter organized Webinar on "Analysis of Budget 2022-23" on 4th February 2022 through Google Meet App. CMA Amit Shahane was Speaker for the Webinar. Keynote address was delivered by CMA Dr. Sanjay Bhargave.

CMA Rahul Chincholkar, Member of Pune Chapter welcomed the participants. CMA Nagesh Bhagane, Secretary, Pune Chapter introduced the Speaker.

CMA Nilesh Kekan, Treasurer, Pune Chapter delivered vote of thanks.

CEP on "Conditional Formatting & Lookup Functions"

Chapter organised Webinar on the subject "Conditional Formatting & Lookup Functions" on 11th February 2022.

Speaker for the program was Mr. Prasad Moghe, Excel Analyst/ Programmer and ERP Professional. He explained the participants about conditional formatting, cell rules, & various lookup functions in excel application.

CMA Rahul Chincholkar, Member of Pune Chapter welcomed the participants & introduced the speaker.

The session was very educative & concluded with vote of thanks.

CEP on "Automating Advanced Filter using Macros & Recording and Executing Macros."

Chapter arranged Webinar on Automating Advanced Filter using Macros & Recording and Executing Macros" on Friday, 18th February 2022.

Speaker for the program was Mr. Prasad Moghe, Excel Analyst/ Programmer and ERP Professional. He discussed with the participants about Automating Advanced Filter using Macros & Recording and Executing Macros in excel application.

CMA Rahul Chincholkar, Member of Pune Chapter welcomed the participants & introduced the speaker. CMA Shrikant Ippalpalli, Chairman, P D Committee, Pune Chapter delivered vote of thanks.

MOU Agreement with Kaveri College of Arts, Science & Commerce

To extend academic co-operation, MOU Agreement was signed on 25th February 2022 between Pune Chapter and Kaveri College of Arts, Science & Commerce.

CMA Prasad Joshi, Chairman, Pune Chapter signed the MOU Agreement with Dr. Ashok Agrawal, Principal, Kaveri College of Arts, Science & Commerce.

CMA Neeraj Joshi, Central Council Member, ICAI, CMA Chaitanya Mohrir, RCM,ICAI-WIRC, CMA Dr. Sanjay Bhargave, Advisor, CMA Meena Vaidya, Advisor, CMA N K Nimkar, Advisor, ICAI-Pune Chapter, CMA Abhay Deodhar, Managing Committee Member, CMA Nagesh Bhagane, Secretary, ICAI-Pune Chapter and Mr. Kushal Hegde President - Kannada Sangha, Ms. Malati Kalamadi, Secretary, Kannada Sangha, Dr. Muckta Karmarkar, Vice Principal, Dr.Deepa Sathe, HOD, Commerce Dept. of Kaveri College were present at this occasion.

SURAT-SOUTH GUJARAT

Chapter Representation at Surat Urban Development Authority

On 29th January 2022 & 4th February 2022 the Managing Committee of the Chapter represented the Institute at Surat Urban Development Authority office at SUDA Bhavan, Surat. CMA Nanty Shah, Chairman and CMA Kishor Vaghela, Treasurer of the Chapter met Shri Raj Kumar Beniwal, IAS, Managing Director, Dream City Ltd., Shri S.S. Rathore, Managing Director – Gujarat Metro Rail Corporation (GMRC) Ltd. , Shri Banchhanidhi Pani, Managing Director- Urban Ring Development Corporation (URDC), Shree V N Shah – Chief Executive Authority- SUDA requested SUDA and its allied subsidiaries to consider Cost Accountants for various roles of Consultancy and Even for vacancies in field of Accounts, Taxation, Audit, Assurance, Profitability and Sustainability & Management.

Chapter Representation to State Home Minister

CMA Nanty Shah, Chairman of the Chapter represented the Institute to the Home Minister of Gujarat on 3rd February 2022. Chairman Sir met Shri Harsh Sanghvi, Home Minister, Gujarat State, Government of Gujarat at Surat Office.

RNI No. 22703/72 Posted at Mumbai Patrika Channel on 10th of every month. Date of Publication is on 10th of every month.
Postal Regn. No. MCS/089/2021-23 WPP License No. MR/TECH/WPP-41/South/2021-23

Theme for April 2022

Theme for April 2022 is **International Trade-Need for Competitiveness & Expectation of Exporters**

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 March 2022.

To,

If undelivered please return to:
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort,
Mumbai 400 001.

Printed & Published by Arindam Goswami on behalf of the Western India Regional Council of the Institute of Cost Accountants of India, Printed at M/s. Surekha Press, A20 Shalimar Industrial Estate, Matunga, Mumbai 400 019. Published at Western India Regional Council of the Institute of Cost Accountants of India, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Mumbai 400 001. Editor: Arindam Goswami.